WESTLAND HOLDINGS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2021

Independent Auditor's Report

To the readers of Westland Holdings Limited Group's financial statements and statement of service performance for the year ended 30 June 2021

The Auditor-General is the auditor of Westland Holdings Limited Group (the Group). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Group, on his behalf.

We have audited:

- the financial statements of the Group on pages 5 to 8 and 18 to 43, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of movements 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 statement of service performance of the Group on pages 9 to 17.

Qualified opinion – Airport assets were not tested for impairment under NZ IAS 36

In our opinion, except for the possible effects of the matters described in the *Basis for our qualified opinion* section of our report:

- the financial statements of the Group on pages 5 to 8 and 18 to 43:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2021; 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; and
- the statement of service performance of the Group on pages 9 to 17 presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2021.

Our audit was completed on 6 December 2021. This is the date at which our qualified opinion on the financial statements and the statement of service performance are expressed.

The basis for our qualified 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 statement of service performance, we comment on other information, and we explain our independence.

Basis for our qualified opinion

As outlined in the statement of compliance on page 18, the Group is designated as a for-profit entity for financial purposes. The Group includes Destination Westland Limited (DWL), which is designated as a public benefit entity.

As a public benefit entity, DWL has concluded that the value of its airport assets is not impaired. This is because DWL is primarily there to operate and provide services to the public, rather than to generate a commercial return. However, the Group as a for-profit entity, is required to consider whether the value of the airport assets has been impaired, based on forecast cashflows. There is an indicator that the value of the airport assets to the Group is impaired.

The impairment to the airport assets could be material to the Group's financial position. However, the Group has not assessed the value of the airport assets on a commercial basis, which is a departure from the requirements of NZ IAS 36 *Impairment of Assets.* We did not determine this value because it was impracticable for us to do so. Consequently, we are also unable to determine whether any adjustments are required to the "Net profit" and "Shareholder funds to total assets" financial related performance measures in the statement of service performance on page 11.

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 qualified opinion.

Responsibilities of the Board of Directors for the financial statements and the statement of service performance

The Board of Directors is responsible on behalf of the Group 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 statement of service performance for the Group.

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

In preparing the financial statements and the statement of service performance, the Board of Directors is responsible on behalf of the Group for assessing the Group'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 Group 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 statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 statement of service performance.

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

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 statement of service performance, 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 Group'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 statement of service performance within the Group'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 Group'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 statement of service performance 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 Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the statement of service performance, including the disclosures, and whether the financial statements and the statement of service performance represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the statement of service performance of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated statement of service performance. We are responsible solely for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 in 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 1 to 4, but does not include the financial statements and the statement of service performance, and our auditor's report thereon.

Our opinion on the financial statements and the statement of service performance 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 statement of service performance, 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 statement of service performance 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 the fact. As described in the *Basis for our qualified opinion* section above, we could not obtain adequate evidence over the carrying values of airport assets. Accordingly, we are unable to conclude whether the other information is materially misstated with respect to these matters.

Independence

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

In addition to the audit, we have reported on statutory engagements for the Group's subsidiaries. These engagements are compatible with those independence requirements. Other than the audit and these engagements, we have no relationship with, or interests in, the Group or any of its subsidiaries.

Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORY

Directors:	Chairperson:	Joanne M Conroy
	Director:	Christopher J Rea
	Director:	Christopher G Gourley

Registered Office:

Westland District Council

36 Weld Street, Hokitika

Phone 03 756 9010

Fax 03 756 9045

Auditor: Audit New Zealand on behalf of the Controller & Auditor-General

Bankers: Westpac Bank, Revell Street, Hokitika

Solicitors: Parry Field, PO Box 44, Hokitika

DIRECTORS REPORT

The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2021. Westland Holdings Limited was founded in July 2002 as a holding company for the various commercial interests of the Westland District Council. It currently has 2 operating subsidiaries which it owns 100% of, namely:

- Westroads Limited and
- Destination Westland Limited

Review of Operations

Results for the Year Ended 30 June 2021	**$000**
Net Surplus(Deficit) before Taxation	328
Income Taxation	99
Net Surplus (Deficit) after Taxation	229
Other Comprehensive Income	0
Total Comprehensive Income for the Year	229

Movements in Equity	
Equity (opening balance)	14,910
Distributions to Owners	(220)
Surplus after Taxation	229
Total Other Comprehensive Income	0
Equity (closing balance)	14,919

Directors' Interests:
The Company did not transact business with any business in which any director had an interest. The directors have no interest in the shares of the Company or any of its subsidiaries.

Remuneration of Directors:
Remuneration and other benefits paid or due to directors on behalf of the Company, for services as a director during the year, are as follows:

	$
J M Conroy	31,020
C G Gourley	18,003
C J Rea	18,003
Total Remuneration	67,026

Remuneration and other benefits paid or due to directors on behalf of the Group for the subsidiaries for services as a director during the year totalled $152,500. Details of the fees paid to directors are contained in the individual subsidiary accounts.

There were no loans made to the directors during the year or owing from them at the year end.

Director Appointment and Retirement

There were no director appointments or retirements during the year.

Remuneration of Employees

Within the Group there were twenty employees whose remuneration and benefits package was over $100,000. The total remuneration of these twenty employees totalled $2.9m broken into the following bands: -

Salary Range		Employees	Westroads Ltd	Destination Westland Ltd
100,000	110,000	4	4	
110,000	120,000	2	2	
120,000	130,000	2	2	
130,000	140,000	2	2	
140,000	150,000	3	2	1
150,000	160,000	3	3	
160,000	170,000	1	1	
180,000	190,000	1	1	
210,000	220,000	1	1	
300,000	310,000	1	1	
		20	19	1

There were no other employees or former employees within the Group that earned more than $100,000 during the year.

Indemnity and Insurance

Directors and Officers Liability Insurance has been arranged by the Company in conjunction with the Westland District Council.

Donations:

The total amount of donations made by the Group during the year is $13,845 (2020 $30,564)

Auditors:

The Auditor-General is appointed as Auditor of the Group under Section 14 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 Holdings Limited and Group, the financial statements and notes on pages 5-43

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 30 June 2021 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.

DIRECTORS REPORT

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 Group 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 Group, 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 behalf of the Board

J M Conroy
Chairperson
Date: 6 December 2021

C J Rea
Director
Date: 6 December 2021

WESTLAND HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Group 2021 $000	Group 2020 *$000*
Revenue		30,231	35,814
Cost of Sales	3	22,746	26,598
Gross Profit		7,485	9,216
Other Income	2	2,749	3,292
Administrative Expenses	3	9,503	10,015
Results from operations		731	2,493
Interest Received		2	-
Interest Paid	4	405	476
Net finance costs		403	484
Profit before Income Tax		328	2,017
Subvention Payment		-	200
Income tax expense	5	99	478
Profit for the period		**229**	1,339
Attributable to:			
Equity Holders of the parent		**229**	1,339
		229	**1,339**
Other Comprehensive Income			
Gain on Land & Building Revaluation		-	-
Deferred Taxation on Revaluation	5	-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income for the Year		**229**	**1,339**
Attributable to:			
Equity holders of the parent		229	**1,339**
		229	**1,339**

WESTLAND HOLDINGS LIMITED
STATEMENT OF MOVEMENT IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

Group	Share Capital $000	Asset Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance 1 July 2020	8,695	-	6,215	14,910
Profit/(Loss) for the period	-	-	229	229
Other Comprehensive Income	-	-	-	-
Dividends to equity holders	-	-	(220)	(220)
Balance 30 June 2021	**8,695**	**-**	**6,224**	**14,919**
	Note 6			
Balance 1 July 2019	8,695	-	5,076	13,771
Profit/(Loss) for the period	-	-	1,339	1,339
Other Comprehensive Income	-	-	-	-
Dividends to equity holders	-	-	(200)	(200)
Balance 30 June 2020	**8,695**	**-**	**6,215**	**14,910**
	Note 6			

WESTLAND HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	Group 2021 $000	Group 2020 *$000*
EQUITY			
Share capital	6	8,695	8,695
Retained earnings		6,224	6,215
Asset Revaluations Reserves		-	-
		14,919	**14,910**
represented by:			
CURRENT ASSETS			
Bank Accounts and Cash		1,236	860
Tax Refundable		-	-
Debtors and other Receivables	7	3,329	4,732
Inventories	8	727	666
Prepayments		314	36
Work in Progress		20	17
Contract Assets	9	1,161	1,118
Total Current Assests		6,787	7,429
CURRENT LIABILITIES			
Creditors and Other Payables		3,061	3,315
Contract Liabilities	9	231	372
Deferred Income	13	131	25
Subvention payment payable		-	200
Bank Overdraft (secured)	15	483	4
Employee Entitlements	18	1,493	1,422
Current Portion of Lease Liabilities	16	153	195
Current Portion of Term Loan	15	933	844
Tax Payable		-	562
Total Current Liabilities		6,485	6,939
Working Capital		**302**	**490**
NON-CURRENT ASSETS			
Property Plant and Equipment	10	19,220	18,219
Investment Property	12	1,010	1,010
Right of Use Assets	16	825	961
Term Inventory	8	327	298
Intangible Assets	11	424	424
Total Non Current Assets		21,806	20,912
NON-CURRENT LIABILITIES			
Employee Entitlements	18	141	106
Bank Term loans	15	5,997	5,316
Lease Term Liability	16	782	900
Deferred Tax Liability	5	269	170
Total Non Current Liabilities		7,189	6,492
Net Assets		**14,919**	**14,910**

The accompanying accounting policies and notes form an integral part of the financial statements.

WESTLAND HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	Group 2021 $000	Group 2020 *$000*
Cash Flows from Operating Activities			
Receipts from customers and other sources		34,268	38,130
Interest received		-	-
Income tax refunded		-	-
Payments to suppliers and employees		(30,034)	(32,723)
Taxes paid		(562)	(230)
Subvention payments made		(200)	(240)
Term Inventory costs		(2)	(2)
Net GST Movement		-	-
Interest paid		(445)	(476)
Net Cash flow from Operating Activities	22	**3,025**	**4,459**
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		240	690
Proceeds from sale of investment property		46	-
Purchase of property, plant and equipment		(3,811)	(3,836)
Purchase of investment property		-	(1)
Net Cash flow from Investing Activities		**(3,525)**	**(3,147)**
Cash Flows from Financing Activities			
Proceeds of Loans and Bank Advances		4,109	826
Repayments of Loans		(3,354)	(1,380)
Payment of Lease Liabilities		(138)	(125)
Dividends Paid		(220)	(200)
Net Cash flow from Financing Activities		**397**	**(879)**
Net Increase/(Decrease) in Cash Held		(103)	433
Add Opening Bank Balance at 1 July		856	423
Closing bank accounts and cash 30 June		**753**	**856**
Made up of:			
Cash		**1,236**	**860**
Bank Overdraft		**(483)**	**(4)**
		753	**856**

The accompanying accounting policies and notes form an integral part of the financial statements.

PERFORMANCE TARGETS

The following performance targets have been set for the 2020/2021 financial year, and the two years following:

Relationship with WDC/Other Governance Issues

	Objective	Performance Target
1	To ensure that the financial targets and strategic direction of WHL are in line with WHL's strategic plan, which is developed in conjunction with the economic committee of the WDC	A draft SOI for WHL will be submitted for approval to WDC by 1 March each year. Draft submitted 25 February 2021 A completed SOI will be submitted to WDC by 30 June each year. Final submitted to Council 14 June 2021
2	To ensure that WDC is kept informed of all significant matters relating to its subsidiaries on a "no surprises" basis	Regular reporting of performance to the Economic Development Committee of the WDC will be done on a six monthly basis. With quarterly reports provided to council and full council updates for the Six monthly results and Annual Plan. Presentations to Council: July 2020 November 2020 February 2021 June 2021 Presentations to EDC May 2021 Full year and half year reporting to WDC will be provided within 60 days after 31 December and 30 June of each year. Presentations to Council: February 2021 Council preferred to wait for audited results, so year end not presented until November 2020.

		Major matters of urgency are reported to the appropriate Council Committee or the Chief Executive of WDC within three days. N/A
3	To ensure that WHL directors add value to the Company and that their conduct is according to generally accepted standards.	The Chair will initiate an independent formal evaluation of the WHL directorate every 2 years. The next such review will be undertaken in the 2021-2022 year. No action 2020-2021 year The Company will review the training needs of individual WHL directors, and ensure training is provided, where required. Completed
4	WHL's process for the selection and appointment of directors to the boards of subsidiaries is rigorous and impartial.	The process followed for each appointment to a subsidiary board is transparent, fully documented and reported to WDC. Any appointments will be made in accordance with the WDC's Policy for Director Appointments. No appointments in 2020-2021 Year.
5	Investigate whether amalgamating Destination Westland into Westland Holdings would result in economic and operational efficiencies without effecting the ability to develop and grow.	Seek legal and taxation advice so that a fully considered report can be presented to Council with a recommendation about amalgamation or other future governance structure before June 2021. Initial legal and taxation advice was sought, but following investigations into why the structure was set up and workshops about risks with the shareholders, it was decided not to seek further advice. Council resolved to keep Destination Westland as an Independent Company in June 2021.

Financial Objectives and Performance Measures

	Objective	Performance Target
6	To ensure that WHL returns a dividend to WDC in accordance with WDC's budgets and meets other financial targets.	WHL will agree with WDC on an achievable distribution for the 2020/21 financial year as part of the Council's requirement to approve the SOI for WHL. This estimated dividend receivable by WHL will be agreed with each CCO on an annual basis prior to finalising WDC's budget. SOI Budget $180k Actual Dividend $220k
	Gross Revenue	Revenue was $30.2 m compared to a budget of $33.2m. Lower income was mainly due to Westroads income being below budget by $2m.
	Net Profit	Net profit for the year was a profit of $229,000 compared to a budgeted profit of $938,000. As above, the main reason for the result is lower than budgeted performance by Westroads.
	Shareholder Funds to Total Assets	Target - not less than 50% Actual 52.2%

Specific Subsidiary Management and Supervisory Functions

	Objective	Performance Target
7	To ensure that WHL's procedure for appointment to subsidiary directorates are open and in accordance with written policy.	That the adopted WDC Directors Policy be followed for any director appointments made. See Above.
8	To ensure that the draft subsidiary company SOI's are received on a timely basis for review and comment.	Draft SOI's are to be received by 14 February from the subsidiary companies, and finalised by 1 June for each year covered by this SOI. Draft SOI's received 14 February 2021

		Final SOI received from Westroads on 14 June 2021 and from destination Westland on 15 June 2021.
9	To ensure that the final subsidiary company SOI's are appropriate, measurable, attainable and timely and Connected to their strategic plan.	Comment on the draft SOI's within the statutory timeframe of 30 April each year, and ensure specific and measurable targets are included as Performance Objectives. Comments sent 14 May 2021. WHL will direct the subsidiary companies to produce commercially focused SOI's that are consistent with their strategic plan and aligned to WDC's strategic direction. Completed
10	To ensure that the subsidiary company reporting is relevant and timely.	Subsidiary company SOI's will incorporate specific reporting requirements in accordance with legislation and accepted practice. Completed Subsidiary companies will also be required to provide Monthly Management reports followed by quarterly briefings to WHL in sufficient detail to allow WHL to fulfill its reporting obligations to the WDC. Completed All activity reports and formal reporting will be done through the Chairperson of WHL and the Chief Executive of WDC. Completed

Risk Management Processes

Objective	Performance Target
To ensure that there are adequate processes for the identification,	Subsidiary company SOI's will incorporate specific statements

assessment and management of the risk exposures of the subsidiary companies.	regarding the processes for the management of risk exposures, including health and safety and reputational risk, all companies will also maintain an up to date risk register. Updated risk registers provided by subsidiaries.
ensure that subsidiary companies do not make decisions that could have significant implications for future Council funding.	Long term investment assessment is carried out for any new projects of a size and nature that requires WHL approval. Significant projects and their sources of funding must also be assessed and approved by Council prior to initiating the projects. N/A

Westroads Key Results 30 June 2021

It has been a challenging year with job delays and less work due to Covid. Westroads completed a right-sizing exercise and has returned to profitability in the first quarter of the 2022 year.

29.2M

GROSS REVENUE

Gross revenue from customers landed on 29.2m against a budget of 31.2m

(88K)

TOTAL COMPREHENSIVE INCOME (LOSS)

Net loss for the year of 88K against a budget of 885K

(5.25%)

RETURN ON SHAREHOLDER FUNDS

(5.25%) against a KPI of >10%

Westroads Key Results 30 June 2021

Westroads focus around it's qualitative measures has been strong, by industry standards they have performed well, with a strong ongoing focus.

No Breaches

COMPLIANCE

Compliance with statutory and regulatory obligations has been achieved with no breaches

0.1%

LOST DAYS TO INJURY

Lost days to injury as a percentage of all days worked, was 0.1% against our focus of 0%. This is an ongoing focus, the result is never satisfying unless it is zero, but we have slightly improved on last year down from 0.3%

Destination Westland Key Results 30 June 2021

This was a rebuilding period after the Covid disruptions of 2020. The period was assisted by a large amount of government grants related to the Hokitika Airport Extension.

3.663M

GROSS REVENUE

Gross revenue landed on 3.663m against a budget of 2.922m

1.128M

NET PROFIT BEFORE TAX

Net profit before tax loss of 1.128m against a budget of 73K

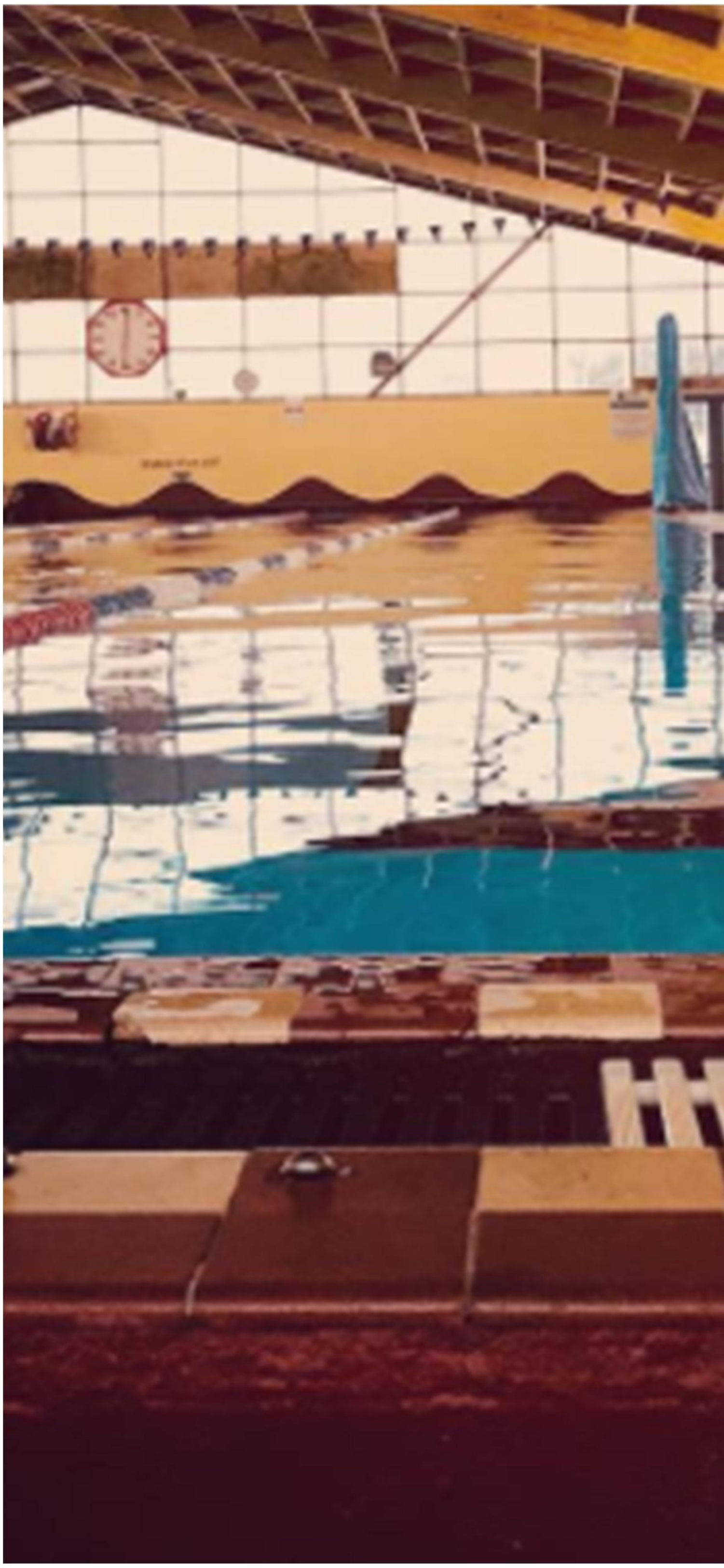
24.4%

RETURN ON SHAREHOLDER FUNDS

24.4% against a KPI of 1-6%

Destination Westland Key Results 30 June 2021

Covid has impacted us being able to undertake some of our qualitative surveys, but pleasing to see the measures we have tracking well.



Zero

TIME LOST TO INJURY

No time was lost to injury during the financial year

99%

Aged Care Occupancy

Annual percentage occupancy of aged care units was 99% against a target of 95%.

83%

LEASEHOLD PROPERTIES

Annual percentage of leasehold properties fully leased 83% against a target of >=80%

WESTLAND HOLDINGS LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2021

REPORTING ENTITY

Westland Holdings Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westland Holdings Limited is owned by Westland District Council.

The Company is a Council Controlled Trading Organisation as defined in Section 6(1) of the Local Government Act 2002.

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.

The Group consists of Westland Holdings Limited, Destination Westland Limited, Westroads Limited. All Group companies are incorporated in New Zealand.

BASIS OF PREPARATION

Statement of Compliance

The Company has designated itself as a profit orientated entity for the purposes of New Zealand Equivalent to International Financial Reporting Standards (NZIFRS). The Financial Statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and Tier 1 for-profit entity Accounting Standards. They comply with New Zealand equivalents to the International Financial Reporting Standards and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements were approved by the board of directors on 6 December 2021.

Measurement Base

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties which are revalued every year.

Functional and presentation currency

These financial statements are presented in New Zealand dollars ($), which is the Group'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.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Note 1 – Revenue from contracts with customers
Note 3 – Other Income
Note 9 – Depreciation and estimated useful lives of property, plant and equipment
Note 15 – Finance Leases
Note 16 – Right of use asset and lease liabilities

CHANGES IN ACCOUNTING POLICIES

There are no new standards, interpretations, and amendments in the current year that impact on the annual financial statements for the year ended 30 June 2021 and therefore there are no changes in the company's accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

Accounting policies set out below have been applied consistently to all periods presented in these financial statements. The following particular accounting policies which materially affect the measurement of financial results and financial position have been applied:

PROPERTY, PLANT and EQUIPMENT

Recognition and measurement

Land and buildings, 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 Group 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:

	2021	**2020**
buildings	3-50 years	3-50 years
plant and equipment*	1 - 25 years	1.5-25 years
office furniture and equipment	2-15 years	2-15 years
runway infrastructure	2-50 years	2-50 years

*includes motor vehicles

INVESTMENT PROPERTIES

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.

INTANGIBLE ASSETS

Goodwill is allocated to cash generating units for the purposes of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose. Goodwill is assessed for impairment on an annual basis. Any impairment losses are recognised immediately in the profit or loss.

INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

In the case of metal inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Metal inventory cost is calculated on a discounted sale value basis, as an approximation of weighted average cost.

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.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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 amounts of assets and are recognised in the profit or loss.

Impairment of Receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts. The expected loss rates are based on the Group’s historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on economic factors affecting the Companies customers.
There is no impairment deemed necessary as the company are not expecting any credit losses.

Impairment of Contract assets and Contract liabilities

Contract assets and contract liabilities were previously included within “trade and other receivables” and “trade and other payables” and disclosed separately as Work in Progress. Under IFRS15 these items are now combined and renamed as Contract assets

They arise from contracts enter that can span over the financial year and also reflect retention funds that are held by the client until such time as a certificate of completion has been signed off. It may take a up to 2 years to complete, because cumulative payments received from customers at each balance sheet date do not necessarily equal the amount of revenue recognised on the contracts.

There has been no Impairment of Contract Assets or Contract Liabilities

Impairment of Goodwill
The Company is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows

FINANCIAL INSTRUMENTS
The Company categorises its financial assets and its financial liabilities as being at amortised cost.

Financial Assets
The company's financial assets comprise: cash and cash equivalents, and trade and other receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Financial assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Financial liabilities
Financial liabilities comprise: trade and other payables, borrowings, and advances. Borrowings are initially recognised at their fair value net of transaction costs, and subsequently measured at amortised cost using the effective interest method.

Interest-bearing borrowings
Interest-bearing borrowings are classified as other non-derivative financial instruments.

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.

GOODS AND SERVICES TAX (GST)
All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and 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.

EMPLOYEE BENEFITS
Defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

Other long-term employee benefits
The Company's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

Termination benefits
Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

LEASED ASSETS
Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. The leased assets 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.

FAIR VALUE
The Company uses various valuation methods to determine the fair value of certain assets. The inputs to the valuation methods used to measure fair value are categorised into two levels:
- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

INCOME TAX EXPENSE
Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

CASH & CASH EQUIVALENTS
Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term-highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown in current liabilities in the statement of financial position.

THE COMPANY AS A LESSEE
The Company assesses whether a contract is or contains a lease at inception of the contract. The Company recognises a ROU asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low-value assets where the Company recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease. Lease liabilities Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate (IBR). Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Lease liabilities are presented as a separate line in the balance sheet and are subsequently measured by increasing the carrying amount to reflect interest on the lease (using the effective interest method) and reducing the carrying amount to reflect the lease payments made. The Company remeasures the lease liability if:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- Lease payments changing due to changes in an index or rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ROU assets ROU assets comprise of the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.
Wherever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under NZ IAS 37. The costs are included in the related ROU asset, unless those costs are incurred to produce inventories. ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset.
The estimated useful lives of ROU assets are based on the lease term. Depreciation starts at the commencement date of the lease. ROU assets are presented as a separate line in the balance sheet. The Company applies NZ IAS 36 to determine whether a ROU asset is impaired and accounts for any identified loss under the same policy adopted for property, plant and equipment. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in other operating expenses in the income statement.

CONTRACT ASSETS
Contract assets primarily relate to the Group's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Group issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule / milestone basis, as established in our contracts

CONTRACT LIABILITIES
Contract liabilities primarily relate to the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when work is performed under the contract. If the net amount of the Groups rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of contract liabilities.

CONSOLIDATION
The Company has two 100% owned subsidiary companies that are consolidated in these financial statements

The basis of consolidation: The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis.

The Company consolidates as subsidiaries in the Group financial statements all entities where the Company has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where the Company controls the majority voting power on the governing body, or where such policies have been irreversibly predetermined by the Company, or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

The Company measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the Company's interest in the net fair value of the identifiable assets, liabilities, contingencies recognised exceeds the cost of the business combination, the difference will be recognised immediately in the profit or loss.

Investments in subsidiaries are carried at cost in the Company's own "parent entity" financial statements.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

COVID-19 Delta Variant
On 17 August 2021, the New Zealand Government declared a State of National Emergency which resulted in the country going into lockdown at Alert Level 4 for the period from the 18^{th} August 2021 to 1^{st} September 2021 when the Alert level was reduced to Level 3.

The overall impact of Covid-19 on the Group has been reflective of the different sectors that each subsidiary operates in. The following recognises the impact on each of the subsidiaries and their financial results:-

Destination Westland Limited
During Alert Levels 4 (August 2021), staff worked remotely where they could, and services were limited to essential services. The impact on the Company's tourism-based activities continues to be significantly impacted and the extent and duration to which Coronavirus will continue to disrupt and depress economic activity remains to be seen. In 2020, the Company reviewed all its activities to ensure they were viable, reduced nonessential spending, been through a staffing restructure. In 2021, the Company constantly reviewed its performance to ensure continued viability.

The Company have prepared (and are continually updating) cash flow forecast that incorporates changes to revenue and expenditure as they appear. Based on this forecast, our current cash reserves and the guaranteed level of management fees, the Board consider that the Company will be able to continue to operate for at least one year from the date of signing these financial statements.

The management and Board are continuing to closely monitor the COVID-19 situation and any other changes, and the Company is working closely with the Council and its group to ensure the appropriate actions are taken.

Wage Subsidy:
Destination Westland Limited received $92,646.59 Wage Subsidy from the Ministry of Social Development during the year ended 30 June 2021 as the necessary criteria was met, being an expected 30% reduction revenue.

Westroads Limited
20/21 year
Westroads received no Covid Subsidies in the 2021 year as it did not meet the required income reduction. However, Covid did have an effect in that jobs were delayed contributing to losses in the first half of the year.

August/September 2021
The company's business activity during Alert Level 4 was restricted to providing essential services, (emergency road maintenance, water utilities maintenance, cemetery maintenance & landfill operations). Approximately 25% of staff continued working. During Alert Level 3, all business activity resumed with the required health and safety protocols in place.

The company committed to retaining employees, with staff entitlements partly offset by wage subsidy claimed from the Ministry of Social Development.

While COVID-19 has had a significant economic impact globally throughout 2021, the impact on the company's operations and financial performance and position this time has been minimal, as the Alert Level 4 Lockdown only lasted 2 weeks and at Alert level 3 the entire company was able to return to work.

As part of the impact assessment of COVID-19, Management and the Board considered whether there has been any impact on going concern or impairment of assets. The company has a strong balance sheet, both at 30 June 2021 and for the forecast 2022 year ahead, there is sufficient confirmed forward work and forecast cash requirements can be met by cash on hand and existing facilities. An assessment on debtor balances has been completed and there has been no material impact as a result of COVID-19 (see Note 7).

Although the potential future financial impacts of the COVID-19 pandemic are not able to be determined, the company does not expect these future impacts to be substantial. Unless we return to a level 4 alert.

The company continues to monitor the COVID-19 situation and is working closely with the Board and customers to ensure the appropriate actions are taken as required and ensuring that health, safety and wellbeing continues to be an area of focus.

1. Revenue from Contracts with Customers

	Group 2021 $000	Group 2020 $000
Over Time		
Maintenance contracts	10,493	14,409
Construction contracts	14,400	17,139
Management contracts	803	915
Other contracts	2,448	1,408
At a point in time		
Sales of goods and services - metal	1,870	1,596
Sales of goods and services - other	217	347
	30,231	35,814

Under NZIFRS 15, revenue is recognised when a customer obtains control of the goods or services. Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria below.

i) Maintenance Contracts
The Group primarily generates service revenue from the following activities:
- roading and footpaths
- amenity assets including water and wastewater
- parks, trees and cleaning

Typically, under the performance obligations of service contracts, the customer consumes and receives the benefit of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

(ii) Construction Contracts
The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. There are numerous milestone in each project, however the performance obligation is the delivery of completed construction project as this primary outcome of each contract. Under these performance obligations, customers either simultaneously receive and consume the benefits as the company performs them or performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore, contracted revenue is recognised over time based on stage of completion of the contract. The transaction price is based on contract value.

(iii) Management Contracts
These are service contracts where typically the customer consumes and receives benefits of the service as it is provided. As such, service revenue is recognised over time as the services are provided.

(iv) Sale of goods Revenue
Is recognised at a point in time when the customer obtains control of goods and services, specifically when physical goods are delivered to the customer. The transaction price is based on the agreed sales price.

v) Other contracts
Other contracts included contracts that cannot be classified under Maintenance or Construction - such as smaller Plumbing contracts and operation of Landfill management assets is recognised overtime. Under these performance obligations, customers either simultaneously receive and consume the benefits as the Group performs them.

vi) Variable Consideration
The Group has not incurred any claim for liquidated damages during the financial year.

vii) Warranties and Defect Periods
Construction and service contracts can include defect and warranty periods which vary from contract to contract, following completion of the project. These obligations are not deemed to be separate performance obligations and therefore are estimated and included in the total costs of the contracts. Where required, amounts are recognised in provisions

Key estimates and judgements: Revenue recognition
i)Stage of completion of construction contracts
Determining the stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated costs. The progress to satisfaction is assessed by reference to measure and value of work performed and agreed by the client before an invoice is submitted for payment, therefore the satisfaction of the performance obligation represents a faithful depiction of the transfer of goods or services.

ii)Modifications
When a contract modification exists and the Group has an approved enforceable right to payment, revenue in relation to claims and variations is only included in the transaction price when the amount claimable becomes highly probable. Management uses judgement in determining whether an approved enforceable right exists and the amount that meets the “highly probable” threshold

iii)Variable consideration
Where consideration in respect of a contract is variable, the expected value of revenue is only recognised to the amount management considers is recoverable. This is assessed on a periodic basis and is based on all available information, including historic performance. When modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise.

Timing of revenue and payment
Payment is required on the 20th day of the month after the issuing of the invoice. The only difference in timing between recognition of income and receipt of payment are Contract Retentions, which are classified as Contract Assets and Contract Liabilities in the Statement of Financial Position. Retentions are released when a certificate of completion is produced and the remaining balance after the defects period documented in the contract is reached.

2. Other Income

	Group 2021 $000	**Group 2020 $000**
Gain on sale of property, plant and equipment	75	360
Lease receipts	954	890
Services to customers	539	621
Recoveries	20	53
Impairment reversals	27	-
Change in fair value of investment properties	50	-
Supplier Rebates	70	20
Grants	921	-
Government Covid Wage Subsidy	93	1,348
	2,749	3,292

Key estimates and judgements: Revenue recognition
Government Covid-19 Wage Subsidy
The company applied for and received the Ministry of Social Development wage subsidy in related to the Covid-19 crisis. The company applied the income approach, recognising the subsidy income in the Statement of Comprehensive Income on a systematic basis over the period in which the company recognised as expenses the related employee benefits.

There are no unfulfilled conditions or other contingencies in relation to the wage subsidy at the balance date that have been recognised.

3. Nature of Expenses

	Group 2021 $000	Group 2020 $000
The following items are included in the expenditure of the Group		
Audit fees to Audit NZ comprising audit of financial statements	126	123
Depreciation and amortisation	2,570	2,488
Depreciation & Amortisation - Leases	156	155
Loss on sale of property, plant and equipment	45	153
Loss on sale of investment property	4	-
Loss in Fair Value of Investment Property	-	25
Directors' Fees	219	255
Donations	14	31
Bad Debts Written off	8	15
Change in Provision for Doubtful Debts	1	10
Rental and operating lease costs	-	1
Personnel Expenses		
Wages and Salaries	11,873	12,496
Contributions to defined contribution plans	498	474
Long service leave	40	14
Retiring gratuities	4	4
	12,415	12,988

Personnel Expenses are split between cost of sales and administration expenses in the Statement of Comprehensive Income

4. Finance Expenses

	Group 2021 $000	Group 2020 $000
Interest Expense on Lease Liabilities	41	48
Other Finance Costs	364	428
	405	476

5. Taxation

	Group 2021 $000	Group 2020 $000
Surplus/(deficit) before taxation	328	2,017
Prima facie taxation @ 28%	92	564
Plus (less) taxation effect of permanent differences	3	(30)
Asset Intercompany Elimination	4	-
(Less) Tax Effect of Subvention Payment to WDC	-	(56)
Taxation Expense	99	478
Income tax expense is represented by		
Current taxation	1	562
Deferred taxation	98	(84)
	99	478

	Group 2021 $000	Group 2020 $000
Deferred taxation asset (liability)		
Opening Balance	(171)	(255)
Movement Recognised in surplus or deficit	(98)	84
Balance as at 30 June	(269)	(171)
Deferred tax assets and liabilities are attributable to the following:		
Employee benefit plans (Asset)	7	11
Accruals (Asset)	293	284
Receivables Impairment (Asset)	5	5
Property, Plant and Equipment (Liability)	(400)	(256)
Retentions (Liability)	(215)	(219)
Tax Losses Carried Forward (Asset)	41	5
	(269)	(170)

6. Share Capital

At 30 June 2021 the Company has authorised and issued 8,424,792 (2020: 8,424,792) shares which are fully paid. 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.

7. Trade and other receivables

	Group 2021 $000	Group 2020 $000
Trade Debtors - non related	1,969	3,476
Trade Debtors - related parties	1,289	1,223
GST Receivable	38	-
Contra accounts	-	6
Provision for Doubtful Debts	(17)	(16)
Revenue to Come	-	2
Cost Fluctuation Adjustment Accruals	50	41
	3,329	4,732

Trade debtors breakdown per age of debt

	Gross Receivable 2021	Impairment 2021	Gross Receivable 2020	Impairment 2020
Not past due	2,925	*1*	4,268	-
Past due 0-30 days	240	*1*	344	*1*
Past due 31-120 days	11	*3*	43	*2*
Past due 121-360 days	76	*9*	32	*11*
Past due more than 1 year	6	*3*	12	*2*
	3,258	17	4,699	16

The impact of Covid-19 was considered on the existing expected credit loss model. Management considers that given the relatively short term nature of the debtors and the financial security of the customer base, the impact on the expected credit loss model is not significant.

8. Inventory

	Group 2021 $000	Group 2020 $000
Metal Stocks	647	591
Other Supplies	80	75
	727	666
Provision for Obsolescence	-	-
	727	666

Term Inventory

Term Inventory comprises parts of land held for subdivision and sale purposes $327,000 (2020: $298,000). This relates to a property held as tenants in common between Westroads Limited and Destination Westland Limited. This property is being developed and funded by Westroads, with Westroads receiving 75% of any profits and Destination Westland Ltd receiving the other 25%.

9. Contract Assets and Liabilities

Contract Assets

Contract assets primarily relate to the Company's rights to consideration for work performed but not billed at the reporting date. The contract assets are transferred to trade receivables when the rights have become unconditional. This usually occurs when the Company issues an invoice in accordance with contractual terms to the customer. Payments from customers are received based on a billing schedule / milestone basis, as established in our contracts. Contact assets are disaggregated according to contract type:

	Group 2021 $000	Group 2020 $000
Maintenance contracts	55	*42*
Construction Contracts	1,091	*1,067*
Other Contracts	15	*9*
Total current contract assets	1,161	1,118

As of 30 June 2021, the aggregate amount of the transaction price allocated to the remaining performance obligations is $14,374 (2020: $18,363). The Company will recognise this revenue when the performance obligations are satisfied. Approximately 44% of remaining performance obligations are expected to occur within the next two years. The remaining balance of performance obligations is expected to be satisfied between 2 and 3 years.
Revenue recognised for the year ended 30 June 2021 from performance obligations satisfied (or partially satisfied) in previous periods amounted to amounted to $9,137.

The Change in Contract Assets reflects a single contract having 10% retentions over the entire contract. Further the type of contracts still in Work in Progress at year end were more Construction than Maintenance.

Contract Liabilities

Contract liabilities Contract liabilities primarily relate to the Companies obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. Contract liabilities are recognised as revenue when work is performed under the contract. If the net amount of the Company's rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of contract liabilities.

	Group 2021 $000	Group 2020 $000
Maintenance contracts	103	-
Construction Contracts	128	*372*
Total current contract assets	231	372

The opening balance of contract liabilities was $371,764 in 2021, all of which was recognised as revenue in the 2021 financial year.

WESTLAND HOLDINGS LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021

10. Property, plant and equipment

Group	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Airport Runway Infrastructure	Under Construction	Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Cost or deemed cost						
Balance at 1 July 2019	5,122	23,952	577	2,437	59	32,147
Additions	139	3,538	48	72	7	3,804
Disposals	-	(2,039)	(7)	-	-	(2,046)
Balance at 30 June 2020	5,261	25,451	618	2,509	66	33,905
						-
Balance at 1 July 2020	5,261	25,451	618	2,509	66	33,905
Additions	221	2,529	95	-	966	3,811
Disposals	-	(1,005)	-	-	-	(1,005)
Balance at 30 June 2021	5,482	26,975	713	2,509	1,032	36,711
						-
Depreciation and impairment losses						-
Balance at 1 July 2019	950	12,632	491	559		14,632
Depreciation for the year	174	2,233	40	40		2,487
Impairment Loss	130					
Disposals		(1,550)	(13)			(1,563)
Balance at 30 June 2020	1,254	13,315	518	599	-	15,686
						-
Balance at 1 July 2020	1,254	13,315	518	599		15,686
Depreciation for the year	179	2,295	56	40		2,570
Impairment Loss	30					30
Disposals		(795)	-			(795)
Balance at 30 June 2021	1,463	14,815	574	639	-	17,491
Carrying Amounts						
At 1 July 2019	4,172	11,320	86	1,878	59	17,515
At 30 June 2020	4,007	12,136	100	1,910	66	18,219
At 1 July 2020	4,007	12,136	100	1,910	66	18,219
At 30 June 2021	4,019	12,160	139	1,870	1,032	19,220

Security

At 30 June 2021 properties with a carrying value of $3,520,000 (2020: $3,508,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2021 no plant and equipment are subject to a registered chattel security (2020: $Nil). All plant and equipment are subject to a general registered debenture.

Finance Lease

The net carrying cost of plant held under finance lease is $61,000. (2020 $104,000) Note 15 provides further information about finance leases

Valuation

The Impact of COVID-19 has been considered, however based on the forward work secured and after discussion with Valuers, no adjustments were considered necessary.

11. Intangible Assets

The Groups only intangible asset is Goodwill on the acquisition of its subsidiary companies. Goodwill was assessed for impairment and no impairment was required for 2021. (2020: $Nil)

The amortisation and any impairment losses are allocated to cost of sales in the statement of financial performance.

Group	**Goodwill $000**	**Total $000**
Cost or deemed cost		
Balance at 1 July 2019	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2020	**575**	**575**
Balance at 1 July 2020	575	575
Additions	-	-
Disposals	-	-
Balance at 30 June 2021	**575**	**575**
Depreciation and impairment losses		
Balance at 1 July 2019	-	-
Amortisation for the year	-	-
Impairment Loss	151	151
Disposals	-	-
Balance at 30 June 2020	151	151
Balance at 1 July 2020	151	151
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
Balance at 30 June 2021	**151**	**151**
Carrying Amounts		
At 30 June 2020	424	424
At 30 June 2021	424	424

12. Investment property

	Group 2021 $000	Group 2020 $000
Opening Balance 1 July	1,010	1,035
Transferred from PPE	-	-
Additions	-	-
Disposals	(46)	-
Gain (loss) on disposals	(4)	-
Fair value gains/(losses) on valuation	50	(25)
Balance at 30 June	1,010	1,010

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 group.

The valuer has highlighted there is currently significant valuation uncertainty due to market disruption associated with Government restrictions relating to COVID-19. The valuations were current as at the date of the valuation only and given the unknown future impact on the market and the uncertainty involved, Destination Westland will be reviewing these valuations frequently.

13. Deferred Income

Deferred Income classified as current consists of customer leases and management fees paid in advance.

14. Contingent Liabilities and Contingent Assets

At 30 June 2021, the Group had the following contingent liabilities:

	Group 2021 $000	Group 2020 $000
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	790	410
(b) Performance Bonds in favour of Grey District Council.	360	335
(c) Mining Bonds	17	17
(d) Performance Bond in favour of Fulton Hogan Ltd	376	538
(e) Performance Bonds in favour of Christchurch City Council	419	140
(f) Performance Bond in favour of General Director of Conservation	165	165
(g) Performance Bond in favour of Westland Milk Products Limited	-	514

The Group has no contingent assets at 30 June 2021 (2020 : Nil)

15. Loan and Borrowings

	Group 2021 $000	Group 2020 $000
Current Account Overdraft	483	4
Finance Lease	-	5
Bank Term Loan	6,930	6,155
	7,413	6,164
The bank term loans and finance leases are split as follows:-		
Current Bank Term Loan	933	839
Current Finance Lease	-	5
Non-current Term Loan	5,997	5,316
	6,930	6,160

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

Group	**2021 $000**	**2020 $000**	**Interest Repricing due**	**Maturing**
BNZ CARL Loan - Interest Rate 3.5%	1,180	*1,389*	1 Year	2026
BNZ Fixed Term Asset Loan - Interest Rate 3.50%	1,081	*1,263*	3 Years	2026
BNZ Money Management Loan ($2,892k) - Interest Rate 3.51%	1,584	*608*	Variable	2024
BNZ Grey Assets Loan - Interest Rate 3.50%	496	*551*	Variable	2023
BNZ Grey Assets Loan - Interest Rate 3.51%	272	*301*	Variable	2023
BNZ Hoki Assets Loan - Interest Rate 3.50%	791	*875*	Variable	2023
Westpac Term Loan - Interest Rate 6.5%	-	*4*	Variable	2020
Westpac Term Loan - Interest Rate 6.09%	210	*222*	1 Year	2022
Westpac Term Loan - Interest Rate 4.0%	102	*139*	Variable	2023
Westpac Term Loan - Interest Rate 4.00%	765	*803*	Variable	2022
Westpac Term Loan - Interest Rate 4.25%	448	-	Variable	2023

(Carrying value is not materially different to Face value)

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2021 it is estimated that a 1% increase in interest rates would decrease the Group's 2022 profit before tax by approximately $29,000 (2020: $24,000.)

The Group has no formal interest rate hedging policy.

16. Right of use asset and lease liability

The Company recognises a right-of-use asset (ROU) and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases and leases of low- value assets where the Company recognises the lease payments as an other operating expense on a straight-line basis over the term of the lease.

Right of Use Asset (Group)

	Commercial Property	Gravel extraction consent	Motor Vehicles	Photocopy Equipment	Total
As at 1 July 2019	1,062	10	13	0	1,085
Additions	-	-	-	31	31
Depreciation expense	(140)	(3)	(7)	(5)	(155)
Total ROU as at 30 June 2020	922	7	6	26	961
2021 Additions	20	-	-	-	20
2021 Depreciation expense	(140)	(3)	(6)	*(7)*	(156)
Total ROU as at 30 June 2021	802	4	0	19	825

Lease Liability Maturity Analysis	Pre Operating Leases	Komatsu Lease	**Group 2021 $000**	**Group 2020 $000**
Lease Liabilities under NZ IFRS 16				
Lease than one year	139	14	153	*195*
Between one and five years	412	46	458	*483*
More than five years	324	-	324	*417*
Total lease payable	875	60	935	1,095
Current	139	*14*	153	*195*
Non Current	736	46	782	*900*
	875	60	935	1,095

	2021	**2020**	
Total short term leases	**-**	**-**	
Lease interest expense	*41*	48	Note 4
Total cash outflow for leases - principal portion	135	121	
Total cash outflow for leases - interest portion	41	48	Note 4

Cashflow for liquidity risk note			
6 months post balance date	89	*23*	112
6-12 months post balance date	90	*23*	113
More than 1 year	996	*15*	1,011
	1,175	61	1,236

17. Commitments

Capital Commitments: At 30 June 2021, the Group had no capital commitments due within 12 months of balance date (2020: $Nil)

Other Commitments: Destination Westland Limited has a contract for painting work on the airport buildings until 2021. The value of the work contracted that has not yet been performed as at 30 June is $5,000 (2020: $5,000).

18. Employee Entitlements

The Group has the following current employee entitlements

	Group 2021 $000	Group 2020 $000
Annual Leave	843	795
Accrued Wages	569	506
Time In Lieu	27	33
Long Service Leave	24	23
Sick Leave	30	33
Retirement Gratuities	-	32
	1,493	1,422

The Group has the following non current employee entitlements

	Group 2021 $000	Group 2020 $000
Retirement Gratuities	27	22
Long Service Leave	114	84
	141	106

19. Post Balance Date Events

There were no material post balance date events

20. Transactions with Related Parties

These transactions were entered into in the ordinary course of the group's business and on its usual terms and conditions with the exception of the Destination Westland Loan made to assist the subsidiaries cashflow position.
Details of these interests are as follows:

Director/ Shareholder	Business in which an Interest is Declared	Type of Transaction	Group Transaction Amount $000	Group Balance at 30 June $000
		1 July 2020 to 30 June 2021		
WDC	Westland District Council	Payment - Rentals, Rates and On charges	391	77
WDC	Westland District Council	Sales	10,841	1,257
WDC	Westland District Council	Payment - Grant overpayment	77	89
WDC	Westland District Council	Dividend Payment	220	-
WDC	Westland District Council	Subvention Payment	200	-
P M Cuff	Cuffs Limited	Payment - accounting services	23	-
P M Cuff	Tasman View Properties Limitec	Payment - entertainment	6	-
P M Cuff	Tasman View Properties Limitec	Sale - Plant Hire and Materials	12	14
R A Pickworth B O Thomson	Westpower Limited	Payment - Rental RT	6	1
R A Pickworth B O Thomson	Electronet Services Limited	Payment - IT Services	74	16
R A Pickworth B O Thomson	Electronet Services Limited	Sales	1,045	17
C J Rea	Hokitika Automotive Limited	Purchase - Mechanical Services	47	8
C J Rea	ChatR Communications Limited	Payment - Materials and Sevices	23	2
M Rodgers	Men At Work Limited	Payment - Traffic Management	138	-
		1 July 2019 to 30 June 2020		
WDC	Westland District Council	Payment - Rentals, Rates and On charges	319	60
WDC	Westland District Council	Sales	9,668	1,171
WDC	Westland District Council	Subvention Payment	200	200
WDC	Westland District Council	Dividend Payment	200	-
P M Cuff	Cuffs Limited	Purchase - accounting services	23	1
P M Cuff	Tasman View Properties Limitec	Purchase - entertainment	3	-
R A Pickworth B O Thomson	Westpower Limited	Payment - Rental RT	7	1
R A Pickworth B O Thomson	Electronet Services Limited	Purchase - IT Services	146	14
R A Pickworth B O Thomson	Electronet Services Limited	Sales	919	53
C J Rea	Hokitika Automotive Limited	Purchase - Mechanical Services	30	3
M Rodgers	Men At Work Limited	Payment - Traffic Management	17	-

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

Westland Holdings (Parent): Destination Westland has a subvention payment agreement with Westland Holdings (Parent) for $7,693, with $7,693 to be paid at balance date. (2020: Westroads $120,000)

Key management personnel disclosure

Key management personnel are deemed to be the directors of Westland Holdings Limited

	2021 $000	2020 $000
Key management personnel compensation comprised		
Short-term employee benefits	67	43
Termination benefits	-	-
	67	43

There are no loans to or from key management personnel.

21. Financial Instruments

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

	Group 2021 $000	Group 2020 $000
Financial Assets at amortised cost		
Bank Accounts and Cash	1,236	860
Bank Overdraft (secured)	(483)	(4)
Debtors and other Receivables	3,329	4,732
Financial Liabilities at amortised cost		
Creditors and Other Payables	2,671	3,315
Loans	6,930	6,160
Finance Lease	-	-

The amounts reported above represent the Group's maximum credit exposure for each class of financial instrument. The anticipated contractual cash flows of the financial instruments 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, except for loans, which are analysed in Note 15.

The Group is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable and trade creditors.

The Group has a series of policies providing risk management for interest rates and the concentration of credit.

The Group is risk averse and seeks to minimise exposure from its treasury activities. Its policies do not allow any transactions which are speculative in nature to be entered into.

Interest Rate Risk

The 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 Group to fair value interest rate risk. The Group 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 Group has most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 15.) The directors consider that this risk is balanced by the considerable benefit of the present lower floating rates.

Currency Risk

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

Financial instruments which potentially subject the Group to risk consist principally of cash and trade receivables. The Group invests in high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Accordingly, the Group does not require any collateral or security to support financial instruments with organisations it deals with.

Concentrations of credit risk with respect to accounts receivable are high due to the reliance on the Westland District Council and Grey District Council for a high proportion of the Group's revenue. However, both councils are considered high credit quality entities.

Fair Values

The estimated fair values of the financial instruments are as stated in the Statement of Financial Position.

Liquidity 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 maximum exposure to credit risk at 30 June 2021 is equal to the carrying value for cash and cash equivalents, trade and other receivables. Credit risk is managed by restricting the amount of cash and derivative financial instruments which can be placed with any one institution and these institutions are all New Zealand registered banks with at least a Standard & Poor’s rating of A. As at 30 June 2021, the Group held cash at the BNZ of $19,234, $31,573 with ASB and $1,189,103 with Westpac. Each of these three banks have a Standards and Poor's rating of AA-.

	Carrying amount	Contractual cashflow	less than 6 months	6-12 months	More than 1 year
	$000	**$000**	**$000**	**$000**	**$000**
Payables (excluding income in advance, taxes	2,654	2,654	2,654	-	-
Secured Loans	6,930	7,046	568	561	5,917
Lease Liabilities	935	1,090	113	108	869
Debtors	3,310	3,310	3,310	-	-
	7,209	7,480	25	669	6,786

22. Reconciliation of Net Surplus after Taxation with Cashflows from Operating Activities

	Group 2021 $000	Group 2020 $000
Net surplus after taxation	229	1,339
Add/(less) non cash items:		
Depreciation and amortisation	2,686	2,643
Bad Debts written off	7	-
Increase (decrease) in provision for doubtful debts	1	10
Increase/(decrease) in deferred tax liability	117	(84)
Increase/(decrease) in Employee Entitlements	35	13
Impairment of assets	2	130
Fair value (gain)/loss in investment properties	(50)	25
Total Non-Cash Items	2,798	2,737
Add/(less) items classified as investment and financing activities:		
Net loss/(gain) on sale of fixed assets	(30)	(207)
Net loss/(gain) on sale of investment property	4	-
Capital accounts payable	-	33
Total Investing & Financing Activity Items	(26)	(174)
Add/(less) movements in working capital items:		
Increase/(decrease) in accounts payable and accruals	(182)	(408)
Increase/(decrease) in employee entitlements (current)	70	500
Increase/(decrease) in income received in advance	106	5
Increase/(decrease) in provision for taxation	(563)	333
Increase/(decrease) in subvention payment payable	(218)	(40)
(Increase)/decrease in receivables and prepayments	1,061	(616)
Decrease/(increase) in contract assets	(43)	7
Increase/(decrease) in contract liabilities	(140)	289
(Increase)/decrease in tax refund due	-	-
(Increase)/decrease in inventory	(61)	437
(increase)/decrease in term inventory	(2)	56
(Increase)/decrease in work in progress	(4)	(6)
Working Capital Movement - Net	24	557
Net Cash Inflows from Operating Activities	**3,025**	**4,459**

23. Capital Management

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

The Group'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 Group recognises the need to maintain a balance between higher returns that may be possible through greater gearing and advantages and security afforded by a sound capital position.

The Group has a policy of shareholders funds being in the ratio of 40-100% of total assets.

24. Imputation Credits

The Group has Imputation Credits available for use in subsequent periods of $2,420k

25. Breach of Statutory Deadline

Section 67 of the Local Government Act 2002 requires that within five months after the end of the financial year, the Board must deliver to the shareholders, and make available to the public, an annual report for the operations during that year. Due to delays in one of the Subsidiary's Audit, Westland Holdings Limited's annual report was not completed by 30 November 2021. As a result, the Company has breached its statutory reporting deadline for 2021.

26. Events Subsequent to Balance Date

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using an "all in" legislated approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model. The announcement may have an impact on our future works associated with three waters services in the district. However, the extent and nature of the impacts are still unknown at this stage.

New Zealand continues to be affected by the Covid-19 pandemic, with the entire country returning to Alert Level 4 on 17 August 2021 following an outbreak of the 'Delta' variant of the virus in the community. The result of this is that the revenue of the company's tourism based services continues to be adversely affected.