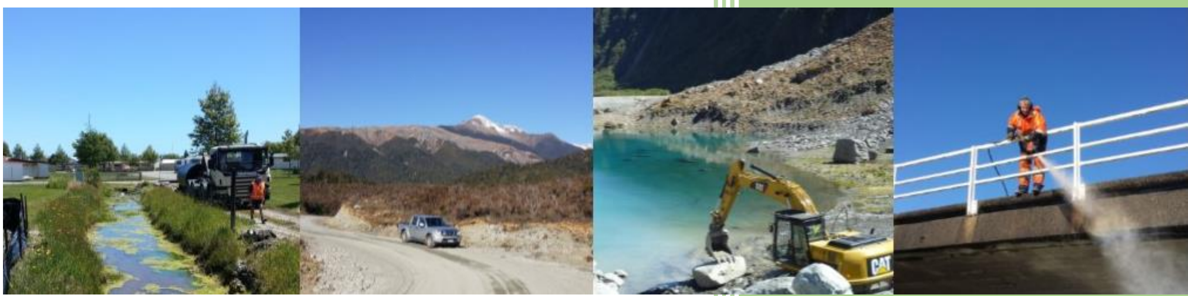
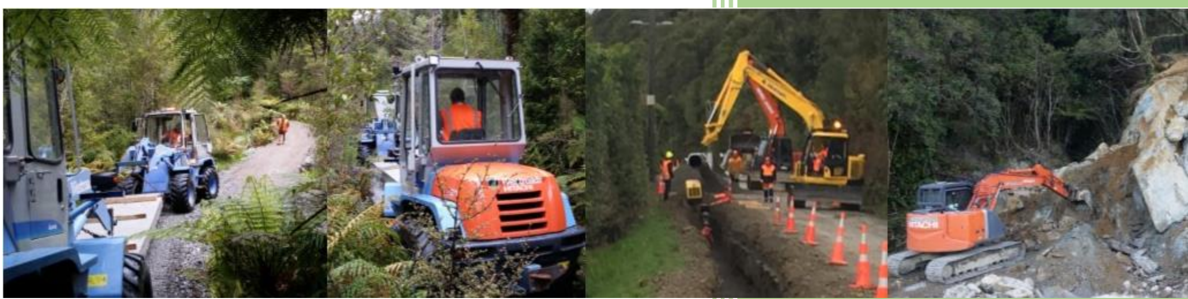
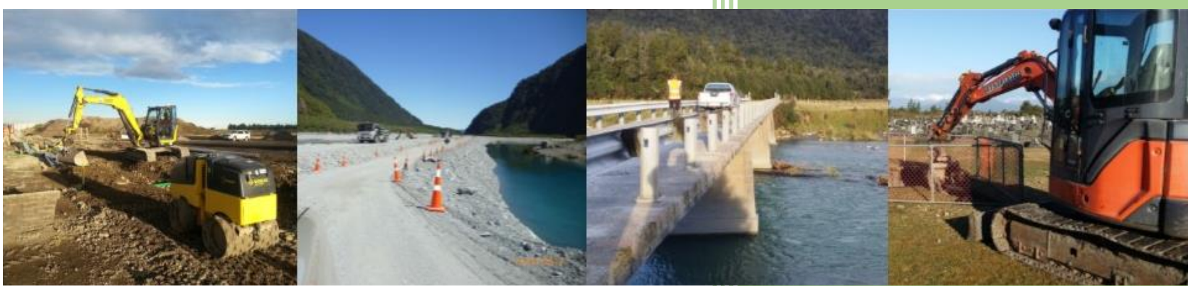
2016

ANNUAL REPORT







WESTROADS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2016

Independent Auditor's Report

To the readers of Westroads Limited's financial statements and performance information for the year ended 30 June 2016

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

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the company on pages to 8 to 12 and 14 to 31, that comprise the statement of financial position as at 30 June 2016, 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 13.

In our opinion:

- the financial statements of the company:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2016; 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.

- the performance information of the company 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 2016.

Our audit was completed on 30 September 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and in the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and performance information 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and in the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information.

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the preparation and fair presentation of financial statements for the company that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparation of the performance information for the company.

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

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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

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

DIRECTORY

DIRECTORS

Chairman :	Peter Cuff (Appointed April 16)
Director :	Durham Havill (Chairman until April 16)
Deputy Chair :	Bryce Thomson (Appointed Deputy April 16)
Director :	Maurice Fahey

- **REGISTERED OFFICE**

267 Kaniere Road

Hokitika

Phone 03 756 8044

Fax 03 755 6734

- **AUDITOR**

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

- **BANKERS**

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

- **SOLICITORS**

Carruthers & Wetherall, Guinness St, 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 2016.

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, street lights, 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 and cemeteries;
- Maintenance and operation of the Greymouth Flood Protection Scheme;
- Maintenance of townships including landscaping, sculptures, fountains, garden plots, median islands and public conveniences;
- Provision of human resources for civil defence and rural fire prevention/suppression; and
- Manufacture and supply of aggregate and crushed metals.

REVIEW OF OPERATIONS

Results for the Year Ended 30 June 2016	$000
Net Surplus before Taxation	664
Subvention Payment	362
Income Taxation	51
Net Surplus After Taxation	251
Other Comprehensive Income	-
Deferred Taxation on Comprehensive Income	-
Total Other Comprehensive Income	-
Movements in Equity	
Equity (opening balance)	7,257
Distributions to Owners	(220)
Surplus after Taxation	251
Total Other Comprehensive Income	-
Equity (closing balance)	7,288

DIRECTORS' INTERESTS

Directors have had interests in transactions with the company during the year. Refer note 15 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.

DIRECTORS

B O Thomson retired by rotation at the 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 retirements or appointments during the year.

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:

D M J Havill	$15,000
P M Cuff	$15,000
B O Thomson	$15,000
M J Fahey	$15,000
	$60,000

REMUNERATION OF EMPLOYEES

Eight senior employee’s remuneration and benefits totalled more than $100,000, the combined total of these eight employees was $1,083,254 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 that earned more than $100,000 during the year

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 $Nil.

AUDITORS

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

DIRECTORS’ DECLARATION

In the opinion of the directors of Westroads Ltd, the financial statements and notes on pages 8 to 31.

- 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 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 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

B. Thomson.

P M Cuff (Chairperson)
Date 30/09/2016

Bryce Thomson (Director)
Date 30/09/2016

WESTROADS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2015/16	*2014/15*
		$000	*$000*
Revenue		21,789	*17,654*
Cost of Sales	**2**	16,996	*13,194*
Gross Profit		4,793	*4,460*
Other Income	**1**	105	*118*
Administrative Expenses	**2**	3,884	*2,997*
Results from operations		1,014	*1,581*
Interest Received		4	*4*
Interest Paid		354	*249*
Net finance costs		350	*245*
Profit before Income Tax		664	*1,336*
Subvention Payment		362	*382*
Income tax expense	**3**	51	*180*
Profit for the period		**251**	***774***
Other Comprehensive Income			
Gain on Land & Building Revaluation			*0*
Deferred Taxation on Revaluation	**3**		*0*
Total Other Comprehensive Income		**0**	***0***
Total Comprehensive Income for the Year		**251**	***774***

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

WESTROADS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
		$000	$000	$000	$000
Balance 1 July 2015		1,385	831	5,041	7,257
Profit/(loss) for the period		0		251	251
Other Comprehensive Income			0		0
Deferred Tax on Revaluation			0		0
Dividends to equity holders	4	0	0	(220)	(220)
Balance 30 June 2016		**1,385**	**831**	**5,072**	**7,288**
Balance 1 July 2014		*1,385*	*831*	*4,317*	*6,533*
Profit/(loss) for the period		*0*		*774*	*774*
Other Comprehensive Income			*0*		*0*
Deferred Tax on Revaluation			*0*		*0*
Dividends to equity holders	4	*0*	*0*	*(50)*	*(50)*
Balance 30 June 2015		*1,385*	*831*	*5,041*	*7,257*

WESTROADS LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2016

	Note	30-Jun-16 $000	30-Jun-15 *$000*
EQUITY			
Share capital	4	1,385	*1,385*
Retained earnings		5,072	*5,041*
Asset Revaluation Reserve		831	*831*
		7,288	*7,257*
represented by:			
CURRENT ASSETS			
Cash and Cash Equivalent	20	133	*0*
Trade and other receivables	6	2,827	*3,021*
Prepayments		5	*2*
Inventory	7	666	*366*
Work in progress		167	*189*
Advance-Westroads Greymouth Ltd			*0*
Tax refundable		93	*0*
Total Current Assets		3,891	*3,578*
CURRENT LIABILITIES			
Bank overdraft (Secured)	12	0	*583*
Trade and other payables	19	1,382	*1,439*
Subvention payment payable		362	*226*
Current portion term loan	12	507	*721*
Flexible finance loan	12	0	*800*
Employee entitlements	14	797	*740*
Dividend payable		0	*50*
Tax payable		0	*44*
Total Current Liabilities		3,048	*4,603*
Working Capital		**843**	***(1,025)***
NON-CURRENT ASSETS			
Property plant & equipment	9	11,304	*10,325*
Intangible Assets	10	151	*151*
Term Inventory	7	225	*269*
Deferred tax benefit	3	(14)	*6*
Total Non-Current Assets		11,666	*10,751*
NON-CURRENT LIABILITIES			
Bank Term Loans	12	5,053	*2,331*
Employee Entitlements	14	169	*138*
Deferred tax liability	6	0	*0*
Total Non-Current Liabilities		5,222	*2,469*
Net Assets		7,287	*7,257*

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

WESTROADS LIMITED
STATEMENT OF MOVEMENT IN CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2015/16 $000	2014/15 *$000*
Cash Flows from Operating Activities			
Cash was provided from:			
Receipts from customers and other sources		22,080	*16,285*
Income Tax Refunded			*3*
Subvention Payment Refunded			*11*
Interest received		4	*4*
Total Cash Inflows from Operating Activities		**22,084**	***16,303***
Cash was disbursed to:			
Payments to employees and suppliers		19,509	*14,114*
Net GST movements		(114)	*127*
Income taxes paid		167	*208*
Subvention payments made		226	*543*
Purchase of term inventory		1	*2*
Interest paid		354	*249*
Total Cash Outflows from Operating Activities		**20,144**	***15,243***
Net Cash Inflow from Operating Activities	16	**1,939**	***1,060***
Cash Flows from Investing Activities			
Cash was provided from:			
Proceeds from sale of property, plant and equipment		275	*392*
Total Cash Inflows from Investing Activities		**275**	***392***
Cash was applied to:			
Purchase of property, plant and equipment		2,937	*2,157*
Purchase of property, plant and equipment on Acquisition of Business			*1,905*
Purchase of Goodwill on Acquisition of Business			*151*
Total Cash Outflows from Investing Activities		**2,937**	***4,213***
Net Cash Outflow from Investing Activities		**(2,662)**	***(3,821)***
Cash Flows from Financing Activities			
Cash was provided from:			
Proceeds of Bank Advances		2,397	*2,450*
Total Cash Inflows from Financing Activities		**2,397**	***2,450***
Cash was applied to:			
Repayment of Loans		689	*360*
Dividends paid		270	*0*
Total Cash Outflows from Financing Activities		**959**	***360***

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

Net Cash Inflow/(Outflow) from Financing Activities	**1,439**	***2,090***
Net Increase/(Decrease) in Cash Held	716	*(671)*
Add Opening Bank Balance at 1 July	(583)	*88*
Bank Balance at 30 June	**133**	***(583)***
Made up of:		
Cash	**133**	*0*
Bank Overdraft	**0**	*(583)*
	133	***(583)***

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

WESTROADS LIMITED
STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2016

	ACTUAL 2015/2016 $000	*BUDGET 2015/2016 $000*
GROSS REVENUE	21,789	*20,250*
less Cost of Sales	16,996	*15,830*
less Subvention Payment	0	*0*
GROSS PROFIT	4,793	*4,420*
plus Other Income	105	*50*
less Administrative Expenses	3,884	*2,950*
less Finance Costs	350	*340*
NET PROFIT BEFORE TAXATION	664	*1,180*
Taxation Expense	51	*232*
Subvention Payments	362	*350*
NET SURPLUS AFTER TAXATION	251	*598*
Other Comprehensive Income	0	*0*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	251	*598*
EQUITY AT 1 JULY	7,257	*6,742*
DIVIDENDS	220	*0*
EARNINGS RETAINED	31	*598*
EQUITY AT 30 JUNE	7,288	*7,340*
RETURN ON AVERAGE SHAREHOLDERS FUNDS BEFORE TAX AND REVALUATIONS	9.13%	*>12%*
RETURN ON AVERAGE SHAREHOLDERS FUNDS AFTER TAX	3.4%	*9.8%*
PERCENTAGE OF SHAREHOLDERS FUNDS TO TOTAL ASSETS	47%	*50-100%*
DISTRIBUTIONS AS A PERCENTAGE OF AFTER TAX PROFITS	231.9%	*50-75%*
COMPLIANCE WITH STATUTORY & REGULATORY COMPLIANCE	Achieved	NO BREACHES

VARIANCE ANALYSIS:

Revenue was up $1.5M on budget and gross profit percentage was achieved at job level however; delays and non-productive time between jobs resulted in extra costs going to administration and reducing Net Profit.

The economic climate in both Greymouth and Christchurch affected trading in these branches.
In Christchurch time delays between being awarded contract and starting dates lead to down time.
Also in Christchurch hold ups and delays by head contractors especially on subdivisions.
A restructure took place in Christchurch in March with seven employees being terminated.

Included in admin expenses is the extra costs of training in Health and Safety areas, and also upskilling the workforce.
Shareholder funds to total assets are just below the target range, due to the purchase of plant for the NZTA NOC contract that began in July 2015.

WESTROADS LIMITED

STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2016

REPORTING ENTITY
Westroads Limited is registered under the Companies Act 1993 and is domiciled in New Zealand. Westroads Limited is ultimately 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.

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 land and buildings which are revalued every three years. The next revaluation is due in June 2017

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 9 – Depreciation and estimated useful lives of property, plant and equipment
Note 14 – Employee entitlements

CHANGES IN ACCOUNTING POLICIES
There have 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 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 for the current and comparative periods are as follows:

	2015/2016	**2014/2015**
buildings	25-50 years	25-50 years
plant and equipment	2-15 years	2-15 years
office furniture & equipment	2-15 years	2-15years

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 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

INTANGIBLE ASSETS

Indefinite useful lives

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable assets of the acquiree and is included in intangible assets. If the value of goodwill is lower than the net fair value, the difference will be recognised in the surplus or deficit.

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 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. 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.

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 Company's contract activities based on normal operating capacity.

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 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 recoverable amount of the Company'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 Company'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 Company categorises its financial assets as loans and receivables, and its financial liabilities as being at amortised cost.

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.

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

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

GOODS AND SERVICES TAX (GST)
All items in the financial statements are exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

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

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

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

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

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

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

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

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

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 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 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.

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).

NZIFRS 15: Revenue from Contracts and Customers (effective for the financial year ending 1 January 2018)

WESTROADS LIMITED
NOTE TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2016

1. Other Income

	2016 $000	2015 $000
Gain on sale of property, plant & equipment	30	*111*
Recoveries	75	*7*
	105	*118*

2. Nature of Expenses

	2016 $000	2015 $000
The following items are included in the expenditure of the Company		
Audit fees to Audit NZ comprising audit of financial statements	48	*51*
Depreciation & amortisation	1,578	*1,397*
Loss on sale of property, plant & equipment	99	*18*
Directors' Fees	60	*58*
Donations	1	*0*
Rental and operating lease costs	107	*111*
Change in Provision for Doubtful Debts	(5)	*0*
Bad Debts Written off		*0*
Personnel Expenses		
Wages & Salaries	8,540	*6,630*
Contributions to defined contribution plans	284	*235*
Long service leave	9	*15*
Retiring gratuities	10	*16*
	8,843	*6,896*

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

3. Taxation

	2016 $000	2015 $000
Surplus/(deficit) before taxation	664	1,336
Prima facie taxation @ 28%	185	374
Plus taxation effect of revaluation of land & buildings	0	0
Plus/(Less) taxation effect of permanent differences	(1)	(3)
(Less) Tax Effect of Subvention Payment to WHL	0	0
(Less) Tax Effect of Subvention Payment to WDC	(90)	(92)
Plus Tax Effect of Subvention Refund from WDC	0	18
(Less) Tax Effect of Subvention Payment to WDPL	(12)	(25)
(Less) Tax Effect of Group Loss Offset from WHL	0	
(Less) Tax Effect of Group Loss Offset from WDPL	(31)	(64)
(Less) Tax Effect of Prior Year Subvention to WDPL	0	(28)
Taxation Expense	51	180

The taxation charge is represented by:

	2016 $000	2015 $000
Current taxation	31	172
Reduction in Prior Year taxation	0	(10)
Deferred taxation	20	18
	51	180

Deferred taxation (liability)/asset

	2016 $000	2015 $000
Opening Balance	6	24
Movement Recognised in Profit or Loss	(20)	(18)
Movement Recognised in other Comprehensive Income	0	0
	(14)	6

Deferred tax assets and liabilities are attributable to the following:

	2016 $000	2015 $000
Tax Losses Carried Forward	0	0
Employee benefit plans (Asset)	29	51
Accruals (Asset)	257	197
Receivables Impairment (Asset)	2	3
Retentions (Liability)	(161)	(89)
Property, Plant & Equipment (Liability)	(141)	(156)
	(14)	6

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 1,385,326 (2015: 1,385,326) 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.

Dividends of 15.88 cps totalling $220,000 were declared during the year (2015: $50,000)

5. Operating Leases

At 30 June 2016, the Company has the following commitments that relate to leases.

	2016 $000	*2015 $000*
Commitment within 12 months	97	*80*
Commitment between 12 months & 5 years	114	*146*
Commitment greater than 5 years	75	*93*

The company leases land & buildings at Haast from Westland District Property Ltd. The lease term is for 10 years commencing 1 January 2014. The annual lease amount is $16,884.

The company leases land at Hokitika from Westland District Property Ltd. The lease term is for 10 years commencing 1 July 2015. The annual lease amount is $3,500.

The company leases land at Hokitika from Hokitika Airport Limited. The lease term is for 10 years commencing 1 September 2010. The annual lease amount is $500 plus royalties.

6. Receivables

	2016 $000	*2015* $000
Trade Debtors - non related	1,382	*1,738*
Trade Debtors - related parties	651	*915*
Provision for Doubtful Debts	(7)	*(11)*
Revenue to Come	91	*0*
Contract Retentions	661	*367*
Cost Fluctuation Adjustment Accruals	49	*12*
	2,827	*3,021*

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

	2016 $000	Impairment 2016 $000	Gross Receivable 2015 $000	Impairment 2015 $000
Not past due	1,679		*2,277*	*0*
Past due 0-30 days	171		*212*	*0*
Past due 31-120 days	23		*108*	*0*
Past due 121-360 days	133		*35*	*0*
Past due more than 1 year	28	*7*	*21*	*11*

7. Inventory

	2016 $000	*2015* $000
Metal Stocks	420	181
Other Supplies	246	185
	666	366
Provision for Obsolescence		0
	666	366

Term Inventory

Term Inventory comprises of a parcel of land which is held as tenants in common with Westland District Property Ltd for subdivision and sale purposes $225,000. (2015: $269,000)

8. 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 due from Customers (included in work in progress)	93	155
Retentions receivable in respect of construction contracts	661	*367*

In identifying construction contracts, the company has only included contracts of $1,000 or more.

Construction contracts include laying waterlines, constructing roads and footpaths, and constructing section pads.

9. Property, plant and equipment

	Land & Buildings $000	Plant & Equipment $000	Office Furniture & Equipment $000	Under Construction $000	Total $000
Cost or deemed cost					
Balance at 1 July 2014	1,817	12,901	338	96	15,152
Additions	3	4,099	25		4,127
Net Revaluation Gain/(Loss)					
Impairment					
Transfer to Plant & Equipment				(96)	(96)
Disposals		(780)			(780)
Balance at 30 June 2015	1,820	16,220	363		18,403
Balance at 1 July 2015	1,820	16,220	363		18,403
Additions	366	2,489	47		2,902
Net Revaluation Gain/(Loss)					
Impairment					
Transfer to Plant & Equipment					
Disposals		(493)			(493)
Balance at 30 June 2016	2,186	18,216	410		20,812
Depreciation and impairment losses					
Balance at 1 July 2014	9	6,928	294		7,231
Depreciation for the year	40	1,335	22		1,397
Net Revaluation Gain/(Loss)					
Impairment Loss					
Disposals		(550)			(550)
Balance at 30 June 2015	49	7,713	316		8,078
Balance at 1 July 2015	49	7,713	316		8,078
Depreciation for the year	39	1,511	28		1,578
Net Revaluation Gain/(Loss)					
Impairment Loss					
Disposals		(148)			(148)
Balance at 30 June 2016	88	9,076	344		9,508
Carrying Amounts					
At 1 July 2014	1,808	5,973	44	96	7,921

At 30 June 2015	1,771	8,507	47	10,325
At 1 July 2015	1,771	8,507	47	10,325
At 30 June 2016	2,098	9,140	66	11,304

Security

At 30 June 2016 properties with a carrying value of $2,098,000 (2015: $1,770,000) are subject to a registered mortgage to secure bank loans.

At 30 June 2016 plant & equipment with a carrying value of $3,368,000 (2015: $4,059,000) are subject to a registered chattel security. All security over plant and equipment was released on the 11th of July 2016. All plant & equipment are subject to a general registered debenture.

Revaluation

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

10. Intangible Assets

The Company's only intangible assets at balance date is goodwill. No allowance has been made for amortisation.

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

	Goodwill $000	Mining Licences $000	Total $000
Cost or deemed cost			
Balance at 1 July 2014	-	-	-
Additions	151	-	-
Disposals	-	-	-
Balance at 30 June 2015	151	-	-
Balance at 1 July 2015	151	-	-
Acquisition - external purchase	-	-	-
Disposals	-	-	-
Balance at 30 June 2016	151	-	151
Amortisation and impairment losses			
Balance at 1 July 2014	-	-	-
Amortisation for the year	-	-	-
Impairment Loss	-	-	-
Disposals	-	-	-
Balance at 30 June 2015	**-**	**-**	**-**
Balance at 1 July 2015	-	-	-
Amortisation for the year	-	-	-
Impairment Loss	-	-	-
Disposals	-	-	-
Balance at 30 June 2016	**-**	**-**	**-**
Carrying Amounts			
At 30 June 2016	151	-	151
At 30 June 2015	151	-	151

11. Contingent Liabilities and Contingent Assets

At 30 June 2016, the Company 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	7	7
(d) Performance Bonds 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	0	41
(g) Performance Bond in favour of Director General of Conservation	165	0

12. Loan & Borrowings

	2016 $000	2015 *$000*
Bank Overdraft (secured)	0	583
Flexible Finance Loan	0	800
Bank Term Loan	5,560	3,052
	5,560	4,435
The bank term loans are split as follows:-		
Current	507	721
Non-current	5,053	2,331
	5,560	3,052

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

	2015/16 $000	2014/15 $000	Interest Repricing due	Maturing
Overdraft Facility ($200K) - Interest Rate10.45% (LY 10.2%)	-	23	Variable	N/A
Overdraft Facility ($600K) - Interest Rate 10.00% (LY N/A)	-	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%	0	-	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 6.73%)	-	50	3mths	2016
Secured bank loan - Interest Rate 6.97% (LY 6.97%)	2,000	2,400	3yr	2017
Secured bank loan - Interest Rate 6.15% (LY 6.73%)	-	63	3mths	2016
Secured bank loan - Interest Rate 6.17%(LY 6.71%)	-	102	3mths	2018
Secured bank loan - Interest Rate 6.98% (LY 6.98%)	-	286	2 Years	2017
Committed Cash Advance Facility ($950k) - Interest Rate 6.12%(LY 6.25%)	-	400	Variable	2015
Committed Cash Advance Facility ($950k) - Interest Rate 6.12%(LY 6.25%)	-	400	Variable	2015
Fixed Term Asset Loan ($1,900k) - Interest rate 5.55%	1,900	-	5 Years	2021
Money Management Loan ($2,500k) - Interest rate 5.26%	1,660	-	Variable	2021

(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 2016, it is estimated that a 1% increase in interest rates would reduce the Company's 2017 profit before tax by $16,000 (estimated decrease in tax in 2016: $16,000.) The company has no formal interest rate hedging policy.

13. Capital Commitments

At 30 June 2016, the Company had no capital commitments. (2015: $905,700)

14. Employee Entitlements

The Company has the following current employee entitlements

	2015/16	2014/15
	$000	*$000*
Annual Leave	663	615
Time in Lieu/Stat Leave	11	11
Long Service Leave	52	35
Sick Leave	23	24
Retirement Gratuities	48	55
	797	740

The Company has the following non-current employee entitlements

	2015/16	2014/2015
	$000	$000
Retirement Gratuities	98	94
Long Service Leave	71	44
	169	138

15. 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	Transaction Amount	Balance at 30 June
			$000	$000
		1 July 2015 to 30 June 2016		
WDC	Westland District Council	Payment - Rentals & Rates	50	2
WDC	Westland District Council	Westroads Sales	8,597	636
WDC	Westland District Council	Subvention Payment	320	320
WDC	Westland Holdings Ltd	Dividends Paid	220	
WDC	Westland District Properties Ltd	Payment - Rentals	26	2
WDC	Westland District Properties Ltd	Sale - Plant Hire & Materials	46	10
WDC	Westland District Properties	Subvention Payment	42	42
WDC	Westland District Properties	Group Tax Loss offset	108	
P M Cuff	Cuffs Ltd	Purchase - accounting services	37	1
P M Cuff	Beachfront Hotel Ltd	Purchase - entertainment	1	0
P M Cuff & G P King	Renton Chainsaws & Mowers	Purchase - Materials	5	0
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel and freight	220	8
WDC	Hokitika Airport Ltd	Payment - royalties	42	41
WDC	Hokitika Airport Ltd	Sale - plant hire & material purchase	22	5
		1 July 2014 to 30 June 2015		
WDC	Westland District Council	Payment - Rentals & Rates	50	8
WDC	Westland District Council	Westroads Sales	5,184	915
WDC	Westland District Council	Subvention Payment	265	136
WDC	Westland Holdings Ltd	Dividends Paid	50	50
WDC	Westland District Properties Ltd	Payment - Rentals	43	3

WDC	Westland District Properties Ltd	Sale - Plant Hire & Materials	31	1
WDC	Westland District Properties	Subvention Payment	117	89
WDC	Westland District Properties	Group Tax Loss offset	230	0
P M Cuff	Cuffs Ltd	Purchase - accounting services	39	4
P M Cuff	P M Cuff	Sale - plant hire and materials	8	0
P M Cuff & G P King	Renton Hardware Co Ltd	Purchase - Materials	4	0
P M Cuff & G P King	Renton Chainsaws & Mowers	Purchase - Materials	15	0
D M J Havill	Aratuna Freighters Ltd	Purchase - fuel and freight	515	43
D M J Havill	Aratuna Freighters Ltd	Sale - plant hire and material sales	43	0
B O Thomson	B O Thomson	Sale - plant hire and material sales	32	0
WDC	Hokitika Airport Ltd	Payment - royalties	2	0
WDC	Hokitika Airport Ltd	Sale - plant hire & material purchase	17	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

Key management personnel comprise the directors and the general manager, the Greymouth & Christchurch branch managers and the Financial Controller

	2015/16	2014/15
Key management personnel compensation comprised	$000	$000
Short-term employee benefits	689	515
Termination benefits	-	-
	689	515

There are no loans to or from key management personnel.

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

	2015/16 $000	2014/15 *$000*
Net surplus after taxation	251	774
Add/(less) non cash items:		
Depreciation and amortisation	1,578	1,397
Increase/(decrease) in provision for doubtful debts	0	0
Increase/(decrease) in deferred tax	20	18
Increase/(decrease) in Employee Entitlements (non current)	31	18
Total Non-Cash Items	1,629	1,433
Add/(less) items classified as investment & financing activities:		
Net loss (gain) on sale of fixed assets	69	(93)
Capital account payable	(1)	(36)
Total Investing & Financing Activity Items	68	(129)
Add/(less) movements in working capital items:		
(Decrease)/increase in accounts payable and accruals	(21)	534
Increase/(decrease) in employee entitlements	57	165
Increase/(decrease) in provision for taxation	(138)	(47)
Increase/(decrease) in Subvention payment payable	136	(150)
Decrease (Increase) in receivables and prepayments	191	(1,496)

(Increase)/decrease in inventory	(300)	46
(Increase)/decrease in term inventory	44	(2)
(Increase)/decrease in work in progress	22	(68)
Working Capital Movement - Net	(9)	(1,018)
Net Cash Inflows from Operating Activities	**1,939**	**1,060**

17. Events Subsequent to Balance Date

There are no events subsequent to balance date

18. Financial Instruments

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

	2015/16 $000	2014/15 $000
Cash and cash equivalents	133	0
Bank overdrafts	0	(583)
Loans and receivables		
Trade accounts receivable	2,827	3,021
Financial Liabilities at amortised cost		
Trade and other payables	1,382	1,439
Borrowings	5,560	3,852

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 12.

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 12.) 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.

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

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

Concentrations of credit 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.

Fair Values

The estimated fair values of the financial instruments 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 maintains a level of earnings before interest and tax to cover interest costs 2 times.

Earnings Before Interest and Tax	1,014
Interest Paid	354
Ratio	3.29 : 1

19. Trade and other Payables

	2016 $000	*2015* $000
Trade Payables	524	1,026
Trade Payables - Related Parties	54	
GST Payable	327	217
Accruals and other liabilities	477	196
	1,382	1,439

20. Cash and Cash Equivalent

	2016 $000	*2015* $000
Cash in Bank	132	-
Cash on Hand	1	-
	-	-
	133	-