Buller Holdings Limited
Consolidated annual report
for the year ended 30 June 2023

Contents

Directors' report

The Board of Directors have pleasure in presenting the annual report of Buller Holdings Limited, incorporating the consolidated financial statement and the auditor's report, for the year ended 30 June 2023.

With the unanimous agreement of all shareholders, Buller Holdings Limited has taken advantage of the reporting concessions available to it under section 211(3) of the Companies Act 1993.

The Board of Directors of Buller Holdings Limited authorised these consolidated financial statements presented on pages 10 to 36 for issue on date shown below.

For and on behalf of the Board:

Director: Steve Grave

Date: 17th Oct 2023

Director: Gareth Allen

Date: 17th Oct 2023

Chairman's and Chief executive’s report

Period in review

The 2023 year has been a particularly busy one for the Group with a number of challenges experienced. The Group has performed very well during the period, with both Buller Recreation Limited (BRL) and WestReef Services Limited (WRSL) both achieving excellent financial results set at the beginning of the year.

During the year there was only one red weather warning that affected the district and trading for both entities. The Pulse Energy Recreation Centre was closed for three days as a result.

Financial results

In the 2023 year the Group generated a profit before taxation and distributions of $1.5m (2022 $2.64m). This is a very encouraging result, the Buller District has handled the recent economic environment very well, and WestReef in particular are well placed for future growth. A subvention payment of $1,137,000 was made during the year from Buller Holdings to Buller District Council.

Subsidiary companies

WestReef Services Ltd has had another excellent year generating revenue of $22.1m. The company provided excellent financial results during the year. WRSL has a strategy of growing competitively tendered works and remains focused on this strategy. The company maintains a strong focus on health and safety, ensuring a safe environment for our staff is a high priority for WestReef. We are one of the largest employers in the Buller District, and we are proud of the social and economic benefits we provide for the community. WestReef were involved in many projects during the year, that will greatly benefit the Buller community in the future. The increase in contractors that are securing work or entering the Buller district is a risk to the business and also the distribution that we return to Buller District Council.

BHL during the year entered into an agreement to purchase a large site for the future redevelopment of new premises for WestReef. This will be an exciting opportunity for future growth. The agreement will settle in November 2023.

Buller Recreation Ltd has performed extremely well throughout the year generating a loss before taxation of $833,000, of this $730,000 was depreciation. It was pleasing to see membership numbers well up at the year end. The multi-membership income for the year was a record for the Centre. We increased our fees from the 1st April 2023 for all members under 65. We still provide excellent value for money options, and we have kept the fees the same for over 65s.

Insurance and power costs have increased substantially in the current environment. The Reefton Pool after the substantial rebuild is now an excellent facility for the Reefton community. After accounting for depreciation and other non-cash items, BRL again generated a cash surplus.

Governance

Monthly board meetings were held during the year providing an opportunity for review of each company’s performance against objectives and to consider opportunities and challenges faced. The Chief Executive, WRSL General Manager and Group Finance Manager attend these meetings and present reports and engage in discussion with directors. An audit committee comprising of the full board meets at least quarterly, overseeing financial management and policy issues, legislative compliance and risk management.

The board formed a Health and Safety and Environment committee during the year to increase the focus on the health and safety and the environment within the group.

Strategic direction and future focus

Priorities identified during meetings continue to be a focus of management and the board during the next financial year.

Obtaining external work for WestReef continues to be a focus, as well as maximizing efficiencies within the current operation.

Buller Recreation is focused on increasing their membership numbers, and ensuring income streams are maximized. Revenue growth of all aspects of the business are key moving forward.

We completed the transition to the new information systems project. We need to continue to sort out any issues that arise as a result of the change and utilise the system to grow efficiencies.

Chairman's and Chief executive's report (continued)

Director reappointments and changes

At the AGM in November 2022, Gareth Allen was re-appointed to the BHL board for a further three years. I would like to thank all of the directors for their efforts during the year.

I would also like to acknowledge the board's appreciation of the efforts of all staff, who worked for WRSL and BRL during the past year.

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Steve Grave

Director (Chairman)

Date: 17th Oct 2023

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Craig Scanlon

Chief Executive

Date: 17th Oct 2023

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF BULLER HOLDINGS LIMITED'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Buller and its controlled entities (collectively referred to as 'the Group'). The Auditor-General has appointed me, Johnathan Hodge, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information of the Group, on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 10 to 20 and 28 to 36, that comprise the statement of financial position as at 30 June 2023, 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 Group on pages 21 to 25.

In our opinion:

- the financial statements of the Group:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2023; 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 Reduced Disclosure Regime; and

- the performance information of the Group presents fairly, in all material respects, the Group's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Group's objectives for the year ended 30 June 2023.

Our audit was completed on 17 October 2023. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New

Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 4 and 26 to 27, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

John Hodge.

Johnathan Hodge
Ernst & Young
On behalf of the Auditor-General
Christchurch, New Zealand

Buller Holdings Limited
Consolidated statement of comprehensive income
For the year ended 30 June 2023

	Notes	2023 $'000	2022 $'000
Revenue	6	**23,402**	22,038
Other income	7	**184**	395
		23,586	22,433
Expenses			
Employee benefits expense		**(7,548)**	(6,983)
Depreciation of property, plant, and equipment	13	**(917)**	(813)
Impairment expense	13	**(371)**	-
Depreciation on right-of-use assets	15	**(86)**	(93)
Other operating expenses	9	**(13,151)**	(11,871)
Total operating expenses		**(22,073)**	(19,760)
Finance costs - net	8	**(49)**	(37)
Subvention payment expense	23	**(1,137)**	(1,300)
Profit before income tax		**327**	1,336
Income tax (expense) / benefit	10	**(104)**	495
Profit for the year		**223**	1,831
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive income for the year		**223**	1,831
Profit is attributable to:			
Owners of Buller Holdings Limited		**223**	1,831
		223	1,831
Total comprehensive income for the year is attributable to:			
Owners of Buller Holdings Limited		**223**	1,831
		223	1,831

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Buller Holdings Limited
Consolidated balance sheet
As at 30 June 2023

	Notes	**2023 $'000**	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**1,008**	3,060
Investments		**2,593**	1,976
Trade and other receivables	12	**4,893**	3,623
Inventories		**316**	82
Total current assets		**8,810**	8,741
Non-current assets			
Property, plant and equipment	13	**6,400**	6,176
Intangible assets	14	**389**	389
Deferred tax assets	16	**2,588**	2,692
Right-of-use asset	15	**233**	26
Total non-current assets		**9,610**	9,283
Total assets		**18,420**	18,024
LIABILITIES			
Current liabilities			
Trade and other payables	17	**2,451**	2,383
Subvention payable		**1,137**	1,300
Deferred income		**39**	31
Interest bearing liabilities	18	**1,500**	1,500
Employee benefit obligations	19	**758**	709
Contract liabilities	6	**-**	185
Lease liabilities	15	**84**	6
Total current liabilities		**5,969**	6,114
Non-current liabilities			
Lease liabilities	15	**156**	21
Total liabilities		**6,125**	6,135
Net assets		**12,295**	11,889
EQUITY			
Share capital	20	**20,117**	19,934
Accumulated losses		**(7,822)**	(8,045)
Total equity		**12,295**	11,889

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

	Note	Attributable to owners of Buller Holdings Limited		
		Share capital $'000	**Accumulated losses $'000**	**Total equity $'000**
Balance as at 1 July 2021		19,832	(9,876)	9,956
Comprehensive income				
Profit for the year		-	1,831	1,831
Total comprehensive income		-	1,831	1,831
Transactions with owners				
Issue of ordinary shares	20	102	-	102
Total transactions with owners		102	-	102
Balance as at 30 June 2022		19,934	(8,045)	11,889
Balance as at 1 July 2022		19,934	(8,045)	11,889
Comprehensive income				
Profit for the year		-	223	223
Total comprehensive income		-	223	223
Transactions with owners				
Issue of ordinary shares	20	183	-	183
Total transactions with owners		183	-	183
Balance as at 30 June 2023		20,117	(7,822)	12,295

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Notes	2023 $'000	2022 $'000
Cash flows from operating activities			
Receipts from customers		**22,906**	22,082
Interest received		**70**	25
Payments to suppliers and employees		**(21,585)**	(18,502)
Interest paid		**(101)**	(59)
Interest paid on leases		**(18)**	(3)
Subvention payment		**(1,300)**	(1,300)
Net cash (outflow) / inflow from operating activities		**(28)**	2,243
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,511)**	(1,761)
(Payments) / receipts from investments		**(617)**	651
Net cash outflow from investing activities		**(2,128)**	(1,110)
Cash flows from financing activities			
Proceeds from issues of ordinary shares		**183**	102
Principal elements of lease payments		**(79)**	(73)
Net cash inflow from financing activities		**104**	29
Net movement in cash and cash equivalents		**(2,052)**	1,162
Cash and cash equivalents at the beginning of the financial year		**3,060**	1,898
Cash and cash equivalents at the end of financial year	11	**1,008**	3,060

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

These consolidated financial statements are for Buller Holdings Limited (the 'Company') and its subsidiaries (together 'the Group').

Buller Holdings Limited is a council-controlled organisation as defined in section 6(1) of the Local Government Act 2002. The Buller District Council is the ultimate parent entity.

These consolidated financial statements have been approved for issue by the Board of Directors on the date listed in the Directors' report.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

Buller Holdings Limited is a company registered under the New Zealand Companies Act 1993. The consolidated financial statements have been prepared in accordance with the Local Government Act 2002, Financial Reporting Act 2013 and the Companies Act 1993.

(i) Compliance with NZ IFRS

The consolidated financial statements of the Buller Holdings Limited Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). Buller Holdings Limited is a for-profit entity for the purposes of complying with GAAP. The consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to entities that apply NZ IFRS RDR.

The Group is eligible and has elected to report in accordance with Tier 2 For-profit Accounting Requirements (NZ IFRS RDR) on the basis that the Group has no public accountability and is not a large for-profit public sector entity. In applying NZ IFRS RDR, the Group has applied a number of disclosure concessions.

(ii) Historical cost convention

These consolidated financial statements have been prepared on a historical cost basis, unless stated otherwise in specific accounting policies below.

(iii) Functional and presentation currency

Items included in the consolidated financial statements of the Group is measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The consolidated financial statements are presented in ‘New Zealand Dollars’ ($), which is the Group's functional and presentation currency.

(b) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions and balances between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Revenue recognition

(i) Services and management fees

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

1 Summary of significant accounting policies (continued)

(c) Revenue recognition (continued)

(ii) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer and recovery of the consideration is probable, the associated costs and possible returns of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

(iii) Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Group obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

(iv) Interest income

Interest income is recognised using the effective interest method.

(d) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

(e) Income tax

The income tax expense / (benefit) for the year is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Movements in deferred tax are attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements and any unused tax losses or credits. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted at balance date. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Goods and services tax (GST)

The consolidated statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the consolidated balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

1 Summary of significant accounting policies (continued)

(g) Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the group business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(iii) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by NZ IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1 Summary of significant accounting policies (continued)

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the standard cost 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 overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(k) Property, plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss component of the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

- Buildings	5.7 - 66.7 years
- Leasehold improvements	2 - 4 years
- Plant and equipment	1 - 2.5 years
- Office equipment	1.5 - 18.2 years
- Vehicles	2.8 - 12.5 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Asset impairment

The directors have undertaken an impairment assessment in relation to Buller Recreation Limited's assets for the year ended 30 June 2023 and determined that an impairment is necessary. The impairment is recognised in the consolidated statement of comprehensive income and consolidated statement of financial position (2022: The directors determined that no impairment was necessary).

(l) Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the Group's identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

1 Summary of significant accounting policies (continued)

(m) Leases

The Group leases buildings and equipment. Rental contracts are typically made for fixed periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

(n) Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(o) Trade and other payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are classified as non-current liabilities.

1 Summary of significant accounting policies (continued)

(p) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the interest bearing liabilities using the effective interest method.

Interest bearing liabilities are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(q) Provisions

Provisions are recognised when the Group has a present obligation which can be reliably estimated and it is probable that an outflow of resources will be required to settle the obligation.

(r) Employee benefits

(i) Short-term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

(ii) Long-term employee benefit obligations

Provision is made in respect of the Group's liability for annual, long service and retirement leave when it is probable that settlement will be required and if these liabilities are capable of being measured reliably.

The Group’s net obligation in respect of long-term employee benefits (such as long service leave and retirement leave) 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. The discount rate is the yield at the reporting date on government bond yields that have maturity dates approximating the terms of the Group’s obligations. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iii) Defined contribution plan

The Group contributes to a defined contribution plan which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the surplus or deficit in the period during which services are rendered to employees.

(s) Contributed equity

Ordinary shares are classified as equity.

2 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Provision for expected credit losses of trade receivables

The provision rates are based on days past due for various customer segments that have similar loss patterns and are initially based on historical observed default rates.

The Group will adjust the historical credit loss experience with forward looking information. At every reporting date, the historical observed default rates are updated, and changes in the forward-looking estimates are analysed.

(ii) Impairment

In assessing impairment, the Group estimates the recoverable amount of each asset.

(iii) Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

3 Statement of objectives and performance

Buller Holdings Limited

The performance of Buller Holdings Limited will be judged against the following measures and targets:

Objective	Key Performance Indicator	Actual / Results	
		2023	2022
Health and safety	Medical treatment injury target: nil.	5 (Not achieved)	6 (Not achieved)
	Serious harm accidents target: nil.	Nil (Achieved)	Nil (Achieved)
	LTI target: nil.	3 (Not achieved)	4 (Not achieved)
Operational	The Board of Directors will meet with the BDC, CCTO committee on a formal basis: (per year) target: 3	4 (Achieved)	3 (Achieved)
	The Buller Holdings Limited Chief Executive will provide a formal and / or informal report to Council as requested.	3 (Not achieved)	4 (Achieved)
	The Chief Executive of Buller Holdings Limited will meet with the Chief Executive of Buller District Council when requested.	9 (Achieved)	3 (Achieved)
Financial (Parent) ($'000)	Revenue (target: $588)	$708 (Achieved)	$628 (Achieved)
	Expenditure (target: $583)	$710 (Not achieved)	$630 (Not achieved)
	Net operating surplus (target: $5)	$3 (Achieved)	$0 (Not achieved)
	Ratio of shareholders funds to total assets (target: 60%)	69% (Achieved)	78% (Achieved)
Financial (Group) ($'000)	Group revenue (target: $15,493)	$23,586 (Achieved)	$22,433 (Achieved)
	Group expenditure (target: $14,957)	$22,122 (Not achieved)	$19,760 (Not achieved)
	Group net operating surplus (target: $536)	$1,464 (Achieved)	$2,673 (Achieved)
	Provision for capex (target: $1.298m)	$1,511	$1,761
	Forecast distribution to shareholders (target: $1,300)	$1,137 (Not achieved)	$1,300 (Achieved)

3 Statement of objectives and performance (continued)

Subsidiaries

WestReef Services Limited

The principal objective of the Company is to operate as a successful business.

The objectives of the Company for this financial year and the following two financial years were clearly specified in the statement of intent, which was approved by the shareholders.

These objectives are listed below with relevant targets and measures of performance, and the performance achieved during the financial year. Explanations are provided where the performance achieved is significantly different to the planned target.

Objective	Key Performance Indicator	Actual / Results	
		2023	2022
Health and safety	Medical treatment injuries target: Nil	5 (Not achieved)	6 (Not achieved)
	Serious harm accidents target: Nil	Nil (Achieved)	Nil (Achieved)
	LTI target: Nil	3 (Not achieved)	4 (Not achieved)
	ISO 45001 accreditation (maintain)	Achieved	Achieved
Operational	Employee satisfaction – staff turnover excluding retirement, redundancy, and internal transfers within the range of +/- 5% per annum of national benchmark	Total turnover – 14.4%. 4.1% below the national average of 18.5% in the construction industry. This is positive as it is below the national average. Achieved.	Total turnover – 9.5%. 21.5% below the national average of 31% in the construction industry. This is positive as it is below the national average. Achieved.
	Client satisfaction – min 12 meetings per year	8 meetings (Not achieved).	12 meetings (Achieved)
	Renewal of TQS1 certification	Audit completed April 2023.	Audit completed April 2022.
Employee development and satisfaction	Undertake staff satisfaction survey (2 / yearly)	Survey undertaken September 2022. Achieved.	Survey undertaken September 2020. Next survey due September 2022. Achieved.
	Regular department staff meetings	Regular weekly meetings held. Achieved.	Regular weekly meetings held. Achieved.
Financial (000's)	Revenue (target: $13,395)	$22,055 (Achieved)	$21,056
	Expenditure (target: $12,076)	$20,064 (Not Achieved)	$18,318
	Net operating surplus (target: $1,319)	$1,955 (Achieved)	$2,738
	Provision for capex (target: $1,115)	$1,328 (Not Achieved)	$1,658
	Competitively procured revenue (target: 45%)	97% Achieved	86% Achieved
	Ratio of shareholders funds to total assets (target: 60%)	70% Achieved	66% Achieved

3 Statement of objectives and performance (continued)

Objective	Key Performance Indicator	Actual / Results	
		2023	**2022**
Environmental	Number of enforcement notices (target: Nil)	Nil (Achieved)	Nil (Achieved)
Community	Support minimum 25 community activities	48 Community activities supported.	33 Community activities supported.

3 Statement of objectives and performance (continued)

Buller Recreation Limited

The principal objective of the Company is to operate as a successful business.

The objectives of the Company for this financial year and the following two financial years were clearly specified in the statement of intent, which was approved by the shareholders.

These objectives are listed below with relevant targets and measures of performance, and the performance achieved during the financial year. Explanations are provided where the performance achieved is significantly different to the planned target.

Performance Measure	Key Performance Indicator	Target 2023	Achieved 2023	Achieved 2022
Fitness membership	Average membership over 12 month period	700	736	724
	Average retention rate over 12 month period	>75%	95%	95%
Aquatic centre usage	Average visits per month over 12 months	3,750	3,855	3,305
	Achieve number of students over 4 swimming terms	140	190	164
Safety	MTI	Nil	Nil (Achieved)	Nil (Achieved)
	Serious harm accidents	Nil	Nil (Achieved)	Nil (Achieved)
	LTI	Nil	Nil (Achieved)	Nil (Achieved)
Work environment	Maintain regular communication with all employees through weekly emailed updates and meetings with all staff every 4 months	Weekly meetings held with Management and Quarterly meetings with each department	Achieved. Weekly meetings held with Management and Quarterly meetings with each department	Achieved. Weekly meetings held with Management and Quarterly meetings with each department
	Review the succession plan for key positions and identify training needs and actions for the next 12 months	Review the succession plan for key positions and identify trainingne eds and actions for the next 12 months	Achieved. Consideration given at management meetings to skills and training if personnel in key positions leave	Achieved. Staff needs identified in annual reviews.
Work environment	Complete annual review process with all staff	Complete annual review process with all staff	Achieved - 30 June 2023	Achieved - 30 June 2022
	Undertake staff satisfaction survey every second year	Nil - next survey 2024	Not required until June 2024	Achieved - 30 June 2022

3 Statement of objectives and performance (continued)

Performance Measure	Key Performance Indicator	Target 2023	Achieved 2023	Achieved 2022
Asset management	Complete review of the Asset Management Plan (AMP) annually	Complete review of the asset management plan (AMP) annually	Achieved - comprehensive asset management plan in place	Not required until June 2023
	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Complete maintenance and replacement in accordance with AMP (monitor monthly)	Achieved. Ongoing.	Achieved. Ongoing.
Financial forecasts ($000's)	Revenue (excluding service level fee)	$659	$720	$677
	BDC service level fee	$851	$851	$851
	Expenditure	$2,297	$2,404	$2,291
	Net operating deficit	$(787)	$(833)	$(763)
	Provision for capex	$183	$183	$103
	Ratio of shareholders' funds to total assets	60%	98%	98%

4 Statutory information

Entries made in the Interests Register

Interests in transactions

The directors' interests have been recorded in the Company's interest register. The interest register as at 30 June 2023 as below and has been updated for changes in directors' interests during the year.

Director	Entity	Position
Gareth Allen	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Director
	Explore Murchison Ltd	Director
	Buller Chartered Accountants Ltd	Director
	Garry Anderson Investments Ltd	Shareholder (as Trustee)
	Glengarry 2010 Investments Ltd	Shareholder (as Trustee)
	Mokihinui Lyell Back Country Trust	Auditor
	St Canice's School Board	Trustee
	WestReef Services Ltd	Director
	Cleine Investments Ltd	Shareholder (as Trustee)
	Hirere Farm Ltd	Shareholder (as Trustee)
	Gatsby Ltd	Director
	Westlink Investments	Director
	Westlink Trust Company Ltd	Director
Robert Burdekin	KIROB Ltd	Director / shareholder
	Buller Fire & Safety Ltd	Director / shareholder
	Beulah Ridge Ltd	Shareholder
	Granity School	Trustee
	Buller Holdings Ltd	Director
	WestReef Services Ltd	Director
	Buller Recreation Ltd	Director
	Kaniams Ltd	Director
Steven Grave	Corde Ltd	Chairman
	Delta Utility Services Ltd	Director
	Whitestone Contracting Ltd	Director
	Fulton Hogan Ltd	Shareholder
	Buller Holdings Ltd	Director
	WestReef Services Ltd	Director
	Buller Recreation Ltd	Director
Kieran Sweetman	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Director
	WestReef Services Ltd	Director
	Rochester Hall	Trustee
Vanessa Van Uden	Admin & Business Solutions Ltd	Director
	Pan Adventures Ltd	Director
	CheckIn Ltd	Director
	Buller Holdings Ltd	Director
	Buller Recreation Ltd	Director
	WestReef Services Ltd	Director

Use of company information by directors

The Board of Directors received no notices from directors requesting to use company information received in their capacity as directors which would not have otherwise been available to them.

Shareholding by directors

No directors hold shares in the Company.

4 Statutory information (continued)

Remuneration and other benefits to directors

No director of the Company has received or become entitled to receive any benefit other than the benefits included in the total emoluments and remuneration, as shown below.

Indemnity and insurance: directors and employees

Directors and officer's liability insurance is held by QBE Insurance (International) Ltd.

Distribution

No distributions were paid in 2023 (2022: nil). A subvention of $1,137,000 (2022: $1,300,000) has been provided for.

Donations

Donations of $2,000 were made by Buller Holdings Limited during the year (2022: $2,000).

Auditor's remuneration

Auditor's remuneration for the year totalled $125,131 (2022: $83,650).

Directors' remuneration

Remuneration and other benefits paid or due and payable to Directors of the Group for services as a director and in any other capacity during the year are as follows:

	2023 **$**	2022 $
Brian Wood (resigned in 2021)	**-**	24,000
Gareth Allen	**29,428**	29,000
Robert Burdekin	**24,870**	25,000
Jan Coll (resigned in 2021)	**-**	12,000
Steven Grave	**52,857**	39,000
Kieran Sweetman (appointed 7 December 2021)	**24,870**	12,000
Vanessa Van Uden (appointed 7 December 2021)	**29,428**	12,000

Employees' remuneration

Remuneration and other benefits for the year totalling more than $100,000 were as follows:

(200,000 - 220,000)	**2**
(120,000 - 140,000)	**3**
(110,000 - 120,000)	**2**
(100,000 - 110,000)	**5**
Total	**12**

The totals listed above are the actual amounts earned per employee, they do not include the impact of any accrual movements.

5 Financial risk management

(a) Financial instruments by category

	2023 $'000	2022 $'000
Financial assets as per consolidated balance sheet		
Cash and cash equivalents	**1,008**	3,060
Investments	**2,593**	1,976
Trade and other receivables	**4,040**	3,537
	7,641	8,573

Prepayments do not meet the definition of a financial asset and have been excluded from the above table.

	2023 $'000	2022 $'000
Financial liabilities as per consolidated balance sheet		
Trade and other payables	**2,128**	2,005
Interest bearing liabilities	**1,500**	1,500
Lease liabilities	**240**	27
	3,868	3,532

Employee benefit obligations and GST payables do not meet the definition of a financial liability and have been excluded from the above table.

6 Revenue

	2023 $'000	2022 $'000
Sale of goods and services	**22,551**	21,187
Management fee income	**851**	851
Total revenue	**23,402**	22,038

Contract liabilities

	2023 $'000	2022 $'000
Revenue received in advance	**-**	185

7 Other income

	2023 $'000	2022 $'000
Other income	**72**	115
Grants received	**66**	179
Grants and wage subsidy income	**43**	94
Rental income	**3**	7
	184	395

8 Finance costs - net

	2023 **$'000**	2022 $'000
Finance costs		
Interest paid	**(101)**	(59)
Interest on lease liabilities	**(18)**	(3)
Total finance costs	**(119)**	(62)
Finance income		
Interest received	**70**	25
Total finance income	**70**	25
Net finance costs	**(49)**	(37)

9 Operating expenses

	2023 **$'000**	2022 $'000
Professional service fees	**116**	124
Audit fees	**125**	83
Directors' fees	**159**	153
Directors' expenses	**21**	11
Fuel costs	**616**	549
Subcontractor costs	**4,199**	4,600
Repairs and maintenance	**75**	85
Sponsorships	**27**	22
Rental expenses	**-**	4
Insurance costs	**251**	199
Licence costs	**169**	211
Training expenses	**156**	73
Other expenses	**7,237**	5,757
	13,151	11,871

10 Income tax

	2023 **$'000**	2022 $'000
Current tax:		
Current period	**-**	-
Total current tax	**-**	-
Deferred tax (note 16):		
Current period	**104**	(495)
Total deferred tax	**104**	(495)
Income tax expense / (benefit)	**104**	(495)

10 Income tax (continued)

Numerical reconciliation of income tax expense to prima facie tax payable

	2023 $'000	2022 $'000
Profit before tax	**327**	1,336
Income tax expense at the New Zealand tax rate of 28%	**91**	374
Increase / (decrease) in income tax expense due to:		
• Non-deductible expenditure	**5**	-
• Deferred tax adjustment	**1**	(639)
• Group loss offset	**-**	(231)
• Prior period adjustment	**7**	-
• Other adjustments	**-**	1
Income tax expense / (benefit)	**104**	(495)

Buller Holdings Limited, Buller Recreation Limited and WestReef Services Limited are all part of a Tax Consolidated Group. Consequently, all tax profits and losses are offset within the Group or payable as a subvention payment to Buller District Council.

11 Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and in hand	**878**	959
Short term deposits	**130**	2,101
	1,008	3,060

The carrying value of bank balances with maturity dates of twelve months or less approximates their fair value.

Funds are invested in accordance with the Treasury Policy of the Group.

12 Trade and other receivables

	2023 $'000	2022 $'000
Trade debtors	**2,982**	3,537
Prepayments	**853**	86
Other receivables	**1,058**	-
	4,893	3,623

(a) Bad and doubtful trade receivables

During the year, no bad debts were written off (2022: nil).

13 Property, plant and equipment

	Land $'000	Buildings $'000	Plant $'000	Office equipment, furniture and fittings $'000	Leasehold improvements $'000	Vehicles $'000	Total $'000
At 1 July 2021							
Cost	980	17,494	2,143	463	273	7,083	28,436
Accumulated depreciation	-	(17,194)	(1,369)	(365)	(100)	(4,135)	(23,163)
Net book amount	980	300	774	98	173	2,948	5,273
At 30 June 2022							
Cost	980	17,494	2,482	530	273	8,391	30,150
Accumulated depreciation and impairment	-	(17,204)	(1,583)	(413)	(117)	(4,657)	(23,974)
Net book amount	980	290	899	117	156	3,734	6,176
Year ended 30 June 2023							
Opening net book amount	980	290	899	117	156	3,734	6,176
Additions	-	91	264	21	21	1,114	1,511
Depreciation charge	-	(10)	(227)	(50)	(15)	(615)	(917)
Impairment	-	(370)	-	-	-	-	(370)
Closing net book amount	980	1	936	88	162	4,233	6,400
At 30 June 2023							
Cost	980	17,585	2,746	551	294	9,505	31,661
Accumulated depreciation and impairment	-	(17,584)	(1,810)	(463)	(132)	(5,272)	(25,261)
Net book amount	980	1	936	88	162	4,233	6,400

14 Intangible assets

	Goodwill $'000	Total $'000
At 1 July 2021		
Cost	389	389
Net book amount	389	389
At 30 June 2022		
Cost	389	389
Net book amount	389	389
Year ended 30 June 2023		
Opening net book amount	389	389
Closing net book amount	389	389
At 30 June 2023		
Cost	389	389
Net book amount	389	389

An annual ipairment assessment is carried out on intangible assets. The asset is not impaired in 2023 (2022: nil).

15 Leases

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Right-of-use assets net book value		
Buildings	**213**	-
Equipment	**20**	26
	233	26
Lease liabilities		
Current	**84**	6
Non-current	**156**	21
	240	27

Additions to the right-of-use assets during the year ended 30 June 2023 were $293,000 (2022: $30,000).

15 Leases (continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	2023 $'000	2022 $'000
Depreciation charge of right-of-use assets		
Buildings	**80**	88
Equipment	**6**	5
	86	93
Interest expense (included in finance cost)	**18**	3
	18	3

The total cash outflow for leases in the year ended 30 June 2023 was $97,000 (2022: $76,000).

16 Deferred tax

	2023 $'000	2022 $'000
Net deferred tax is attributable to the following temporary differences:		
Property, plant and equipment	**2,396**	2,481
Accruals	**7**	34
Employee benefits	**183**	177
Right-of-use assets, lease liabilities - net	**2**	-
Total deferred tax assets	**2,588**	2,692

	Property, plant and equipment $'000	Accruals $'000	Employee benefits $'000	Right-of-use assets, lease liabilities - net $'000	Total $'000
At 1 July 2021	2,000	10	186	1	2,197
Charged / (credited) to other comprehensive income	481	24	(9)	(1)	495
At 30 June 2022	2,481	34	177	-	2,692
At 1 July 2022	2,481	34	177	-	2,692
Charged / (credited) to other comprehensive income	(85)	(27)	6	2	(104)
At 30 June 2023	2,396	7	183	2	2,588

17 Trade and other payables

	2023 $'000	2022 $'000
Trade creditors	**1,443**	1,678
Accrued expenses	**473**	127
GST payables	**323**	378
Other payables	**212**	200
	2,451	2,383

18 Interest bearing liabilities

	2023 $'000	2022 $'000
Loan from Buller District Council	**1,500**	1,500
	1,500	1,500

The original term of the Buller District Council loan was for the loan to mature on 31 October 2016. During the 2017 year a Deed of variation of loan was agreed to extend the final repayment date to 31 October 2019. As per the original agreement, the loan has an interest rate of the bank bill rate plus a margin of 1%. On 29 June 2022 a further Deed of variation of loan was agreed to extend the final repayment date to 31 October 2024.

19 Employee benefit obligations

	2023 $'000	2022 $'000
Current		
Annual leave and long service leave	**758**	709
	758	709

The associated expenses are recognised within 'other operating expenses' in the consolidated statement of comprehensive income.

The Group estimates the employee entitlements for long service leave and retirement leave using actuarial assumptions. These include the probability of an employee receiving the benefit, wage inflation, and an appropriate risk-free discount rate.

20 Share capital

	2023 Shares	2022 Shares	**2023 $'000**	2022 $'000
Share Capital				
Ordinary shares	**20,117,468**	19,934,468	**20,117**	19,934
	20,117,468	19,934,468	**20,117**	19,934

On 27 September 2022, the Company issued 183,000 ordinary shares (2022: On 20 December 2021, the Company issued 102,000 ordinary shares).

As at 30 June 2023, there were 20,117,468 ordinary shares issued and fully paid with no par value (2022: 19,934,468).

The holders of ordinary shares are entitled to dividends. All shares have equal voting rights at meetings of the Company and rank equally with regard to the Company's residual assets on winding up.

21 Commitments

As at 30 June 2023 the Group had the following capital commitments:

- Buller Holdings Limited had a capital commitment to settle the purchase of a block of land for $1,000,000 (2022: $nil).
- WestReef Services Limited had no capital commitments (2022: $nil).
- Buller Recreation Limited has no capital nor operating lease commitments as lessee (2022: $nil).

22 Contingencies

There was $539,788 in Performance Bonds outstanding with Westpac as at 30 June 2023 (2022: $539,788).

There were no other known contingent assets or contingent liabilities outstanding as at 30 June 2023.

23 Related party transactions

(a) Parent entities

Buller Holdings Limited is a wholly owned subsidiary of Buller District Council.

(b) Directors

The names of persons who were directors of the Company at any time during the financial year are as follows: G R Allen, R F Burdekin, S W Grave, K J Sweetman and V C Van Uden. All of these persons were also directors during the year ended 30 June 2022.

(c) Key management personnel compensation

For the year ended 30 June 2023, total compensation for key management personnel amounted to $555,000 (2022: $502,000). The key management personnel are those with the greatest authority for the strategic direction and management of the Group.

	2023 $'000	2022 $'000
(d) Transactions with Buller District Council		
For the year ended 30 June:		
Service level fee received	**851**	851
Services received	**126**	109
Services provided	**15,208**	12,511
Interest paid	**101**	59
Interest payable	**101**	59
Subvention paid	**1,300**	1,300
Subvention payable	**1,137**	1,300
Balances as at 30 June:		
Amounts receivable	**1,959**	2,089
Loan payable	**(1,500)**	(1,500)
Amounts payable	**(27)**	-

The Group does not expect to receive tax losses from Buller District Council to offset against its taxable profits for the year ended 30 June 2023 (2022: $825,000).

24 Investments in subsidiaries

Material subsidiaries

The Group's principal subsidiaries at 30 June 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

The Group had the following subsidiaries at 30 June 2023:

Name	**Country of incorporation and place of business**	**2023**	**2022**
		%	**%**
WestReef Services Limited	New Zealand	100	100
Buller Recreation Limited	New Zealand	100	100

All subsidiary undertakings are included in the consolidation.

25 Events occurring after the reporting period

There were no events occurring subsequent to balance date that materially affect the consolidated financial statements.