

# Westland HOLDINGS



**WESTLAND HOLDINGS LIMITED**

**ANNUAL REPORT**

**FOR THE YEAR ENDED 30 JUNE 2016**

# DIRECTORY

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Audit Report

# DIRECTORY

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Audit Report

# DIRECTORY

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# DIRECTORY

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**Directors:**

Chairman: Quentin C S Hix

Director: Simon R Bastion

Director: Graeme P King

Director: Allison K McNabb

Director: Gabrielle J Wall

**Registered Office:**

Westland District Council

36 Weld Street, Hokitika

Phone 03 756 9010

Fax 03 756 9045

**Auditor:**

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

**Bankers:**

Westpac Bank, Revell Street, Hokitika

**Solicitors:**

Elcock & Johnston, PO Box 85, Hokitika

# DIRECTORS REPORT

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The Directors present the Annual Report of Westland Holdings Limited for the year ended 30 June 2016. Westland Holdings Ltd was founded in July 2002 as a holding company for the various commercial interests of the Westland District Council. It currently has 3 operating subsidiaries which it owns 100% of, namely

- Westroads Ltd
- Hokitika Airport Ltd &
- Westland District Property Ltd

## Review of Operations

<b>Results for the Year Ended 30 June 2016</b>	<b>\$000</b>
Net Surplus before Taxation	457
Subvention Payment	320
Income Taxation	63
<hr/> Net Surplus after Taxation	<hr/> 74
Other comprehensive Income	-
Deferred Taxation on Comprehensive Income	-
<hr/> Total Other Comprehensive Income	<hr/> 74

<b>Movements in Equity</b>	
Equity (opening balance)	12,487
Distributions to Owners	(170)
Surplus after Taxation	74
Total Other Comprehensive Income	-
<hr/> Equity (closing balance)	<hr/> 12,391

## Directors' Interests:

The company did not transact business with any business in which any director had an interest. The directors have no interest in the shares of the company or any of its subsidiaries.

## Remuneration of Directors:

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

	<b>\$</b>
G P King	11,000
G J Wall	4,600
S R Bastion	4,000
A K McNabb	4,000
Q C S Hix	3,600
M T Teen	3,500
M T Havill	-
<hr/> Total Remuneration	<hr/> 30,700

Remuneration and other benefits paid or due to directors on behalf of the Group, for services as a director during the year totalled \$135,000. Details of the fees paid to directors are contained in the individual subsidiary accounts.

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

# DIRECTORS REPORT

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## Director Appointment & Retirement

### Appointments:

S R Bastion, Q C S Hix, A K McNabb & G J Wall were all appointed as directors of Westland Holdings Ltd on 3 February 2016

### Retirements:

M T Teen retired as a director of Westland Holdings Limited on 31 January 2016, M T Havill retired as a director of Westland Holdings on 3 February 2016.

G P King stepped down as Chairman of Westland Holdings Ltd on 22 June 2016 and was replaced by Q C S Hix. S R Bastion became Deputy Chair at the same meeting.

B O Thomson retired by rotation as a director of Westroads Limited at their 2015 AGM and was reappointed by the shareholder. D Havill stepped down as Chairman in April 2016 but remained as Director. P Cuff was nominated and accepted the position of Chairman at the same meeting.

There were no other director appointments or retirements during the year.

## Remuneration of Employees

Within the group there were eight employees whose remuneration and benefits package was over \$100,000. The total remuneration of these eight employees totalled \$1,076,048 broken into the following bands: -

Salary Range		Employees
100,000	110,000	3
110,000	120,000	2
140,000	150,000	1
150,000	160,000	1
230,000	240,000	1

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

## Indemnity and Insurance

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

### **Donations:**

There were no donations made by the group during the year.

### **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 REPORT

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## Directors' Declaration

In the opinion of the directors of Westland Holdings Ltd & Group, the financial statements and notes on pages 8-30

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Company and Group as at 30 June 2016 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 Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

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

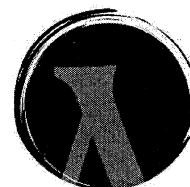
For and behalf of the Board

Q C S Hix  
Chairperson  
Date:

G P King/S R Bastion (TBC)  
Director  
Date:

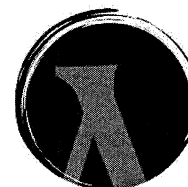


**WESTLAND HOLDINGS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**



	Note	2016 \$000	2015 \$000
Revenue		22,447	18,351
Cost of Sales	2	16,996	13,194
<b>Gross Profit</b>		<b>5,451</b>	<b>5,157</b>
Other Income	1	811	782
Administrative Expenses	2	5,442	4,552
<b>Results from operations</b>		<b>820</b>	<b>1,387</b>
Interest Received		7	11
Interest Paid		370	353
<b>Net finance costs</b>		<b>363</b>	<b>342</b>
Profit before Income Tax		457	1,045
Subvention Payment		320	265
Income tax expense	3	63	114
<b>Profit for the period</b>		<b>74</b>	<b>666</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the Year</b>		<b>74</b>	<b>666</b>

**WESTLAND HOLDINGS LIMITED**  
**STATEMENT OF MOVEMENT IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2016**



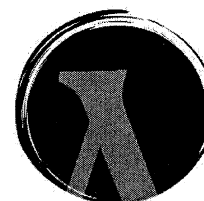
	Note	Share Capital \$000	Asset Revaluation Reserve \$000	Retained Earnings \$000	Total \$000
Balance 1 July 2015		8,695	831	2,961	12,487
Profit/(Loss) for the period		-	-	74	74
Other Comprehensive Income		-	-	-	-
Deferred Tax on Revaluation		-	-	-	-
Dividends to equity holders	4	-	-	( 170)	( 170)
<b>Balance 30 June 2016</b>		<b>8,695</b>	<b>831</b>	<b>2,865</b>	<b>12,391</b>
Balance 1 July 2014		8,695	831	2,295	11,821
Profit/(Loss) for the period		-	-	666	666
Other Comprehensive Income		-	-	-	-
Deferred Tax on Revaluation		-	-	-	-
Dividends to equity holders	4	-	-	-	-
<b>Balance 30 June 2015</b>		<b>8,695</b>	<b>831</b>	<b>2,961</b>	<b>12,487</b>

**WESTLAND HOLDINGS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**



	Note	2016 \$000	2015 \$000
<b>EQUITY</b>			
Share capital	4	8,695	8,695
Retained earnings		2,865	2,961
Asset Revaluations Reserves		831	831
		<b>12,391</b>	<b>12,487</b>
represented by:			
<b>CURRENT ASSETS</b>			
Cash and Bank		494	273
Tax Refundable	3	86	13
Accounts Receivable	5	2,981	3,588
Inventories	7	666	366
Prepayments		5	2
Work in Progress		167	189
Total Current Assets		4,399	4,431
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accruals		1,753	1,985
Deferred Income	11	34	16
Subvention payment payable		320	137
Bank Overdraft (secured)	10	-	583
Employee Entitlements	15	835	775
Flexible Finance Loan	10	-	800
Current Portion of Term Loan	10	817	962
Tax Payable		-	44
Total Current Liabilities		3,759	5,302
<b>Working Capital</b>		<b>640</b>	<b>( 871)</b>
<b>NON-CURRENT ASSETS</b>			
Property Plant & Equipment	6	15,976	15,148
Investment Property	9	953	858
Term Inventory	7	347	390
Intangible Assets	8	575	575
		17,851	16,971
<b>NON-CURRENT LIABILITIES</b>			
Employee Entitlements	15	169	138
Bank Term loans	10	5,732	3,279
Deferred Tax Liability	3	199	196
		6,100	3,613
		<b>12,391</b>	<b>12,487</b>

**WESTLAND HOLDINGS LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

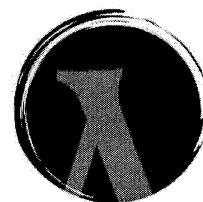


	Note	2016 \$000	2015 \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and other sources		23,458	17,607
Sale of Development Land		375	-
Interest received		7	11
Subvention Payments Received		-	11
Income tax refunded		2	3
Payments to suppliers and employees		( 20,828)	( 15,219)
Taxes paid		( 179)	( 261)
Subvention payments made		( 137)	( 419)
Term Inventory costs		( 1)	( 34)
Purchase of Term Inventory		-	( 2)
Net GST Movement		53	( 154)
Interest paid		( 417)	( 353)
<b>Net Cash flow from Operating Activities</b>	19	<b>2,333</b>	<b>1,190</b>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		284	396
Purchase of property, plant and equipment		( 3,151)	( 2,258)
Purchase of property, plant and equipment of business acquisition		-	( 1,905)
Purchase of goodwill		-	( 151)
<b>Net Cash flow from Investing Activities</b>		<b>(2,867)</b>	<b>(3,918)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds of Loans & Bank Advances		2,447	2,450
Loan Repayments		( 939)	( 450)
Dividends Paid		( 170)	-
<b>Net Cash flow from Financing Activities</b>		<b>1,338</b>	<b>2,000</b>
Net Increase/(Decrease) in Cash Held		804	( 728)
Add Opening Bank Balance at 1 July		(310)	418
<b>Closing bank accounts and cash 30 June</b>		<b>494</b>	<b>( 310)</b>
<i>Made up of:</i>			
Cash		<b>494</b>	273
Bank Overdraft		-	( 583)
		<b>494</b>	<b>( 310)</b>

# **WESTLAND HOLDINGS LTD**

## **STATEMENT OF ACCOUNTING POLICIES**

### **FOR THE YEAR ENDED 30 JUNE 2016**



#### **REPORTING ENTITY**

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

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

The financial statements of the Company have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 2013 and the Local Government Act 2002.

The Group consists of Westland Holdings Limited, Hokitika Airport Limited, Westland District Property Limited, Westroads Limited. All group companies are incorporated in New Zealand.

#### **BASIS OF PREPARATION**

##### **Statement of Compliance**

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") and Tier 2 POE Accounting Standards. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZIFRS RDR") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.

The financial statements were approved by the board of directors on 30 September 2016

##### **Measurement Base**

The financial statements have been prepared on a historical cost basis, except for the revaluation of investment properties and Westroads Land & Buildings which are revalued every three years, with the next revaluation due June 2017.

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

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

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

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

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

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

Note 6 - Depreciation and estimated useful lives of property, plant and equipment

Note 7 - Inventory valuation and provision for obsolescence

Note 9 – Investment Property

Note 15 - Employee Entitlements

### **Going Concern**

Due to Westland District Property Limited's financial position and results, in adopting the going concern assumption, Westland Holdings Limited, has given a letter of support. This states that Westland Holdings Ltd undertakes to make such funds available as necessary to ensure that Westland District Property Ltd remains a going concern over the next 12 months.

## **CHANGES IN ACCOUNTING POLICIES**

There has been no changes in accounting policies during the year ended 30 June 2016.

## **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 Westroads Ltd land and buildings, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Westroads Ltd 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 Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

#### **Depreciation**

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

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

	<b>2015/16</b>	<b>2014/15</b>
buildings	12-50 years	12-50 years
plant and equipment*	2-25 years	2-25 years
office furniture & equipment	2-15 years	2-15 years
runway infrastructure	0-50 years	0 – 50 years

\*includes motor vehicles

## **Revaluation**

Westroads Limited's 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 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.

## **INVESTMENT PROPERTIES**

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

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

## **INTANGIBLE ASSETS**

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

## **INVENTORIES**

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

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

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

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

## **CONSTRUCTION WORK IN PROGRESS**

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects

and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Accounts Receivable in relation to construction work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

## **IMPAIRMENT**

The carrying amounts of the Group'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 receivables**

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

### **Non-financial assets**

The carrying amounts of the Group's non-financial assets, being property, plant and equipment and mining licences, 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 Group categorises its financial assets as loans and receivables, and its financial liabilities as being at amortised cost.



**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

**Loans and receivables**

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

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

**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.

**Trade and other receivables**

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

**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. This applies to expenditure by the parent which is not registered for GST.

**EMPLOYEE BENEFITS****Defined contribution plans**

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

**Other long-term employee benefits**

The Group'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 Group 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 Group 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 Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **LEASED ASSETS**

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

Other leases are operating leases. The leased assets are not recognised on the Group's balance sheet.

### **PROVISIONS**

A provision is recognised if, as a result of a past event, the Group 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**

#### **Goods sold**

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of materials, transfer usually occurs when the product is dispatched to the customer.

#### **Services**

Revenue from services rendered is recognised in the profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

#### **Construction contracts**

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the profit or loss.

## **LEASE PAYMENTS**

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

## **INCOME TAX EXPENSE**

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

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

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

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

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

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

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

## **CONSOLIDATION**

The company has three 100% owned subsidiary companies that are consolidated in these financial statements.

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

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

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

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

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

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

#### **NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

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

**NZ IFRS 9:** Financial Instruments – Classification and Measurement (effective for the financial year ending 30 June 2018).

**WESTLAND HOLDINGS LIMITED**  
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**1. Other Income**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Gain on sale of property, plant & equipment	30	115
Lease receipts	706	660
Recoveries	75	7
	<b>811</b>	<b>782</b>

**2. Nature of Expenses**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<i>The following items are included in the expenditure of the Group</i>		
Audit fees to Audit NZ comprising audit of financial statements	84	87
Depreciation & amortisation	1,734	1,544
Loss on sale of property, plant & equipment	99	28
Change in Fair Value of Investment Property	95	35
Directors' Fees	167	135
Donations	1	-
Rental and operating lease costs	344	349
Change in Provision for Doubtful Debts	-	(3)
Bad Debts Written off	1	4
Personnel Expenses		
Wages & Salaries	9,026	6,809
Contributions to defined contribution plans	293	244
Long service leave	9	15
Retiring gratuities	10	16
	<b>9,338</b>	<b>7,084</b>

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

**3. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Surplus/(deficit) before taxation	457	1,045
Prima facie taxation @ 28%	127	293
(Less) taxation effect of recognising Deferred Tax	-	(115)
Plus (less) taxation effect of permanent differences	26	10
(Less) Tax Effect of Subvention Payment to WDC	(90)	(92)
Plus Tax Effect of Subvention Refund from WDC	-	18
Taxation Expense	<b>63</b>	<b>114</b>
<b>Income tax expense is represented by</b>		
Current taxation	60	202
Prior year tax	-	(10)
Deferred taxation	3	(78)
	<b>63</b>	<b>114</b>

**WESTLAND HOLDINGS LIMITED**  
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**Deferred taxation asset (liability)**

Opening Balance	( 196)	( 274)
Movement Recognised in surplus or deficit	( 3)	78
Movement Recognised in Other Comprehensive Income	-	-
<b>Balance as at 30 June</b>	<b>( 199)</b>	<b>( 196)</b>

**Deferred tax assets and liabilities are attributable to the following:**

Employee benefit plans (Asset)	29	51
Accruals (Asset)	343	282
Inventory Impairment (Asset)	-	-
Receivables Impairment (Asset)	2	4
Property, Plant & Equipment (Liability)	( 438)	( 453)
Retentions (Liability)	( 161)	( 89)
Tax Losses Carried Forward (Asset)	26	9
	<b>( 199)</b>	<b>( 196)</b>

The deferred tax assets & liabilities arise due to temporary timing differences in the deductibility of expenditure.

All movements in deferred tax assets & liabilities are recognised in the statement of comprehensive income.

**4. Share Capital**

At 30 June 2016 the Company has issued 8,424,792 (2015: 8,424,792) shares which are fully paid. All shares carry equal voting rights and the right to share in any surplus on winding up of the company. None of the shares carry fixed dividend rights.

**5. Trade & other receivables**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Trade Debtors - non related	1,554	2,207
Trade Debtors - related parties	636	1,014
GST Receivable	6	2
Provision for Doubtful Debts	( 16)	( 14)
Revenue to Come	91	-
Contract Retentions	661	367
Cost Fluctuation Adjustment Accruals	49	12
	<b>2,981</b>	<b>3,588</b>

**Trade debtors breakdown per age of debt**

	<b>Gross Receivable</b>	<b>Impairment</b>	<b>Gross Receivable</b>	<b>Impairment</b>
	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>
Not past due	1,810	1	2,728	-
Past due 0-30 days	179	-	212	-
Past due 31-120 days	27	1	130	-
Past due 121-360 days	143	5	40	1
Past due more than 1 year	32	9	111	13
	<b>2,191</b>	<b>16</b>	<b>3,221</b>	<b>14</b>

**WESTLAND HOLDINGS LIMITED**  
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**6. Property, plant and equipment**

	Land & Buildings	Plant & Equipment	Office Furniture & Equipment	Airport Runway Infrastructure	Under Construction	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost or deemed cost</b>						
Balance at 1 July 2014	4,831	13,106	338	2,400	120	20,795
Additions	69	4,151	25	-	2	4,247
Transfer to Plant & Equipment	-	-	-	-	(96)	(96)
Disposals	(19)	(789)	-	-	(1)	(809)
Balance at 30 June 2015	4,881	16,468	363	2,400	25	24,137
Balance at 1 July 2015	4,881	16,468	363	2,400	25	24,137
Additions	475	2,539	47	33	12	3,106
Transfer to Investment Property	(190)	-	-	-	-	(190)
Disposals	(9)	(493)	-	-	-	(502)
Balance at 30 June 2016	5,157	18,514	410	2,433	37	26,551
<b>Depreciation and impairment losses</b>						
Balance at 1 July 2014	355	7,029	294	334	-	8,012
Depreciation for the year	105	1,371	22	46	-	1,544
Net Revaluation on Land & Building	(9)	-	-	-	-	(9)
Disposals	-	(558)	-	-	-	(558)
Balance at 30 June 2015	451	7,842	316	380	-	8,989
Balance at 1 July 2015	451	7,842	316	380	-	8,989
Depreciation for the year	109	1,550	28	47	-	1,734
Net Revaluation on Land & Building	-	-	-	-	-	-
Disposals	-	(148)	-	-	-	(148)
Balance at 30 June 2016	560	9,244	344	427	-	10,575
<b>Carrying Amounts</b>						
At 1 July 2014	2,796	5,295	62	2,156	7	10,316
At 30 June 2015	3,519	5,711	59	2,112	21	11,422
At 1 July 2015	4,430	8,626	47	2,020	25	15,148
At 30 June 2016	4,597	9,270	66	2,006	37	15,976

**Security**

At 30 June 2016 properties with a carrying value of \$2,298,000 (2015: \$2,611,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2016 plant & equipment with a carrying value of \$3,718,000 (2015: \$4,059,000) are subject to a registered chattel security.

All plant & equipment are subject to a general registered debenture.

**Revaluation**

On 12 June 2014 the land and buildings were independently valued by registered valuers, CVL Valuations Ltd. The next revaluation is due in June 2017.

**7. Inventory**

	2016	2015
	\$000	\$000
Metal Stocks	420	181
Other Supplies	246	185
	666	366
Provision for Obsolescence	-	-
	666	366

**WESTLAND HOLDINGS LIMITED**  
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**Term Inventory**

Term Inventory comprises parts of land held for subdivision and sale purposes \$347,000(2015: \$390,000). Of this \$307,000 (2015: \$350,000) was held as tenants in common between Westroads Ltd & Westland District Property Ltd. This property is being developed and funded by Westroads with Westroads receiving 75% of any profits and Westland Property receiving the other 25%.

**8. Intangible Assets**

The Group's only intangible assets is Goodwill. No Allowance has been made for amortisation

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

	<b>Goodwill</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cost or deemed cost</b>		
Balance at 1 July 2014	424	424
Additions	151	151
Disposals	-	-
<b>Balance at 30 June 2015</b>	<b>575</b>	<b>575</b>
Balance at 1 July 2014	575	575
Additions	-	-
Disposals	-	-
<b>Balance at 30 June 2016</b>	<b>575</b>	<b>575</b>

**Depreciation and impairment losses**

Balance at 1 July 2014	-	-
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
<b>Balance at 30 June 2015</b>	<b>-</b>	<b>-</b>
Balance at 1 July 2015	-	-
Amortisation for the year	-	-
Impairment Loss	-	-
Disposals	-	-
<b>Balance at 30 June 2016</b>	<b>-</b>	<b>-</b>

**Carrying Amounts**

At 30 June 2016	-	575	575
At 30 June 2015	-	575	575

**9. Investment property**

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Opening Balance 1 July	858	893
Transferred from PPE	190	-
Adjustment	( 30)	-
Fair value gains/(losses) on valuation	( 65)	( 35)
<b>Balance at 30 June</b>	<b>953</b>	<b>858</b>

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



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**10. Loan & Borrowings**

	2016	2015
	\$000	\$000
Current Account Overdraft	-	583
Flexible Finance Loan	-	800
Bank Term Loan	6,549	4,241
	6,549	5,624

The bank term loans are split as follows:-

Current	817	962
Non-current	5,732	3,279
	6,549	4,241

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

Group	2016 \$000	2015 \$000	Maturing	Interest Repricing due
Overdraft Facility (\$200K) - Interest Rate 10.45% (LY 10.45%)	-	23	Variable	N/A
Overdraft Facility (\$600K) - Interest Rate 10.00% (LY 10.00%)	-	394	Variable	N/A
Overdraft Facility (\$200K) - Interest Rate 9.35% (LY 9.35%)	-	242	Variable	N/A
Overdraft Facility (\$500K) - Interest Rate 4.99% (4.99%)	-	-	Variable	N/A
Secured bank loan - Interest Rate 7.27% (LY 7.27%)	-	150	4 Years	2018
Secured bank loan - Interest Rate 6.15 (LY 6.15%)	-	50	3mths	2016
Secured bank loan - Interest Rate 6.97% (LY 6.97%)	2,000	2,400	3yr	2017
Secured bank loan - Interest Rate N/A (LY 6.15%)	-	63	3mths	2016
Secured bank loan - Interest Rate N/A (LY 6.17%)	-	102	3mths	2018
Secured bank loan - Interest Rate N/A (LY 6.98%)	-	286	2 Years	2017
Committed Cash Advance Facility (\$950k) - Interest Rate N/A (LY 6.12%)	-	400	Variable	2015
Committed Cash Advance Facility (\$950k) - Interest Rate N/A (LY 6.12%)	-	400	Variable	2015
Fixed Term Asset Loan (\$1,900K) - Interest Rate 5.55% (LY N/A)	1,900	-	5 Years	2021
Money Management Loan (\$2,500K) - Interest Rate 5.26% (LY N/A)	1,660	-	Variable	2021
Westpac Term Loan - Interest Rate 5.2% (LY: 6.2%)	200	350	Variable	2015
Westpac Term Loan - Interest Rate 5.2% (LY: 6.4%)	272	286	Variable	2019
Westpac Term Loan - Interest Rate 5.2% (LY: 6.75%)	271	285	Variable	2019
Westpac Term Loan - Interest Rate 6.3% (LY 6.70%)	171	223	Variable	2019
Westpac Term Loan - Interest Rate 6.3% (LY: 6.70%)	29	45	Variable	2019
Westpac Term Loan - Interest Rate 5.8% (LY: N/A)	46	-	Variable	2021

(Carrying value is not materially different to Face value)

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2016 it is estimated that a 1% increase in interest rates would decrease the Group's 2017 profit before tax by approximately \$25,000 (2015: \$26,000.)

The Group has no formal interest rate hedging policy.

**11. Deferred Income**

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

**12. Contingent Liabilities and Contingent Assets**

At 30 June 2016, the Group had the following contingent liabilities:

	2016 \$000	2015 \$000
Guarantees:		
(a) Performance Bonds in favour of Westland District Council	65	50
(b) Performance Bonds in favour of Grey District Council.	550	525
(c) Mining Bonds	17	17
(d) Inter Company Guarantee for Westroads Greymouth Ltd	-	-
(d) Performance Bond in favour of Transit NZ	63	63
(e) Performance Bond in favour of Department of Conservation	77	77
(f) Performance Bond in favour of Hokitika Rimu Tree Top Walk Ltd	-	41
(g) Performance Bond in favour of General Director of Conservation	165	-

The only contingent asset is in relation to the Haast Hollyford Agreement, which may see initial costs incurred by the Group reimbursed with agreement from other parties

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**13. Operating Leases**

At 30 June 2016, the Group has the following commitments that relate to leases as lessee:

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Commitment within 12 months	85	58
Commitment between 12 months & 5 years	52	104
Commitment greater than 5 years	23	18

**Operating Leases as Lessor**

Investment property is leased under operating leases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:-

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Not later than one year	52	21
Later than one year and not later than five years	57	71
Later than five years	49	39
<b>Total non-cancellable operating leases</b>	<b>158</b>	<b>131</b>

No contingent rents have been recognised during the period.

**14. Commitments**

Capital Commitments: At 30 June 2016, the Group had no capital commitments due within 12 months of of balance date (2015: \$906,000.)

Other Commitments: Hokitika Airport Ltd has a contract for painting work which has been completed but has not been invoiced inline with the terms of the contract. Should the company terminate the contract it would be liable up to the value of the work completed which has not been invoiced. The value of the work completed but not invoiced as at 30 June 2016 is \$24,600 (2015: \$30,000).

**15. Employee Entitlements**

The Group has the following current employee entitlements

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Annual Leave	687	640
Accrued Wages	14	10
Time In Lieu	11	11
Long Service Leave	52	35
Sick Leave	23	24
Retirement Gratuities	48	55
	<b>835</b>	<b>775</b>

The Group has the following non current employee entitlements

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Retirement Gratuities	98	94
Long Service Leave	71	44
	<b>169</b>	<b>138</b>

**WESTLAND HOLDINGS LIMITED**  
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**16. Post Balance Date Events**

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

**17. Transactions with Related Parties**

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

Details of these interests are as follows:

Director/ Shareholder	Business in which an Interest is Declared	Type of Transaction	Transaction Amount \$000	Balance at 30 June \$000
<i>1 July 2015 to 30 June 2016</i>				
WDC	Westland District Council	Payment - Rentals & Rates & On charges	215	237
WDC	Westland District Council	Sales	8,932	711
WDC	Westland District Council	Dividends Paid	170	-
WDC	Westland District Council	Subvention Payment	320	320
P M Cuff	Cuffs Ltd	Purchase - accounting services	79	5
P M Cuff	Beachfront Hotel Ltd	Purchase - entertainment	1	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	5	-
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel, freight & other	226	15
<i>1 July 2014 to 30 June 2015</i>				
WDC	Westland District Council	Payment - Rentals & Rates & On charges	263	362
WDC	Westland District Council	Sales	5,500	1,014
WDC	Westland District Council	Dividends Paid	-	-
WDC	Westland District Council	Subvention Payment	265	136
P M Cuff	Cuffs Ltd	Purchase - accounting services	76	8
P M Cuff	Beachfront Hotel Ltd	Purchase - entertainment	-	-
G P King & P M Cuff	Renton Hardware Co Ltd	Purchase - Materials	4	-
G P King & P M Cuff	Renton Chainsaws & Mowers	Purchase - Materials	15	-
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel, freight & other	515	43
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	43	-
B O Thomson	B O Thomson	Sale - plant hire and material sales	32	-

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

The actual subvention payments may differ from the amounts accrued due to finalisation of financial results. Actual amounts paid in 2016 was \$136,000 with \$320,000 to be paid at balance date. (2015: \$265,000, \$136,000)

**Key management personnel disclosure**

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

	2016 \$000	2015 \$000
Key management personnel compensation comprised		
Short-term employee benefits	32	14
Termination benefits	-	-
	32	14

There are no loans to or from key management personnel.

**WESTLAND HOLDINGS LIMITED**  
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**18. Financial Instruments**

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

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
<b><i>Loans and receivables</i></b>		
Cash and cash equivalents	494	273
Bank overdrafts	-	( 583)
Trade accounts receivable	2,981	3,588
<b><i>Financial Liabilities at amortised cost</i></b>		
Trade and other payables	1,753	1,985
Borrowings	6,549	5,041

The amounts reported above represent the group's maximum credit exposure for each class of financial instrument. The anticipated contractual cash flows of the financial instruments are not expected to be materially different to the values shown above, and are all anticipated to occur within twelve months of the balance date, except for borrowings, which are analysed in note 10.

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

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

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

***Interest Rate Risk***

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

Fair value interest rate risk:

Fair value interest rate risk is the risk that a financial instrument will fluctuate due to changes in market interest rate. Borrowings at fixed rates expose the group to fair value interest rate risk. The group 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 group have most borrowings at variable rates. Accordingly, there is an interest rate risk at present (refer note 10.) The directors consider that this risk is balanced by the considerable benefit of the present lower floating rates.

***Currency Risk***

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The group has no exposure to currency risk.

***Credit Risk***

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

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

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

***Fair Values***

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

**WESTLAND HOLDINGS LIMITED**  
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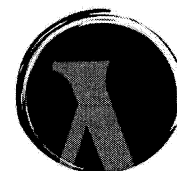
**Liquidity Risk**

Liquidity risk represents the Company's and Group's ability to meet its contractual obligations. The group evaluates its liquidity requirements on an ongoing basis. In future, the group will generate sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities.

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

	<b>2016</b>	<b>2015</b>
	<b>\$000</b>	<b>\$000</b>
Net surplus after taxation	74	( 66)
<i>Add/(less) non cash items:</i>		
Depreciation and amortisation	1,734	1,544
Increase (decrease) in provision for doubtful debts	5	-
Increase/(decrease) in deferred tax liability	3	( 78)
Increase/(decrease) in Employee Entitlements	95	193
Fair value (gain)/loss in investment properties	34	35
<b>Total Non-Cash Items</b>	<b>1,871</b>	<b>1,694</b>
<i>Add/(less) items classified</i>		
<i>as investment &amp; financing activities:</i>		
Net loss/(gain) on sale of fixed assets	69	( 99)
Capital accounts payable	9	( 40)
<b>Total Investing &amp; Financing Activity Items</b>	<b>78</b>	<b>( 139)</b>
<i>Add/(less) movements in working capital items:</i>		
Increase/(decrease) in accounts payable and accruals	( 142)	607
Increase/(decrease) in employee entitlements (current)	57	
Increase/(decrease) in income received in advance	1	2
Increase/(decrease) in provision for taxation	( 130)	( 60)
Increase/(decrease) in Subvention payment payable	183	( 143)
(Increase)/decrease in receivables and prepayments	564	( 1,898)
(Increase)/decrease in tax refund due	12	( 12)
(Increase)/decrease in inventory	( 300)	46
(increase)/decrease in term inventory	43	495
(Increase)/decrease in work in progress	22	( 68)
<b>Working Capital Movement - Net</b>	<b>310</b>	<b>( 1,031)</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>2,333</b>	<b>1,190</b>

**WESTLAND HOLDINGS LIMITED**  
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**20. Segmental Information**

	Revenue \$000	Surplus/Deficit \$000
<b>Year ended 30 June 2016</b>		
Roading and Infrastructural maintenance contracts	21,838	663
Airport Operation	604	77
Property	821	( 228)
Holding Company	2	( 55)
	23,265	457
<b>Year ended 30 June 2015</b>		
Roading and Infrastructural maintenance contracts	17,728	1,256
Airport Operation	604	155
Property	808	( 334)
Holding Company	4	( 32)
	19,144	1,045

Revenue includes interest received and other income.

**21. Construction Contracts**

	2016 \$000	2015 \$000
Contract costs incurred	7,034	6,344
Recognised profits/losses	3,033	1,826
	10,067	8,170
Progress billings	9,974	8,015
Gross amounts receivable from Customers	93	155
Retentions receivable in respect of construction contracts	661	367

In identifying construction contracts, the group has only included contracts of \$1,000 or more. Construction contracts include laying waterlines, constructing roads and footpaths, and constructing section pads.

**22. Capital Management**

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

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

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

**23. Breach of Statutory Deadline**

The Group has not met the statutory deadline for the completion of its Annual Report of 30 September due to delays with finalising the Subsidiaries Financial Statements.