

**Managing Westland District Council's Strategic Assets:**  
Pensioner Housing, Jackson Bay Wharf, Hokitika Swimming Pool, Occupations on Road Reserve...and a range of other properties.

**ANNUAL REPORT**  
**WESTLAND DISTRICT PROPERTY LIMITED**  
**Year Ended 30 June 2017**

## Independent Auditor's Report

### To the readers of Westland District Property Limited's financial statements and performance information for the year ended 30 June 2017

The Auditor-General is the auditor of Westland District Property Limited (the company). The Auditor-General has appointed me, Bede Kearney, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 7 to 24, that comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 10.

In our opinion:

- The financial statements of the company on pages 7 to 24:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2017; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards Tier 2 Reduced Disclosure Regime.
- The performance information of the company on page 10 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2017.

Our audit was completed on 19 September 2017. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, and we explain our independence.

#### Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Responsibilities of the Board of Directors for the financial statements and the performance information**

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

## **Responsibilities of the auditor for the audit of the financial statements and the performance information**

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 4 to 6, but does not include the financial statements and the performance information, and our auditor's report thereon.

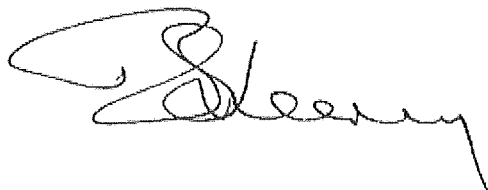
Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



Bede Kearney  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



## **WESTLAND DISTRICT PROPERTY LIMITED DIRECTORS REPORT & DECLARATION FOR THE YEAR ENDED 30 JUNE 2017**

The directors of Westland District Property Limited have pleasure in presenting the Annual Report together with the audited financial statements of the company's operations for the year ended 30 June 2017.

### **Legal Name**

Westland District Property Limited (the Company)

### **Type of entity and legal basis**

The Company is incorporated in New Zealand under the Companies Act 1993. The Company is a wholly owned subsidiary of Westland Holdings Limited which is controlled by the Westland District Council and is a council-controlled trading organisation as defined in section 6 of the Local Government Act 2002. The Company was founded in May 2010 and commenced operation on 1 July 2010. The registered office of the Company is at the offices of Westland District Council, 36 Weld Street, HOKITIKA.

### **The Company's purpose or mission**

The primary objective of the Company is manage the ownership and operation of property activities in a commercial and strategic manner and to be involved in strategic projects which will benefit the Westland District.

### **Structure of the Company's operations, including governance arrangements**

The Company comprises of a Board of four Directors who oversee the governance of the Company and a General Manager who is responsible for its day to day operations.

### **Principal Activities**

The Company's principal activity during the year was the management of Company and Westland District Council owned property including:

- Pensioner Housing;
- Hokitika Swimming Pool
- Baches on Road Reserves
- Jacksons Bay Wharf
- Carnegie Building

## REVIEW OF OPERATIONS

Results for the Year Ended 30 June	2017 \$000	2016 \$000
Net Surplus/(Deficit) before Taxation	64	(184)
Taxation	<u>13</u>	<u>0</u>
Net Surplus/(Deficit) after Taxation	<u>51</u>	<u>(184)</u>
<b>Movements in Equity</b>		
Equity (opening balance)	1,501	1,685
Dividends Paid to Owners	Nil	Nil
Issue of Equity to Owners	Nil	Nil
Net Surplus/(Deficit) after Taxation	<u>51</u>	<u>(184)</u>
Equity (closing balance)	<u>1,552</u>	<u>1,501</u>

### Significant changes in the state of affairs

There has been no significant change in the state of affairs of the company in the year under review.

### Directors' Interests

Directors have had no interests in transactions with the company during the year.

There were no notices from directors requesting to use company information received in their capacity as directors, which would not otherwise be available to them.

### Directors

Retirement and appointment of directors for the year were as follows:

#### Retirements

G D Purches - 31 December 2016

L R Singer - 31 December 2016

#### Appointments

I W Hustwick – 31 December 2016

P M Cox – 31 December 2016

R E C Benton – 31 December 2016

L J Martin – 12 March 2017

### Remuneration of Directors

The directors received the following remuneration during the year:-

G D Purches	\$10,138
L R Singer	\$11,083
I W Hustwick	\$ 7,000
P M Cox	\$ 7,000
R E C Benton	\$ 7,000
L J Martin	\$ 4,215

### Remuneration of Employees

There were no employees or former employees whose remuneration and benefits package was more than \$100,000 during the year.

### Indemnity & Insurance

Directors' and Officers' Liability Insurance has been arranged by the company.

### **Donations**

The total amount of donations made by the company during the year is NIL

### **Auditors**

The Auditor-General is appointed under Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services.

### **Directors' Declaration**

In the opinion of the directors of Westland District Property Limited, the financial statements and notes on pages 7 to 24

- comply with New Zealand Generally Accepted Accounting Practice and give a true and fair view of the financial position of the Company as at 30 June 2017 and the results of their operations and cash flows for the year ended on that date
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial statements.

**For and on behalf of the Board**



**I W Hustwick**

**Chairperson**

**Date** 18 September 2017



**P M Cox**

**Director**

**Date** 18 September 2017

**WESTLAND DISTRICT PROPERTIES LIMITED**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Note	Actual 2017 \$000	Actual 2016 \$000
<b>Revenue</b>			
Lease income		556	532
Services		493	341
Change in fair value of investment property		25	-
Subvention Income		-	42
Interest income		-	-
<b>Total Revenue</b>		<b>1,074</b>	<b>915</b>
<b>Less Expenditure</b>			
Administrative expenses		320	307
Service Delivery expenses		334	355
Occupancy expenses		276	292
Interest expense		36	47
Depreciation	11	44	43
Change in fair value of investment property		-	55
<b>Total Expenses</b>	<b>4</b>	<b>1,010</b>	<b>1,099</b>
<b>Surplus/(deficit) before Tax</b>		<b>64</b>	<b>( 184)</b>
Income tax expense	5	13	-
<b>Surplus/(deficit) after Tax</b>		<b>51</b>	<b>( 184)</b>
Other comprehensive income:		-	-
<b>Total comprehensive income</b>		<b>51</b>	<b>( 184)</b>

**WESTLAND DISTRICT PROPERTIES LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2016	2,627	( 1,126)	1,501
Total comprehensive income	-	51	51
Dividends to equity holders	-	-	-
<b>Balance 30 June 2017</b>	<b>2,627</b>	<b>( 1,075)</b>	<b>1,552</b>
<i>Balance 1 July 2015</i>	<i>2,627</i>	<i>( 942)</i>	<i>1,685</i>
<i>Total comprehensive income</i>	<i>-</i>	<i>( 184)</i>	<i>184</i>
<i>Dividends to equity holders</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Balance 30 June 2016</b>	<b>2,627</b>	<b>( 1,126)</b>	<b>1,501</b>



**WESTLAND DISTRICT PROPERTIES LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2017**



	Note	Actual 2017 \$000	Actual 2016 \$000
<b>EQUITY</b>			
Share capital	6	2,627	2,627
Retained earnings		( 1,075)	( 1,126)
		1,552	1,501
represented by:			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		81	28
Trade and other receivables	7	145	143
Subvention payment receivable		-	42
Total Current Assets		226	213
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	357	357
Taxation Payable		13	-
Employee entitlements	15	39	34
Income in advance		39	29
Current portion term loan	16	237	233
Total Current Liabilities		685	653
<b>Working Capital</b>		<b>( 459)</b>	<b>( 440)</b>
<b>NON-CURRENT ASSETS</b>			
Investment property	10	1,248	1,223
Property, Plant & Equipment	11	1,112	1,106
Term inventory	8	122	122
Total Non-Current Assets		2,482	2,451
<b>NON-CURRENT LIABILITIES</b>			
Term Loan	16	471	510
Total Non-Current Liabilities		471	510
		1,552	1,501

**WESTLAND DISTRICT PROPERTIES LIMITED**  
**STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Actual 2017 \$000	Actual 2016 \$000
<b>Cash flows from operating activities</b>		
<i>Cash was provided from:</i>		
Receipts from customers and other sources	1,056	875
Subvention payments received	42	89
Net Sale of development land	-	375
<b>Total Cash inflows from operating activities</b>	<b>1,098</b>	<b>1,339</b>
<i>Cash was disbursed to:</i>		
Development land costs	-	-
Payments to employees and suppliers	( 930)	( 1,027)
Net GST movement	4	( 61)
Interest paid	( 36)	( 47)
<b>Total Cash outflows from operating activities</b>	<b>( 962)</b>	<b>( 1,135)</b>
<b>Net Cash inflow/(outflow) from operating activities</b>	<b>136</b>	<b>204</b>
<b>Cash flows from investing activities</b>		
<i>Cash was provided from:</i>		
Sale of investment property	-	-
Sale of property plant & equipment	-	9
<b>Total Cash inflows from investing activities</b>	<b>-</b>	<b>9</b>
<i>Cash was applied to:</i>		
Purchase of property plant & equipment	( 48)	( 36)
<b>Total Cash outflows from investing activities</b>	<b>( 48)</b>	<b>( 36)</b>
<b>Net Cash inflow/(outflow) from investing activities</b>	<b>( 48)</b>	<b>( 27)</b>
<b>Cash flows from financing activities</b>		
Loan Advances/Repayments	( 35)	( 178)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>( 35)</b>	<b>( 178)</b>
<b>Net increase/(decrease) in cash for the year</b>	<b>53</b>	<b>( 1)</b>
Add opening bank accounts and cash	28	29
<b>Closing bank accounts and cash</b>	<b>81</b>	<b>28</b>
<i>Made up of:</i>		
Cash and cash equivalents	81	28
	<b>81</b>	<b>28</b>

**WESTLAND DISTRICT PROPERTIES LIMITED**  
**STATEMENT OF SERVICE PERFORMANCE**  
**FOR THE YEAR ENDED 30 JUNE 2017**



	Actual 2017 \$000	Budget 2017 \$000	Actual 2016 \$000
Gross revenue	1,049	1,028	915
less cash operating expenditure	966	982	1,001
(Increase)/Decrease in investment property from revaluation	( 25)	-	55
less depreciation	44	42	43
<b>Net surplus before taxation</b>	<b>64</b>	<b>4</b>	<b>( 184)</b>
Taxation expense	13	1	-
<b>Net surplus after taxation</b>	<b>51</b>	<b>3</b>	<b>( 184)</b>
<b>Opening Equity at 1 July</b>	<b>1,501</b>	<b>1,685</b>	<b>1,685</b>
Net surplus after taxation	51	3	( 184)
Contributions from owners	-	-	-
Dividends	-	-	-
<b>Total Equity at 30 June</b>	<b>1,552</b>	<b>1,688</b>	<b>1,501</b>
Return on average shareholders funds pre tax & revaluations	2.6%	1% - 6%	-8.1%
Return on average total assets pre tax & revaluations	1.5%	1%	-4.4%
Shareholder funds to total assets ratio	57%	>60%	56%

The opening equity in the budget was incorrect due to incorrectly using the previous years opening equity.

**NON-FINANCIAL SERVICE PERFORMANCE MEASURES:**

<b>Compliance</b> Target: Compliance with statutory and regulatory requirements enabling Westland District Property Limited, Westland Holdings Limited and Westland District Council to comply with the Local Government Act 2002, Health & Safety & Employment Act 1992, the Companies Act 1993 and the Financial Reporting Act 2013.	Achieved: 2017 & 2016 for Westland District Property Ltd
<b>Aged Care Occupancy</b> Target: annual percentage occupancy to be no less than 95%.	Achieved: 100% (2016 100%)
<b>Swimming pool:</b> Target: annual total admissions to be +/- 5% those of the previous year. 2015/2016 admissions 18,226 Admissions are disclosed for the pool season which runs from June until the following May.	Not Achieved: 16,849 admissions 2016/2017 (-7.8%) (2016: Not Achieved) This number excludes one week in February for which no accurate data is available, although management has estimated admissions for this week to be 450
<b>Baches on Road Reserve:</b> Target: annual number of licenses to occupy to be greater than 70.	76 signed agreements to occupy (2016: 60) 5 applications in process (2016: 18) 10 signed agreements – seasonal sites (2016: 8) 9 signed agreements – other occupations (2016: 7)
<b>Jacksons Bay Wharf:</b> Target: annual percentage of commercial fishing vessels who use the wharf with Licenses to occupy = 90%	Achieved: 100% of the major fishing vessels (2016: 100%) This excludes casual users
<b>Leasehold properties:</b> Target: annual percentage of leasehold properties fully leased = 80%	Achieved: 2017 (2016: Not Achieved) As at 30 June WDPL manages 18 WDC properties which includes: • 15 properties (or 84% of available properties) are leased
<b>Tenant satisfaction:</b> Target: Tenant satisfaction with the provision of the company's aged care rental housing greater than or equal to 90%.	Achieved: 100% satisfactory (July/August 2016 survey) (2016: Achieved 100%)
<b>Time lost through injury</b> Target: Loss Time Injuries will be 0	Achieved: 0 time lost (2016: Achieved)

# **WESTLAND DISTRICT PROPERTY LIMITED**

## **STATEMENT OF ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 30 JUNE 2017**



#### **REPORTING ENTITY**

Westland District Property Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westland District Property Limited is wholly owned by Westland Holdings Limited. The company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002, with the company's ultimate parent being the Westland District Council. The financial statements of the company have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

#### **ACCOUNTING POLICIES APPLIED**

##### **Basis of Preparation**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") as appropriate for a for-profit entity. They comply with New Zealand International Financial Reporting Standards Reduced Disclosure Regime ("NZIFRS RDR"). All available concessions have been applied.

The company has applied NZIFRS RDR as it does not have public accountability and it is not large in that its' expenses are less than \$30m.

All transactions in the financial statements are reported using the accrual basis of accounting. The financial statements are prepared on the assumption that the company will continue to operate in the foreseeable future.

The financial statements were approved by the board of directors on 18 September 2017.

##### **Measurement base**

The financial statements have been prepared on a historical cost basis except for the revaluation of investment property.

##### **Functional and presentation currency**

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. All financial information presented has been rounded to the nearest thousand.

##### **Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The only material judgement or estimate applied in these financial statements is that the company expects to recover the cost of its investment in development land.

### **Goods and Services Tax (GST)**

The Company is registered for GST. All amounts in the financial statements are exclusive of goods and services tax (GST) with the exception of trade and other receivables and trade and other payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

### **Significant Accounting Policies**

The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied:

#### **Investment Property**

Properties leased to third parties under operating leases are classified as investment property.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

#### **Property, Plant & Equipment**

##### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

##### **Subsequent costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

##### **Depreciation**

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

	<b>2017</b>	<b>2016</b>
○ buildings	17-50 years	17-50 years
○ plant and equipment	2-12 years	2-12 years
○ motor vehicles	5 years	5 years

## **Impairment**

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the profit or loss.

### **Impairment of trade and other receivables**

The recoverable amount of the Company's investments in trade and other receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets).

Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on numbers of days overdue, and taking into account the historical loss experience in portfolios with a similar amount of days overdue.

## **Inventories**

Inventories include development properties that are being developed for sale. These properties are measured at the lower of cost and net realisable value and the cost includes development costs to date.

## **Financial instruments**

The Company categorises its financial assets as loans and receivables, and its financial liabilities as being at amortised cost (trade and other payables).

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The company's loans and receivables comprise: cash and cash equivalents, and trade and other receivables.

Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

### **Trade and other payables**

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

### **Cash & cash equivalents**

Cash and cash equivalents comprise cash balances and deposits which have maturities of three months or less.

### **Trade & other receivables**

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

### **Term loans**

Term loans are initially recognised at their fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

## **Leased assets**

All leases are operating leases and are not recognised on the Company's balance sheet.

## **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **Revenue**

### **Lease income**

Lease income from property is recognised in the profit or loss on a straight-line basis over the term of the lease.

### **Services**

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date.

## **Lease payments**

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

## **Income tax expense**

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

## **New Standards and Interpretations not yet adopted**

The amendments to the following standards and interpretations are not expected to have a significant impact on the company's operations:

**NZ IFRS 9:** Financial Instruments – Classification and Measurement (effective for the financial year ending 30 June 2019).

**NZIFRS 15:** Revenue from Contracts and Customers – Establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers (effective for the financial year ending 30 June 2019)

**NZ IFRS 16:** Leases (effective for the financial year ending 30 June 2020).



# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



	2017	2016
	\$000	\$000
<b>4. Nature of expenses</b>		
<i>The following items are included in the expenditure of the company:</i>		
Audit fees to Audit NZ comprising audit of financial statements	15	14
Directors' fees	46	30
Movement in Provision for Doubtful Debts	( 4)	1
Bad Debts Written off	2	1
Personnel Expenses		
Wages & Salaries	411	440
Contributions to defined contribution plans	9	9
	420	449
<b>5. Taxation</b>		
Surplus/(deficit) before taxation	64	(184)
Prima facie taxation @ 28%	18	(51)
Plus/(less) taxation effect of permanent differences	(7)	16
Plus Tax Effect of Group Loss Offset to Westroads	-	30
Less Tax Effect of additional prior year subvention and loss offset	-	-
Deferred Tax not recognised	2	5
Taxation expense	13	-
<i>The taxation charge is represented by:</i>		
Current taxation	13	-
Deferred taxation	-	-
	13	-
<i>Deferred taxation liability (asset)</i>		
Balance as at 1 July	-	-
Movement recognised in profit and loss	-	-
Balance as at 30 June	-	-

A deferred tax asset has not been recognised in relation to temporary differences of \$345,954 (2016: \$333,502) and tax losses of \$Nil (2016: \$6,805)

# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



### 6. Share capital

At 30 June 2017 the company has issued 2,626,892 shares which are fully paid and 100 unpaid shares.

All shares were issued at \$1 and total share capital is \$2,626,892.

All shares carry equal voting rights and the right to share in any surplus on winding up of the company. None of the shares carry fixed dividend rights.

	2017	2016
	\$000	\$000
<b>7. Trade and other receivables</b>		
Trade debtors	48	57
Related party debtors	96	85
GST receivable	2	6
Provision for Doubtful Debts	( 1)	( 5)
	145	143

Impairment of trade receivables	Gross Receivable	Provision for doubtful debts	Gross Receivable	Provision for doubtful debts
	2017 \$000	2017 \$000	2016 \$000	2016 \$000
Not past due	131	-	120	-
Past due 0-30 days	1	-	8	-
Past due 31-120 days	1	-	2	-
Past due 121-365 days	8	-	8	3
Past due more than 1 year	3	1	4	2

### 8. Inventory

At 30 June 2017 the company had term trading stock relating to land & buildings held for subdivision and sale purposes of \$122,000 (2016 \$122,000.) This is held as tenants in common with Westroads Ltd.

This property is being developed and funded by Westroads with Westroads receiving 75% of any profits and the company receiving the other 25%.

At 30 June 2017 inventory with a carrying value of \$Nil (2016 \$Nil) was subject to a registered mortgage to secure Westpac bank loans.

# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



	2017	2016
	\$000	\$000
<b>9. Operating leases</b>		
Operating leases as lessee		
The company has the lease of an office building and an access lease at Kwitchatown. The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:-		
Not later than one year	9	9
Later than one year and not later than five years	34	20
Later than five years	15	20
<b>Total non-cancellable operating leases</b>	<b>58</b>	<b>49</b>

### Operating leases as lessor

The company leases land and buildings with varying terms that are negotiated with individual tenants at market rates.

Significant leases include a 21 year lease of land to Hokitika Airport for \$26,000 annually and a 10 year lease of Land and Buildings to Westroads Ltd for \$17,000 annually.

The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Not later than one year	55	54
Later than one year and not later than five years	212	198
Later than five years	336	368
<b>Total non-cancellable operating leases</b>	<b>603</b>	<b>620</b>

No contingent rents have been recognised during the period.

### 10. Investment property

Opening Balance 1 July	1,223	1,278
Additions from acquisitions	-	-
Disposals	-	-
Transfers to Property, Plant & Equipment	-	-
Gain (loss) on disposal	-	-
Fair value gains/(losses) on valuation	25	( 55)
<b>Balance at 30 June</b>	<b>1,248</b>	<b>1,223</b>

Investment properties are valued annually effective at 30 June to fair value by David Shaw (MNZIV, MP, NZ Registered Valuer) from Quotable Value. Quotable Value is an experienced valuer, with extensive market knowledge in the types and location of property owned by the company.

### Security

At 30 June 2017 investment property with a carrying value of \$885,000 (2016 \$860,000) was subject to a registered mortgage to secure Westpac bank loans.

**WESTLAND DISTRICT PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**



**11. Property, plant and equipment**

	Land & Buildings \$000	Plant & Equipment \$000	Motor Vehicles \$000	Total \$000
<b>Cost or deemed cost</b>				
Balance at 1 July 2015	1,110	94	14	1,218
Additions	5	25	-	30
Disposals	(9)	-	-	(9)
<b>Balance at 30 June 2016</b>	<b>1,106</b>	<b>119</b>	<b>14</b>	<b>1,239</b>
Balance at 1 July 2016	1,106	119	14	1,239
Additions	29	21	-	50
Disposals	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>1,135</b>	<b>140</b>	<b>14</b>	<b>1,289</b>
<b>Depreciation and impairment losses</b>				
Balance at 1 July 2015	44	39	7	90
Depreciation for the year	23	17	3	43
Impairment Loss	-	-	-	-
Disposals	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>67</b>	<b>56</b>	<b>10</b>	<b>133</b>
Balance at 1 July 2016	67	56	10	133
Depreciation for the year	22	19	3	44
Impairment Loss	-	-	-	-
Disposals	-	-	-	-
<b>Balance at 30 June 2017</b>	<b>89</b>	<b>75</b>	<b>13</b>	<b>177</b>
<b>Carrying Amounts</b>				
At 1 July 2015	1,066	55	7	1,128
At 30 June 2016	1,039	63	4	1,106
At 1 July 2016	1,039	63	4	1,106
At 30 June 2017	1,046	65	1	1,112

**Security**

At 30 June 2017 properties with a carrying value of \$830,000 (2016 \$826,000) are subject to a registered mortgage to secure Westpac bank loans.

# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



	2017	2016
	\$000	\$000

### 12. Contingent assets and liabilities

The company had no contingent liabilities at 30 June 2017. (2016 \$Nil)

The company has a contingent asset in relation to the Haast Hollyford Agreement, which may see initial costs incurred by the company reimbursed with agreement from other parties.

### 13. Capital commitments

The company has no capital commitments at 30 June 2017 (2016 \$Nil)

### 14. Trade and other payables

Trade Payables	102	95
Related party payables	238	246
Accrued Expenses	15	14
Accrued Interest	2	2
	357	357

### 15. Employee Entitlements

Westland District Property Ltd as the following current employee entitlements

Holiday Pay Accrued	22	20
Wages Accrued	17	14
	39	34

Westland District Property Ltd has no non current employee entitlements

### 16. Loans & Borrowings

Term Loans	708	743
	708	743

The term loan are split as follows:-

Current	237	233
Non-current	471	510
	708	743

Terms and conditions of loans & borrowings and their balances are as follows:-

	2017	2016	Maturing
	\$000	\$000	
Westpac Term Loan - Interest Rate 4.7% (LY: 5.2%)	200	200	2017
Westpac Term Loan - Interest Rate 4.7% (LY: 5.2%)	256	272	2019
Westpac Term Loan - Interest Rate 5.1% (LY: 5.2%)	252	271	2019

In managing interest rate risks, the Company aims to reduce impacts of short-term fluctuations on the Company's earning. Over the longer term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2017 it is estimated that a 1% increase in interest rates would decrease the Company's 2017 profit before tax by approximately \$5,000 (2016: \$7,000)

The company has no formal interest rate hedging policy.

As well as specific security over Property Plant and Equipment and Investment Property, Westpac holds a general security agreement over the company's assets and undertakings.

# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



### 17. Transactions with related parties

During the year the Company transacted business with businesses in which directors and shareholders had an interest.

These transactions were entered into in the ordinary course of the company's business and on its usual terms and conditions.

Details of these interests are as follows:

Director/ Shareholder	Related party	Type of transaction	Transaction amount	Balance 30 June
			\$000	\$000
<i>1 July 2016 to 30 June 2017</i>				
WDC	Hokitika Airport Ltd	Sale - Lease	26	2
WDC	Hokitika Airport Ltd	Sale - Management fees	4	-
WDC	Hokitika Airport Ltd	Sale - Oncharged wages and costs	144	30
WDC	Hokitika Airport Ltd	Purchase - lease and other storage costs	5	-
WDC	Westroads Ltd	Purchase - Maintenance contracting services	12	-
WDC	Westroads Ltd	Sale - Leased property	17	2
WDC	Westland District Council	Purchase - Occupancy costs, Other	162	238
WDC	Westland District Council	Sale - Services	367	1
WDC	Westland District Council	Sale - Recoveries	97	61
<i>1 July 2015 to 30 June 2016</i>				
WDC	Hokitika Airport Ltd	Sale - Lease	26	2
WDC	Hokitika Airport Ltd	Sale - Management fees	4	-
WDC	Hokitika Airport Ltd	Sale - Oncharged wages and costs	49	7
WDC	Hokitika Airport Ltd	Purchase - lease and other storage costs	7	1
WDC	Westroads Ltd	Purchase - Maintenance contracting services	41	10
WDC	Westroads Ltd	Sale - Leased property	22	2
WDC	Westroads Ltd	Subvention Receipt	42	42
WDC	Westroads Ltd	Group Tax Loss offset	108	-
WDC	Westland District Council	Purchase - Occupancy costs, Other	137	235
WDC	Westland District Council	Sale - Services	221	-
WDC	Westland District Council	Sale - Recoveries	113	74

No related party debts have been written off or forgiven during the year.

**WESTLAND DISTRICT PROPERTIES LIMITED**  
**NOTES TO THE ACCOUNTS**



	2017	2016
	\$000	\$000
<b>Key management personnel</b>		
Key management personnel compensation comprised the directors and the chief executive.		
Short-term employee benefits	138	122
Termination benefits	-	-
	138	122

**18. Post balance date events**

The directors are not aware of any events subsequent to balance date that require adjustment or disclosure in these financial statements.

	2017	2016
	\$000	\$000

**19. Financial instruments**

The accounting policy for financial instruments has been applied to the items below:

*Loans and receivables*

Cash and cash equivalents	81	28
Trade and other receivables	48	142

*Financial liabilities at amortised cost*

Trade and other payables	357	357
Term Loans	708	743

Financial instruments which potentially subject the company to risk consist principally of cash, trade receivables and various off-balance sheet instruments.

The amounts reported above represent the company's maximum credit exposure for each class of financial instrument. The anticipated contractual cash flows of the financial instruments, with the exception of term loans, are not expected to be materially different to the values shown above, and are all anticipated to occur within twelve months of the balance date.

Cash flows on the term loans is expected to be as follows:-

<1 year	71	71
1 - 5 years	284	284
Greater than 5 years	632	703
	987	1,058

The company has no significant exposure to credit risk. Cash and cash equivalents are held with a reputable organisations.

# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



### **Interest Rate Risk**

The company and group is exposed to fair value and cash flow interest rate risk.

#### Fair value interest rate risk

Fair value interest rate risk is the risk that a financial instrument will fluctuate due to changes in market interest rate. Borrowings at fixed rates expose the company and group to fair value interest rate risk. The company has fixed rate borrowings measured at amortised cost, with relatively short maturity periods and interest repricing schedules. The directors do not consider the fair value interest rate risk to be significant at this time.

#### Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The company has most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 16.) The directors consider that this risk is balanced by the considerable benefit of the present lower floating rates.

The approximate weighted average effective interest rate of the financial instruments is as follows:

	2017	2016
	%	%
Bank accounts and cash	0.1	0.0
Loans	4.9	5.2

### **Currency Risk**

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company has no exposure to currency risk.

### **Credit risk**

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss.

The company invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the company does not require any collateral or security to support financial instruments with organisations it deals with.

Concentrations of credit respect with respect to accounts receivable are high due to the reliance on the Westland District Council for a high proportion of the Company's revenue. However the Council is considered a high credit quality entity.

### **Liquidity risk**

Liquidity risk represents the company's ability to meet its contractual obligation. The company evaluates its liquidity requirements on an ongoing basis. In future the company will generate sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities. Currently the company has the ongoing support of its parent entity for the next 12 months.



# WESTLAND DISTRICT PROPERTIES LIMITED

## NOTES TO THE ACCOUNTS



	2017	2016
	\$000	\$000
<b>20. Reconciliation of net Surplus after taxation with Cash Inflow from Operating Activities</b>		
<b>Cash Inflow from Operating Activities</b>		
Net (loss)/profit after taxation	51	( 184)
<i>Add/(less) non cash items:</i>		
Depreciation	44	43
Increase/(decrease) in provision for doubtful debts	( 4)	1
Movement in deferred tax asset	-	-
Change in fair value of investment properties	( 25)	55
<b>Total non-cash items</b>	<b>15</b>	<b>99</b>
<i>Add/(less) items classified as investment activity:</i>		
Net loss on sale of investment property	-	-
Net loss on sale of property plant & equipment	-	-
Capital creditors	( 2)	6
<b>Total Investing Activity Items</b>	<b>( 2)</b>	<b>6</b>
<i>Add/(less) movements in working capital items:</i>		
Increase/(Decrease) in accounts payable and income in advance	10	( 121)
Increase/(Decrease) in employee entitlements	5	3
Increase/(Decrease) in taxation payable	13	-
Decrease (Increase) in Subvention payment receivable	42	47
Decrease (Increase) in receivables and prepayments	2	355
(Decrease) Increase in work in progress	-	-
<b>Working Capital Movement - net</b>	<b>72</b>	<b>284</b>
Decrease/(Increase) in term inventory	-	( 1)
<b>Net Cash Outflows to Operating Activities</b>	<b>136</b>	<b>204</b>

### 21. Capital management

The company's capital includes share capital and retained earnings.

The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Company recognises the need to maintain a balance between higher returns that may be possible with greater gearing and advantages and security afforded by a sound capital position.

The company has a policy of shareholders funds being greater than 60% of total assets.