



Westroads

ANNUAL REPORT

2022



WESTROADS LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WESTROADS LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Westroads Limited (the company). The Auditor-General has appointed me, Bruce Loader, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 10 to 13, and 15 to 34 and 36, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 14 and 35.

In our opinion:

- the financial statements of the company on pages 10 to 13 and 15 to 34 and 36:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2022; 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 performance information of the company on pages 14 and 35, 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 2022.

Our audit was completed on 6 October 2022. This is the date at which our opinion is expressed.

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

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 performance information

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures



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responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 5 to 9, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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



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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.

Bruce Loader
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand

DIRECTORS

Chairman: Peter Cuff

Deputy Chair: Bryce Thomson (Resigned 10th December 2021)

Director: Ross Pickworth

Director: Mark Rogers

Director: Rob Caldwell (Appointed 1st December 2021)

● **REGISTERED OFFICE**

267 Kaniere Road

Hokitika

Phone 03 756 8044

Fax 03 755 6734

● **AUDITOR**

Ernst & Young on behalf of the Controller & Auditor-General

● **BANKERS**

Bank of New Zealand, Cnr Mackay & Tainui Streets, Greymouth



The Directors of Westroads Ltd have pleasure in presenting the Annual Report together with the audited financial statements of the Company operations for the year ended 30 June 2022.

Westroads Ltd was founded in January 1995 and commenced operation on 1 January 1996.

PRINCIPAL ACTIVITIES

The Company principal activities during the year were:

- ◆ Maintenance and construction of roads and bridges including traffic services, streetlights, footpaths, kerb and channel, cycleways and parking facilities;
- ◆ Maintenance, operation and development of water treatment and distribution systems;
- ◆ Maintenance, operation and development of sewerage collection and treatment systems;
- ◆ Maintenance and construction of stormwater collection systems including natural water courses specifically delegated from the Regional Council;
- ◆ Maintenance and development of parks, reserves, landfills and cemeteries;
- ◆ Maintenance of townships including landscaping, sculptures, fountains, garden plots, median islands and public conveniences;
- ◆ Installation of ultra-fast broadband cables;
- ◆ Provision of human resources for civil defence;
- ◆ Manufacture and supply of aggregate and crushed metals and
- ◆ Horizontal infrastructure construction
 - ◆ Watermain Installation
 - ◆ Drainage installation

REVIEW OF OPERATIONS

Results for the Year Ended 30 June 2022	\$000
Net Surplus (Loss) before Taxation	1,232
Subvention Payment	200
Income Taxation	261
Net Surplus (Loss) After Taxation	771
Other Comprehensive Income	
Deferred Taxation on Comprehensive Income	0
Total Other Comprehensive Income	0
Movements in Equity	
Equity (opening balance)	10,568
Distributions to Owners	(100)
Surplus after Taxation	771
Total Other Comprehensive Income	0
Equity (closing balance)	11,238

DIRECTORS' INTERESTS

Directors have had interests in transactions with the company during the year. Refer note 17 Related Party Transactions.

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.

Mark Rogers

Cumberland Property Group Limited	Chairman
Cumberland Rural Properties Limited	Chairman
Institute of Directors Canterbury Branch	Committee Member
Kingsdown-Salisbury Hall Committee	Treasurer
Men at Work Limited	Independent Chairman
MVHB Professional Services Limited	Shareholder and Director
PrimePort Timaru	Director
Takapo AMW Limited	Chairman
Te Runanga o Arowhenua Limited	Chairman
The Rogers Family Trust	Trustee
Timaru District Holdings Limited	Chairman

Peter Cuff

CBR Trustees Ltd	Director
125 Revell Limited	Director & Shareholder
51 Tancred Limited	Director & Shareholder
CBR Trustees No 3 Ltd	Director
CBR Trustees No. 2 Ltd	Director
Cuffs Ltd	Director
Cuffs Trustees No 4 Ltd	Director & Shareholder
FENZ	Deputy Fire Chief
Hoki Holdings Ltd	Director & Shareholder of
Take Note Hokitika	Part Owner
Tasman View Properties Ltd	Director & Shareholder
The Beachfront Hotel Hokitika Ltd	Director

Rob Caldwell

Grey District Council	Independent Chair - Risk and Assurance Committee
Tai Poutini Polytechnic Ltd	Director
The New Zealand Refinery Ltd	Director and Chairman

Ross Pickworth

Ashburton Contracting Limited	Director
Burwood Resource Recovery Park Limited	Director
Electronet Services Limited	Director
Electronet Technology Limited	Director
Electronet Transmission Limited	Director
Industrial Controls South Canterbury Ltd	Director
McLenaghan Contracting Limited	Chairman
Mitton Electronet Limited	Director
Pipeline and Civil Limited	Independent Director
Pipeline Group Limited	Independent Director
PLC Plant Limited	Independent Director
S & L General Partner Limited,	Director
Transwaste Canterbury Limited	Director
West Oak Trading Limited	Director and Shareholder
Westpower Limited	Director

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:

P M Cuff	\$	47,500	
R A Pickworth	\$	35,000	
M F Rogers	\$	35,000	
R T Caldwell	\$	20,416	Appointed 1 st December 2021
B O Thomson	\$	17,500	Resigned 10 th December 2021
	\$	<u>155,416</u>	

INDEMNITY AND 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 \$4,947

AUDITORS

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

DIRECTORS' DECLARATION

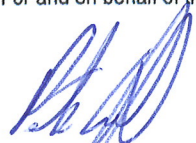
In the opinion of the directors of Westroads Ltd, the financial statements and notes on pages 10 to 36.

- 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 2022 and the results of their operations and cash flows for the year ended on that date
- Have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates.

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

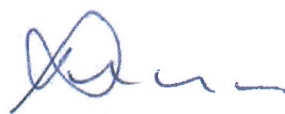
The directors consider that they have taken adequate steps to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide a reasonable assurance as to the integrity and reliability of the financial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

For and on behalf of the Board



P M Cuff (Chairperson)

Date 6th October 2022



R A Caldwell (Director)

Date 6th October 2022

WESTROADS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$000	2021 \$000
Revenue from contracts with customers	1	28,572	29,235
Cost of Sales	2	19,567	22,746
Gross Profit		9,005	6,489
Other Income	3	888	313
Administrative Expenses	2	8,352	7,013
Results from operations		1,541	(211)
Finance Expense	4	309	352
Net finance costs		309	352
Profit (Loss) before Income Tax		1,232	(563)
Subvention Payment		200	0
Income tax Expense	5	261	(68)
Profit (Loss) for the period		771	(495)
Attributable to:			
Equity holders of the parent		771	(495)
		771	(495)
Other Comprehensive Income			
Gain on Land & Building Revaluation		0	476
Deferred Taxation on Revaluation	5	0	(69)
Total Other Comprehensive Income		0	407
Total Comprehensive Income for the Year		771	(88)
Attributable to:			
Equity holders of the parent		771	(88)
		771	(88)
Earnings per share from continued operations (in cents)		0.56	(0.06)

WESTROADS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Share Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2021		1,385	1,275	7,908	10,568
Profit/(loss) for the Period		0	0	771	771
Other Comprehensive Income		0	0	0	0
Deferred Tax on Revaluation		0	0	0	0
Dividends to Equity Holders	6	0	0	(100)	(100)
Balance 30 June 2022		1,385	1,275	8,579	11,238
Balance 1 July 2020		1,385	867	8,623	10,875
Profit/(loss) for the Period		0	0	(495)	(495)
Other Comprehensive Income		0	476	0	476
Deferred Tax on Revaluation		0	(69)	0	(69)
Dividends to Equity Holders	6	0	0	(220)	(220)
Balance 30 June 2021		1,385	1,275	7,908	10,567

WESTROADS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 \$000	2021 \$000
EQUITY			
Share Capital	6	1,385	1,385
Retained Earnings		8,578	7,907
Asset Revaluation Reserve		1,275	1,275
		11,238	10,568
represented by:			
CURRENT ASSETS			
Cash and Cash Equivalent	7	277	20
Trade and Other Receivables	8	2,662	3,135
Prepayments		36	280
Inventory	9	899	694
Work in Progress		63	20
Subvention Payment Receivable		0	121
Contract Assets	10	1,461	1,161
Tax Refund		0	1
Total Current Assets		5,398	5,432
CURRENT LIABILITIES			
Bank Overdraft (Secured)	11	0	473
Trade and Other Payables	12	2,102	2,412
Contract Liabilities	10	349	231
Subvention Payment Payable	5	200	0
Loan and Other Borrowings	11	620	812
Employee Benefit Liabilities	13	1,215	1,422
Tax Payable	5	192	0
Lease Liability	14	126	129
Total Current Liabilities		4,804	5,479
		594	(47)
NON-CURRENT ASSETS			
Property Plant & Equipment	15	13,428	15,171
Term Inventory	9	0	204
Right of Use Assets	14	663	788
Total Non-Current Assets		14,090	16,163
NON-CURRENT LIABILITIES			
Loan and Other Borrowings	11	2,610	4,592
Employee Benefit Liabilities	13	109	141
Deferred Tax Liability	5	115	47
Lease Liability	14	611	768
Total Non-Current Liabilities		3,446	5,548
Net Assets		11,238	10,568

WESTROADS LIMITED

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$000	2021 \$000
Cash Flows from Operating Activities			
<i>Cash was provided from:</i>			
Receipts from customers and other sources		29,479	30,821
Total Cash Inflows from Operating Activities		29,479	30,821
<i>Cash was disbursed to:</i>			
Payments to employees and suppliers		25,624	28,063
Income taxes paid		1	562
Subvention payments made		0	320
Purchase of term inventory		0	2
Interest paid		344	392
Total Cash Outflows from Operating Activities		25,968	29,339
Net Cash Inflow from Operating Activities	16	3,510	1,482
Cash Flows from Investing Activities			
<i>Cash was provided from:</i>			
Proceeds from sale of property, plant and equipment		628	240
Total Cash Inflows from Investing Activities		628	240
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment		1,019	2,788
Total Cash Outflows from Investing Activities		1,019	2,788
Net Cash Outflow from Investing Activities		(391)	(2,548)
Cash Flows from Financing Activities			
<i>Cash was provided from:</i>			
Proceeds of bank advances		0	3,658
Total Cash Inflows from Financing Activities		0	3,658
<i>Cash was applied to:</i>			
Repayment of loans		2,174	3,241
Payment of lease liabilities	14	115	111
Dividends paid		100	220
Total Cash Outflows from Financing Activities		2,389	3,572
Net Cash Inflow/(Outflow) from Financing Activities		(2,389)	86
Net Increase/(Decrease) in Cash Held		731	(980)
Add opening bank balance at 1 July		(454)	526
Bank Balance at 30 June		277	(454)
<i>Made up of:</i>			
Cash		277	20
Bank overdraft		0	(473)
		277	(454)

WESTROADS LIMITED

STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 22

	ACTUAL 2022 \$000	BUDGET 2022 \$000
GROSS REVENUE	28,572	33,603
less Cost of Sales	19,567	25,327
GROSS PROFIT	9,005	8,276
plus Other Income	888	75
less Administrative Expenses	8,352	6,608
less Finance Costs	309	334
NET PROFIT (LOSS) BEFORE TAXATION	1,232	1,409
Taxation Expense	261	305
Subvention Payments	200	320
NET SURPLUS (LOSS) AFTER TAXATION	771	784
Other Comprehensive Income	0	0
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	771	784
Equity At 1 July	10,568	10,875
Dividends	100	180
Earnings Retained	771	604
EQUITY AT 30 JUNE	11,238	11,480
Return On Average Shareholders Funds Before Tax and Revaluations	11.30%	10.00%
Percentage Of Shareholders Funds to Total Assets	58%	45-100%
Distributions As a Percentage of After Tax Profits	38.9%	40-70%
Compliance With Statutory & Regulatory Obligations	Achieved	No Breaches

VARIANCE ANALYSIS:

Revenue was down on budget by \$5m. A right size restructure was completed in August 2021 aligning the labour force with the reduction in revenue, caused by delays in promised shovel ready work and a lack of larger projects. This was attributed at least in part to the covid lockdowns.

WESTROADS LIMITED

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2022

REPORTING ENTITY

Westroads Limited (the Company) is registered under the Companies Act 1993 and is domiciled in New Zealand. Westroads Limited is a wholly owned subsidiary of Westland Holdings Limited. The ultimate controlling party is 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 for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 30th September 2022.

BASIS OF PREPARATION

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The financial statements comply with New Zealand equivalents to International Financial Reporting Standards. For the purposes of complying with NZ GAAP the company is a for-profit entity

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.

STANDARDS OR INTERPRETATIONS NOT YET EFFECTIVE

There are no standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the company.

Measurement base

The financial statements have been prepared on a historical cost basis except for land and buildings were revalued in June 2021 and every three years. The next revaluation is due in June 2024

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.

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 in the following notes:

- Note 1 – Revenue from contracts with customers
- Note 3 – Other Income
- Note 11 – Finance leases
- Note 14 – Right of use asset and lease liabilities
- Note 15 – Depreciation and estimated useful lives of property, plant and equipment

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 2022 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 & EQUIPMENT

Recognition and measurement

With the exception of land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land and buildings are measured at revalued amount less subsequent depreciation.

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 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 are as follows:

	2022
Buildings	4-50 years
Plant and Equipment	1-20 years
Office Furniture & Equipment	2-7.5 years

Revaluation

Land and buildings are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three to four years. All other asset classes are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in revaluation reserves in respect of those assets are transferred to the accumulated surplus/(deficit) within equity.

Definite useful lives

Mining licences that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. There is no remaining useful lives for the mining licences.

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 manufactured inventories, 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. In the case of development land inventory, cost includes any 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 Company'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

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.

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.

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.

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.

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 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 another operating expense on a straight-line basis over the term of the lease. 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 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.

WESTROADS LIMITED
NOTE TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2022

1. Revenue from Contracts with Customers

Over Time	2022	2021
	\$000	\$000
Maintenance contracts	14,444	10,493
Construction contracts	11,428	14,400
Other contracts	1,410	2,472
Total Contracts Revenue	27,282	27,364
At a point in time		
Sales of goods and services metal	1,290	1,870
Total Revenue	28,572	29,235

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 Company 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 Company operates its construction contracts is predominantly derived from projects containing one performance obligation. There are numerous milestones 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. Transaction price is based on contract value.

(iii) 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. Transaction price is based on the agreed sales price.

iv) 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 over time. Under these performance obligations, customers either simultaneously receive and consume the benefits as the Company performs them.

v) Variable Consideration

Westroads has not incurred any claim for liquidated damages during the financial year.

vi) 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

- 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.

- Modifications

When a contract modification exists and the Company 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.

- 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 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 contact is reached.

2. Nature of Expenses

The following items are included in the expenditure of the Company

	2022	2021
	\$000	\$000
Audit Fees to Audit NZ comprising audit of financial statements	0	65
Audit Fees to Ernst & Young comprising audit of financial statements	67	0
Depreciation & amortisation leases	125	129
Depreciation & amortisation	2,306	2,375
Loss on sale of property, plant & equipment	144	45
Impairment inventory and buildings	0	30
Directors' fees	155	152
Donations	5	6
Rental and operating lease costs	275	23
Bad debts written off	8	1
Personnel Expenses		
Wages & salaries	10,073	10,972
Contributions to defined contribution plans	436	474
Long service leave	(33)	40
Retiring gratuities	77	4
	10,553	11,491

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

3. Other Income

	2022	2021
	\$000	\$000
Gain on sale of property, plant & equipment	612	75
Capital gain	4	0
Impairment Reversal	0	27
Subvention DW	0	121
Subvention DW correction from 2021	(41)	0
Supplier rebates	74	70
Government grant COVID wage subsidy	210	0
Recoveries	27	21
	888	313

4. Finance Expenses

	2022	2021
	\$000	\$000
Interest Expense on Lease Liabilities	35	40
Other Finance Costs	274	312
	309	352

5. Taxation

The taxation expense that would arise at the standard rate of corporation tax in New Zealand is reconciled to the tax expense as follows:

	2022	2021
	\$000	\$000
Surplus/(deficit) before taxation	1,232	(563)
Prima facie taxation @ 28%	345	(158)
(Less) Tax Effect Losses Brought Forward	(41)	0
Plus/(Less) taxation effect of permanent differences	2	2
(Less) Tax Effect of Subvention Payment to WHL	(28)	0
(Less) Tax Effect of Subvention Payment to WDC	(28)	0
Plus Tax Effect of Loss offset with DW	0	87
(Less) Tax Effect of Prior Year Subvention correction DWL	11	0
Taxation Expense	261	(68)

The taxation charge is represented by:

	\$000	\$000
Current taxation	193	0
Deferred Taxation Movement	68	(68)
	261	(68)

Deferred taxation (liability)/asset

	2022	2021
	\$000	\$000
Opening Balance	(47)	(46)
Movement Recognised in Profit or Loss	(68)	68
Movement Recognised in other Comprehensive Income	0	(69)
	(115)	(47)

Deferred tax assets and liabilities are attributable to the following:

	2022	2021
	\$000	\$000
Employee benefit plans (Asset)	8	7
Accruals (Asset)	238	278
Revaluation Carrying Losses	(69)	(69)
Retentions (Liability)	(255)	(215)
Property, Plant & Equipment (Liability)	(36)	(48)
	(115)	(47)

6. Share Capital

At 30 June 2022 the Company has issued 1,385,326 (2021: 1,385,326) shares which are fully paid. The Par value of the shares is \$1 per share. 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.

A \$100,000 dividend was paid during the year (2021: \$220,000). Dividends paid per share equated to \$0.07 (2021: \$0.16).

7. Cash and Cash Equivalent	2022	2021
	\$000	\$000
Cash in Bank	276	19
Cash on Hand	1	1
Total Cash and Cash Equivalent	277	20

8. Trade and Other Receivables	2022	2021
	\$000	\$000
Trade Debtors - non-related	1,694	1,809
Trade Debtors - related parties	795	1,276
Cost Fluctuation Adjustment Accruals	174	50
Total	2,662	3,135
Total receivables	2,662	3,135

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

	Gross Receivable 2022 \$000	Expected credit loss 2022 \$000	Gross Receivable 2021 \$000	Expected credit loss 2021 \$000
Not past due	2,233	0	2,788	0
Past due 0-30 days	225	0	231	0
Past due 31-120 days	28	0	03	0
Past due 121-360 days	3	0	63	0
Past due more than 1 year	0	0	1	0
	2,488	0	3,085	0

The impact of COVID-19 and Westroads geographical location being the South Island, 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.

9. Inventory

	2022	2021
	\$000	\$000
Manufactured inventories and work in progress		
Metal Stocks	804	647
Other Supplies	95	47
	899	694

Term Inventory

Term Inventory comprised of land, which was held as tenants in common with Destination Westland and was sold in March 2022, Westroads Share of the sale proceeds was \$507,115 (2021: Carrying Value \$204,167).

Cost of inventories recognised as an expense

During the year ended 30 June 2022, \$578,311.91 was recognised as an expense for inventories carried at net realisable value. This is recognised in cost of sales.

10. 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. Contract assets are disaggregated according to contract type:

	2022	2021
	\$000	\$000
Maintenance contracts	228	55
Construction contracts	1,181	1,091
Other contracts	52	15
Total current contract asset	1,461	1,161

As of 30 June 2022, the aggregate amount of the transaction price allocated to the remaining performance obligations is \$16,495 (2021: \$14,374). The Company will recognise this revenue when the performance obligations are satisfied. 100% of remaining performance obligations are expected to occur within the next two years.

Revenue recognised for the year ended 30 June 2022 from performance obligations satisfied (or partially satisfied) in previous periods amounted to \$10,808.

The Change in Contract Assets reflects increase in retentions compared to last year. Further type of contracts still in Work in Progress at year end being more Maintenance than Construction.

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.

	2022	2021
	\$000	\$000
Maintenance contracts	50	103
Construction contracts	298	128
Other contracts	1	0
Total contract liabilities	349	231

The opening balance of contract liabilities was \$231,371 in 2022, all of which was recognised as revenue in the 2022 financial year.

11. Amortised Costs (Loan & Borrowings)

	2022	2021
	\$000	\$000
Bank Overdraft (secured)	0	473
Bank Term Loan	3,230	5,404
	3,230	5,877
The bank term loan and finance lease are split as follows:-		
Current Bank	620	1,285
Non-current Bank	2,610	4,592
	3,230	5,877

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

	2022	2021	Interest Repricing due	Maturing
CARL Loan - TD - Interest Rate - 5.72%	962	1,180	1 Year	2026
Fixed Term Asset Loan (\$1,277k) - Interest rate - 5.72%	887	1,081	3 Years	2026
Money Management Loan (\$3,344k) - Interest rate - 5.57%	00	1,584	Variable	2024
Grey Assets Loan (\$650k) - Interest Rate - 5.72%	438	496	Variable	2024
Grey Assets Loan (\$350k) - Interest Rate - 5.63%	241	272	Variable	2024
Hoki CF Loan (\$1,000k) - Interest rate - 5.72%	702	791	Variable	2023

(Carrying value is not materially different to Face value)

In managing interest rate risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2022, it is estimated that a 1% increase in interest rates would reduce the Company's 2022 profit before tax by \$13,811 (estimated decrease in 2021: \$15,591.) The company has no formal interest rate hedging policy.

12. Trade and other Payables

	2022 \$000	2021 \$000
Trade Payables	1,653	1,870
Trade Payables - Related Parties	43	78
GST Payable	342	390
Accruals and other liabilities	65	75
Total Trade and other Payables	2,102	2,412

13. Employee Entitlements

The Company has the following current employee entitlements

	2022 \$000	2021 \$000
Annual Leave	730	779
Time in Lieu/Stat Leave	26	27
Long Service Leave	13	24
Sick Leave	28	30
Accrued Salary and Wages	419	561
	1,215	1,422

The Company has the following non-current employee entitlements

	2022 \$000	2021 \$000
Retirement Gratuities	30	27
Long Service Leave	79	114
	109	141

14. 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 another operating expense on a straight-line basis over the term of the lease.

Right of Use Asset

	Commercial property	Gravel extraction consent	Photo copying equipment	Total
	'\$000	'\$000		'\$000
As at 1 July 2020	884	7	25	917
Depreciation expense	(119)	(3)	(7)	(129)
Total ROU as at 30 June 2021	765	4	18	788

	Commercial property	Gravel extraction consent	Photo copying equipment	Total
	'\$000	'\$000		'\$000
As at 1 July 2021	765	4	18	788
Depreciation expense	(116)	(2)	(7)	(125)
Total ROU as at 30 June 2022	649	2	11	663

The lease of the land and buildings in Christchurch contains an option to renew the contract for a further three years at 2023 and 2026. It is reasonably certain that the lease will be renewed at these dates, as such the right of asset for the Christchurch building has been calculated with rights renewed in 2023 and 2026.

Lease liability – Maturity Analysis

	Pre operating leases	Komatsu Lease	2022 Total lease liability	2021 Total lease liability
Lease liabilities under NZ IFRS 16:				
Less than one year	110	15	126	129
Between one and five years	486	0	486	443
More than five years	125	0	125	324
Total lease payable	721	15	737	896
Current	110	15	126	129
Non current	611	0	611	768
	721	15	737	896

	2022	2021	
Lease interest expense	0	0	Note 1
Total cash outflow for leases - principal portion	115	111	
Total cash outflow for leases - interest portion	35	40	Note 4

Total lease expenditure in 2022 was \$135,962

Cashflow for liquidity risk note	Pre operating leases	Komatsu Lease	2022	2021
			Total lease liability	Total lease liability
6 months post balance date	70	15	86	100
6-12 months post balance date	70	0	70	96
More than 1 year	698	0	698	854
	839	15	854	1,050

15. Property, plant, and equipment	Land & Buildings \$000	Plant & Equipment \$000	Office Furniture & Equipment \$000	Total \$000
Cost or deemed cost				
Balance at 1 July 2020	2,915	24,911	617	28,443
Additions	213	2,480	95	2,788
Net Gain/(Loss) on Revaluation	312	0	0	312
Disposals	0	(1,005)	0	(1,005)
Balance at 30 June 2021	3,440	26,386	711	30,537
Balance at 1 July 2021	3,440	26,386	711	30,537
Additions	12	994	13	1,019
Disposals	(19)	(2,153)	(49)	(2,221)
Balance at 30 June 2022	3,433	25,226	675	29,335
Depreciation and impairment losses				
Balance at 1 July 2020	435	12,968	517	13,921
Depreciation for the year	79	2,240	56	2,375
Impairment	30	0	0	30
Disposals	(164)	(795)	0	(959)
Balance at 30 June 2021	380	14,413	574	15,366
Balance at 1 July 2021	380	14,413	574	15,366
Depreciation for the year	78	2,157	71	2,306
Disposals/Writeback on Revaluation	(19)	(1,697)	(49)	(1,765)
Balance at 30 June 2022	439	14,873	595	15,907
Carrying Amounts				
At 1 July 2020	2,480	11,943	99	14,522
At 30 June 2021	3,061	11,973	137	15,171
At 1 July 2021	3,061	11,973	137	15,171
At 30 June 2022	2,994	10,353	80	13,428

Security

At 30 June 2022 properties with a carrying value of \$2,994,447 (2021: \$2,986,015) are subject to a registered mortgage to secure bank loans. At 30 June 2022 no plant and equipment was subject to a registered chattel security (2021: \$0). All plant & equipment is subject to a general registered debenture.

Finance Lease

The net carrying cost of plant held under finance lease is \$15K (2021: \$61K).

Note 14 Provides further information about finance leases.

Revaluation

On 29th June 2021 the Company's land and buildings were independently valued by registered valuers, Coast Valuations Ltd (CVL). The fair value is determined based on comparable sales values to determine its fair value. The Company's land and buildings are valued every three to four years.

Valuation approach

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

16. Reconciliation of Net Surplus after Taxation with Cash Inflow from Operating Activities

	2022	2021
	\$000	\$000
Net surplus after taxation	774	(495)
Add/(less) non cash items:		
Depreciation and amortisation	2,511	2,464
Impairment Goodwill & Land & Buildings	0	2
Increase/(decrease) in provision for doubtful debts	3	0
Increase/(decrease) in deferred tax	65	(67)
Increase/(decrease) in Employee Entitlements (non-current)	(31)	35
Total Non-Cash Items	2,548	2,433
Add/(less) items classified as investment & financing activities:		
Net loss (gain) on sale of fixed assets	(172)	(30)
Total Investing & Financing Activity Items	(172)	(30)
Add/(less) movements in working capital items:		
(Decrease)/increase in accounts payable and accruals	(310)	(507)
Increase/(decrease) in employee entitlements	(207)	70
Increase/(decrease) in provision for taxation	192	(564)
Decrease (Increase) in Contract Assets	(300)	(43)
Increase/(decrease) in Contract Liabilities	118	(140)
Decrease (Increase) in Subvention payment Receivable	0	(121)
Increase/(decrease) in Subvention payment payable	200	(320)
Decrease (Increase) in receivables and prepayments	712	1,263
(Increase)/decrease in inventory	(205)	(60)
(Increase)/decrease in term inventory	204	(2)
(Increase)/decrease in work in progress	(43)	(4)
Working Capital Movement - Net	360	(427)
Net Cash Inflows from Operating Activities	3,510	1,482

17. Transactions with Related Parties

During the year the Company transacted business with businesses in which Directors and Shareholders had an interest. These transactions were entered into in the ordinary course of the company's business and on its usual terms and conditions. Details of these interests are as follows:

Director/ Shareholder	Business in which an Interest is Declared	Type of Transaction	Transactio n Amount \$000	Balance at 30 June \$000	Receivable Payable
1 July 2021 to 30 June 2022					
WDC	Westland District Council	Payment - Rentals & Rates	35	1	Payable
WDC	Westland District Council	Westroads Sales	8,716	782	Receivable
WDC	Westland District Council	Subvention Payment	100	100	Payable
WDC	Westland Holdings Ltd	Subvention Payment	100	100	Payable
WDC	Westland Holdings Ltd	Dividend	100	0	
WDC	Destination Westland	Payment - Rentals	48	31	Payable
P M Cuff	Cuffs Ltd	Purchase - accounting services	3	0	
P M Cuff	The Beachfront Hotel	Purchase - Entertainment	4	1	Payable
P M Cuff	The Beachfront Hotel	Sales-Construction	11	0	
R Pickworth	Westpower Limited	Payment - Rental RT	6	1	Payable
R Pickworth	Electronet Services	Payment - IT Services	23	0	
R Pickworth	Electronet Services	Westroads Sales	160	13	Receivable
C Rea	Hokitika Automotive Ltd	Payment - Plant Materials & Service	53	3	Payable
C Rea	ChatR Communications Ltd	Payment - Plant Materials & Service	22	3	Payable
M Rogers	Men At Work Limited	Payment - Traffic Management	9	2	Payable
1 July 2020 to 30 June 2021					
WDC	Westland District Council	Payment - Rentals & Rates	55	1	Payable
WDC	Westland District Council	Westroads Sales	9,822	1,245	Receivable
WDC	Westland District Council	Subvention Payment	200	0	
WDC	Westland Holdings Ltd	Subvention Payment	120	0	
WDC	Westland Holdings Ltd	Dividend	220	0	
WDC	Destination Westland	Payment - Rentals	68	51	Payable
WDC	Destination Westland	Sale - Plant Hire & Materials	24	1	Receivable
WDC	Destination Westland	Subvention Payment Refund	121	121	Receivable
P M Cuff	Cuffs Ltd	Purchase - accounting services	4	0	
P M Cuff	The Beachfront Hotel	Purchase - Entertainment	6	0	
P M Cuff	The Beachfront Hotel	Sales-Construction	12	14	Receivable
R Pickworth	Westpower Limited	Payment - Rental RT	6	1	Payable
R Pickworth	Electronet Services	Payment - IT Services	74	16	Payable
R Pickworth	Electronet Services	Westroads Sales	1,045	17	Receivable
C Rea	Hokitika Automotive Ltd	Payment - Plant Materials & Service	47	8	Payable
C Rea	ChatR Communications Ltd	Payment - Plant Materials & Service	21	1	Payable
M Rogers	Men At Work Limited	Payment - Traffic Management	138	0	

All amounts billed are based on normal market rates and payable or receivable under normal payment terms and no related party debts have been written off or forgiven during the year.

Key management personnel disclosure

Reporting of Key management personnel has increased this year to include the Directors and the entire Senior Leadership Team (SLT), last year's comparative figure does not include the entire SLT.

	2022 \$000	2021 \$000
Key management personnel compensation comprised		
Short-term employee benefits	1,285	995
Termination benefits	0	0
	1,285	995

There are no loans to or from key management personnel.

REMUNERATION OF EMPLOYEES

Seventeen senior employees' remuneration and benefits totalled more than \$100,000, the combined total of these seventeen employees was \$2,462,898 broken into the following bands: -

2022		
Salary Range		Employees
100,000	110,000	4
110,000	120,000	2
120,000	130,000	2
130,000	140,000	1
140,000	150,000	3
160,000	170,000	2
180,000	190,000	1
190,000	200,000	1
280,000	290,000	1
		17

18. Events Subsequent to Balance Date

At 30 June 2022 there are no known events subsequent to balance date.

19 Capital Commitments

At 30 June 2022, the Company had capital commitments of \$459,250 (2021: none)

20. Financial Instruments

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

	2022 \$000	2021 \$000
Financial Assets at amortised costs		
Cash and cash equivalents	277	20
Trade accounts receivable	2,662	3,135
Financial Liabilities at amortised cost		
Trade and other payables	1,760	2,022
Borrowings	3,230	5,404

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 material and are all anticipated to occur within twelve months of the balance date, except for borrowings, which are analysed in note 11.

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

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

Fair value interest rate risk.

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

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. The Company has most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 11.) 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 Company has no exposure to currency risk.

Credit Risk

Credit risk is the risk that a third party will default on its obligations to the Company, causing the Company to incur a loss. The maximum exposure to credit risk at 30 June 2022 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.

Accordingly, the company does not require any collateral or security to support financial instruments with organisations it deals with.

The company has a credit policy in place under which customers are individually analysed for credit worthiness and assigned a purchase limit. If no external ratings are available, the Company reviews the customer's financial statements, trade references, bankers' references and/or credit agencies' reports to assess credit worthiness.

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 Company's revenue. However, both Councils are considered high credit quality entities.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty raising liquid funds to meet their commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. The Company aims to maintain flexibility in funding by keeping uncommitted credit lines available. The Company manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of its long-term plans.

The Company's short-term cashflow and debt requirements are reviewed regularly at Board level to ensure sufficient funds are available to meet short term requirements. Access to sources of funding is sufficiently available. The Company has \$277,000 in cash at year end and has a maximum amount that can be drawn down against its overdrafts of \$3,564,200 (2021 unused facility \$1,731,937).

	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 payable and subventions)	1,760	1,760	1,760	0	0
Secured Loans	3,230	3,536	397	388	2,751
Lease Liabilities	737	854	86	70	698
Debtors	2,488	2,488	2,488	0	0
	3,238	3,662	(246)	458	3,450

Fair Values

The estimated fair values of the financial assets and liabilities is equal to their carrying amounts are as stated in the Statement of Financial Position.

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 through greater gearing and advantages and security afforded by a sound capital position.

The Company has a policy of shareholder's funds being in the ratio of 45-100% of total assets.

The company targets a level of earnings before interest and tax to cover interest costs two times.

	2022	2021
Earnings Before Interest and Tax	1,541	(211)
Finance Expense	309	352
Ratio	5.13:1	-1.03:1

21. Contingent Liabilities and Contingent Assets

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

Guarantees:

	2022	2021
	\$000	\$000
(a) Performance Bonds in favour of Westland District Council	1,030	790
(b) Performance Bonds in favour of Grey District Council.	360	360
(c) Mining Bonds	7	7
(d) Performance Bond in favour of Christchurch City Council	813	419
(e) Performance Bonds in favour of Fulton Hogan Ltd	250	376
(f) Performance Bond in favour of Director General of Conservation	165	165
(g) Performance Bonds in favour of Waimakariri District Council	34	0
	2,659	2,118

There are no contingent assets.

22. Social Reporting

Lost Time Injury

	2021/22	2020/21	Target
Full Days Lost due to workplace accidents/incidents	93	24	0
Lost Time Injury Days as % of all days worked	0.3%	0.1%	0%
Incidents notifiable to Worksafe NZ	0	0	0

Westroads Ltd continued to Promote Zero Harm by ensuring the following: -

- * Employees are trained, supervised, and monitored.
- * Employees are encouraged to report all incidents, accidents and near misses
- * Employees are encouraged to complete improvement forms to improve safety.
- * Employees must complete a daily personal risk assessment (Take5) to identify hazards and minimise the risk on all worksites.
- * Site Audits are regularly completed.
- * Safety Briefs are conducted with the team every 2nd month.
- * Team Annual Medical checks.
- * Continuously monitoring and updating Health and Safety Systems.

Training Expenditure

	2021/22 \$000	2020/21 \$000	Target
Training Expenditure	165	226	
Training as % of Revenue	0.6%	0.8%	0.8%

Availability of trainers due to Covid 19 resulted in less training being available.

Staff Turnover

15-20%

Staff turnover was at 38% (2021: 18%). 49 staff left their employment and cited the following reasons:

Of the 49 staff who left: -

Retirement	2	4%
Fixed Term/Casual Contracts	3	6%
Performance/Terminated	2	4%
More money/ job satisfaction/study/no reason	31	63%
Redundancy	7	14%
Medical	2	4%
Deceased	2	4%
	49	100%

The average age of staff is 49 years of age (2021: 50).

	Number	%
55 Years or older (10 years until retirement)	52	40%
60 Years or older (5 years until retirement)	32	24%
65 Years or older (3 have left since balance date)	7	5%

23. COVID-19

On 17th 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 18th August 2021 to 1st September 2021 when Alert level was reduced to Level 3.

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 2022 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 week 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 2022 and for the forecast 2023 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 6).

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 level 4 for an extended period of time, in which case only essential and emergency work would continue therefore potentially 70% of business activities would be put on hold.

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.

24. Imputation Credits

	2022	2021
	\$000	\$000
Imputation Credits available for use in subsequent period	2,040	2,079