



388 Main South Road, Paroa
P.O. Box 66, Greymouth 7840
The West Coast, New Zealand
Telephone (03) 768 0466
Toll Free 0508 800 118
Facsimile (03) 768 7133
Email info@wcr.govt.nz
www.wcrc.govt.nz

AGENDA AND SUPPORTING PAPERS FOR SPECIAL MEETING

21 DECEMBER 2018

DATE:	21 December 2018
TIME:	10.30 a.m.
VENUE:	Council Chambers West Coast Regional Council Offices 388 Main South Road Paroa
AGENDA:	Adoption of Audited Annual Report

THE WEST COAST REGIONAL COUNCIL

Prepared for: Special Council Meeting – 21 December 2018
Prepared by: Robert Mallinson – Corporate Services Manager
Date: 19 December 2018
Subject: ADOPTION OF AUDITED ANNUAL REPORT

The annual audit by Audit NZ commenced in late September 2018 and the on-site work was completed by mid-October 2018.

Factors beyond its control meant that Council was unable to adopt an audited Annual Report by the statutory deadline of 31 October 2018.

As Councillors have been previously advised, a significant issue that had to be addressed was the accounting for future Quarry Restoration liabilities, where the existing provision of \$70,000 was increased to \$398,000.

We knew that the associated Mining Rights had value but the initial Audit NZ position was that these values should not be brought onto our Balance Sheet, based on accounting standard that stipulated that "Intangible Assets" carried @ \$0 value cannot be revalued.

Following expert advice from PWC, and a lengthy review process by the Audit NZ Technical Review Group, it was agreed that Council would bring on balance sheet a matching asset of \$398,000.

The provision of \$398,000 will be reviewed from time to time and the \$398,000 Asset will be amortised @ approximately \$17,000 / annum commencing 1 July 2018. This provision will be affected by the disposal or surrender of any Council Quarries.

We also sought expert advice from PWC with regard to accounting for the PCR LP 51% shareholder buyout. The treatment of this transaction also had to be cleared by the Audit NZ Technical Review Group.

Other significant post balance date adjustments to the interim result previously reported for the year to 30 June included:

- Rolling back previous Quarry restoration interim increase in Quarry restoration provision of \$100,000 (i.e. took out the Income Statement impact).
- Upward adjustment of Quarry rock inventory by approximately \$78,000, mainly relating to Inchbonnie rock inventory following the end of year calculate & measure.
- Treatment of inducement payments regarding PCR LP 51% shareholder buyout of \$278,000 initially classified as on capital account as in fact on income account.

Despite Council's frustration with the slow process by the Audit NZ Technical Review Group, Council and Audit NZ staff have worked hard during the past few weeks to achieve final audit sign off prior to the Christmas shut-down.

RECOMMENDATION

That Council formally adopt pursuant to section 98 (1) of the Local government Act 2002 the audited Annual Report for the year to 30 June 2018.

Robert Mallinson
Corporate Services Manager