Ashburton Contracting Limited

ANNUAL REPORT

YEAR ENDED 30 JUNE 2024

Ashburton Contracting Limited

Your First Choice for Customers

Community & People

We Care We Grow We Deliver

ANNUAL REPORT
THE YEAR ENDED 30 JUNE 2024

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ANNUAL REPORT
THE YEAR ENDED 30 JUNE 2024
Directory

DIRECTORS	A S Lilley (Chairman) A D Barlass D R Cusack R A Pickworth C R Stewart (appointed 01 November 2023) D Prendergast (Retired 31 October 2023)
CHIEF EXECUTIVE OFFICER	K G Casey
SECRETARY	Mark Cousins CA
REGISTERED OFFICE	Gabites Limited Chartered Accountants 54 Cass St ASHBURTON
COMPANY NUMBER	CH 512584
NEW ZEALAND BUSINESS NUMBER	9429039092267
BANKERS	ANZ Bank Limited P O Box 112 ASHBURTON
SOLICITORS	Buddle Findlay Barristers and Solicitors P O Box 322 CHRISTCHURCH
ACCOUNTING and TAX ADVISORS	Ernst Young Level 4, 93 Cambridge Tce Christchurch 8013
AUDITORS	Audit New Zealand P O Box 2 CHRISTCHURCH On behalf of the Controller and Auditor-General
CONTACT US	Ashburton Contracting Limited Range St P O Box 264 ASHBURTON Phone 03 308 4039 Fax 03 308 0288 www.ashcon.co.nz

PERFORMANCE REPORT
For the Financial Year Ended 30 June 2024

It is with pleasure we present the Annual Review for the year ended 30 June 2024.

The company has produced a solid result for 2024 following two record years in 2022 and 2023, completing the financial year ended 30 June 2024 with a Parent pre-tax profit of $3.223m. When taking in account the share of the loss in our Associate, LHEP, the company made an overall profit before tax of $3.077m.

Total revenue for 2024 was $48.151m, which is an increase of $0.855m or 2% on last year. Key comments on our activities are as follows:

- Our civil contracting divisions in Ashburton and Rolleston have experienced an overall increase in revenue on last year. Ashburton activity, particularly for residential development has declined while Rolleston grew significantly with subdivison work underpinning that growth. Turnover in Ashbrton was underpinned by ADC Roading contracts which are very competitive. Staff were diverted into our Drainage operation to meet demand in that area.

- Sealing revenue was comparable with last year. The company was successful in winning the 2023-25 ADC reseals contract. 2023-24 was the first year of this contract. While the contract value stayed the same as last year, less work was carried out as a result of rises in bitumen prices and inflationary impacts on operating costs.

- Drainage revenue is up marginally over 2023 with a number of projects being carried out either directly for ADC or indirectly as a subcontractor. These included Water Renewals, Elizabeth St Sewer Renewals, ADC Water Meter upgrade and Mt Somers and Methven Water Treatment Plants for Mason Engineering. Our Drainage teams continue to perform well in this sector.

- Our Rural operation was back to 'business as usual' following two good years working for ANZCO and Ministry of Primary Industries at ANZCO Five Star feedlot. The current rural sector spend reductions have significantly impacted this area. The division has been supported by internal work winning raw feed at Lake Hood and the Ashburton River.

- Our Water Services operation has continued with its maintenance contract for Ashburton District Three Waters Contract. This is the fourth year of this contract which commenced on 1 July 2020 and runs for nine years. The Company continues to meet its contract KPIs. Our Water Services and Drainage operations were combined in January 2024 under one set of Management which has seen improvements in our operational delivery and capability.

- The Readymix concrete market has been impacted by the slow down in the residential construction sector. The large projects/commercial area of the market has seen very competitive pricing occurring although we have had good success in winning a number of jobs. Overall volume is slightly back on 2023. This combined with rising input costs for cement, aggregates and other operating costs have put presure on margins in this operation.

- Our Ashburton workshop and paint shop, and Timaru workshop business revenues have lifted again in 2024 with an improved result. The Timaru workshop continues to grow, expanding its customer base in the South Canterbury area.

  Our service agreements with Isuzu and Scania and very good working relationship continue to underpin volumes in our workshops although we do service a wide variety of makes, providing a diversity of income. We have had an increased focus on engaging external work in our Ashburton paint shop which started to pay dividends in the period. We now have three full time staff working in our purpose built facility, painting new and used trucks and items of plant.

PERFORMANCE REPORT
For the Financial Year Ended 30 June 2024

Staff
Staff numbers have remained consistent with last year with 162 at the end of the year compared with 154 last year. The Company paid $13.585m in wages and salaries and employment related costs including kiwisaver during the year. This is a 6% increase over last year's $12.756m which reflects pressure in the market for wage and salary increases as a result of high levels of inflation and a need for the Company to maintain its workforce capabilities.

The Company is in its second year of its people management and human resources strategy to improve staff retention. As part of this review, the Company carried out a comprehensive "Ask Your Team" survey of our people in 2023 to identify areas of improvement. The initial survey had an 83% response rate and an overall score of 66% which compares to external benchmarking of 65%. The Company repeated this survey in 2024 with an increased participation rate of 88% and an improvement in an overall rating to 71% which is very pleasing and an indication along with reduced staff turnover that we are heading in the right direction with our strategy.

Capital Expenditure
The Company continues to invest in its capital assets. The company purchased $2.923m of assets in 2024 (2023: $2.452m) and realised $0.057m in asset sales. Major asset purchases included a new Isuzu truck and trailer ordered in October 2022 $502k, Tipping trailer $176k, Hitachi 30t Excavator $385k, Hydravac $401k, 14t Excavator $220k and two signs trucks $287k and equipment for the Lake Hood Maintenance contract including the weed harvester of $297k.

Cash
The Company has had a net cash increase in the year of $0.395m (2023: -$0.365m), finishing with a closing cash balance of $3.478m. The Company generated $4.598m in cash from operations after paying $1.514m in tax, reinvesting $1.482m in LHEP to fund the purchase of the balance of the Stage 15 land from ADC and operating costs, and paying a final dividend in respect of the 2023 financial year of $1.384m along with the $0.113m reduction in term debt and $0.739m in lease costs. These outgoings were partly funded by the maturing of $2.0m of term deposits. Cash paid for our capital programme amounted to $3.183m.

Dividends
The Company paid a $1.384m final dividend in November 2023 in respect of the 2023 financial year.

The Company proposes to pay dividends of $1.300m in relation to the 2024 financial year.

Lake Hood Extension Project
The joint venture posted a loss for the year of $0.369m, ACL's share being $0.146m. The joint venture did not have stock of, or develop any sections during the year although it did sell a lot in Stage 14 which was returned after the purchasers were unable to settle. An impairment of $0.055m (2022: $1.055m) was recognised in the year following an independent valuation of the development lots.

The joint venture continued to manage Lake Hood on behalf of the Ashburton District Council under a management agreement during the year. This contract was terminated at 30 June 2024 as the ADC has taken over the responsibility for running of the Lake and its surrounds. The JV is working with ADC to transfer all the salient consents and operations to Council. ACL has been engaged under a five year contract to provide maintenance and weed cutting services to the ADC from 1 July 2024.

The JV settled the purchase of 10.76ha of land from the Ashburton District Council for the future development of Stage 15 (72 lots). This was settled in March 2024. A subdivision application has been approved but at this stage the Joint Venture has decided not to proceed with the development given tough market conditions for the sale of residential sections.

PERFORMANCE REPORT
For the Financial Year Ended 30 June 2024

Health & Safety

The Company has two performance targets in relation to Health & Safety under our SOI. Firstly, a year-on-year reduction in the Lost Time Injury Frequency Rate (LTIR) which for last year was 1.3 LTI's per 100,000 hours worked. At the end of the 2024 year we had 2 LTI's which gave an LTFR rate of 0.7 on 299,227 hours worked. The second is a year-on-year reduction in the Medical Treatment Injury Rate (MTIR). This was a rate of 2.7 injuries per 100,000 hours worked last year. In the current year we achieved 3 MTI's per 100,000 hours worked. The improvement in the LTI rate is very pleasing as we continue to have a high degree of focus on the health and wellbeing of our staff.

We have maintained our Environmental, Quality and Health & Safety accreditations during the year.

Community Support

The Company supports various organisations in the community with a mixture of sponsorship and donations. Sponsorships include Mid Canterbury JAB Rugby, Mid Canterbury Netball, Canterbury Westpac Helicopter Rescue, Cancer Society, Mid Canterbury Tennis, Scouting Mid Canterbury, MZME Childrens Christmas Party and a number of community events and child based events. In the current year donations and sponsorships totalled $29,958.

Sustainability

The Company is aware of its impact on the environment particularly in the area of carbon emissions. The Company has introduced lower carbon flyash as a cement substitute and is currently working on Solar Power options for Range Street. The Company is a high user of diesel and while there is lot of development going on, we have still not seen practical options in relation to our plant and truck fleet. We have purchased an EV for our EnviroTech Manager who was appointed during the year. We have an expanded commentary in Appendix A of this report.

Future Prospects

Uncertainty continues to exist in the economy and its recovery over the next year to 18 months with potential low or negative growth trends continuing, constrained government spending and the benefit and timing of interest rate reductions not yet conirmed along with energy issues and parts of the rural economy under pressure. The Company sees 2025 as a being a tougher trading year than the previous three years with increased competition from more contractors across all sectors of the civil construction market. While the concrete market iscontinues at similar levels to last year, constraints are being placed on maintenance in the transport industry with lower volumes of goods being carted. The Company has budgeted for a profit in 2025.

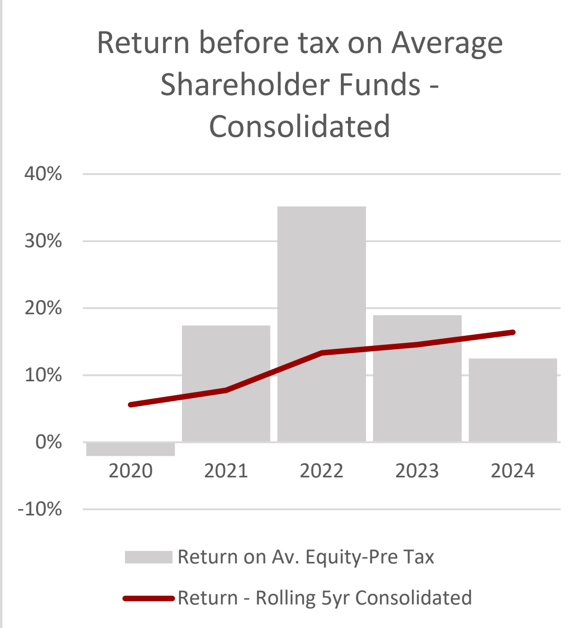
The Directors acknowledge the significant workload that has occurred across the business in the last year by people at all levels of the organisation.

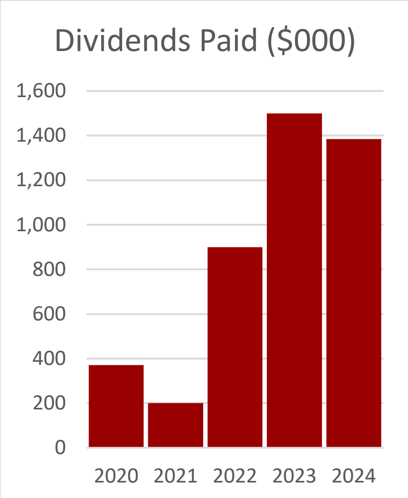
The Directors thank all staff for their efforts in the last year and their continued loyalty to ACL and its business goals.

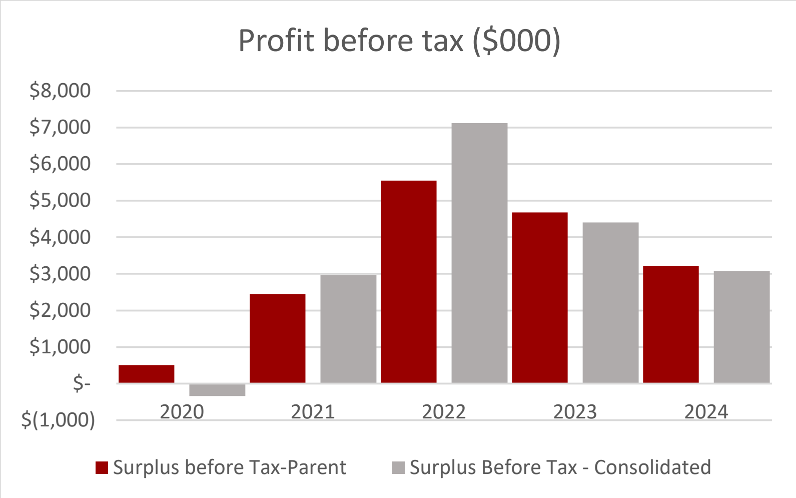
Alister Lilley
Chairman
25-Sep-24

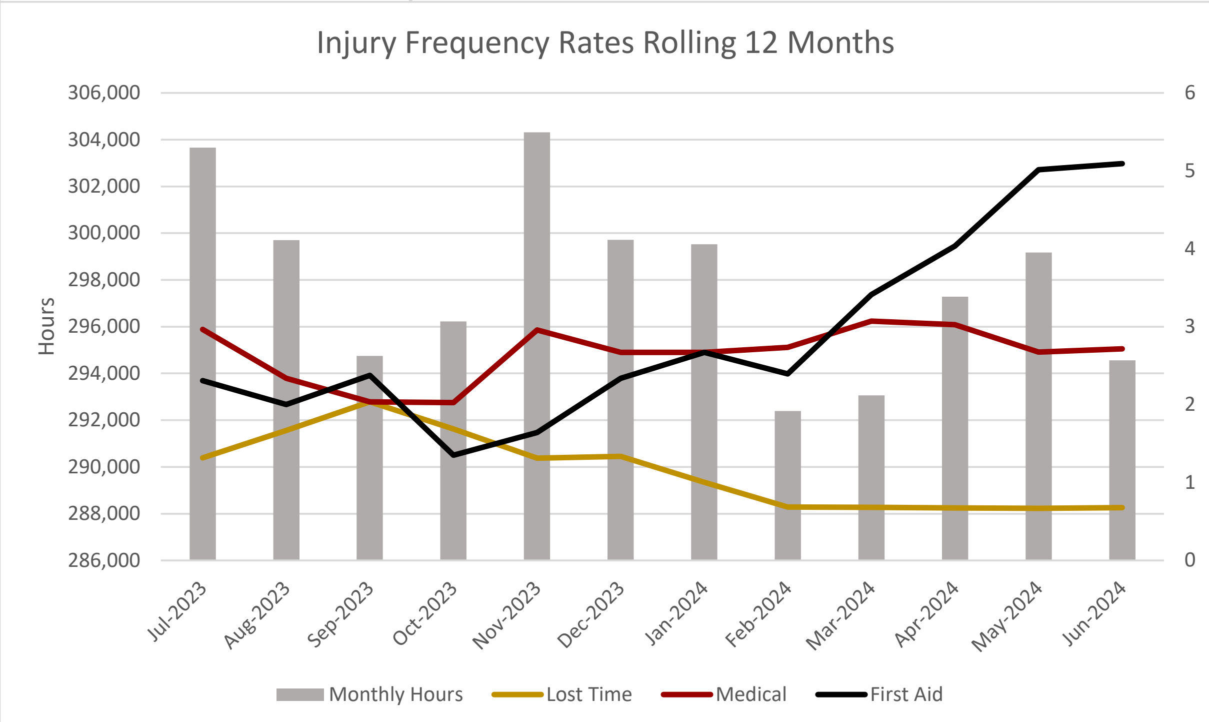
Gary Casey
Chief Executive Officer

REVIEW OF OPERATIONS









DIRECTORS' REPORT
THE YEAR ENDED 30 JUNE 2024

The Directors present their Annual Report for the year ended 30 June 2024 in compliance with Section 211 of the Companies Act 1993, presented under the New Zealand equivalent to the International Financial Reporting Standards Tier 1 Reporting Regime (NZ IFRS) and disclose the following information:

Activities

The Company's business includes contracting for physical works, both maintenance and construction, offering goods and services for sale and plant and equipment for hire. These activities occur predominantly in the Ashburton district and immediate surrounding areas. The general nature of the Company's activities has not changed in the year under review.

The Company's management status and structure changed from a management LATE to a full trading LATE effective from 1 April 1995 and from a trading LATE to a Council Controlled Trading Organisation on 1 July 2003.

Results

The state of the Company affairs as at 30 June 2024 is as follows:

		Change	2024	2023
			$000's	$000's
Total Assets	-	0.11%	38,542	38,586
Were financed by:				
Equity	+	4.43%	25,125	24,060
Liabilities	-	7.64%	13,417	14,526
			38,542	38,586

Dividends

The Company paid a fully imputed final dividend for 2023 in November 2023 of $1,384,000, The Company did not pay an interim dividend for the 2024 financial year. The Company proposes to pay dividends in respect of the 2024 financial year of $1,300,000 in 2025 financial year.

Directors and remuneration are as follows:	2024	2023
	$000's	$000's
A Lilley (Chairman)	75	70
A D Barlass	38	35
D R Cusack	38	35
R A Pickworth	38	35
C R Stewart (Appointed 01/11/2023)	26	-
D Prendergast (Retired 31/10/2023)	11	35
	226	210

Directors Insurance

The Company has arranged policies to indemnify all Directors, the Company Secretary, the Chief Executive Officer and the Chief Financial Officer against any liability incurred in the performance of their normal duties on the Company's behalf, limited to the value of the Company's net assets at the time the act or omission occurred.

Donations

Donations for the financial year totalled $7,569 (2023: $23,621). Sponsorship of other community organisations totalled $22,389 for 2024.

Company Information

The Board received no notices during the year from Directors to use Company information received in their capacity as Directors which they would not otherwise have available to them.

DIRECTORS' REPORT
THE YEAR ENDED 30 JUNE 2024

Remuneration of Employees

Remuneration bands for employees earning over $100,000 in the 30 June 2024 are as follows:

	2024	2023
$100,000 to $109,999	10	11
$110,000 to $119,999	11	2
$120,000 to $129,999	3	3
$130,000 to $139,999	4	4
$140,000 to $149,999	5	3
$150,000 to $159,999	3	3
$160,000 to $169,999	-	1
$170,000 to $179,999	-	1
$180,000 to $189,999	2	-
$220,000 to $229,999	-	1
$250,000 to $259,999	-	1
$260,000 to $269,999	1	-
$270,000 to $279,999	1	-
$490,000 to $499,999	1	1

Interests Register

Details of Directors interest in transactions can be found by reference to the Company's interests register. All transactions were conducted at arm's length on normal trading terms. Disclosure of transactions with Directors and entities which they are beneficial owners of are disclosed in Note 20, Transactions with Related Parties under Directors Interests.

Auditors

Audit New Zealand, as agent for the Auditor-General was appointed as the Company's auditor in accordance with Section 15 of the Public Audit Act 2001 and Section 70 of the Local Government Act 2002.

Audit Fees for the current financial year were $115,235 (2023 $95,023)

No other services were purchased from Audit New Zealand (2023 $Nil).

Conflicts of Interest

The Company closely monitors its Conflicts of Interest. A Conflicts of Interest Register is held for both Directors and Senior Management.

Both Craig Stewart, through a family trust, of which he is a trustee and beneficiary and Gary Casey (CEO) hold minor shareholdings in Fulton Hogan Ltd from staff share schemes while employed by Fulton Hogan Ltd. These have been disclosed under the Director and Senior Management Disclosure Schedule's. The Company works closely with Fulton Hogan Limited but considers that an actual conflict of interest is unlikely due to these shareholdings.

Alister Lilley is a member if the Electricity Ashburton Shareholders Committee and Andrew Barlass is a Director and Chairman of Electricity Ashburton Limited. The Ashburton District Council is a shareholder in Electricity Ashburton Limited. The Company carries out work for Electricity Ashburton which is tendered on an arms' length basis. Andrew Barlass is excluded from any discussion with regard to contracts.

For and on behalf of the Board

Director ______________________ Director ______________________

Date 25 September 2024

DIRECTORS' INTERESTS

The Directors of Ashburton Contracting Limited are Directors of the following companies:

Alister Stewart Lilley	Appliance Connexion Limited Cass Street Prioperties Limited Electraserve Limited Havelock Holdings Limited Score Pos Limited Smith & Church Appliances Limited
Darcy Prendergast (retired 31/10/2023)	Advanced Maintenance Limited Ashburton Tree Topping Limited Road Markers Otago Limited Spray Marks Road Marking Limited Traffic Management Services New Zealand Limited
Ross Anthony Pickworth	ElectroNet Services Ltd (ceased 18/08/2023) ElectroNet Technology Ltd (ceased 18/08/2023) ElectroNet Transmission Ltd (ceased 18/08/2023) Industrial Controls South Canterbury Ltd McLenaghan Contracting Limited Mitton ElectroNet Ltd (ceased 18/08/2023) Network Tasman Ltd Pipeline and Civil Limited Pipeline Group Ltd PLC Plant Limited Transwaste Canterbury Ltd Waiotahi Contractors Ltd West Oak Trading Ltd Westpower Ltd (ceased18/08/2023) Westroads Ltd
Andrew David Barlass	Ashburton Trading Society "Ruralco" (ceased 21/08/2023) ATS Fuel Limited (ceased 21/08/2023) Christchurch International Airport Limited EA Networks Limited Electricity Ashburton Limited Kowhai Barlass Trustee Limited Kowhai Farmlands Limited Pro-Active NZ Limited (ceased 21/08/2023) Ruralco NZ Limited (ceased 21/08/2023)
Darin Ronald Cusack	Absolute Solutions Group Limited Airways Corporation of NZ Limited Airways International Limited Auckland One Rail Limited Auckland Transport Limited Canterbury Cricket Association Civil Aviation Authority of NZ CSC Group Limited (Partner) DC & Co Limited Hawkes Bay Airport Limited Hawkes Bay Airport Construction Ltd (Ceased 20/08/2024) YHA New Zealand Limited
Craig Rodger Stewart	-

Statement of Accounting Policies and Disclosures for Financial Year 2024

Reporting Entity

Ashburton Contracting Limited (the "Company") is a Tier 1 for-profit company domiciled in New Zealand.

The Company is a Council Controlled Trading Organisation as defined in Section 6 (1) of the Local Government Act 2002, wholly owned by the Ashburton District Council and is a profit-oriented entity for financial reporting purposes.

The Company's business includes contracting for physical works, both maintenance and construction, offering goods and services for sale and plant and equipment for hire. These activities occur predominantly in the Ashburton district and immediate surrounding areas and may be undertaken in other geographical areas.

Statement of Compliance

The financial statements have been prepared in accordance with the Companies Act 1993, Local Government Act 2022, Generally Accepted Accounting Practice in New Zealand (NZ GAAP), the pronouncements of the Chartered Accountants of Australia and New Zealand and they comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis of Preparation

The financial statements are presented in New Zealand dollars, rounded to the nearest thousand. They are prepared on the historical cost basis, except for Land and Buildings, and certain other investments, which are stated at fair value.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except where otherwise stated.

Going Concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the financial statements.

New and amended standards and interpretations

NZ IFRS Standards and Interpretations that have recently been issued or amended but are not yet effective will be adopted in the period that application of the standard is required, however they are not expected to have a significant impact on the Company's financial statements.

Statement of Accounting Policies and Disclosures for Financial Year 2024

Property, Plant and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses, except for Land and Buildings which are valued annually by a registered valuer and are stated at fair value with Level 3 inputs.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

Further expenditures are added to cost only if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is charged to profit or loss on either straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Lower value assets (cost less than $50,000) are depreciated at the current maximum rates allowed by the Inland Revenue Department as these rates approximate the useful lives and residual values associated with these assets. Leasehold improvements are depreciated within the remaining term of the lease. Land is not depreciated. The residual value and useful life of an asset is reviewed, and depreciation rates adjusted if applicable, at each financial year-end.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Particulars	**Useful Life**
Buildings	14 – 50 years
Leasehold Improvements	14 - 20 years
Plant, Motor Vehicles & Equipment	2 – 38 years
Office Equipment & Fixtures	2 – 10 years
Land Improvements	20 years

Intangible Assets

Intangible assets acquired by the Company are stated at cost less accumulated amortisation and impairment losses. Amortisation of intangible assets with a finite life is charged to profit or loss on a straight-line basis over the estimated useful lives of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating-unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Statement of Accounting Policies and Disclosures for Financial Year 2024

Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. The recoverable amount of assets is the greater of their market value less cost to sell and value in use. 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 assets. For an asset that does not generate largely independent cashflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Goodwill is allocated to cash generating units and stated at cost less any accumulated impairment losses. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The amount of the impairment loss is measured as the difference between the assets carrying amount and the recoverable amount. An impairment loss in respect of goodwill is tested annually. Any impairment is not reversed in subsequent periods.

Software

Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. The useful life of software has been estimated and amortised between 3 to 10 years.

Resource Consents

Any resource consent issued is amortised over the life of the consent.

Impairment of non – financial assets

The carrying amount of the Company's assets other than inventories are reviewed at each balance date to determine whether there is any objective evidence of the indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss. For revalued assets the impairment loss is recognised in other comprehensive income for that asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in profit or loss.

Reversal of Impairment

Impairment losses are reversed when there is a change in the estimates used to determine the recoverable amount. For revalued assets the reversal of an impairment loss is recognised in other comprehensive income and credited to the revaluation reserve.

An impairment loss is reversed if there has been a change in the estimated use to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if not impairment loss had been recognised.

Inventories

Inventories are stated at the lower of cost or net realisable value using weighted average. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The write down from cost to net realisable value is recognised in the surplus or deficit in the Statement of Profit and Loss.

Statement of Accounting Policies and Disclosures for Financial Year 2024

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer, at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Civil construction and contracting

Civil construction and contracting services include drainage, sealing, asphalt laying, utilities and rural contracting.

Construction services within a contract are deemed to represent a single performance obligation, which is satisfied progressively over the construction period. Performance is measured using an output method, by reference to regular progress claims and assessments by client contract engineers.

Any expected loss on construction contracts is recognised immediately as an expense in profit or loss.

Any variable consideration, such as liquidated damages, included in the Company's revenue contracts is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Payment is due as specified in the payment schedules.

Rendering of services

Contracts for all other streams are comprised of one performance obligation, with revenue being recognised over time. Payment is generally due upon completion and acceptance by the customer. An input method (cost incurred) is used as a measure of progress.

Production and sale of goods

The Company earns revenue from the sale of goods, including ready-mix concrete, aggregates and vehicle parts.

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery. Payment is generally due based on standard 30-day trading terms.

Contract assets, contract liabilities and trade receivables

When a performance obligation is satisfied by transferring a promised good or service to the customer before the customer pays consideration or before payment is due, the Company presents the contract as a contract asset, unless the Company's rights to that amount of consideration are unconditional, in which case the Company recognises a receivable. Trade receivables are measured at the transaction price determined under NZ IFRS 15.

When an amount of consideration is received from a customer prior to the Company transferring a good or service to the customer, the Company recognises a contract liability.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Company applies the simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Statement of Accounting Policies and Disclosures for Financial Year 2024

Warranties

The Company provides for defects liability periods in accordance with NZ IAS 37.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of less than 3 months. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Investments

Investments in equity securities held by the Company are recorded at fair value through profit or loss.

Advances and other Financial Assets at Amortised Cost

The Company had provided an advance to the Lake Hood Extension project (LHEP), which was interest bearing and unsecured. The advance was repaid in full by LHEP during the 2021 financial year.

If there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. If there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the instrument.

Term Deposits

Term Deposits are recorded at cost at the time of investment and where interest is compounded then this is added to the Term Deposit when credited.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the Joint Venture are incorporated into these financial statements using the equity method of accounting.

Under the equity method an investment in a joint venture is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. 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 provided 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. The amount of any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates or substantively enacted at the balance date.

Current tax and deferred tax are charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income, in which case the tax is dealt with in other comprehensive income.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Statement of Accounting Policies and Disclosures for Financial Year 2024

Employee Entitlements

The Company has made provision in respect of entitlements for annual leave, long service leave and retirement gratuities. The provision is calculated on an actual entitlement basis at current rates of pay.

The Company recognises a liability for sick leave to the extent that compensated absences in the coming year are expected to be greater than sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date to the extent the Company anticipates it will be used by staff to cover those future absences.

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

Net Financing Costs

Net financing costs comprise interest payable on borrowings, interest receivable on funds invested and dividend income. Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Company's right to receive payment is established.

Trade and Other Payables

Trade and other payables are stated at amortised cost. Due to their short-term nature, they are not discounted.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Loans

Subsequent to initial recognition, loans are measured at amortised cost using the effective interest method.

Goods and Services Tax (GST)

All amounts are shown exclusive of GST, except for trade receivables and payables that are stated inclusive of GST.

Leases

Right-of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments at or before the commencement date less any lease incentives received.

The provision for restoration costs is an estimate of costs to be incurred in relation to restoring an asset to the condition required by the terms and conditions of leases entered into by the company.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful life of the assets as follows:

Buildings and Leasehold Improvements	0 to 20 years
Plant, Motor Vehicles and Equipment	0 to 5 years
Office Equipment & Fixtures	0 to 5 years

Statement of Accounting Policies and Disclosures for Financial Year 2024

Sublease right-of-use-assets

Subleases of right-of-use assets that do not transfer ownership of the assets to the lease by the end of the lease term are classified as operating leases. Income as an intermediate lessor from subleasing right-of-use assets is disclosed as gross revenue within other operating income.

Lease liabilities

At commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. These lease payments include fixed payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of an option reasonably certain to be exercised by the Company and penalties for terminating the lease, if the lease term reflects the Company's option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at lease commencement because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of the lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities.

Short term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e. those with a lease term of 12 months or less from the commencement date with no purchase option). The Company also applies the lease of low-value assets recognition exemption to leases of office equipment that are low value. Management has defined this as assets which are, when new, valued at $8,000 or less.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Revenue	1	48,151	47,296
Trading Expenses	2	(41,059)	(38,965)
Gross Profit		7,092	8,331
Other Operating Income		216	230
Administrative Expenses	2	(3,766)	(3,511)
Operating Profit before Financing Costs		3,542	5,050
Financial Income	3	230	158
Financial Expenses	3	(549)	(530)
Net Financing Costs		(319)	(372)
Parent Operating Profit		3,223	4,678
Share of Joint Venture Surplus/(Deficit)	26	(146)	(271)
Profit before Tax		3,077	4,407
Income tax Subvention payment	4	(77)	-
Income tax Expense	4	(656)	(1,241)
Total Tax Expense		(732)	(1,241)
Profit after Tax		2,345	3,166
Other Comprehensive Income			
Revaluation Gain/(Loss) on Land and Buildings	5	124	(24)
Defered Tax on Revaluation of Buildings	4	(20)	(18)
Other Comprehensive Income for the Period after Tax		**104**	(42)
Total Comprehensive Income		**2,449**	3,124

The accompanying notes and policies form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Equity at the start of the year		24,060	22,435
Profit for the Period		2,345	3,166
Other Comprehensive Income		104	(42)
Total Comprehensive Income for the Period		2,449	3,124
Dividends Paid		(1,384)	(1,500)
Equity at the end of the year	14	25,125	24,060

The accompanying notes and policies form part of the financial statements

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2024

		Notes	2024	2023
			$'000	$'000
ASSETS				
	Non-Current Assets			
	Property, Plant & Equipment	5	15,578	14,135
	Right of Use Assets	6	5,322	5,741
	Participation in Joint Venture	26	3,413	2,079
	Investment	8	10	10
	Intangibles	9	161	107
	Goodwill	27	488	488
			24,973	22,560
	Current Assets			
	Cash & Cash Equivalents	10	3,479	3,084
	Term Deposits	11	-	2,000
	Receivables & Prepayments	12	5,824	6,819
	Inventories	13	1,819	1,683
	Contract assets	28	2,447	2,440
			13,569	16,026
	TOTAL ASSETS		38,542	38,586
EQUITY				
	Share Capital	14	4,500	4,500
	Retained Earnings	14	18,471	17,511
	Capital Reserve	14	373	372
	Revaluation Reserve	14	1,781	1,677
			25,125	24,060
LIABILITIES				
	Non-Current Liabilities			
	Provision for Employee Entitlements	16	52	63
	Lease Liability	7	5,733	5,848
	Term Loans	17	1,468	1,577
	Deferred Tax Liability	4	560	580
			7,813	8,068
	Current Liabilities			
	Bank Overdraft	10	1	1
	Provision for Employee Entitlements	16	1,105	1,261
	Lease Liability – Current Portion	7	286	450
	Term Loans – Current Portion	17	117	121
	Accounts Payable & Accruals	18	3,920	3,706
	Tax Payable	4	174	919
			5,604	6,458
	TOTAL LIABILITIES		13,417	14,526
	TOTAL EQUITY & LIABILITIES		38,542	38,586

The financial statements were approved and authorised for issue on 25 September 2024
for and on behalf of, the Board:

Director

The accompanying notes and policies form part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $'000	2023 $'000
Cash Flows from Operating Activities			
Cash receipts from customers		49,048	45,988
Cash paid to suppliers and employees		(42,783)	(41,517)
Cash generated from operations		6,265	4,471
Income taxes paid		(1,439)	(2,381)
Interest Paid		(95)	(83)
Interest Paid Lease Liability		(451)	(447)
Net GST movement		318	(417)
Net Cash from Operating Activities	23	4,598	1,143
Cash Flows from Investing Activities			
Proceeds from sale of property, plant & equipment		57	140
Interest received		230	158
Acquisition of property, plant & equipment		(3,183)	(2,126)
Acquisition of intangibles		(83)	(44)
Maturity/(Purchase) of ANZ Bank Term Deposit		2,000	(2,000)
Cash Distributions (to)/from LHEP		(1,482)	4,162
Dividends Received		43	66
Net Cash from Investing Activities		(2,418)	356
Cash Flows from Financing Activities			
Repayment of borrowing		(113)	(116)
Proceeds from borrowing			0
Lease Liability		(288)	(248)
Dividends paid		(1,384)	(1,500)
Net Cash from Financing Activities		(1,785)	(1,864)
Net Increase/(Decrease) in Cash & Cash Equivalents		395	(365)
Add Opening Cash & Cash Equivalents brought forward		3,083	3,448
Closing Cash & Cash Equivalents carried forward	10	3,478	3,083

The accompanying notes and policies form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Revenue from contracts with customers

	2024 $'000	2023 $'000
Disaggregated revenue information		
Type of good or service		
Construction and contracting	19,732	20,578
Rendering of services	19,410	18,079
Production and sale of goods	9,009	8,639
Total revenue from contracts with customers	48,151	47,296

2 Trading & Administration Expenses

	2024 $'000	2023 $'000
Trading Expenses		
Materials and consumables	16,653	15,949
Net loss on sale of property, plant & equipment	17	53
Short term & low value leases	66	78
Personnel expenses	11,654	10,940
Other trading expenses	12,669	11,945
Total Trading Expenses	41,059	38,965
Administration Expenses		
Audit fees	115	95
Directors fees	226	210
Bad debts	64	0
Short term & low value leases	3	4
Personnel expenses	1,931	1,816
Other administrative expenses	1,427	1,386
Total Administration Expenses	3,766	3,511
Personnel Expenses included in Trading and Administration Expenses		
Wages and salaries	13,220	12,411
Contributions to defined contribution plans	15	15
Contributions to Kiwisaver	341	319
Increase/(decrease) in liability for long service leave	9	11
Total Personnel Expenses	13,585	12,756

3 Net Financing Costs

	2024 $'000	2023 $'000
Interest income	230	158
Interest expense	(98)	(83)
Interest expense on lease liabilities	(451)	(447)
Net Financing Costs	(319)	(372)

4 Taxation

	2024	2023
	$'000	$'000
Reconciliation of effective tax rate		
Profit before tax	3,077	4,407
Tax @ 28%	862	1,234
plus/(less) tax effect of:		
Non-deductible expenses/(non-taxable gains)	9	5
Temporary differences not previously recognised	(48)	(1)
Reversal of Prior Year Overprovision	(79)	(2)
Tax Credits	(12)	5
Income Tax expense reported in profit & loss	732	1,241
Recognised in the income statement		
Current year tax payable	781	1,322
Relating to origination/reversal of temporary differences	30	(79)
Deferred Tax Prior Year Adjustment	(69)	(30)
Overprovision of Prior Year Tax	(10)	28
Total income tax expense in the income statement	732	1,241
Amounts charged or (credited) through Other Comprehensive Income		
Revaluation of property, plant & equipment.	20	18
	20	18
Movement in tax payable / (refund)		
Balance at the start of the year	(919)	(2,002)
Taxation paid / (refunded)	1,439	2,376
(Overprovision)/under provision prior year	87	11
Provided for this year	(781)	(1,304)
Balance at the end of the year-(payable)/refund due	(174)	(919)
Imputation credits available for use in subsequent periods	7,002	6,828

Deferred Tax assets/(liabilities)

2024	Opening Balance	Recognised in Income	Recognised in Other Compre-hensive Income	Closing Balance
	$'000	$'000	$'000	$'000
Plant, Property & Equipment	(819)	61	(20)	(778)
Employee Benefits	232	15	-	247
Retentions	(252)	(34)	-	(286)
Capitalised Interest	(181)	0	-	(181)
Provisions	290	(38)	-	252
Intangible Assets	(6)	(2)	-	(8)
Finance Leases	156	38	-	194
	(580)	40	(20)	(560)

2023	**Opening Balance**	**Recognised in Income**	**Recognised in Other Compre-hensive Income**	**Closing Balance**
	$'000	**$'000**	**$'000**	**$'000**
Plant, Property & Equipment	(820)	19	(18)	(819)
Contract Assets	259	(27)	-	232
Employee Benefits	(235)	(17)	-	(252)
Retentions	(182)	1	-	(181)
Capitalised Interest	254	36	-	290
Provisions	(4)	(2)	-	(6)
Intangible Assets	114	42	-	156
Finance Leases	1	(1)	-	-
	(613)	51	(18)	(580)

5 Property, Plant & Equipment

2024	**Leasehold Improve-ment**	**Land & Buildings (Valuation)**	**Motor Vehicles**	**Plant**	**Office Equip-ment**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
<u>Cost/Valuation</u>			-			
Opening Balance	1,369	2,399	17,130	7,683	586	29,167
Purchases	15	-	2,350	467	91	2,923
Transfers	(2)	1	20	(101)	(58)	(140)
Disposals	-	-	(81)	(226)	(116)	(423)
Valuations	-	100	-	-	-	100
Closing Balance	1,382	2,500	19,419	7,822	503	31,627
<u>Depreciation/Impairment Losses</u>						
Opening Balance	339	-	9,871	4,323	499	15,032
Depreciation for the year	86	19	941	414	69	1,529
Impairment Losses	-	-	14	10	15	39
Transfers	(74)	-	34	(45)	(59)	(144)
Valuations	-	(19)	-	-	-	(19)
Disposals	-	-	(73)	(200)	(115)	(388)
Closing Balance	351	-	10,787	4,502	409	16,049
<u>Carrying Amounts</u>						
At 30 June 2023	**1,030**	**2,399**	**7,259**	**3,360**	**87**	**14,135**
At 30 June 2024	**1,031**	**2,500**	**8,632**	**3,320**	**94**	**15,578**

2023	Leasehold Improvement	Land & Buildings (Valuation)	Motor Vehicles	Plant	Office Equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost/Valuation						
Opening Balance	1,177	2,335	16,457	7,314	561	27,844
Purchases	192	107	1,448	616	61	2,424
Transfers	-	-	-	-	-	-
Disposals	-	-	(775)	(247)	(36)	(1,058)
Valuations	-	(43)	-	-	-	(43)
Closing Balance	1,369	2,399	17,130	7,683	586	29,167
Depreciation/Impairment Losses						
Opening Balance	261	-	9,763	4,128	460	14,612
Depreciation for the year	78	17	741	406	75	1,317
Impairment Losses	-	-	(5)	(4)	-	(9)
Transfers	-	-	-	-	-	-
Valuations	-	(17)	-	-	-	(17)
Disposals	-	-	(628)	(207)	(36)	(871)
Closing Balance	339	-	9,871	4,323	499	15,032
Carrying Amounts						
At 30 June 2022	**916**	**2,335**	**6,694**	**3,186**	**101**	**13,232**
At 30 June 2023	**1,030**	**2,399**	**7,259**	**3,360**	**87**	**14,135**

ANZ National Bank Limited has a registered first mortgage over 6 Dobson St West, Ashburton and a first ranking general security over the balance of the assets of the company.

Valuation of Land and Buildings

The carrying amount of Land and Buildings is the fair value of the property as determined by McLeod Valuation and Consulting Ltd, a registered independent valuer having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. Fair value was determined by taking into consideration both the Income and Replacement techniques. The current market rental of the premises and the location, quality and type of properties, the lease arrangements and quality of the tenants of comparative properties were considerations of determining the similar market rental assessment as well as similar property sales. The Investment Method including Level 3 inputs has regard to recent market transactions for similar properties in the same location as the Company's property. The Investment Method reflects market dynamics and more closely reflects market value. The replacement method involves the depreciated replacement costs of the buildings plus the underlying land value. This method was used more as a guide or check as it does not consider wider market factors. The land value incorporates a reasonable portion of this property's value and has been analysed from commercial property sales which have occurred within the area for direct comparison purposes of assessed land values. The valuation was completed as at 30 June 2024. A 0.25% change in capitalisation rates makes a +/- $41k difference in valuation.

Had ACL freehold Land & Buildings been measured on a historical cost basis, their carrying amount would have been as follows:

Net Book Value of Revalued Land & Improvements	2024	2023
	$'000	$'000
Land	38	38
Buildings and Improvements	521	541
Total	**559**	**579**

Impairment of Property, Plant and Equipment

Management and the Board carried out a review for indicators of impairment of property, plant and equipment. As a result of this review the Company impaired PPE by $0.034m (2022: $0.042m).

6 Right of Use Assets

ACL has contracts for various items of property, motor vehicles, plant and other equipment used its operations. Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the period.

	Land & Buildings	Motor Vehicles	Plant	Other	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 July 2023	5,702	21	-	18	5,741
Additions	-	-	-	24	24
Disposals	-	-	-	(15)	(15)
Adj. arising from lease modifications	-	-	-	-	-
Depreciation Expense	(403)	(18)	-	(7)	(428)
As at 30 June 2024	5,299	3	-	20	5,322
Carrying Amounts					
At 30 June 2023	**5,701**	**21**	**-**	**18**	**5,741**
At 30 June 2024	**5,299**	**3**	**-**	**20**	**5,322**

7 Lease Liability

ACL is committed to a total of $6.019m in all lease liability payments. The remaining time of property leases is between 1 and 16 years, vehicle leases have less than one year remaining and the printer/copier has four years remaining. During the financial year one new lease arrangements were secured; a new photocopier lease was put in place (5 Years). Set out below are the carrying amounts of the lease liabilities and the movements during the period. Where leases have rights of renewals, management have determined that ACL will take up all rights of renewal and these have been included in the lease liability calculations.

	Land & Buildings	Motor Vehicles	Plant	Other	Total
	$'000	$'000	$'000	$'000	$'000
As at 1 July 2023	6,254	24	-	20	6,298
Leases added	-	-	-	24	24
Lease interest	448	1	-	2	451
Adj. arising from rent market review	-	-	-	-	
Adj. arising from lease modifications	-	-	-	(17)	(17)
Lease payments	(708)	(21)	-	(8)	(737)
As at 30 June 2024	5,994	4	-	21	6,019

	2024	2023
Lease Liabilities	**$'000**	**$'000**
Opening Balance	6,298	6,053
Additions	24	197
Adjustments reating to lease modifications	(17)	-
Adj. arising from rent market review	-	295
Accretion of interest	451	447
Payments	(737)	(694)
Closing Balance	**6,019**	**6,298**
Current	286	450
Non-current	5,733	5,553
	6,019	**6,003**

	2024	2023
Lease Liability Maturity (Future Payments)	**$'000**	**$'000**
Within 1 Year	699	738
2 - 5 Years	2,614	2,647
Greater than 5 Years	6,704	7,340
Total Future Payments	**10,017**	**10,725**

	2024	2023
The following amounts are recognised in the Profit or Loss:	**$'000**	**$'000**
Depreciation expense of right-of-use assets	428	398
Interest expense on lease liabilities	451	447
Expenses relating to leases of low-value assets	70	84
Rent received on subleased right-of-use assets	(60)	(60)
Total amount recognised in the (Profit) or Loss	**889**	**869**

8 Investments

	2024	2023
	$'000	**$'000**
Electricity Ashburton Limited - Shares (100 @ $1.00 each)	-	-
New Zealand Plumbers Merchants - Shares (10,000 @ $1.00 each)	10	10
	10	**10**

Electricity Ashburton Ltd shares are recognised at fair value through profit or loss. They are held as part of the company's power supply arrangements and are redeemable at cost, if the company ceases using power supplied over the EA electricity network.

New Zealand Plumbers Merchant shares are recognised at fair value through profit or loss. The shares are redeemable at cost.

9 Intangible Assets

2024	**Software**	**Resource Consents**	**WIP**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Cost/Valuation				
Opening Balance	402	151	-	553
Purchases	55	33	-	88
Disposals	(22)	(67)	-	(89)
Closing Balance	435	117	-	552
Amortisation/Impairment				
Opening Balance	334	112	-	446
Amortisation for the year	22	11	-	33
Disposals	(22)	(66)	-	(88)
Closing Balance	334	57	-	391
Carrying Amounts				
At 30 June 2023	**68**	**39**	-	**107**
At 30 June 2024	**101**	**60**	-	**161**

2023	**Software**	**Resource Consents**	**WIP**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Cost/Valuation				
Opening Balance	383	137	-	520
Purchases	30	14	-	44
Disposals	(11)	-	-	(11)
Closing Balance	402	151	-	553
Amortisation/Impairment				
Opening Balance	314	103	-	417
Amortisation for the year	31	9	-	40
Disposals	(11)	-	-	(11)
Closing Balance	334	112	-	446
Carrying Amounts				
At 30 June 2022	**69**	**34**	-	**103**
At 30 June 2023	**68**	**39**	**0**	**107**

10 Cash & Cash Equivalents

	2024	2023
	$'000	**$'000**
Bank Balances	1,108	458
Call Account and Till Floats	2,355	2,626
Retentions Account	16	0
Cash & Cash Equivalents	3,479	3,084
Bank Overdraft	(1)	(1)
Cash & Cash Equivalents in the Statement of Cash Flows	**3,478**	**3,083**

The Company has overdraft facilities with the ANZ Bank New Zealand Limited of $3,275,000 (2023: $3,275,000). The effective interest rate on call deposits was **3.75%** (2023: 1.10% to 3.75%). The effective interest rate on overdraft facilities was 8.96% to 9.46% (2023: 6.46% to 8.96%). The Retentions account represents amounts held in relation to retentions due to sub-contractors under the Construction Contracts Act 2002.

11 Term Deposits

	2024	2023
	$'000	**$'000**
Term Deposits	-	2,000

All deposits were repaid to the Company during the year. Opening deposits were as follows:

	Term	Maturity Date	Rate	Amount Invested
ANZ Term Deposit 00	180 Days	31/10/2023	5.35%	1,000,000
ANZ Term Deposit 01	270 Days	29/01/2024	5.40%	1,000,000

Term deposits were with the ANZ Bank Ltd, are not traded and are therefore not subject to market risk.

12 Receivables & Prepayments

	2024	2023
	$'000	**$'000**
Trade Accounts Receivable	4,693	5,803
Retentions	1,037	897
Prepayments	171	170
Sundry Debtors	-	17
	5,901	6,887
Allowance for expected credit losses on contract balances	(77)	(68)
	5,824	**6,819**
Trade Receivables ageing analysis		
Not past due	3,800	3,502
Past due 0-30 Days	303	709
Past due 31-60 days	273	361
Past due over 61 days	317	1,231
Total	**4,693**	**5,803**

Refer to note 19 for credit risk and liquidity risk of Receivables.

2024	**Individually Impaired**	**Expected Credit Losses**	**Total**
	$'000	**$'000**	**$'000**
Movements in Provision for Impairment of Receivables			
Opening Balance	39	29	68
Charge for the year	36	41	77
Utilised	(34)	(20)	(54)
Unused amounts reversed	(4)	(10)	(14)
Discount rate adjustment	-	-	-
Closing Balance	37	40	77

2023	**Individually Impaired**	**Expected Credit Losses**	**Total**
	$'000	**$'000**	**$'000**
Movements in Provision for Impairment of Receivables			
Opening Balance	12	30	42
Charge for the year	39	29	68
Utilised	-	-	-
Unused amounts reversed	(12)	(30)	(42)
Discount rate adjustment	-	-	-
Closing Balance	39	29	68

13 Inventories

	2024	**2023**
	$'000	**$'000**
Aggregates	1,212	1,179
Cement	26	16
Contract Inventory	64	111
Fuel	37	35
Services/Plumbing	280	270
Sealing	11	25
Workshops	817	804
Total Inventories	**2,447**	**2,440**

No inventories are pledged as security for liabilities; however, some inventories may be subject to retention of title clauses. The cost of Inventories recognised as an expense includes $438,391 (2023: $491,520) in respect of write downs of inventory to net realisable value, which mainly relates to workshop stock.

14 Equity

	2024	2023
	$'000	$'000
Share Capital		
4,500,000 issued and paid up ordinary shares at incorporation	4,500	4,500
	4,500	4,500
Retained Earnings		
Balance at the start of the year	17,511	15,844
Net Profit after tax	2,345	3,167
Less Dividends Paid	(1,384)	(1,500)
Less Transfer to Capital Reserve	(1)	0
Balance at the end of the year	18,470	17,511
Capital Reserve*		
Balance at the start of the year	372	372
Realised gain on sale of property, plant and equipment	1	-
Balance at the end of the year	373	372

*This represents capital gains on sale of PPE distributable tax free in event of the Company being wound up.

	2024	2023
Land & Buildings Revaluation Reserve		
Balance at the start of the year	1,677	1,719
Disposals		-
Revaluation of Land & Buildings	124	(24)
Deferred Tax on Buildings	(20)	(18)
Balance at the end of the year	1,781	1,677
TOTAL EQUITY	**25,125**	**24,060**

ACL has 4,500,000 authorised, issued and fully paid shares, with $1.00 value each. All shares carry the same voting rights. None of the shares carry fixed dividend rights. No new shares were issued.

15 Capital Management

The company's capital is its equity, comprised of share capital, retained earnings and reserves and represented by net assets. It is the company's intention to maintain sufficient capital to provide security for the existing level of operations and the flexibility for future growth opportunities. The company pays dividends after considering profitability and future investment requirements. The Board of Directors determines the dividends payable after considering the group's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

16 Provision for Employee Entitlements

Annual leave, Long Service Leave, Sick Leave and Gratuities

	2024	2023
	$'000	$'000
Current Portion	1,105	1,262
Non-Current Portion	52	63
	1,157	**1,325**

17 Term Loans

ANZ Bank New Zealand Ltd	Interest Rate	Maturity	2024 $'000	2023 $'000
Loan No. 1026 Fixed to 30/08/2024	4.94%	14-Aug-26	1,000	1,000
Loan No. 1030 Floating	8.35%	14-Aug-26	586	698
Total Term Loans			**1,586**	**1,698**

Repayment Periods			
Less than six months	Current	57	60
Six to twelve months	Current	60	61
One to two years	Term	127	259
Two to five years	Term	1,342	1,318
		1,586	**1,698**

Debt Liability Reconciliation		
Debt at beginning of the year	1,698	1,814
Interest charged	97	83
Payments made including interest	(209)	(199)
Debt at end of the year	**1,586**	**1,698**

Security

ANZ Bank New Zealand Limited has a registered first mortgage over 6 Dobson Street West and a first ranking general security over the assets of the Company.

18 Accounts Payable & Accruals

	2024 $'000	2023 $'000
Trade Payables and accruals	2,778	2,848
Retentions	16	-
	2,794	2,848
Provision for defects liability	573	545
Customer Deposits Received	3	22
Other payables & GST	550	291
	3,920	**3,706**

19 Financial Instruments

The Company is party to financial instrument arrangements as part of its everyday operations. These instruments include banking funds, investments, receivables, payables and borrowings.

Credit Risk

Financial instruments, which potentially subject the Company to credit risk principally, consist of bank balances and accounts receivable. The Company considers that its exposure to bank risk is low as it banks with one of the four major banks in New Zealand. Trade receivables are subject to credit verification and are monitored very closely on an ongoing basis. As a result, credit risk for the financial instruments below is considered to be low.

	2024	2023
	$'000	**$'000**
Contract assets	2,447	1,683
Cash and Cash Equivalents	3,478	3,083
Term Deposits of > 3 months duration	-	2,000
Trade Accounts Receivable and Other Receivables	5,824	6,819
	11,749	**13,585**

Concentration of Credit Risk

The Company is exposed to concentration of credit risk in respect of accounts receivable balances including retentions. The risk on amounts due from accounts receivable balances is considered minimal, no collateral is held on these amounts. Significant accounts receivable balances greater than $100,000 net of GST are listed below:

		2024	2023
		$'000	**$'000**
ADC including retentions		1,166	915
Fulton Hogan Ltd		494	-
Carston Developments Ltd		285	-
Benz 2007 Ltd		271	-
Bartlett Concrete Ltd		253	-
Ruralco		157	187
Christchurch Property Group Ltd		143	143
Mike Greer Homes Ltd		127	-
BCEF Ltd		125	-
O G Singh Ltd		123	-
Scania NZ Ltd		112	-
Goulds Developments Ltd retentions not due		101	-
Camrose Estate Ltd including retentions not due	*1	80	1,881
Mason Engineers Ltd		-	267
EA Networks		-	118
		3,437	**3,511**

*1 The Company agreed to a deferral of payment related to work carried out for Camrose Estates Ltd and its subdivisions. Interest was charged on the outstanding amount on a daily basis. Payment is due on obtaining proceeds from titles on the subdivision. Since balance date Camrose has repaid the full amount due.

Liquidity Risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an on-going basis. In general, the Company generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has credit lines in place to cover potential shortfalls.

2024	**< 6 months**	**6-12 mnths**	**1-5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Liquid Financial Assets				
Cash and Cash Equivalents - ACL	3,479	-	-	3,479
Trade Accounts and Other Receivables	5,214	370	146	5,730
	8,693	370	146	9,209
Financial Liabilities				
Bank Overdraft	(1)	-	-	(1)
Accounts Payable and Accruals	(2,778)	(16)	-	(2,794)
Term Loans including Interest	(57)	(60)	(1,469)	(1,586)
	(2,836)	(76)	(1,469)	(4,381)
Net Inflow/(Outflow)	**5,857**	**294**	**(1,323)**	**4,828**

2023	**< 6 months**	**6-12 mnths**	**1-5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Liquid Financial Assets				
Cash and Cash Equivalents - ACL	3,084	-	-	3,084
Trade Accounts and Other Receivables	6,199	245	256	6,700
	9,283	245	256	9,784
Financial Liabilities				
Bank Overdraft	(1)	-	-	(1)
Accounts Payable and Accruals	(2,848)	-	-	(2,848)
Term Loans including Interest	(100)	(100)	(1,727)	(1,927)
	(2,949)	(100)	(1,727)	(4,776)
Net Inflow/(Outflow)	**6,334**	**145**	**(1,471)**	**5,008**

Interest Rate Risk

Interest rates on Term Loan borrowings are disclosed in Note 17. They are a mixture of floating and short term fixed rates. The current expectation is that interest rates will fall over the next year although timing is uncertain. A change in interest rates of 0.25% equates to $4,000. Cash and Cash equivalents and Bank Overdraft are subject to interest rate risk. The Company had total non-fixed interest payments of $42.5k (2022: $377k) and non-fixed interest received of $180k (2023: $158k) during the financial year. Total exposure to fixed rate term loans is $1m (2022: $1.698m).

Credit Facilities

The Company has formal overdraft facilities with the ANZ Bank New Zealand Limited of $3.275m (2023: $3.275m). The Company also has loan financing in place as disclosed in Note 17.

Fair Values

The estimated fair values of the financial instruments are the carrying amounts as stated in the Balance Sheet and are based on inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Sensitivity Analysis

The Company had $1.585 of term borrowings at 30 June 2024 of which $1 is fixed to 30 August 2024. The Company intends to fix this at 7.62% or lower for one year at expiry. The balance, $585k has been fully repaid since Balance date. This loan was on floating rate of 8.35%. The Company intends to repay this loan from cash reserves in August 2024.

20 **Transactions with Related Parties**

The company is wholly owned by Ashburton District Council. No related party debt has been written off or forgiven during the year. All transactions were conducted at arm's length on normal trading terms. Transactions with related parties are as follows:

	2024 $'000	2023 $'000
Ashburton District Council		
Services provided (by) Ashburton District Council (1)	(149)	(40)
Services provided to Ashburton District Council (1)	13,765	11,768
Accounts payable to Ashburton District Council (2)	(6)	(3)
Accounts receivable from Ashburton District Council (2)	657	498
Construction contract claims included in Contract assets in relation to Ashburton District Council (1).	344	359
Dividends paid to Ashburton District Council	(1,384)	(1,500)
Subvention payments made by ACL to Ashburton District Council	(77)	-
Lake Hood Extension Project (LHEP)		
Services provided (by) LHEP (1)	(120)	-
Services provided to LHEP (1)	392	445
Construction contract claims in Contract Assets not approved for payment at balance date (1)	-	-
Income in Contract Assets in relation to future Stage 15 not yet claimed from LHEP (1)	150	150
Accounts receivable from LHEP (2)	38	35
Directors Interests (GST Inclusive)		
Services/Goods provided to A Lilley	-	-
Services/Goods provided (by) Smith & Church (4)	(1)	-
Services/Goods provided to Smith & Church (4)	-	2
Services/Goods provided (by) Electraserve (4)	(7)	(2)
Services/Goods provided to Electraserve (4)	-	-
Services/Goods provided to C Stewart	-	-
Services/Goods provided (by) C Stewart	(2)	-
Services/Goods provided to Foley Plumbes Ltd	-	-
Services/Goods provided to R Pickworth	-	-
Services/Goods provided to A Barlass	104	-
Services/Goods provided to Kowhai Farmlands Ltd (5)	230	-
Services/Goods provided to D Prendergast (Retired 31/10/2023)		-
Services/goods provided (by) Spraymarks Group Companies (3)	(302)	(106)
Services/goods provided to Spraymarks Group Companies (3)	28	4
Accounts due (to) Spraymarks Group Companies (3)	-	(21)
Accounts due from Spraymarks Group Companies (3)	-	-
Accounts due from Ashburton Tree Topping (3)	-	47
Services/goods provided to Ashburton Tree Topping (3)	-	304

Management Interests (GST Inclusive)		
Services/Goods provided to K G Casey (Chief Executive Officer)	3	9
Services/Goods provided from K G Casey (Chief Executive Officer)	(1)	(2)
Accounts receivable from K G Casey (Chief Executive Officer)	-	-
Services/Goods provided to G Bonniface (Chief Financial Officer)	-	-
Services/Goods provided (by) G Bonniface (Chief Financial Officer)	(2)	(1)
Services/Goods provided to T Bain (General Manager – Civil)	1	-
Services/Goods provided (by) T Bain (General Manager – Civil)	-	-
Services/Goods provided to J Jolly (HR and Compliance Manager)	1	1
Services/Goods provided from J Jolly (HR and Compliance Manager)	(1)	(2)

	2024 $'000	2023 $'000
Key Management Personnel Compensation (6):		
Short-term employment benefits	1,334	1,275
Post-employment benefits	31	30
Termination benefits	-	-
Other long-term benefits	-	-
	1,365	**1,305**

(1) Amounts are GST exclusive

(2) Accounts payable/receivable to/from are stated GST inclusive

(3) Companies where D Prendergast is the beneficial owner including Spraymarks Engineering Ltd, Spraymarks Road Marking Ltd, Spraymarks Traffic Management Ltd and Ashburton Tree Topping Ltd.

(4) Companies where A Lilley is the beneficial owner including Electraserve Limited and Smith & Church

(5) Entities associated with A Barlass as beneficial owner or beneficiary including Kowhai Farmlands Limited

(6) Key Management personnel comprise the Directors, Chief Executive Officer, Chief Financial Officer, General Manager – Civil, HR and PeopleManager.

21 Contingent Liabilities

The Company has the following contingent liabilities as at 30 June 2024.

Performance Related Bonds	**2024 $'000**	**2023 $'000**
The Company has arranged with the ANZ Bank NZ Limited for the issue of performance related bonds in favour of:		
Ashburton District Council	200	300
	200	**300**

22 Capital Commitments

The Company has the following capital commitments:

	2024 $'000	**2023 $'000**
Property, plant and equipment purchases	75	729
	75	**729**

23 Reconciliation of Operating Cash Flows with Reported Net Profit

	2024 $'000	2023 $'000
Net Profit after tax	2,345	3,167
Add/ (Deduct) Non-Cash Items:		
Amortisation of intangibles	28	40
Deferred tax movement	(39)	(58)
Depreciation	1,534	1,317
Depreciation – Right of Use Assets	429	398
Impairment of property, plant & equipment	39	9
Loss/(Gain) on sale of property, plant & equipment	(22)	40
Share of Joint Venture (surplus)/deficit	146	271
Movement in Working Capital		
Increase / (decrease) in accounts payable	311	(1,203)
Increase / (decrease) in tax payable	(743)	(1,082)
(Increase) / decrease in accounts receivable	998	(2,099)
(Increase) / decrease in prepayments	(1)	8
(Increase) / decrease in inventory	(6)	147
(Increase) / decrease in contract assets	(136)	394
(Increase) / decrease in employee entitlements	(12)	18
Increase / (decrease) defects liability provision	-	-
Items classified as Investing		
Interest income	(230)	(158)
Dividends received	(43)	(66)
Net Cash from Operating Activities	**4,598**	**1,143**

24 **Dividends (in respect of the Financial Year)**

	2024	2023
	$'000	$'000
Interim Dividend	-	300
Final Dividend	1,300	1,384
Total Dividend	**1,300**	**1,684**
Dividend per share (DPS)	$ per Share	$ per Share
Interim	-	0.07
Final	0.29	0.31
Total Dividend Per Share	**0.29**	**0.38**

During the 2025 financial year the Directors propose to pay dividends in relation to the 2024 financial year of $1,300,000 which is in excess of the Company's Statement of Intent. This dividend has not been provided for. This brings total dividends in respect of the year ended 2024 to 29 cents per share fully imputed (2023: 38 cps).

25 **Accounting Estimates and Judgements**

In the application of the Company's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Property, Plant and Equipment changes in estimates

At each balance date the company reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the company to consider a number of factors such as the physical conditions of the asset expected period of use of the asset by the company, and expected disposal proceeds from the future sale of the asset.

Revenue from contracts with customers – Identifying performance obligations for construction services

The Company has assessed that Contract Works provided are not considered distinct in the context of the contract, as ACL provides a significant integration service. ACL is responsible for the overall management of the contracts, which requires the performance and integration of various services and contract outputs. Therefore, the Company has determined that contract works under construction contracts are comprised of a single performance obligation.

Revenue from contracts with customers

\- determining the timing of satisfaction of performance obligations for construction and other services

The Company concluded that revenue for construction and other services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the services that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

The Company determined that the input method is the best method in measuring progress of the workshop and transport services because there is a direct relationship between the Company's effort and the transfer of service to the customer.
For construction services, the Company uses an output method, as this appropriately measures all of the goods or services for which control has transferred to the customer.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.
The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates such as credit rating.

26 **Participation in Joint Venture**

ACL participates in an unincorporated Joint Venture known as the Lake Hood Extension Project, operating under the Aquatic Park Zone as part of the Ashburton District Council's Operative Plan. The objective of the joint venture is to further develop Lake Hood and an adjacent site by the creation of an enlarged lake and provision of residential and rural lifestyle blocks.

The resource consents and property are held by The Lake Extension Trust Ltd as a bare trustee for the unincorporated joint venture.

The company is currently a 42.03% (2023 37.59%) participant in the Joint Venture which is administered by a Project Manager under the supervision of a Joint Venture Management Committee. This Management Committee comprises representatives of the participants and one independent member who is the chair.

During the year the Joint Venture continued to work to develop and market sections, receiving income from one lot sale in Stage 14 and contributions to operating costs from the Ashburton District Council (ADC). Apart from development land owned by the Joint Venture, the ADC owns all the other reserve land and lake at Lake Hood. The Joint Venture in recognising this, has been working with ADC to transfer the managemnt of the Lake and its surrounds to ADC including water quality. The Company has negotiated a five year contract with the ADC commencing on 1 July 2024 to carry out park mantenance including weedcutting at Lake Hood. ACL purchased $120,000 of assets from the Joint Venture in June 2024 to facilitate this activity. This contract does not have an impact on JV accounts.

The development is long term in nature and ACL is liable to any costs associated with the purchase/sale of the land under the Joint Venture agreement to the extend of its respective investment. The Creditors of the joint arrangement do not have rights of recourse against any party with respect to debts or obligations of the arrangement. The Joint Venture is liable for the debts and obligations of the arrangement. The judgment is applied under NZ IFRS 11 and ACL considers its investment in the Lake Hood Extension Project as a joint arrangement and it is a joint venture.

Financial Information of Joint Venture

	2024	**2023**
	$'000	**$'000**
Cash on hand	495	368
Other Current Assets	27	32
Current Assets (Subdivision development in progress)	6,170	3,146
Current Assets-Inventory (Completed Stages)	1,383	1,580
Bund in Progress	134	75
Deposit Paid on Stage 15 Land	0	296
Non-Current Assets	63	159

Total Assets	**8,272**	**5,656**
Current Liabilities	(149)	(126)
Non-Current Liabilities		-
Partners Equity	**8,123**	**5,530**
Company's interest at 42.03% (2023: 37.59%)	3,413	2,079
Revenues	270	2,646
Other Income	412	333
Capital Gain on Sale of Fixed Assets	1	-
Surplus/(Deficit)	(380)	(735)
Loss on Investment Property Revaluation Reserve	-	0
Interest Income (if any)	11	18
Interest Expense	-	(3)
Profit attributable to Joint Venture Partners	(369)	(720)
Company's interest at 30 June 2024 42.03%. (2023: 37.59%)	**(146)**	**(271)**

The result of the Joint Venture has been included in the Financial Statements using the equity method.

During 2022 the Joint Venture completed the development of Stage 14 (40 lots). These lots were titled in June 2022 with 37 settlements taking place before Balance Date. A further 3 lots were subject to sale and purchase agreements which were due to settle in early 2023. Two of these settled and one was defaulted upon. This lot has subsequently been sold in 2024.

The JV carried out a valuation of its Subdivision Development - Inventory at 30 June 2024. This has resulted in a negative impairment of $0.55m (2023: $1.055m write down) to the Profit and Loss.

The Joint Venture entered into an unconditional Sale and Purchase Agreement with the Ashburton District Council to purchase approximately 10.76 hectares of farmland for the development of Stage 15 at Lake Hood in 2022. The purchase price is $2.960m and was based on independent valuations. The Joint Venture paid a deposit of $0.296m with the balance of $2.660m settled in March 2024 by way of Participant advances. Ashburton Aquatic Park Ltd did not participate in this transaction and as a result reduced their participation in the Joint Venture from 26.85% to 18.22%. The other Joint Venture partners particpated according to their existing ratio. The Company's participation increased from 37.59% to 42.03% from 1 April 2024.

The Joint Venture purchased the abovementioned land to add to existing land for the development of Stage 15, a 72 lot subdivision on the north east side of the new Lake comprising a range of residential and lifestyle sections. This development has currently been put on hold by the Joint Venture as a result of the current weak conditions of the housing market in the District.

During the previous 2023 year the Joint Venture made cash distributions of $11.072m from the proceeds of sale of Stage 14 and The Lake House. The Company received $4.162m. These were made after due consideration to the operating cash flow requirements of the joint venture.

27 Goodwill

In the 2020 financial year ACL purchased the parts and service business and assets of Smallbone Ltd. On determination of the fair value of the assets and liabilities acquired, as required by NZ IFRS 3, the consideration paid of $1.519m gave rise to recognition of $0.488m goodwill.

The Company has determined that the primary rationale for the acquisition was to acquire a complimentary business to take advantage of opportunities that exist in combining two workshops in Ashburton and securing new customised premises in Ashburton for the business. Accordingly, all goodwill was allocated to the Ashburton Workshop CGU (cash generating unit).

The Company has performed an impairment review of the value of goodwill held for the Ashburton workshop CGU. A 'value in use' impairment test of the Ashburton CGU using a cash flow projection for the 2025 financial year and high-level financial forecasts out to 2027. A revenue growth rate of 5% per annum was applied, with a terminal growth rate of 2.5%. A weighted average cost of capital of 11% was assumed and an appropriate share of corporate overheads were allocated to CGU costs for the forecast periods being modelled. The estimated recoverable amount of the cash generating unit is estimated to be $11.177m (2023: $8.931m).

The impairment test determined that the goodwill associated with the Ashburton Workshop CGU was not impaired at the 30 June 2024 reporting date.

	2024	**2023**
	$'000	**$'000**
Goodwill	488	488

28 Contract Assets and Contract Liabilities

	2024	**2023**
	$'000	**$'000**
Rendering of Services	1,015	728
Sale of Goods	1	53
Construction Contracts	803	902
Total Contract Assets	**1,819**	**1,683**
Rendering of services (revenue in advance) current portion	-	-
Total Contract Liabilities	-	-

The Company applies a practical expedient due to the performance obligation being either part of a contract that has an original expected duration of one year or less, or the Company has a right to consideration from a customer in an amount that corresponds directly with the value of the entity's performance completed to date.

29 Events after Balance Date

Term Loan Repayment

The Company has since balance date repaid Term Loan 1030 which had a termination date of 14 Agust 2026. At 30 June 2024 the balance of the loan was $0.586m. The balance outstanding when it was repaid was $0.569m.

Dividend Proposed

The Directors have resolved to pay fully imputed dividends of $1,300,000 in repect of the 2024 financial year during the 2025 financial year. The dividend will carry $505,555 of tax imputation credits. Dividend payments are subject to the company meeting solvency tests.

ASHBURTON CONTRACTING LIMITED

Performance targets were set by the Company in the Statement of Intent dated 3 May 2023
A comparison of the Company's performance compared to those targets is as follows:

				Achievement YTD		Annual Target
a	Profit before tax - Parent			$ 3,077,159	193%	$ 2,500,000
	Profit before tax - Consolidated			$ 3,077,159	183%	$ 2,398,000
b	Annual Rate of Return on average shareholders funds - rolling 5 Year					10.0%
	Current Year-Parent Pre Tax Profit			15.6%	Achieved	10.0%
	Current Year-Consoldated Pre Tax Profit			16.4%	Achieved	10.0%
	(The measure at year end is calculated on rolling 5 Year average)					
c	Meet Budgeted External revenue			$ 48,150,766	114%	$ 42,347,000
di	ISO 45000 Certification	Health & Safety		Maintained	100%	Maintain
e	ISO 14001 Certification	Environmental		Maintained	100%	Maintain
f	ISO 9001 Certification	Quality		Maintained	100%	Maintain
g	Compliance with the Resource Management Act			Maintained		No breaches
h	Audit Opinion			Unqualified		Unqualified
dii	Reduction in lost time injury rate year upon year (LTI)			0.7	Achieved	1.3
	(per 100,000 hours worked)	LTI Injuries YTD		2		2
diii	Reduction in medical Injury treatment (MTI)	injury rate year upon year		3.0	Not OK	2.7
	(per 100,000 hours worked)	MTI Injuries YTD		8		9
	Ratio of Shareholders Funds to Total Assets			65.2%		> 50%
h	Dividend in respect of current year			FY2024		
	Interim		Paid March	$ -		
	Final Proposed		To be paid in FY 2025	$ 1,300,000		
				$ 1,300,000		
i	Environmental Sustainability. Monitor and work to reduce its carbon footprint.					

Notes

a Please refer to the Operations Report on page 3.

b Annual rate of return on average shareholder's funds will be a minimum of 10.0% before tax based on the rolling average of the last 5 years. The SOI measure is for ACL Parent only and excludes Lake Hood Extension Project Joint Venture results. The current year return was 13.30% (2023:20.7%).

dii Lost Time Injury Frequency Rate. Calculated as the number of lost time injuries per 100,000 hours worked. Lost Time injuries occurring during the year were 2 (2023: 2). All incidents were investigated and were not considered to be incidents that would lead to serious harm. Medical injury treatment rate is calculated on the same basis

h The Directors have determined that the Company will pay a final dividend of $1,300,000 in respect of the FY2024 year. All dividends paid are subject to meeting the requirements of the Solvency Test in the Companies Act 1993 and its amendments. Total dividends paid for the year are fully imputed.

i The Company has establised a monitoring regime for its emissions, the results of which are set out in Appendix A. Carbon reduction is a journey and we are looking for opportunities to reduce carbon emissions as they become more practicable. Commentary on emissions reductions and what the company is working on is set out in the Appendix. We have had small reductions in the year ie 3% in Scope 3 but these are predominantly the result of volume changes in the business. Some small gains, 97t CO_2-e, have been made with flyash substitution in cement (Scope 3). Greater proportions of flyash are being progressed.

FIVE YEAR REVIEW OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2024

	2024	2023	2022	2021	2020
	$'000	$'000	$'000	$'000	$'000
Turnover	48,151	47,296	50,288	39,593	27,816
Profit before Tax and charitable donations and Share of Joint Venture surplus/(loss) *1	3,223	4,678	5,547	2,451	505
Share of Joint Venture	(146)	0	1,576	518	(841)
Profit Before Tax	3,077	4,407	7,123	2,969	(337)
Taxation	656	1,241	1,960	865	91
Subvention Payments	77				
Profit after Tax	2,345	3,167	5,163	2,104	(245)
Profit after Tax and qualifying donations *1	2,345	3,167	5,163	2,104	(245)
Equity	25,125	24,060	22,435	18,080	15,972
Total Assets	38,542	38,586	38,836	33,520	29,386
Dividends relating to the current financial year *2	1,300	1,684	1,400	900	-
Dividends Paid during the financial year	1,384	1,500	900	200	371
Current year Return before tax on Average Equity -Consolidated	12.5%	19.0%	35.2%	17.4%	(2.1%)
Rolling five-year Return before tax on Average Equity-Consolidated	14.2%	14.6%	13.3%	7.7%	5.6%
Equity to Total Assets	65.2%	62.4%	57.8%	54.0%	54.0%

*1 The Ashburton District Council has adopted the Ashburton Contracting Ltd Charitable Gifts Policy that allows the Company in conjunction with and approval of Council to make donations of greater than $20,000 to qualifying projects being undertaken by qualifying entities that have already been identified in Council's LTP (or any subsequent amendment) or Annual Plan. For donations to be made the Company must achieve the agreed minimum required rate of return set by the Council. The donation must also comply with the Income Tax Act 2007. No donations under this policy have been made in the financial year ended 30 June 2023 (2022: $Nil.)

*2 The final dividend in relation to the current financial year is a proposed dividend as it is subject to a solvency test at the time of payment.

Appendix A: Environmental Sustainability

Emissions profile and trend (All ACL operations)

Total Emissions have reduced 3% from 7,780 T CO2-e in 2023 to 7,480 T CO2-e in 2024. In our first year of reporting, 2019, we recorded 6,980T CO2-e. ACL emissions are comprised predominantly of fuel (diesel) and concrete production, representing ~99% of emissions.

Scope 1 – direct emissions (fuel we burn)
This is predominantly diesel which has remained consistent with FY23 (<1% change). Fuel particularly diesel is used in all parts of our business activities in a wide variety of machinery and equipment including the transport of raw materials, concrete & asphalt, replenishment in our quarry sites involving excavation at Lake Hood and out of the rivers, and civil construction used in a variety of plant, machinery and vehicles.

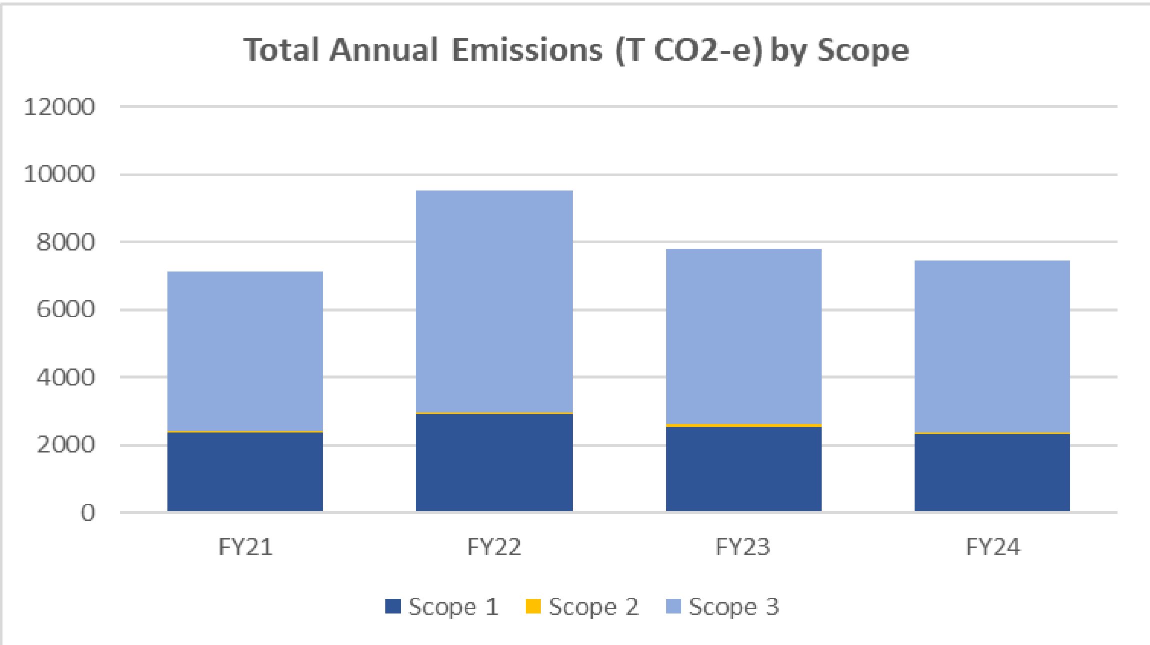
Scope 2 – indirect emissions (other energy we use – electricity)
This is electricity used in our plants and offices. There has been a minimal change in our power usage between the two years. Electricity contributes 50t of carbon in the year, or 0.7% of our total emissions.

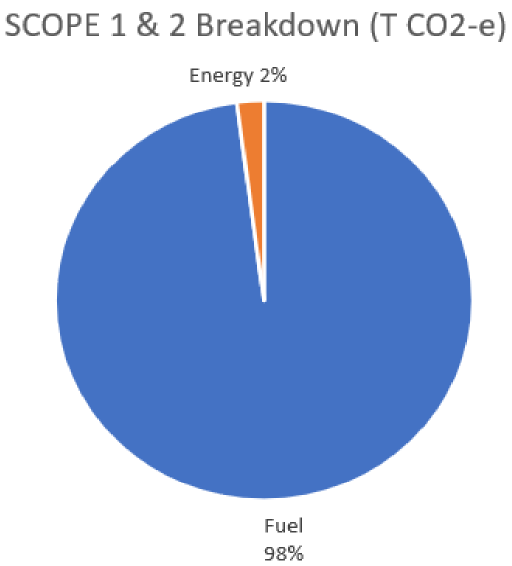
Scope 3 – indirect emissions (embedded in our materials and products)

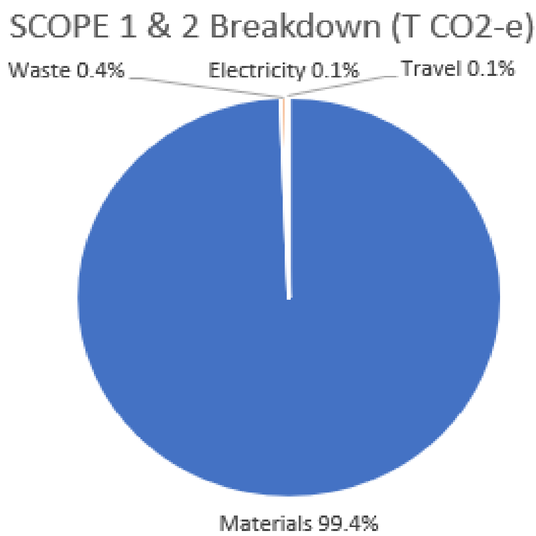
Concrete makes up 99.4% of this scope emissions. Concrete has high emissions because of its cement content. We source our cement from Holcim, who's EPD (Environment Product Declaration) identifies cement emissions at 897kg CO2-e/tonne.

Scope 3 is predominantly driven from cement usage through concrete production. Concrete production was 3% lower in 2024 when compared with 2023, which is reflected in the small change in total carbon attributed to Scope 3 emissions. The Company has commenced the use of flyash which has an EPD of 77.01kgs per tonne of flyash. The carbon reduction associated with purchases of flyash in the year was approximately 97t of carbon. The Company is currently working to increase its flyash component as a cement substitute up to 30% where appropriate in its mixes.

A number of other common emission sources are included in Scope 3 such as waste, steel and travel, these currently totalling less than 1% of our overall emissions.







New Zealand has made commitments to reduce emissions over the coming years and is currently finalising budgets, plans and policies to encourage business and the community to contribute to these commitments.

At present, it is not clear exactly how this will play out in the construction industry however science and international advice is clear that emissions need to reduce by 50% by 2030 to limit global warming to 1.5C. This gives us guidance to consider when making future business decisions.

If ACL is to contribute positively to this commitment then we need to take a proactive approach to managing our business and its associated emissions. ACL has appointed a Sustainability Manager whose role is to develop the way forward including establishing an enduring culture in relation to sustainability and reduction in our emissions to meet our targets.

Our investigations into this has identified a number of potential opportunities by which ACL could seek to reduce its overall CO2 emissions. Obviously this work will need to continue and be strongly aligned with the values and expectations of key stakeholders. We continue reviewing our emissions profile and identify potential areas and work on opportunities to reduce emissions in a manner that strengthens business resilience for a low carbon future. We are currently working on low carbon (flyash) replacement of cement , solar, and taking opportunities to purchase lower emission vehicles in our fleet.

Ongoing gains in carbon efficiency are controlled by advancements in technology, the supply chain that provides carbon reducing products and the capacity of the electricity supply network, all of which needs to be balanced with the financial impact on the business. The ACL executive sees value in the potential efficiency, leadership and competitive advantage that could be gained through implementing these initiatives. Emission reductions will occur over time as barriers are able to be dealt with and adaptations made.

Data quality assessment

Ashburton Contracting Limited uses a model developed by an independent party to calculate its carbon position.

There is a level of inherent uncertainty in reporting greenhouse gas emissions, which is due to inherent scientific uncertainty in measuring emissions factors as well as estimation uncertainty in the measurement of activity quantity data. In measuring emissions, the company has used the published emissions factors from the Ministry for the Environment (MfE) 2024 guidance document issued May 2024 and for Scope 3 cement emissions from Holcim, our cement supplier for Scope 3. These are calculated using EPD Australasia's Standand certification. Quantity data is obtained directly from electricity and fuel suppliers and scope three from internal deliveries . The prior year emission factors have not been restated due to the immaterial change in emission factors.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Ashburton Contracting Limited's financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Ashburton Contracting Limited (the company). The Auditor-General has appointed me, Yvonne Yang, 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 his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 10 to 40, that comprise the statement of financial position as at 30 June 2024, the statement of profit or loss and 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 41, 43 and 44.

In our opinion:

- the financial statements of the company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended.
  - comply with generally accepted accounting practice in New Zealand in accordance with the New Zealand equivalents to International Financial Reporting Standards; and
- 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 2024.

Our audit was completed on 25 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below and we draw your attention to the inherent uncertainties in the measurement of greenhouse gas emissions. 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.

Emphasis of matter – Inherent uncertainties in the measurement of greenhouse gas emission

The company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to Appendix A: Environmental Sustainability on pages 43 to 44 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emission is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence

obtained up to the date of our auditor’s report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 9 and 42 but does not include the financial statements and the performance information, and our auditor’s report thereon.

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

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

Independence

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

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

Y Yang

Yvonne Yang
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand