

2021 ANNUAL REPORT



Independent Auditor's Report

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

The Auditor-General is the auditor of Destination Westland Limited (the company). 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 company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 5 to 8 and 11 to 26, that comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of accounting policies for the year ended on that date and the notes to the financial statements that include other explanatory information; and
- the statement of service performance of the company on pages 9 and 10.

In our opinion:

- the financial statements of the company on pages 5 to 8 and 11 to 26:
 - 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 Public Benefit Entity Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance of the company on pages 9 and 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 2021.

Our audit was completed on 26 November 2021. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to the ongoing impact of Covid-19 on the company. In addition, we outline the responsibilities of the Board of Directors and

our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter - Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the ongoing impact of Covid-19 on the company as set out on pages 15 and 16 and note 7 on page 7 to the financial statements. We draw specific attention to note 12 on page 21 that describes the significant uncertainties highlighted by the valuer related to estimating the fair values of the company's investment properties.

Basis for our 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 statement of service performance

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 statement of service performance 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 a 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 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 there is an intention to liquidate the company or to cease operations, or there is 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.

For the budget information reported in the financial statements and the statement of service performance, 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 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 the 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 statement of service performance within the company's framework for reporting 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 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 company 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 information, 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 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 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 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: International 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.



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

DIRECTORS REPORT

FOR THE YEAR ENDED 30 JUNE 2021

The Directors of Destination Westland 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 2021.

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 organisation as defined in section 6 of the Local Government Act 2002. The Company was founded in December 2001 and commenced operation on 1 July 2002. The registered office of the Company is at the offices of Cuffs Ltd, 51 Tancred Street, HOKITIKA.

The Company's purpose or mission

The primary objectives of the Company are to maximise opportunities for the development of commercial and tourism-based aviation in Westland, 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 and provide a commercial return to its shareholders and the promotion of Westland as a destination.

Structure of the Company's operations, including governance arrangements

The Company comprises of a Board of three Directors who oversee the objectives of the Company, and a Chief Executive who is responsible for its day to day operations.

Principal Activities

The Company's principal activities during the year were:

- Operation of Aerodrome and Cafe at Hokitika Airport;
- Management of Land & Buildings surrounding the Airport as Landlord;
- Operation of Helipads at Franz Josef;
- Event Management and Facilitation, including Hokitika Wildfoods Festival
- Management of Company & Westland District Council owned property including
 - Pensioner Housing
 - Hokitika Swimming Pool
 - Baches on Road Reserves
 - Jacksons Bay Wharf
 - iSite Centre

REVIEW OF OPERATIONS

Results for the Year Ended 30 June 2021	\$000
Net Surplus before Taxation	1,128
Taxation	206
Subvention Payment	111
Net Surplus after Taxation	811
Movements in Equity	
Equity (opening balance)	4,209
Dividend paid to Owners	-
Issue of Equity to Owners	-
Net Surplus after Taxation	811
Equity (closing balance)	5,020

Directors' interest

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.

CHANGES OF DIRECTORS

There were no retirements or appointments of directors during the year

ENTRIES IN THE INTERESTS REGISTER

As at 30 June 2021, the Directors have declared general disclosure of interest in the following entities:

C G Gourley	Experience Mid Canterbury	Board Member
	SFT Group Holdings Ltd	Board Chair
	Southfuels Limited	National Sales Manager
	Southwark Equities Ltd	Director
	The Start Ltd	Director/Shareholder
	Westland Holdings Ltd	Director
J M Conroy	Dunedin Venues Management Ltd	Director
	Marcon Holdings Limited	Director/Shareholder
	Priory Chapter Board St John	Trustee
	QDC Services Ltd	Director/Shareholder
	QLCHT Shotover Country Limited	Director
	Queenstown Citizen's Advice	Board Member
	Queenstown Housing Bonds Limited	Director
	Queenstown Lakes Community Housing Trust	Trustee
	Queenstown Lakes Community Housing Trust Developments Ltd	Director
	Queenstown Lakes Community Housing Trust Property Portfolio Ltd	Director
	Quotable Value Ltd	Director
	Sky City Queenstown Community Trust	Chair
	St John Wakatipu Area Committee	Chair/Member

	Wakatipu Wildlife Trust	Executive Officer
	Westland Holdings Ltd	Chair
	Westland Holdings Ltd	Director
C J Rea	Chatr Communications Limited	Director/Shareholder
	Development West Coast	Trustee
	Hokitika Automotive Limited	Director & Shareholder
	Westland Holdings Limited	Director

DIRECTORS' REMUNERATION

The Directors received the following remuneration during the year:-

J M Conroy	\$NIL
C G Gourley	\$NIL
C J Rea	\$NIL

EMPLOYEE REMUNERATION

Employee remuneration and other benefits exceeding \$100,000:

Salary Range	Employees
140,000 - 150,000	1

There were no other employees or former employees that earned 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 \$7,000 (2020: \$1,175)

Auditors

The Auditor-General is appointed 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 Destination Westland Ltd, the financial statements and notes on pages 4 to 26

- 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 2021 and the results of its 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 preparation of the financial statements with Tier 2 Public Benefit Entity Accounting Standards.

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.

These financial statements were authorised for issue by the Board on 26 November 2021



C G Gourley
Chair



C J Rea
Director

STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$000	2020 \$000
Revenue from Exchange Transactions			
Lease Income		996	906
Services		566	621
Management Fees		803	915
Landing Fees		217	344
Interest Revenue		2	-
Change in Fair Value of Investment Property		65	-
Marketing Revenue		-	3
Total Revenue from Exchange Transactions		2,649	2,789
Revenue from Non-Exchange Transactions			
Subvention Income		-	-
Grants		921	-
Wage Subsidy Income		93	193
Total Revenue from Non-Exchange Transactions		1,014	193
Total Revenue		3,663	2,982
Less Expenditure			
Administrative Expenses		733	982
Depreciation & Impairment Losses	9	195	206
Change in Fair Value of Investment Property		-	25
Loss of Disposal of Investment Property		4	-
Interest Expense		52	58
Service Delivery Costs		1,233	1,363
Occupancy Costs		318	357
Total Expenses	1	2,535	2,991
Surplus/(Deficit) before Income Tax		1,128	(9)
Income Tax Expense	2	206	(23)
Subvention Payment	2	111	-
Surplus for the Period		811	14
Other Comprehensive Income		-	-
Total Comprehensive Income		811	14



STATEMENT OF

CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	Share Capital \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2020		5,345	(1,136)	4,209
Profit/(loss) for the period			811	811
Balance 30 June 2021		5,345	(325)	5,020
Balance 1 July 2019		5,345	(1,150)	4,195
Profit/(loss) for the period			14	14
Balance 30 June 2020		5,345	(1,136)	4,209

STATEMENT OF
FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$000	2020 \$000
EQUITY			
Share capital	3	5,345	5,345
Retained Earnings		(325)	(1,136)
Total Equity		5,020	4,209
represented by:			
CURRENT ASSETS			
Bank accounts and Cash		1,017	143
Inventory		33	32
Prepayments		35	34
Debtors and other receivables - exchange transactions	4	246	76
Total current assets		1,331	285
CURRENT LIABILITIES			
Bank Overdraft		10	4
Creditors and other payables - exchange transactions		607	380
Creditors and other payables - non exchange transactions		77	8
Employee Entitlements	8	71	71
Loans	10	121	85
Tax Payable		1	-
Subvention Payment Payable		111	-
Income in advance		131	25
Total Current Liabilities		1,129	573
Working Capital		202	(288)
NON-CURRENT ASSETS			
Property Plant & Equipment	9	5,316	4,488
Investment Property	12	1,250	1,235
Term Inventory	15	123	123
Total Non-Current Assets		6,689	5,846
NON-CURRENT LIABILITIES			
Loans	10	1,405	1,088
Deferred Tax Liability	2	466	261
Total Non-Current Liabilities		1,871	1,349
Net Assets		5,020	4,209



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$000	2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from exchange transactions		2,526	2,922
Receipts from non-exchange transactions		1,014	193
Subvention payments received		-	50
Payments to suppliers & employees		(1,980)	(2,898)
Interest Paid		(52)	(58)
NET CASH FLOWS FROM OPERATING ACTIVITIES	13	1,508	209
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment property		46	-
Payments to acquire property, plant and equipment		(1,023)	(192)
Payments to acquire investment property		-	(1)
NET CASH FLOW FROM INVESTING ACTIVITIES		(977)	(193)
CASH FLOW FROM FINANCING ACTIVITIES			
Loan Advances		450	826
Purchase of term deposits		-	-
Loan Repayments		(113)	(742)
Dividends paid		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES		337	84
Net increase/(decrease) in cash for the year		868	100
Add opening bank accounts and cash		139	39
Closing bank accounts and cash		1,007	139
<i>Made up of:</i>			
Current Accounts		1,017	143
Bank Overdraft		(10)	(4)
		1,007	139

STATEMENT OF

SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

	ACTUAL 2021 \$000	BUDGET 2021 \$000
Gross Revenue	3,663	2,922
Operating Expenditure	1,227	1,467
Repairs and Maintenance	139	245
Employee Costs	922	863
Finance Costs	52	56
Depreciation	195	218
Net surplus before taxation	1,128	73
Taxation expense	206	20
Subvention Payment	111	-
Net surplus/(loss) after taxation	811	53
Shareholder Funds	4,209	4,150
Retained earnings	811	53
Closing shareholder funds	5,020	4,203
PRETAX RETURN ON SHAREHOLDER FUNDS	24.4%	1.1%
PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS	62.6%	>60%

STATEMENT OF

SERVICE PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2021

Performance Target	Outcome
AVIATION: Annual CAA Audit & Major Findings to be NIL	ACHIEVED: No major findings reported (2020: NIL)
AGED CARE OCCUPANCY: The annual percentage occupancy to be no less than 95%.	ACHIEVED: 99.% (2020: 99.6%)
SWIMMING POOL - Pool Safe Accreditation Maintain Pool Safe Accreditation	ACHIEVED: Pool Safe accreditation was awarded April 2021 (March 2020)
Swimming Pool Users Satisfaction: Pool user satisfaction with the provision of quality swimming or exercise experience to be no less than 85%	NOT ACHIEVED: Satisfaction Survey not carried out as part of WDC Resident Survey
BACHES ON ROAD RESERVE: The annual number of licenses to occupy to be greater than 70.	ACHIEVED: 85 Signed agreement to occupy. (2020: 85) 11 signed agreements seasons sites: (2020: 11) 19 signed agreements - other occupations (2020: 19)
JACKSONS BAY WHARF: The annual percentage of commercial fishing vessels who use the wharf with Licenses to occupy > 90%	ACHIEVED: 100% of the major fishing vessels: (2020 100%). This excludes casual users.
LEASEHOLD PROPERTIES: The annual percentage of leasehold properties available for lease to be => 80%	ACHIEVED: 83% (2020 83%). A total of 18 WDC properties are managed of which 15 properties are leased
TENANT SATISFICATION: Tenant satisfaction with the provision of the company's aged care rental housing greater than or equal to 95%.	NOT ACHIEVED: Tenant Satisfaction Survey not carried out due to August 2021 Lockdown (2020: 98% August 2020)
TIME LOST THROUGH INJURY: Loss Time injuries will be ZERO	ACHIEVED: Zero time lost (2020: 0)
HOKITIKA WILDFOODS EVENT ATTENDANCE: Attendance numbers to be 4,000	ACHIEVED: Numbers achieved (2020: Achieved)
HOKITIKA WILDFOODS EVENT RESIDENT SATISFACTION Resident satisfaction of the festival to be 85%.	NOT ACHIEVED: Resident Satisfaction survey not carried out with the WDC Resident Surveys (2020: Not included)

STATEMENT OF

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2021

REPORTING ENTITY

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

The company is a Council Controlled Organisation as defined in Section 6(1) of the Local Government Act 2002, with the company's ultimate parent being the Westland District Council. Destination Westland Limited is an Airport company pursuant to Section 3 of the Airport Authorities Act 1996.

The financial statements of the company have been prepared in accordance with the

Generating a commercial rate of return is a key consideration when determining what goods or services we provide, and how those goods or services are provided.

While we have not generated a commercial rate of return over the last financial years, we are reviewing our operations and re-negotiating our contracts to ensure the activities which we will provide in the coming financial years will generate a commercial rate of return to Westland Holdings Limited.

In 2020 Destination Westland Limited reviewed its operations again and has elected to report as Public Benefit Entity. This is based on the proportion of services for community and social benefit and that we have not generated a commercial rate of return over the last couple of financial years. This was reviewed again and confirmed prior to 30 June 2021

ACCOUNTING POLICIES APPLIED BASIS OF PREPARATION

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice

requirements of the Companies Act 1993 and the Local Government Act 2002.

From its inception the Company has been designated as a 'for-profit' entity for purposes of the New Zealand equivalents to International Financial Reporting Standards. In 2019 Destination Westland Limited reviewed its operations and objectives and with significant judgements made we have determined that the Company shall continue to be designated as a For-Profit entity. This designation was based on our judgements that:

Our primary objective is to generate a commercial rate of return, rather than to provide goods or services for community or social benefit.

("NZ GAAP"). They comply with Public Benefit Entity Accounting Standards (PBE Standards) and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board. Destination Westland Limited complies with Parts 3 and 4 of the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999.

The company has elected to report in accordance with Tier 2 PBE Accounting Standards and has applied disclosure concessions. The company is eligible to report in accordance with Tier 2 PBE Accounting Standards as it is not publicly accountable and has expenses of less than \$30 million.

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. Covid-

19 has continued to negatively impact some areas of the company's cash flows. Further information about the impacts of Covid-19 on the company are provided on page 15.

The financial statements were approved by the board of directors on 30 November 2021.

Measurement Base

The financial statements have been prepared on a historical cost basis.

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.

There are no material judgements or estimates applied in these Financial Statements.

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 Debtors & other receivables and Creditors & 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.

CHANGES IN ACCOUNTING POLICIES

Except for the new standards adopted (as described below) there have been no changes in the accounting policies during the period. All accounting policies have

been consistently applied throughout the period covered by these Financial Statements.

The presentation of revenue is now classified into exchange and non-exchange transactions, this has also been applied to prior year comparatives. This policy is outlined in more details in the Revenue section of the Significant Accounting Policies.

SIGNIFICANT ACCOUNTING POLICIES

The 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:

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

All items of property, plant and equipment is recorded 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:

	2021	2020
Buildings	3-50years	3-50years
Land improvements	3-50years	3-50years
Plant & equipment	1.5-25years	1.5-25years
Runway	2-50years	2-50years

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 Debtors & other receivables

The recoverable amount of the Company's investments in Debtors & 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). Debtors & other receivables with a short duration are not discounted.

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 Debtors & other 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.

Non-financial assets

The carrying amounts of the Company's non-financial assets, being property plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the profit or loss. Impairment losses recognised in

respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

FINANCIAL INSTRUMENTS

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

Financial Assets and Liabilities

Financial assets and liabilities are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. The company's financial assets and liabilities comprise: Bank accounts and cash and Debtors & other receivables, Trade and other payables and Loans.

Financial assets and liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less impairment.

Creditors and other payables

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

Bank accounts and cash

Bank accounts and cash comprise cash on hand, cheque or savings accounts and call deposits held with banks. Bank overdrafts that are repayable on demand and form an

integral part of the Company's cash management are included as a component of Bank accounts and cash for the purpose of the statement of cash flows.

Debtors & other receivables

Debtors & other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Debtors & other receivables are classified as either relating to exchange transactions or non-exchange transactions.

Loans

Loans are classified as other non-derivative financial instruments.

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 and, except for investment property, the leased assets are not recognised on the Company's balance sheet. Investment property held under an operating lease is recognised on the Company's balance sheet at its fair value.

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

Revenue transactions are classified either as “exchange” transactions or “non-exchange” transactions:

Revenue from Exchange Transactions

Exchange transactions are transactions in which the Company received assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Revenue from exchange transactions are accounted for when it is probable that the economic benefits or service potential associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

The exchange revenue transactions for the Company are Lease Income, Services rendered (management fees, landing fees and marketing revenue) and Interest Income.

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 is recognised either at a point in time or over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customer. If the company satisfies a performance obligation before it received the consideration, the company recognises a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Management Fees

Revenue is recognised over time as the contract and is paid monthly. An obligation to exist to meet key performance indicators each year. (see note 4 for the payment terms)

Landing Fees

Revenue arises at the point of time when the associated aircraft takes off or lands. Payment is due monthly (see note 4 for the payment terms)

Marketing Revenue

Revenue is recognised at the point in time that the required number of performed hours is reached. (see note 4 for the payment terms)

Interest

Interest income is recorded as it is earned during the year.

Revenue from Non-Exchange Transactions

In a non-exchange transaction, the Company either receives value from another entity without directly giving approximately equal value in exchange or gives value to another entity without directly receiving approximately equal value in exchange. The Company’s non-exchange revenue transactions this year include Wage Subsidy Income. This revenue has conditions attached which specify that the future economic benefits or service potential is required to be consumed as specified (used to retain and pay employees) or must be returned to the transferor.

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 PAYMENTS

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.

Impact of COVID-19

The COVID-19 outbreak remains a serious global health threat and has had a major impact on the movement of people and goods

throughout the world, with governments instituting restrictions on individuals and businesses across the world.

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.

NEW STANDARDS & INTERPRETATIONS NOT YET ADOPTED

Destination Westland Limited has not applied the following new and revised standards that have been issued but are not yet effective:

Standard	Periods Beginning on or after	Effective Date
PBE FRS 48: Service Performance Reporting This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information	1 January 2021	30 June 2022
PBE IPSAS 2: Cash Flow Statements Disclosure Initiative (Amendments to IAS 7), issued by the IASB in January 2016, amended IAS 7 Statement of Cash Flows to require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financial assets. The IPSASB subsequently amended IPSAS 2 Cash Flow Statements in Improvements to IPSAS, 2018 and the NZASB amended PBE IPSAS 2 in 2018 Omnibus Amendments to PBE Standards.	1 January 2021	30 June 2022
PBE IPSAS 41: Financial Instruments PBE IPSAS 41 introduces changes introduced by NZ IFRS in the for-profit sector. The standard replaces most of the requirements of PBE IPSAS 29.	1 January 2022	30 June 2023

Destination Westland Limited is continuing to analyse the impact of these changes.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 2021

1. From Operations

Nature of Expenses		
<i>The following items are included in the expenditure of the company:</i>		
Audit fees to Audit NZ comprising audit of financial statements	50	49
Directors' Fees	-	88
Donations	7	1
Movement in Provision for Doubtful Debts	1	10
Bad Debts Written off	7	3
Personnel Expenses		
Wages & Salaries	901	1,265
Contributions to defined contribution plans	24	32
	925	1,297

2. Income Tax

	2021 \$000	2020 \$000
Surplus/(deficit) before taxation	1,128	(9)
Prima facie taxation @ 28%	316	(3)
Plus/(Less) tax effect of group loss offset	(111)	-
Taxation effect of change in deferred tax on buildings	-	(27)
Plus/(less) taxation effect of permanent differences	1	7
Prior Period Adjustment		
Income Tax Expense	206	(23)

Income Tax expense is represented by

Current tax	1	-
Prior Period Adjustment	-	-
Deferred taxation	205	(23)
	206	(23)

Deferred Taxation Liability

Balance as at 1 July	261	284
Movement Recognised in surplus or deficit	205	(23)
Balance as at 30 June	466	261

Deferred tax assets and liabilities are attributable to the following:

Property, Plant & Equipment (Liability)	486	285
Accruals (Asset)	(15)	(16)
Receivables Impairment	(5)	(5)
Tax Losses carried forward	-	(3)
	466	261

3. Share Capital

At 30 June 2021 the company has authorised and issued 100 shares which are fully paid up and have no par value.

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.

No dividends were declared during the year ended 30 June 2021 (2020: NIL)

4. Debtors and Other Receivables

All trade debtors, contract receivables and related party debtors relate to exchange transactions

	2021 \$000	2020 \$000
Trade Debtors	133	42
Contract Receivables	28	22
Related Party Debtors	64	22
GST Receivable	38	-
Contra Accounts	-	6
Provision for Doubtful Debts	(17)	(16)
	246	76

All receivables relate to New Zealand and their status at the reporting date is as follows:-

	Gross Receivable 2021 \$000	Provision for Doubtful Debts 2021 \$000	Gross Receivable 2020 \$000	Provision for Doubtful Debts 2020 \$000
Not past due	190	1	47	-
Past due 0-30 days	9	1	6	1
Past due 31-120 days	8	3	8	2
Past due 121-360 days	13	9	22	11
Past due more than 1 year	5	3	3	2

Trade receivables have a general payment terms of the 20th of the month following invoice.

5. Contingent Liabilities & Contingent Assets

At 30 June 2021, Destination Westland Ltd had the following contingent liabilities.

	2021 \$000	2020 \$000
Guarantees: Ministry of Economic Development	10	10

The Contingent Liability is a bond for the mining licence held for the extraction of gravel.

The company has no contingent assets at balance date (2020 NIL)

6. Commitments

Capital Commitments: The company has no capital commitments at 30 June 2021 (2020 Nil).

Other Commitments: NIL (2020: The company had a contract for painting work on the airport building until 2021. The value of the work contracted that has not yet been performed as at 30 June 2019 is \$5,000).

7. Post Balance Date Events

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 departments continues to be adversely effected

8. Employee Disclosure

Destination Westland has the following current employee entitlements

	2021 \$000	2020 \$000
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Holiday Pay Accrued	63	64
Wages Accrued	8	7
	71	71

Destination Westland has no non current employee entitlements (2020: Nil)

9. Property, plant and equipment

	Land Improvement & Buildings	Plant & Equipment	Runways, Roding, Drainage & Lighting	Under Construction	Total
	\$000	\$000	\$000	\$000	\$000
Cost or deemed cost					
Balance at 1 July 2019	3,096	502	2,437	60	6,095
Additions	41	38	72	7	158
Transfer to P & E	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2020	3,137	540	2,509	67	6,253
Balance at 1 July 2020	3,137	540	2,509	67	6,253
Additions	8	49	-	966	1,023
Transfer to P & E	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 30 June 2021	3,145	589	2,509	1,033	7,276
Depreciation and impairment losses					
Balance at 1 July 2019	720	280	559	-	1,559
Depreciation for the year	99	67	40	-	206
Disposals	-	-	-	-	-
Balance at 30 June 2020	819	347	599	-	1,765
Balance at 1 July 2020	819	347	599	-	1,765
Depreciation for the year	100	55	40	-	195
Disposals	-	-	-	-	-
Balance at 30 June 2021	919	402	639	-	1,960
Carrying Amounts					
At 1 July 2019	2,376	222	1,878	60	4,536
At 30 June 2020	2,318	193	1,910	67	4,488
At 1 July 2020	2,318	193	1,910	67	4,488
At 30 June 2021	2,226	187	1,870	1,033	5,316

Security

At 30 June 2021 properties with a carrying value of \$800,000 are subject to a registered mortgage to secure Westpac bank loans plus all assets are subject to a general registered security (2020: \$900,000, all assets).

10. Loans

	2021	2020
	\$000	\$000
Term Loan	1,526	1,168
Finance Lease	-	5
Parent Advance	-	-
	1,526	1,173

The term loan is split as follows:-

Current Bank Term Loan	121	80
Current Finance Lease	-	5
Current Parent Advance	-	-
Non-current Bank Term Loan	1,405	1,088
Non-current Finance Lease	-	-
	1,526	1,173

Not later than 1 year	121	85
Later than 1 year and not later than 2 years	126	92
Later than 2 years and not later than 5 years	285	996
Later than 5 years	994	-

A General Security exists over the assets and undertakings of Destination Westland Ltd. The security is held by Westpac Banking Corporation (NZ Division) and the security interest amounts to \$350,0000 (2020: \$350,000).

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

	Maturing	2021	2020
		\$000	\$000
Westpac Term Loan - Interest Rate N/A (LY:6.5%)	2020	-	4
Westpac Term Loan - Interest Rate 6.09% (LY: 6.09%)	2022	210	222
Westpac Term Loan - Interest Rate 4.00% (LY: 4.28%)	2023	102	139
Westpac Term Loan - Interest Rate 4.00% (LY: 4.28)	2022	765	803
Westpac Term Loan - Interest Rate 4.25% (LY:N/A)	2023	448	-

(Carrying value is not materially different to Face value)

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 2021 it is estimated that a 1% increase in interest rates would decrease the Company's 2022 profit before tax by \$13,154 (2020: \$9,400)

The company has no formal interest rate hedging policy.

11. Operating Leases

Operating leases as lessee

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

	2021	2020
	\$000	\$000
Not Later than one year	25	29
Later than one year and not later than five years	15	20
Later than five years	-	-

The company has 2 leases, one is an access lease at Kwitchatown and the other is for their office building in Hamilton Street

Operating leases as lessor

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

	2021	2020
	\$000	\$000
Not later than one year	104	144
Later than one year and not later than five years	140	190
Later than five years	119	141
Total non-cancellable operating leases	363	475

The company leases land, buildings, terminal area, carparks & storage units with varying terms that are negotiated with individual tenants at market rates. Significant leases include a 10 year lease of land & Buildings to Westroads Ltd for \$17,000 annually, plus land and buildings for a period of 2 years with 1 3 year right of renewal with annual lease amount of \$18,000, and land for a period of 30 years (no right of renewal) with annual lease amount of \$3,000

No contingent rents have been recognised during the period.

12. Investment property

Opening Balance 1 July	1,235	1,260
Additions from acquisitions	-	-
Disposals	(46)	-
Gain (loss) on disposal	(4)	-
Fair value gains/(losses) on valuation	65	(25)
Balance at 30 June	1,250	1,235

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.

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 at the date of valuation only and given the unknown future impact on the market and the uncertainty involved Destination Westland Limited will be reviewing these valuations frequently.

13. Reconciliation of Net Surplus after Taxation to Net Cashflows from Operating Activities

	2021	2020
	\$000	\$000
Cash Inflow from Operating Activities		
Net (loss)/profit after taxation	811	14
<i>Add/(less) non cash items:</i>		
Depreciation and impairment losses	195	206
Bad Debts Written off	7	-
Increase (decrease) in provision for doubtful debts	1	10
Change in fair value of investment properties	(65)	25
Increase/(decrease) in deferred tax liability	205	(23)
Total Non-Cash Items	343	218
<i>Add/(less) items classified as investment activity:</i>		
Net loss (gain) on sale of fixed assets	-	-
Net loss/(gain) on sale of investment property	4	-
Capital creditors	-	33
Total Investing Activity Items	4	33
<i>Add/(less) movements in working capital items:</i>		
Increase/(decrease) in accounts payable and accruals	304	(192)
Increase/(decrease) in employee entitlements	-	(51)
Increase/(decrease) in income received in advance	106	5
Increase/(decrease) in taxation payable	1	-
Increase/(decrease) in subvention payment payable	111	-
Decrease/(increase) in taxation refundable	-	-
Decrease/(increase) in inventory	(1)	20
Decrease/(increase) in subvention payment receivable	-	50
Decrease/(increase) in receivables and prepayments	(171)	112
Working Capital Movement - Net	350	(56)
Net Cash Inflows/(Outflows) from Operating Activities	1,508	209

14. Transactions with Related Parties

During the year the Company transacted 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 \$000	Balance 30 June \$000
<i>1 July 2020 to 30 June 2021</i>				
	WDC Westroads Ltd	Purchase - Maintenance Contracting Services	24	1
	WDC Westroads Ltd	Sale - Royalties received	43	50
	WDC Westroads Ltd	Sale - Lease Receipts & Reimbursements	26	2
	WDC Westroads Ltd	Subvention Payment	103	103
	WDC Westroads Ltd	Group Tax Loss Offset	264	264
	WDC Westland Holdings Ltd	Subvention Payment	8	8
	WDC Westland Holdings Ltd	Group Tax Loss Offset	20	20
	WDC Westland District Council	Purchase - Occupancy costs & Oncharges	336	76
	WDC Westland District Council	Repayment of Grant	77	89
	WDC Westland District Council	Sales & Lease & Grants receipts	1,019	12
	Chris Rea Chatr Communications	Purchase - Plant & Equipment	2	1

<i>1 July 2019 to 30 June 2020</i>				
	WDC Westroads Ltd	Purchase - Maintenance Contracting Services	31	-
	WDC Westroads Ltd	Sale - Royalties received	16	19
	WDC Westroads Ltd	Sale - Lease Receipts & Reimbursements	19	2
	WDC Westroads Ltd	Subvention Payment	71	-
	WDC Westroads Ltd	Group Tax Loss Offset	-	-
	WDC Westland Holdings Ltd	Loan - Repayment	40	-
	WDC Westland District Council	Purchase - Occupancy costs & Oncharges	282	57
	WDC Westland District Council	Sale - Land	-	-
	C Gourley The Start Ltd	Purchase - Training & Education	4	3

Key Management Personnel

Key management personnel of the company comprises of the directors and the Chief Executive (2020: Directors, Chief Executive and Operations Manager)

	2021 \$000	2020 \$000
Key management personnel compensation comprised		
Short-term employee benefits	144	322
Termination benefits	-	-
	144	322

There are no loans to or from key management personnel.

15. Inventory

At 30 June 2021 the company had term trading stock relating to land & buildings held for subdivision and sale purposes of \$123,000 (2020: 123,000). 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 2021 inventory with a carrying value of \$Nil was subject to a registered mortgage to secure bank loans (2020: Nil)

16. Financial Instruments

	2021	2020
	\$000	\$000

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

Financial assets at amortised cost

Bank accounts and Cash	1,007	139
Debtors and other receivables - exchange transactions	246	76

Financial liabilities at amortised cost

Creditors and other payables - exchange transactions	607	380
Creditors and other payables - non exchange transactions	77	8
Loans	1,526	1,173

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 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 loans:

	2021	2020
	\$000	\$000
Loan Balance	1,526	1,173

	2021	2020
	\$000	\$000
1 Year	166	131
1 - 2 years	166	122
3 - 5 years	395	319
Greater than 5 years	1,058	792
Total Cashflow	1,785	1,364

The company has no significant exposure to credit risk, where other receivables are due from government organisations and bank accounts and cash are held with a reputable organisation.

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

	2021	2020
	%	%
Bank accounts and cash	0.00	0.00
Bank overdrafts	6.10	7.20
Trade and other receivables	0.0	0.00
Trade and other payables	0.0	0.00
Loans	4.36	4.70

The Directors do not consider there is any significant exposure to interest rate risk.

There are no interest rate options or interest rate swap agreements in place as at 30 June 2021. (2020: NIL.)

Currency Risk

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

Destination Westland Ltd 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.

Financial instruments which potentially subject the company to risk consist principally of bank accounts & cash, debtors & other receivables and various off-balance sheet instruments. 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.

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. There is no significant concentration of receivables with any one customer.

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 in the ratio of 50-100% of total assets.