CORDE©

Annual Report
2022

FY 2022

corde.nz

2022

Trusted Connections

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Contents

SECTION 1

Year in Review

Maintenance

1,571 km
Sealed Roads

1,435 km
Unsealed Roads

3,006 km
Total road length maintained across Waimakariri & Hurunui Districts

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Water Services

3.81 billion L

Water treated across the district

1,700 kms

Water maintained, servicing thousands of properties across the district

11 billion L

Clean drinking water supplied

90 Stormwater

Facilities within Selwyn maintained

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Construction

11,594 m²

Constructed Roading

99,418 m²

Built Lots

Financial Overview

$91,149,000
Revenue

↑ $24m above last year

$6,332,000
Profit Before Tax

→ Consistent with last year

$84,817,000
Operating Expenses

↑ $24m above last year

$15,118,000
Fixed Assets

↑ $1.4m above last year

$24,748,000
Equity

↑ $2.4m above last year

$2,000,000
Dividends

→ Consistent with last year

Directors' Report

The Directors present their annual report, including the audited financial statements of CORDE Ltd for the year ended 30 June 2022.

Results

The company has Total Comprehensive Income of $4.4 Million for the year compared to $4.6 Million for the 2021 year.

Total revenue from continuing operations was $91.1 Million compared to the previous year's $67.4 Million.

Dividend

The Directors declared total dividends of $2,000,000 during the year (2021 - $2,000,000).

Directors

Directors' remuneration for the year was as follows:

S W Grave	$54,374
D P McEvedy	$37,917
M D W Harrington	$37,917
D L Bridgman	$37,917
Total	**$168,125**

The Directors' Transaction Register had the following entries:

Delta Utility Services - $12,079
services provided to CORDE Ltd (2021 - $100,559).
Chartered Accountants Australia and New Zealand - $735
services provided to CORDE Ltd (2021 - $1,405).
Harrington Co Ltd - $37,917
services provided to CORDE Ltd (2021 - $35,000).
Engineering New Zealand - $1,825
services provided to CORDE Ltd (2021 - $nil).

Directors' insurance has been arranged by CORDE Ltd. This Directors' liability insurance ensures that generally Directors will incur no monetary loss as a result of actions undertaken as Directors.

Board meetings attended during the year were:

S W Grave	13 of 13
D P McEvedy	13 of 13
M D W Harrington	13 of 13
D L Bridgman	13 of 13

Tender reviews

CORDE Ltd held several discussions at board meetings and by conference call, to evaluate and authorise tenders with a bid value in excess of $2m. All board members were party to these reviews, subject to their availability, with a minimum of two board members on any one occasion.

General disclosure of interests by Directors in accordance with s140(2) of the Companies Act 1993 follows:

S W Grave

- Delta Utilities Services Ltd - Director
- Fulton Hogan Ltd - Shareholder
- Whitestone Contracting Ltd - Chairman
- Westreef Services Ltd - Chairman
- Buller Recreation Ltd - Chairman
- Buller Holdings Ltd - Chairman
- Steve Grave Consulting Ltd - Director, Shareholder & Chairperson (Removed from Companies Register) 21/12/2021

D P McEvedy

- DP & LS McEvedy Partnership - Shareholder
- Ellesmere Community Vehicle Trust - Trustee
- Phoenix Park Farm Ltd - Director, Shareholder & Chairman
- Robeen Trust - Chairman (as Trustee)
- Shooting Creek Farm Ltd - Director, Shareholder & Chairman
- Vintage Village Trust - Chairman & Trustee
- Central Plains Water Trust – Chairman & Trustee
- Alliance Group Ltd - Director
- Abbeyfield Ellesmere Ltd - Chairman

M D W Harrington

- MDW Harrington Holdings Limited - Director & Shareholder
- Hanmer Harrogate Limited - Director & Shareholder
- Methven Adventures Limited - Director & Chairperson
- Great Hall Limited - Director & Shareholder
- Harrington Co Limited - Director & Shareholder
- Harrington Eden Family Trust - Trustee
- Jenny Wallace Family Trust - Trustee
- NZ Infrastructure Commission - Independent Audit Committee Member
- Ashburton District Council - Audit Committee Member
- University of Canterbury Students Association - Advisory Board
- Chartered Accountants Australia and NZ - Director & NZ VP
- CAANZ Council - NZ/Australian Councillor
- IHC NZ Incorporated - Board Member
- Croydon Dairy Limited - Director
- Genesis Capital - Executive Director

D L Bridgman

- Norman Disney & Young - Market Leader & Technical Director
- Swimming NZ - Board Member and Audit & Risk Committee Member
- Bridgman Family Trust - Trustee
- Engineering NZ - Advisory Group Member
- Engineering NZ - Investigations Committee & Disciplinary Committee Member

Remuneration Of Employees

The number of employees (not including Directors) whose total remuneration and other benefits were above $100,000 were as follows:

Range	2022	2021
$100,000 – $110,000	12	4
$110,001 – $120,000	8	3
$120,001 – $130,000	2	5
$130,001 – $140,000	5	3
$140,001 – $150,000	3	3
$150,001 – $160,000	3	4
$170,001 – $180,000	2	-
$180,001 – $190,000	1	-
$190,001 – $200,000	1	-
$200,001 – $210,000	-	1
$210,001 – $220,000	1	1
$310,001 – $320,000	-	1
$320,001 – $330,000	1	-

Corporate Governance

Responsibility for the governance of CORDE Ltd rests ultimately with the Board of Directors and includes:

- Establishing the strategic direction for CORDE, including agreement with the shareholder on items contained in the Statement of Intent.
- Appointing the Chief Executive and setting terms of the appointment and objectives.
- Monitoring financial performance including approval of the annual and quarterly financial reports and liaison with CORDE's auditors.
- Ensuring regulatory and legal compliance, and adherence to high standards of ethics and corporate behaviour.
- Reviewing and approving major corporate initiatives.
- Ensuring appropriate controls, monitoring, and reporting are in place to manage any significant risks facing CORDE that are identified.
- Enhancing and protecting the reputation of CORDE.
- Ensuring an appropriate level of interaction is maintained with the Shareholder.

Auditors

In accordance with s14 of the Public Audit Act 2001, the Auditor-General is the auditor of CORDE Ltd. The Auditor-General has appointed Audit New Zealand to act on his behalf under s32 of the Public Audit Act 2001. Audit fees for the year ended 30 June 2022 were set at $114,677 (2021 - $95,939). No other services were purchased from Audit New Zealand (2021 - $nil).

For and on behalf of the board

S W Grave
Chairman

M D W Harrington
Director

Chairman & Chief Executive's Report

Financial

Total revenue for the financial year ended 30 June 2022 was $91 million (2021 - $67 million).
Net Profit after tax was $4.4 million (2021 - $4.6 million).

Dividend

A final dividend of $2,000,000 was declared in June 2022 and will be paid to the Selwyn District Council during the next financial year.

Overall Performance

The company has significantly grown over the last year to meet the demands of the market. While revenue has increased substantially, direct costs in the industry have risen disproportionately to the ability to recoup all of these costs in a single year. Notable cost increases included wages and salaries, fuel, freight, materials and subcontractors' costs.

The rebranding of the company to CORDE has been very successful. The main driver for this has been to unite the entire team under one brand and to provide a one stop shop for all our clients. The rebranding, and associated marketing activities has provided a significant lift in the profile of the company in the industry and created a platform for the company to compete at a higher level at the tender box. It has also provided a real change to the company's recruitment programme utilising social media as a platform for attracting new people to the company.

In the early part of 2022 CORDE received two awards from the Canterbury Civil Contractors of New Zealand. Firstly, the Enviroco Environmental Award for the boardwalk and associated work completed at the Wanaka lakefront. And secondly the Supreme Contractor of the Year for 2021. Both of these awards were a great reflection of the hard work and commitment of the team to producing exceptional outcomes for the company.

During the financial year CORDE was also awarded the Hurunui Road Maintenance Contract for 5+2+2 term. This helps cement the company in the area for the long term and ensures continuity of work for the North Branch of the business. CORDE was also selected to join two Christchurch City Council Panels namely, Sewer Lateral Panel and the Parks & Reserves Minor Works Panel. The company also became an accredited Road Maintenance Contractor for Christchurch City Council and started its first roading project for the Council towards the end of the financial year.

CORDE's digital platform continues to grow and incorporate more of the business processes into the framework. Future focus will be in the use of technology in the field and how this new technology could help eliminate costs and deliver more information for better decision making in the future. Clients appetite for more and more data is growing and as contractors we need to respond.

With the closed borders and lack of new people entering the country there has been a shortage of skilled and semi skilled people to meet the demand in the market. This has created a labour shortage and a wage war in the industry with the result of wages and salaries being driven up at unprecedented rates.

Market Outlook

The long term outlook for infrastructure spending looks strong across the country, particularly in Three Waters. However, the traditional private investment into greenfield subdivisions and other projects has currently diminished substantially in the Canterbury region. The current labour shortage across most industries is having a negative effect on the country's outlook and this uncertainty to meet current project demands has meant many investors have taken a pause in their developments. There is also issues around growing material costs and additional freight costs that is adding uncertainty to the current climate. FY2023 outlook is variable and will depend on the ability for the country to open and welcome people across its borders to see the continued growth in the construction sector.

As the Three Waters Reform continues at pace, the pressure on Three Waters staffing levels is becoming more apparent. With Central Government wanting to increase the Three Waters spend from $1.7b per annum to $3b-$4b per annum the drive to attract and retain people within the company is becoming increasingly difficult and expensive. There is also no clear pathway for water service contractors in the industry at the moment. CORDE continues to keep well informed of its progress and is aligning its operations to the potential outcome of this reform. New technology and investment will need to be one of the key focuses to help mitigate the shortage of experienced skilled staff in this sector in the future

With the continued uncertainty created by more people leaving New Zealand than arriving, the board will manage and navigate the way forward conservatively and prudently.

People, Safety, Quality & Environment

CORDE retained certification for ISO standards 45001:2018 (Health & Safety), ISO:14001:2015 (Environmental), and ISO 9001:2015 (Quality). System improvement work will be focused on critical risk controls and education, documentation management, the management of resource consents and learning & development, in the coming period.

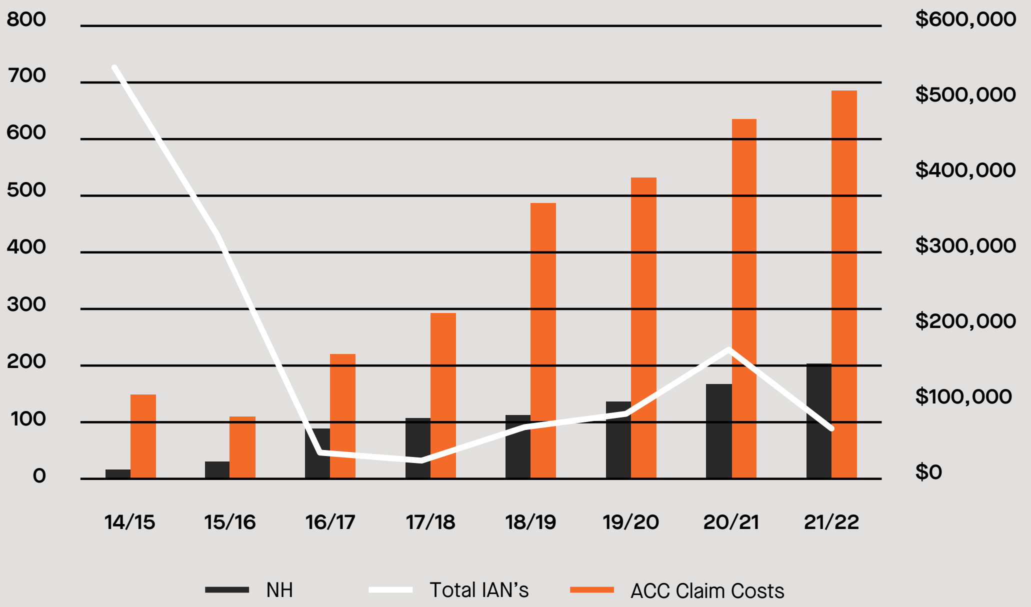
Sustainability for Greenhouse Gases and Solid Waste is well defined within the business. Key, initiatives underway include the procurement of hybrid vehicles, idling and driver behaviour in the white fleet and the creation of a Carbon Fund (based on the size of a Divisions Carbon footprint) that can be accessed to promote the progress of carbon reduction initiatives.

The company's investment in improving quality is coming to fruition with the Quality Manager supporting the BIM initiative (Procore), the improvement effort in Quality in the Construction Division and now starting work on the Maintenance Divisions, clarifying quality KPI's and initiating improvement in them. The design and development of the Collective Impact tool for promoting and capturing innovation and improvement initiatives is complete and launch will commence in late 2022. This tool will drive improvement across H&S, Quality, Environment and Leadership.

There continues to be strong levels of reporting of incidents, accidents, and near hits, IANs, with slight increases in near miss and incident and accident reporting. Of the 685 IANs, 125 constituted an injury ranging from first aid to lost time. Costs associated with workplace accidents as reported by ACC rose in the 20/21 period due to two lost time injuries. The ongoing and targeted investment in competency training & assessment continues and has led to improved capability in staff and an associated lift in performance in Construction.

CORDE entered an Enforceable Undertaking with Worksafe NZ in October of 2021 in relation to an incident that occurred in March 2020. A provision of $305,000.00 has been made in the accounts to cover the requirements. CORDE expects to meet its obligations of the Enforceable Undertaking and will be assessed against those obligations in March 2023 by Worksafe NZ.

NH - Near Hit, IANs - Accident / Incidents & ACC Costs



Investing In Our Team

Investment in our team continues to be a critical focus in the following areas:

1. The development of a leadership culture throughout the business regardless of position. Education initiatives are underway now.
2. Rigorous benchmarking of roles, rewards and associated benefits against market conditions to help with attraction and retention. This has paid significant benefit in retaining staff through what was an intense period of competition for staff,
3. Managing change.
   The company is focusing on developing its leadership culture with a particular focus on establishing the brand elements and business strategy, professional development and the incorporation of the bicultural and multicultural journey that is growing from within.

The result for the year has again seen a significant team effort across the business, during a second and challenging COVID interrupted year. We are proud to have local and loyal team members who are committed and focused on helping communities to thrive.

Governance of CORDE Ltd

The board meets monthly to review performance and to focus on the mid to long term strategy of the company, particularly looking to identify growth opportunities.

We see a number of challenges and opportunities ahead that will require significant effort and coordination to ensure profitable growth, sustainability and a safe working environment as the company continues into the future. We look forward to working closely with our valuable clients and in particular, Selwyn District Council, to provide exceptional service, strong local employment and delivering on our mission, "Trusted connections that strengthen our communities", during these uncertain and unpredictable times.

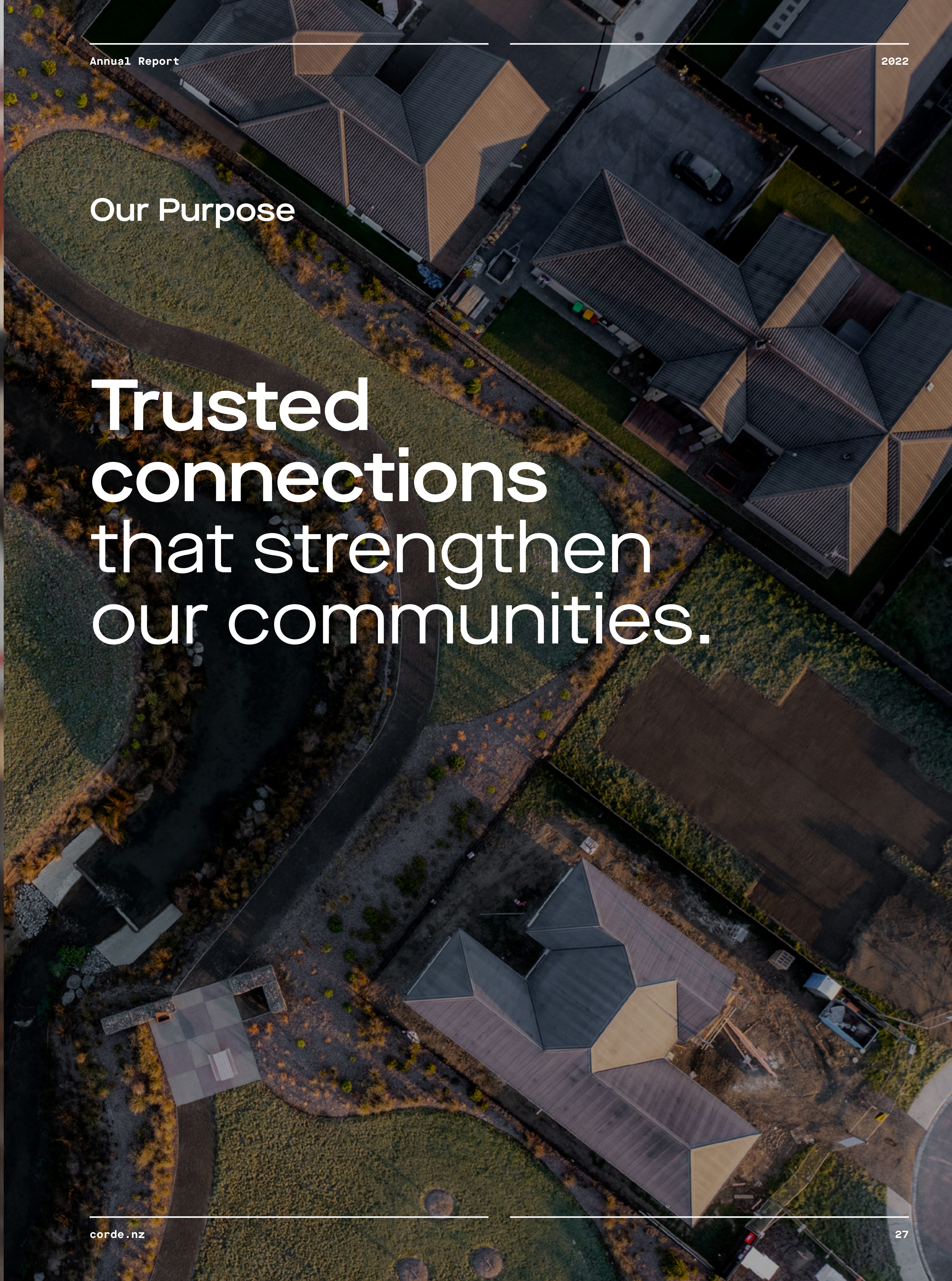
Conclusion

CORDE is currently growing its capability and capacity to take advantage of the potential opportunities in a number of areas that have been identified for growth. The board will continue to monitor the effects of COVID-19 and how they can be mitigated on the company. We have a strong base throughout the Canterbury region, a substantial focus on engineering quality and, innovative solutions, and are fostering healthy relationships with our key clients.

S W Grave
Chairman

D F Wilson
Chief Executive Officer

25 November 2022



Our Purpose

Trusted connections that strengthen our communities.

Our Company

Trusted.

Be a Business
Built on Trust

Connected.

Be Connected to our
People and our Place

United.

Be a United Team

Our Values

Trustworthy
Whakawhirinaki

Trusted People You Can Rely On

Guardianship
Kaitiakitanga

Connected People Who Protect Our Place

Teamwork
Mahi Tahi

United People Who Work Together

Trustworthy
Whakawhirinaki

Trusted People You Can Rely On

The main pillar that represents the foundation of our company is trust. This company was built on a foundation of trust from it's very inception. It's at the heart of who we are.

Therefore the first of three values that represent CORDE is Whakawhirinaki - to be Trustworthy.

This translates for us as:
Trusted people you can rely on.

As you carry out your tasks at CORDE, we need you to be someone that others can rely on. Firstly the rest of the team will need to rely on you to help get the job done, meet a deadline or complete a task - with quality always front and centre of your thinking.

Next - the rest of our team need to rely on you to help keep them safe. Our industry is high-risk, we often work in remote locations, using heavy or complex machinery - we need to trust each other to stay safe.

We also want to continually be a company that our council, our clients and our communities can rely on. We hired you because we believe you are someone we can trust. However, trust is earned.
We look forward to earning your trust as you earn ours.

Connected People Who Protect Our Place

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Teamwork
Mahi Tahi

United People Who Work Together

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Award Winners

2021 CCNZ Canterbury Contractor of the Year SUPREME WINNER

2021 CCNZ Canterbury Environmental Award WINNER 2nd Year Running

We are very honoured to be chosen as the Supreme Winner for CCNZ Canterbury Contractor of the Year, and to be named Environmental Award winner for the 2nd year in a row!

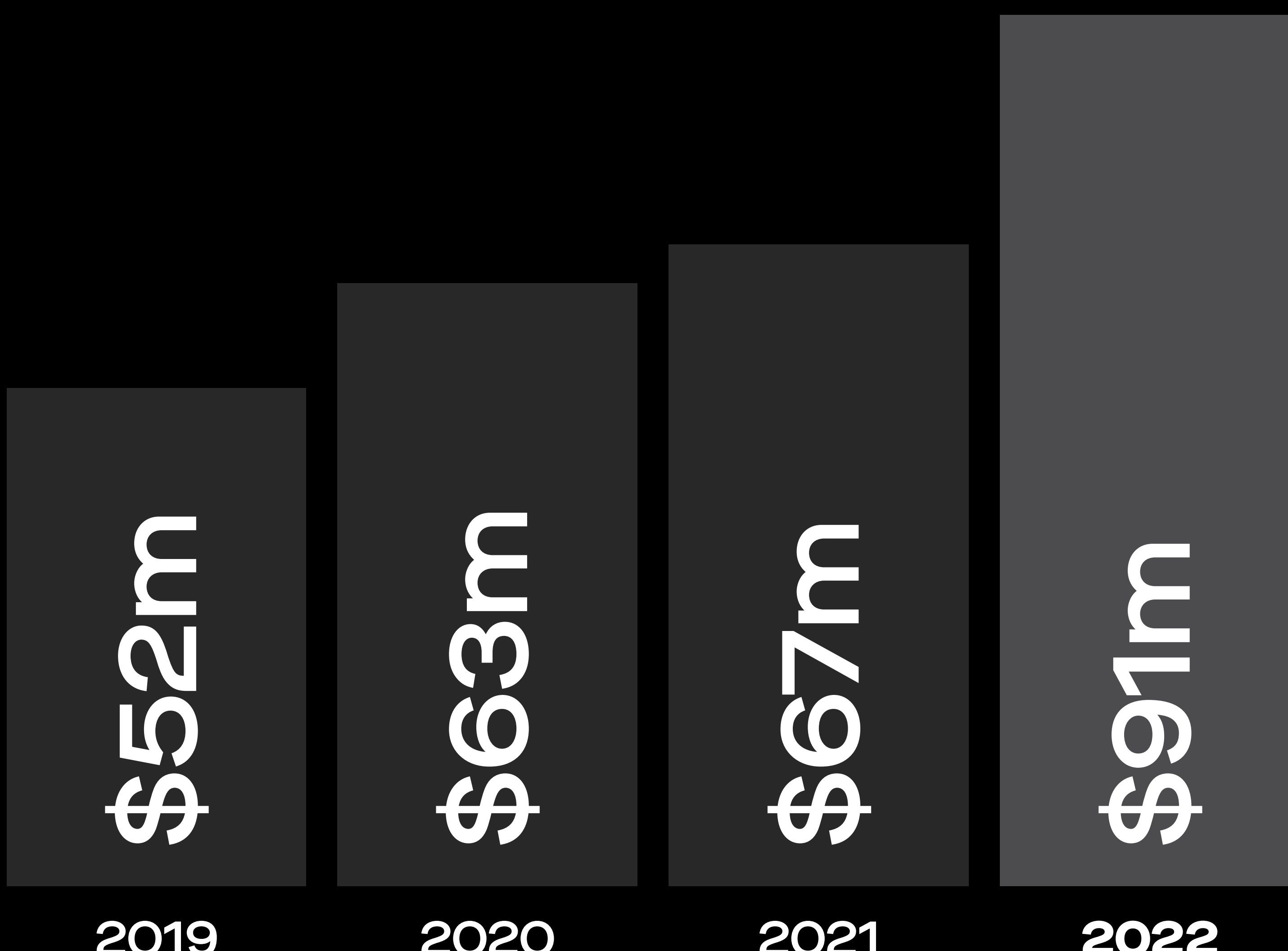
311 Total Employees

82% Male Employees

18% Female Employees

Four Year Comparisons

Revenue



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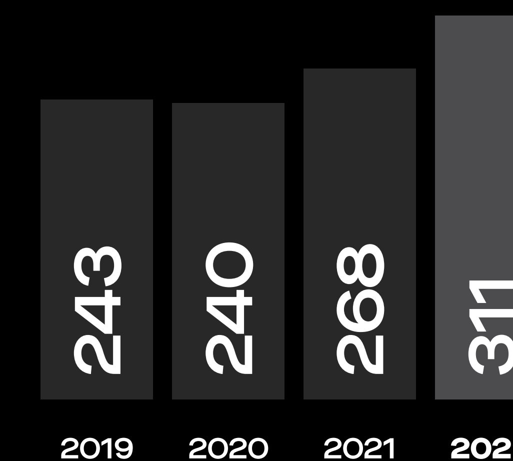
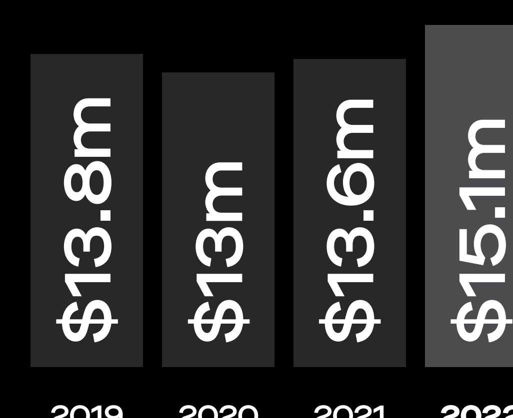
Net Profit

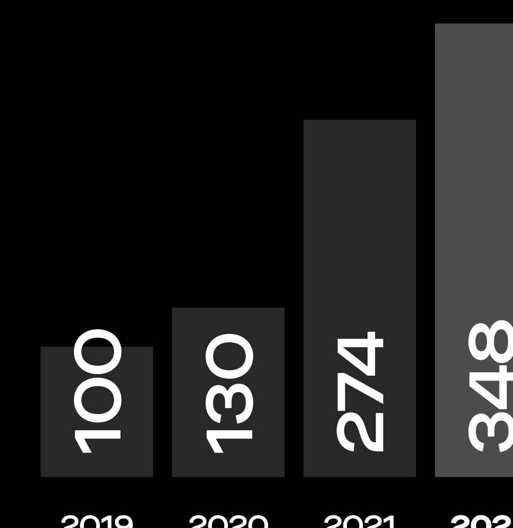
Number of Employees



Fixed Assets



Civil Projects Completed



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SECTION 2

Financials

Statement of Comprehensive Income

Continuing Operations	Note	2022 $'000	2021 $'000
Revenue			
Contracting services	2	90,759	67,216
Other income	4	390	222
Total Revenue		**91,149**	**67,438**
Expenses			
Depreciation and amortisation	6, 7	3,381	2,443
Impairment of property, plant & equipment	6	12	-
Depreciation of right-of-use assets	8	546	547
Interest on lease liabilities	8	275	293
Employee benefit expenses	10	22,235	19,319
Cost of services		53,948	35,314
Other expenses	12	4,417	3,155
Finance expenses		3	3
Total Expenses		**84,817**	**61,074**
Profit Before Tax		**6,332**	**6,364**
Income tax expense	13	(1,908)	(1,806)
Total Comprehensive Income		**4,424**	**4,558**

The accompanying notes form an integrated part of these financial statements.

Statement of Changes In Equity

	Note	2022 $'000	2021 $'000
Balance at 1 July		22,324	19,766
Total Comprehensive Income		4,424	4,558
Distribution to owners - dividends	20	(2,000)	(2,000)
Balance at 30 June		**24,748**	**22,324**

The accompanying notes form an integrated part of these financial statements.

Approval of Financial Statements

The Directors present the financial statements of CORDE Ltd for the year ended 30 June 2022. The financial statements were authorised by the Board of Directors on 25 November 2022 for release to the shareholder.

S W Grave
Chairman

M D W Harrington
Director

Statement of Financial Position

	Note	2022 $'000	2021 $'000
Assets			
Current Assets			
Cash and cash equivalents		9,047	7,461
Contract assets	3	6,351	3,666
Trade and other receivables	5	8,115	9,409
Non-current assets held for sale	6	134	109
Inventories	14	1,040	525
Total Current Assets		**24,687**	**21,170**
Non-Current Assets			
Property, plant and equipment	6	14,984	13,536
Intangible assets	7	903	1,360
Right-of-use assets	8	5,749	6,215
Total Non-Current Assets		**21,636**	**21,111**
Total Assets		**46,323**	**42,281**
Liabilities			
Current Liabilities			
Contract liabilities	3	1,057	117
Lease liabilities	8	729	729
Employee benefit liabilities	11	2,098	1,696
Taxation payable	13	336	1,317
Trade and other payables	15	8,242	7,212
Dividend payable	16	2,000	2,000
Provisions	18	388	351
Total Current Liabilities		**14,850**	**13,422**
Non-Current Liabilities			
Lease liabilities	8	5,355	5,736
Employee benefit liabilities	11	7	14
Deferred tax liability	13	1,363	784
Total Non-Current Liabilities		**6,725**	**6,534**
Total Liabilities		**21,575**	**19,956**
Net Assets		**24,748**	**22,324**
Equity			
Share capital	20	15,363	15,363
Retained earnings	20	9,385	6,961
Total Equity		**24,748**	**22,324**

The accompanying notes form an integrated part of these financial statements.

Statement of Cash Flows

	Note	2022 $'000	2021 $'000
Cash Flows From Operating Activities			
Receipts from customers		89,322	63,366
Interest received		32	4
Payments to suppliers and employees		(78,756)	(56,912)
Interest paid		(3)	(3)
Net Income tax refunded / (paid)		(2,310)	(1,364)
Net Goods and Services Tax		262	(342)
Net Cash From Operating Activities	21	**8,547**	**4,749**
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment		718	589
Purchase of property, plant and equipment		(4,942)	(3,433)
Purchase of investments		-	-
Net Cash From Investing Activities		**(4,224)**	**(2,844)**
Cash Flows From Financing Activities		-	-
Funds introduced from shareholders			
Lease liabilities paid		(737)	(719)
Dividends paid		(2,000)	(1,500)
Net Cash From Financing Activities		**(2,737)**	**(2,219)**
Net Increase / (Decrease) in Cash and Cash Equivalents		**1,586**	**(314)**
Summary			
Cash and cash equivalents at the beginning of the year		7,461	7,775
Net increase / (decrease) in cash and cash equivalents		1,586	(314)
Cash and Cash Equivalents at End of Year		**9,047**	**7,461**
Made Up of			
Bank account		9,047	7,461
		9,047	**7,461**

The accompanying notes form an integrated part of these financial statements.

Notes to the Financial Statements

Note 1: Statement of Accounting Policies

Reporting Entity

CORDE Ltd (CL) is registered under the Companies Act 1993. CL is a Council Controlled Trading Organisation as defined by section 6 of the Local Government Act 2002 (LGA).

CL is a limited liability company incorporated and domiciled in New Zealand.

CL is a wholly-owned subsidiary of Selwyn District Council (SDC) and carries out civil engineering contracting services for a variety of public and private clients. CL's financial statements are consolidated into the financial statements of SDC.

The financial statements of CL are for the year ended 30 June 2022. The financial statements were authorised for issue by the Directors on 25 November 2022.

Basis Of Preparation

The financial statements of CL have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993 and Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). For the purposes of complying with GAAP, CL is a for-profit entity.

The financial statements have been prepared on an historical cost basis, modified by the revaluation of certain non-current assets.

Statement Of Compliance

The financial statements of CL have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 for-profit entity accounting standards.

CL, under the LGA, is required to prepare an annual report and have it audited within three months of the end of the financial year. On the 8 July 2021, Parliament passed a Bill to extend by two months the statutory reporting time frames in the LGA. This was due to COVID-19 creating a shortage of auditors, due to global mobility restrictions.

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars.

Changes In Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except where the adoption of new standards and revisions as outlined below have had an impact.

New Accounting Standards and Interpretations

There are no new standards that apply for the first time in 2022 that have an impact on the annual financial statements of the company.

Amended Standards and Interpretations

The amended standards and interpretations that are effective for the financial year ending 30 June 2022, regardless of whether these have any impact on the financial statements, are listed below:

Standard Amendment or Interpretation	Impact on the Financial Statements
Amendments to NZ IFRS 7, NZ IFRS 9, NZ IAS 39, NZ IFRS 4 and NZ IFRS 16: Interest Rate Benchmark Reform (phase 2).	These amendments had no impact on the financial statements. The company intends to use practical expedients in future periods if they become applicable.
Amendments to NZ IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021.	The amendments had no impact on the financial statements, as CORDE has not received any COVID-19 related rent concessions.

Note 1: Statement of Accounting Policies

Continued

Significant Accounting Policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

Revenue from contracts with customers
Revenue from contracts with customers is recognised when control of the goods or services are 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. CL has generally concluded that it is the principal in its revenue arrangements. The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided further below.

If the consideration in a contract includes a variable amount, CL estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised over time, using a measure of progress that reflects the transfer of control to the customer. Construction/maintenance services within a contract are deemed to represent a single performance obligation to the customer, which is satisfied over time. CL opts to apply the 'right to invoice' practical expedient in NZ IFRS 15 Revenue from Contracts with Customers (NZ IFRS 15) to revenue recognition for its measure and value contracts when the Company has a right to payment from a customer in an amount that corresponds directly with the value of CL's performance completed to date. In these cases, CL recognises revenue based on invoicing.

For contracts where the right to invoice practical expedient is not applied CL's performance is measured using the output method, by reference to regular quantity surveyor reports. A subsequent change in the price or scope of the contract must be approved by the Engineer in writing to be accounted for a contract modification.

CL typically provides for defects liability periods, which cover the obligation to rework certain general construction contracts. These are deemed assurance-type warranties as defined in NZ IFRS 15 and are accounted for under NZ IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Note 1: Statement of Accounting Policies

Continued

Contract Balances

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If CL performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade and other receivables
A receivable represents CL's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables that do not contain a significant financing component or for which CL has applied the practical expedient are measured at the transaction price determined under NZ IFRS 15, less any provision for expected credit losses. They are non-interest bearing and are generally on terms of 30 days, or per monthly progress payments reflective of work performed in that month.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which CL has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before CL transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when CL performs under the contract.

Onerous contracts
If CL has an onerous contract, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, CL recognises any impairment loss that has occurred on assets dedicated to that contract.

Government Grants

CL complies with all conditions attaching to a Government grant, and recognises the grant in the profit or loss, after it has been received, applying the income approach in the income statement on a systematic basis over the period in which CL recognises expenses related to which the grant is intended to cover.

Property, plant and equipment

Property, plant and equipment consist of:
Buildings, improvements, plant and machinery, motor vehicles, furniture and fittings and computer equipment. Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions
The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to CL and the cost of the item can be measured reliably. In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation
Depreciation is provided using a mix of both straight-line and diminishing value methods on all property, plant and equipment, at rates that are consistent with tax rates and will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Particulars	Useful life	Depreciation rate
Buildings	7 - 13 years	8% - 15% (DV)
Improvements	3 - 7 years	15% - 40% (DV)
Plant & Machinery	1 - 13 years	8% - 76.2% (DV & SL)
Motor Vehicles	2 - 10 years	10% - 48% (DV & SL)
Furniture & Fittings	1 - 14 years	7% - 67% (DV & SL)
Computer Equipment	1 - 2 years	48% - 67% (DV & SL)

The estimated useful lives, residual values and depreciation rates of the company are reviewed at each financial year-end as they represent a significant judgement in the preparation of these financial statements.

Note 1: Statement of Accounting Policies

Continued

Non-current assets held for sale

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than continuing use. The asset must be available for immediate sale and the terms of the sale must be usual and customary for sales of such assets. The sale must be highly probable, and management must be committed to a plan to sell the asset. The asset must be actively marketed, and the sale completed within one year from the classification date. After classification, the asset is measured at the lower of carrying value or fair value less costs to sell. Non-current assets classified as held for sale are not depreciated.

Intangible Assets

Goodwill
Goodwill is initially measured at cost and is the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill on business combinations is included in intangible assets by applying the purchase method.

Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition goodwill is measured at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

The recoverable amount as at 30 June 2022, has been determined based on a value in use calculation using estimated cash flow projections. The projection is based on a 5% growth rate for the first five years then a nil growth rate beyond that. The post-tax discount rate applied to cash flow projections is 3.72%.

Brand Name
Brand Name is a finite life intangible recorded at its fair value on acquisition less accumulated amortisation and impairment. It is amortised on a straight-line basis over its assumed useful life. The fair value has been established by reference to former Blakely Construction Limited (BCL) revenue and discounted cash flows at the time of acquisition. The valuation uses assumptions including future revenue, margins, risk and appropriate discount rates.

Amortisation
Amortisation begins from the acquisition date, over the amortisation life established. The amortisation charge for each period is recognised in the surplus or deficit. The Amortisation Life/Method have been established as follows:

	Amortisation Life/Method
Brand Name	10 years

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.

Amortisation
The carrying value of software is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and associated amortisation rates for software have been estimated as follows:

Particulars	Useful life	Amortisation rate
Software	2 - 3 years	50%

Impairment of non-financial assets
Non-financial assets that have an indefinite useful life or are not subject to amortisation are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that asset. Where that results in a debit balance in the revaluation reserve for that asset, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

Note 1: Statement of Accounting Policies

Continued

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low-value assets; and
- Leases with a term of 12 months or less.

CL applies a single recognition and measurement approach for all leases, assessing at contract inception whether a contract is, or contains, a lease. That is if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets
CL recognises right-of-use assets representing the right to use the underlying assets at the commencement date of the lease. 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 made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Property Lease Terms 2-5 years

Lease liabilities
At the commencement date of the lease, CL recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. When applicable, the lease payments also include the exercise price of a purchase option reasonably certain to be exercised by CL and payments of penalties for terminating the lease, if the lease term reflects CL exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, CL uses its IBR at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of 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 is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short term leases and leases of low-value assets
CL applies the short-term lease recognition exemption to short-term leases of property equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. 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.

Annual Report For Year Ended 30 June 2022

Note 1: Statement of Accounting Policies

Continued

Employee Benefits

Short-term benefits
Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, end of work-life benefit and long service leave entitlements expected to be settled within 12 months, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the 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 the balance date, to the extent that it is anticipated it will be used by staff to cover those future absences.

CL recognise a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term benefits
Long service leave and end of work-life benefit entitlements that are payable beyond 12 months, such as long service leave and end-of-work life benefit, have been calculated on an actuarial basis. The calculations are based on:
Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information and the present value of the estimated future cash flows. A discount rate and an inflation factor are used in this calculation.

Superannuation schemes
Defined contribution schemes
Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax. Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantively enacted by the balance date.

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor a taxable surplus.

Deferred tax is recognised on taxable temporary differences arising on investments except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by the balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Note 1: Statement of Accounting Policies
Continued

Goods and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax, then it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to the investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Inventories

Inventories held for use in the production of goods and services are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the standard cost. In the case of manufactured goods, cost includes direct materials, labour and production overheads associated with putting the inventories in their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to value the rate. The write-down from cost to net realisable value is recognised in the surplus or deficit.

Trade and Other Payables

Trade and other payables are initially measured at their face value.

Borrowings

Interest-bearing borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the effective interest basis.

Borrowings are classified as current liabilities unless CL has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds and are recognised in the statement of comprehensive income in the period in which they are incurred, other than borrowing costs directly attributable to the construction of qualifying assets that are capitalised as part of the asset. Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

Provisions

A provision for future expenditure is recognised when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Note 1: Statement of Accounting Policies
Continued

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Financial Assets

CL classifies its financial assets into the following category: Financial assets at amortised cost (debt instruments). CL's financial assets at amortised cost contain trade receivables and cash and cash equivalents. The Company measures financial assets at amortised cost if both of the following conditions are met:

a. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Impairment of Financial Assets

CL 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 if applicable. For trade receivables and contract assets, CL applies a simplified approach in calculating ECLs. Therefore, CL does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. CL determines ECLs based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Fair Value Measurement

Fair values of financial instruments that are measured at amortised cost are disclosed in note 23.

Critical Accounting Estimates and Assumptions

In preparing these financial statements CL has made estimates concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Note 1: Statement of Accounting Policies
Continued

Critical Accounting Estimates and Assumptions
Continued

Impairment of goodwill
CL determines whether goodwill is impaired on an annual basis. This requires an estimation of the recoverable amount of the single cash-generating unit of CL, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The Directors of CL estimated the forecast trading performance of the single cash-generating unit of CL and determined that the goodwill of the business was not impaired.

Intangible assets – Brand name
Determining the cost of the brand name intangible asset acquired in the purchase of the trade and assets of BCL, required an estimation of the discounted future cash flows expected from the established brand.

Revenue from Contracts with Customers – Identification of performance obligations
CL determined that the services provided under its construction and maintenance contracts are capable of being distinct. However, CL does not consider each part of the services to be distinct in the context of the contract, as CL provides a significant integration service (CL is responsible for the overall management of the contract) which requires the performance and integration of various services and contract outputs. Management therefore concludes that construction and maintenance contracts each contain a single performance obligation.

Revenue from Contracts with Customers – Pattern of revenue recognition
Revenue is recognised when or as each performance obligation is satisfied, at the amount of the transaction price allocated to that performance obligation. A performance obligation is satisfied over time, when either the customer simultaneously receives and consumes the benefits provided by CL's performance, the performance creates or enhances an asset that the customer controls as the asset is created or enhanced or its performance does not create an asset with an alternative use to CL and CL has an enforceable right to payment for performance completed to date. Where a performance obligation is satisfied over time an 'input method' or an 'output method', as deemed appropriate by management, is used for measuring progress towards complete satisfaction of the performance obligation.

Lease extension options
CL assesses at lease commencement whether it is reasonably certain to exercise extension options where included in the contract, and where it is reasonably certain, the extension period has been included in the lease liability calculation.

Estimating the incremental borrowing rate
As CL cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that CL 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. CL estimates the IBR using observable inputs (such as market interest rates) when available.

Note 2: Revenue from Contracts with Customers

Disaggregated Revenue Information

Type of good or service	2022 $'000	2021 $'000
Maintenance	42,550	37,719
Construction	48,209	29,497
Total revenue from contracts with customers	**90,759**	**67,216**

The above is the disaggregation of CL's revenue from contracts with customers

Note 3: Contract Assets & Contract Liabilities

Contract Assets

	2022 $'000	2021 $'000
Accrued revenue	734	1025
Accrued revenue - SDC (note 22)	4,617	1,868
Contract WIP - unbilled receivables	1,000	773
Total contract assets	**6,351**	**3,666**

Contract Liabilities

	2022 $'000	2021 $'000
Contract WIP - cost accrual	753	117
Sub Contractor - cost accrual	304	-
Total contract liabilities	**1,057**	**117**

Note 4:
Other Income

	2022 $'000	2021 $'000
Interest received	32	4
Gain on sale of property, plant and equipment	244	111
Other income	30	83
Other income - government grants	84	24
Total other income	**390**	**222**

Note 5:
Trade & Other Receivables

	2022 $'000	2021 $'000
Trade receivables	2,803	4,789
Related party receivable - SDC (note 22)	3,606	3,367
Contract retentions	878	793
Contract retentions - SDC (note 22)	357	56
Prepayments	471	404
	8,115	9,409
Less impairment for expected credit losses	-	-
Total trade and other receivables	**8,115**	**9,409**

The carrying value of trade and other receivables approximates their fair value.

Receivables due from both local and government authorities account for 88% (2021 - 89%) of trade receivables. This concentration of receivables is not considered a credit risk due to the risk profile of local or government authorities which are considered minimal.

Note 5:
Trade & Other Receivables
Continued

As of 30 June 2022, and 2021, all overdue receivables have been assessed for impairment and appropriate provisions applied. CL holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

No credit losses are recognised in 2022 or 2021, that relate to trade receivables or are based on lifetime expected credit losses. No loss allowance is required for the repayment of the trade receivables.

The carrying amount of receivables that would have been past due or impaired, whose terms have been renegotiated is $nil (2021 – $nil). The status of receivables at 30 June are:

	2022			2021		
	Gross $'000	Impairment $'000	Net $'000	Gross $'000	Impairment $'000	Net $'000
Current	6,185	-	6,185	6,721	-	6,721
Past Due 31 - 60 days	168	-	168	1,386	-	1,386
Past Due 61 - 90 days	36	-	36	8	-	8
Past due over 90 days	21	-	21	41	-	41
Total	**6,410**	**-**	**6,410**	**8,156**	**-**	**8,156**

Impairment of financial assets
CL 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 if applicable. For trade receivables and contract assets, CL applies a simplified approach in calculating ECLs. Therefore, CL does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. CL determines ECLs based on its historical credit loss experience, adjusted for forwarding looking factors specific to the debtors and the economic environment. The impact of the COVID-19 pandemic has been considered and incorporated into the forward-looking factors. Overall the adjustments have not led to any material additional ECLs.

Note 6: Plant, Property & Equipment

	Buildings $'000	Improvements $'000	Plant & Machinery $'000	Motor Vehicles $'000	Furniture & Fittings $'000	Computer Equipment $'000	Total $'000
Cost							
Balance at 1 July 2020	63	36	18,678	9,294	388	248	**28,707**
Additions	-	-	1,661	1,583	151	39	**3,434**
Disposals	-	-	(277)	(266)	(31)	(50)	**(624)**
Removed from held for sale	-	-	155	-	-	-	**155**
Transfer to held for sale	-	-	(46)	-	-	-	**(46)**
Balance at 30 June 2021	**63**	**36**	**20,171**	**10,611**	**508**	**237**	**31,626**
Balance at 1 July 2021	63	36	20,171	10,611	508	237	**31,626**
Additions	-	122	2,799	1,790	125	81	**4,917**
Disposals	-	-	(1,351)	(251)	-	-	**(1,602)**
Transfer to held for sale	-	-	(156)	(10)	-	-	**(166)**
Balance at 30 June 2022	**63**	**158**	**21,463**	**12,140**	**633**	**318**	**34,775**
Accumulated Depreciation							
Balance at 1 July 2020	50	35	9,584	6,142	237	198	**16,246**
Depreciation Expense	2	-	1,448	800	46	35	**2,331**
Disposals	-	-	(289)	(175)	(31)	(50)	**(545)**
Removed from held for sale	-	-	85	-	-	-	**85**
Transfer to held for sale	-	-	(27)	-	-	-	**(27)**
Balance at 30 June 2021	**52**	**35**	**10,801**	**6,767**	**252**	**183**	**18,090**
Balance at 1 July 2021	52	35	10,801	6,767	252	183	**18,090**
Depreciation Expense	1	7	1,679	1,074	89	46	**2,896**
Disposals	-	-	(907)	(160)	-	-	**(1,067)**
Transfer to held for sale	-	-	(123)	(5)	-	-	**(128)**
Balance at 30 June 2022	**53**	**42**	**11,450**	**7,676**	**341**	**229**	**19,791**
Carrying amounts							
At 30 June and 1 July 2020	13	1	9,094	3,152	151	50	**12,461**
At 30 June and 1 July 2021	11	1	9,370	3,844	256	54	**13,536**
At 30 June 2022	**10**	**116**	**10,013**	**4,464**	**292**	**89**	**14,984**

No property, plant and equipment are pledged as security for liabilities.

The carrying amount under the cost model for Buildings would have been $10,076 as at 30 June 2022. (2021 - Buildings $11,275).

Annual Report
For Year Ended 30 June 2022

Note 6: Plant, Property & Equipment

Continued

Impairment

Impairment losses of $12,473 (2021 - $nil) have been recognised for plant, property and equipment classified as held for sale based on a detailed review of the operational effectiveness and net realizable value of individual items. The Directors believe that no additional impairment is appropriate.

Assets held for sale

	Plant & Machinery $'000	Motor Vehicles $'000	Total $'000
2021			
Net Assets Classified as Held for Sale 1 July	575	-	575
Disposals at Book Value	(414)	-	(414)
Items no longer held for sale	(71)	-	(71)
Transferred Assets Held for Sale Opening Cost	46	-	46
Transferred Accumulated Depreciation	(27)	-	(27)
Impairment	-	-	-
Net Assets Classified as Held for Sale	**109**	**-**	**109**
2022			
Net Assets Classified as Held for Sale 1 July	109	-	109
Transferred Assets Held for Sale Opening Cost	156	10	166
Transferred Accumulated Depreciation	(124)	(5)	(129)
Impairment	(9)	(3)	(12)
Net Assets Classified as Held for Sale	**132**	**2**	**134**

Note 7: Intangible Assets

	Goodwill $'000	Brand Name $'000	Software $'000	Website $'000	Total $'000
Cost					
Balance at 1 July 2020	870	1,357	159	2	**2,388**
Additions	-	-	-	-	**-**
Disposals	-	-	-	-	**-**
Balance at 30 June 2021	**870**	**1,357**	**159**	**2**	**2,388**
Balance at 1 July 2021	870	1,357	159	2	**2,388**
Additions	-	-	28	-	**28**
Disposals	-	-	-	(2)	**(2)**
Balance at 30 June 2022	**870**	**1,357**	**187**	**-**	**2,414**
Accumulated Amortisation					
Balance at 1 July 2020	-	812	102	2	**916**
Amortisation	-	83	29	-	**112**
Disposals	-	-	-	-	**-**
Balance at 30 June 2021	**-**	**895**	**131**	**2**	**1,028**
Balance at 1 July 2021	-	895	131	2	**1,028**
Amortisation	-	462	23	-	**485**
Disposals	-	-	-	(2)	**(2)**
Balance at 30 June 2022	**-**	**1,357**	**154**	**-**	**1,511**
Carrying amounts					
At 1 July 2020	870	545	57	-	**1,472**
At 1 July 2021	870	462	28	-	**1,360**
At 30 June 2022	**870**	**-**	**33**	**-**	**903**

Goodwill
The COVID-19 pandemic and cost increases may continue to have an impact on Construction activity levels in the near term. As a result, additional consideration has been given to the assumptions applied for estimating the recoverable amount. The recoverable amount as at 30 June 2022 has been determined based on a value in use calculation using estimated cash flow projections.
The projection is based on a 5% growth rate for the first five years then a nil growth rate beyond that. The post-tax discount rate applied to cash flow projections is 3.72%.

Brand name
The Company brand name changed to CORDE Limited on the 31st January 2022. In light of the change, the Blakely Construction brand name is no longer used, has been impaired and is no longer recognised as an intangible asset.

Note 8: Leases: Land & Buildings

Nature of leasing activities (in the capacity as lessee)
CL leases properties (including land and buildings) from which it operates. Leases generally have terms between 2 to 5 years. CL's obligations under its leases are secured by the lessor's title to the leased assets. The periodic rent is fixed over the lease term for property leases, with market rent reviews during the term for some leases.
Set out below are the carrying amounts of the right of use assets and lease liabilities recognised and movements during the period.

The leases can be renewed at CL's option, with rents set by reference to current market rates for items of equivalent age and condition.

Right-of-use assets	**2022 $'000**	**2021 $'000**
Balance at 1 July	6,215	5,575
Additions	80	1,187
Depreciation expense	(546)	(547)
As at 30 June	**5,749**	**6,215**

Lease liabilities	**2022 $'000**	**2021 $'000**
Balance at 1 July	6,465	5,704
Additions	81	1,187
Interest expense	275	293
Lease payments	(737)	(719)
As at 30 June	**6,084**	**6,465**
Current lease liabilities	729	729
Non-current lease liabilities	5,355	5,736
As at 30 June	**6,084**	**6,465**

The following are the amounts recognised in profit or loss	**2022 $'000**	**2021 $'000**
Depreciation expense of right-of-use assets	546	547
Interest expense on lease liabilities	275	293
Lease expense disclosure		
Expense relating to short-term leases (included in cost of services)	1,540	701
Expense relating to leases of low-value assets (included in other expenses)	150	138
As at 30 June	**2,511**	**1,679**

Note 9: Capital Commitments & Leases

CL has $1,181,796 capital expenditure for property, plant and equipment contracted for at balance date but not yet incurred (2021 – $818,145).

Capital Commitments	2022 $'000	2021 $'000
Capital expenditure for property, plant and equipment contracted for at balance date but not yet incurred	1,182	818
As at 30 June	**1,182**	**818**

CL leases plant and equipment in the normal course of its business. The leases have a non-cancellable term of between 24 and 60 months. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

Non-cancellable operating leases as lessee	2022 $'000	2021 $'000
Not later than one year	150	130
Later than one year but not later than five years	294	337
Later than five years	-	-
Total non-cancellable operating leases as lessee	**444**	**467**

Note 10: Employee Benefit Expenses

	2022 $'000	2021 $'000
Salaries and wages	21,139	18,811
Employer contributions to superannuation and kiwisaver plans	694	453
Employer contributions to fringe benefits	7	6
Increase/(decrease) in employee benefit liabilities	395	49
Total employee benefit expenses	**22,235**	**19,319**

Note 11: Employee Benefit Liabilities

	2022 $'000	2021 $'000
Accrued pay	635	517
Annual and alternative leave	1,372	1,091
Long service leave	7	6
Retirement benefit	-	9
Sick leave	91	87
Total employee benefit liabilities	**2,105**	**1,710**
Comprising:		
Current	2,098	1,696
Non-current	7	14
Total employee benefit liabilities	**2,105**	**1,710**

Note 12: Other Expenses

	2022 $'000	2021 $'000
Audit fee including disbursements	116	97
Directors fees	170	156
Operating leases	194	116
Loss on disposal/write-off of property, plant and equipment	61	14
Other operating expenses	3,876	2,772
Total other expenses	**4,417**	**3,155**

Note 13: Taxation

Income tax expense	2022 $'000	2021 $'000
Relationship between tax expense and accounting surplus		
Accounting profit before income tax	6,332	6,364
Tax at 28%	1,773	1,782
Permanent differences	140	31
Prior year adjustments	(5)	(7)
Recognition of prior losses	-	-
Recognition of previously unrecognised temporary differences	-	-
Tax expense/(credit)	**1,908**	**1,806**
Tax Expense/(Credit) reported in the statement of comprehensive income	1,908	1,806
Comprising the following components of tax expense		
Current tax expense	1,321	1,399
Deferred tax expense	592	414
Prior year adjustments	(5)	(7)
Recognition of current tax losses	-	-
Income Tax expense/(credit)	**1,908**	**1,806**

Current tax asset/(liability)	2022 $'000	2021 $'000
Balance at 1 July	(1,317)	(1,329)
Charged to profit or loss	(1,321)	(1,399)
Net tax paid/(refunded)	2,310	1,364
Prior year adjustments	(8)	47
Balance at 30 June	**(336)**	**(1,317)**

Deferred tax asset/(liability)	2022 $'000	2021 $'000
Balance at 1 July	(784)	(330)
Prior year deferred tax adjustments	13	(40)
Recognition of previously unrecognised temporary differences	-	-
Current year movement	(592)	(414)
Change of income tax rate	-	-
Balance at 30 June	**(1,363)**	**(784)**

Imputation credit account
Imputation credits available for use in subsequent periods were $5.6 million (2021 - $4.9 million).

Note 13: Taxation

Continued

Movements In Deferred Tax Balances Year Ended 30 June 2022

Disclosure of deferred tax balances are as follows	Balance 1/07/2021 $'000	Charged to surplus $'000	Prior Year Adjustment $'000	Balance 30/06/2022 $'000
Retentions receivable	(238)	(118)	-	(356)
Accrued revenue	(1,026)	(752)	-	(1,778)
Employee benefits	287	66	8	361
Trade and other payables	81	193	-	274
Finance leases	70	24	-	94
Property, plant and equipment	42	(5)	5	42
Balance as at 30 June	**(784)**	**(592)**	**13**	**(1,363)**

Movements In Deferred Tax Balances Year Ended 30 June 2021

Disclosure of deferred tax balances are as follows	Balance 1/07/2020 $'000	Charged to surplus $'000	Prior Year Adjustment $'000	Balance 30/06/2021 $'000
Retentions receivable	(217)	(21)	-	(238)
Accrued revenue	(665)	(361)	-	(1,026)
Employee benefits	261	28	(2)	287
Trade and other payables	171	(47)	(43)	81
Finance leases	36	34	-	70
Property, plant and equipment	84	(47)	5	42
Balance as at 30 June	**(330)**	**(414)**	**(40)**	**(784)**

Note 14: Inventories

	2022 $'000	2021 $'000
Gravel stocks	132	190
Other direct materials	908	335
Total inventories	**1,040**	**525**

The write-down of inventories is $6,435 (2021 – $9,685).
There is no inventory subject to retention of title clauses.

Note 15: Trade & Other Payables

	2022 $'000	2021 $'000
Trade payables	6,026	4,948
Accrued expenses	1,822	2,054
Subcontractor retentions	328	148
Amounts due to related parties - SDC (note 22)	66	62
Total trade and other payables	**8,242**	**7,212**

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value. Construction Contract Act (2002) requires construction companies to set aside money for retentions withheld from subcontractors.

This is included in the cash and cash equivalents balance in a separate bank account, with a balance of $316k (2021 - $139k), which addresses this Act.

Note 16: Dividends

CL has provided a dividend of $2,000,000 (net of imputation credits) to SDC (2021 - $2,000,000 net of imputation credits).

Note 17: Borrowings

CL has no borrowings as at 30 June 2022 (2021 - $nil).

Overdraft
The overdraft facility is secured by a debenture. The maximum amount that can be drawn down against the overdraft facility is $300,000 (2021 - $300,000). There are no restrictions on the use of this facility.

Commercial flexi facility
The commercial flexi facility is secured by a debenture. The maximum amount that can be drawn down against the commercial flexi facility is $3,000,000 (2021 - $3,000,000). There are no restrictions on the use of this facility.

Note 18: Provisions

	2022 $'000	2021 $'000
Contractual Rework	128	46
Infringement Provision	260	305
Total Provisions	**388**	**351**

Movement for each class of Provision are as follows:

	Rework	Subsidy Provision	Infringement Provision
2021	**$'000**	**$'000**	**$'000**
	53	20	305
At 1 July 2020	31	-	-
Increase/(decrease) in provision during year	(38)	(20)	-
Costs incurred during the year	**46**	**-**	**305**

	Rework	Subsidy Provision	Infringement Provision
2022	**$'000**	**$'000**	**$'000**
	46	-	305
At 1 July 2021	90	-	-
Increase/(decrease) in provision during year	(8)	-	(45)
Costs incurred during the year	**128**	**-**	**260**

Note 19: Contingencies

Contingent Liabilities

From time to time CL has performance bonds and bonds in lieu of retentions to third parties. Bonds to the value of $739,840 (2021 - $786,520) are committed as at 30 June 2022.
CL does not list these bonds as provisions because it does not consider that it is probable that any such bonds will be exercised. If any performance issues are raised CL has a policy of promptly returning to the site and fixing the customers concerns.

Other than the above CL has no contingent liabilities as at 30 June 2022 (2021 - $nil).

Contingent assets

CL has no contingent assets as at 30 June 2022 (2021 - $nil).

Note 20: Equity

	2022	2021
Capital	**$'000**	**$'000**
As at 1 July	15,363	15,363
Capital issued	-	-
As at 30 June	**15,363**	**15,363**
Retained earnings		
As at 1 July	6,961	4,403
Surplus/(Deficit) for the year	4,424	4,558
Distribution to owners - dividends	(2,000)	(2,000)
As at 30 June	**9,385**	**6,961**

CL has 3,294,350 (2021 – 3,294,350) authorised, issued and fully paid shares, with $nil par value. All shares carry the same voting rights. None of the shares carry fixed dividend rights.

Note 21: Reconciliation of Net Surplus After Tax to Cash Flows from Operating Activities

	2022 $'000	2021 $'000
Net surplus/(deficit) after tax	4,424	4,558
Add/(less) non cash items:		
Depreciation and amortisation	3,393	2,443
Deferred tax expense/(credit)	579	454
IFRS 16 Leases	821	840
Add/(less) items classified as investing or financing activities:		
Net/(gains) losses on disposal of property, plant and equipment	(183)	(97)
Add/(less) movements in working capital items		
Trade and other receivables	1,293	(3,333)
Income tax receivable	-	-
Inventories and work in progress	(3,200)	(1,004)
Trade and other payables	2,006	851
Income tax payable	(981)	(12)
Employee benefits	395	49
Net cash inflow/(outflow) from operating activities	**8,547**	**4,749**

Note 22: Related Party Transactions

CL is a wholly-owned subsidiary of SDC and carries out construction and maintenance of infrastructural assets and the performance of other civil engineering contracting services for a variety of public and private clients.

Transactions With Ultimate Parent Entity

	2022 $'000	2021 $'000
Selwyn District Council		
Services provided to CL	16	10
Depot lease paid by CL	552	537
Rates paid by CL	7	7
Services provided by CL	53,556	32,627
Balance receivable by CL at 30 June	3,606	3,367
Accrued revenue receivable by CL at 30 June	4,617	1,868
Contract retentions receivable by CL	357	56
Balance payable by CL at 30 June	66	62

Transactions with Key Management Personnel

During the year, Directors, the Chief Executive Officer and other senior management personnel, as part of a normal customer relationship, may have been involved in minor transactions with the SDC (such as payment of rates, purchase of rubbish bags etc.).

Delta Utility Services a company associated with Director S W Grave provided goods and services to CL amounting to $12,079 (2021 - $100,559). Balance outstanding at 30 June 2022 was $nil (2021 - $20,275).

Chartered Accountants Australia and New Zealand an organisation associated with M D W Harrington provided goods and services to CL amounting to $735 (2021 - $1,405). Balance outstanding on 30 June 2022 was $845 (2021 - $nil).

Harrington Co Ltd an organisation associated with M D W Harrington provided director services to CL amounting to $37,917 (2021 - $35,000). Balance outstanding at 30 June 2022 was $nil (2021 - $3,354).

Engineering New Zealand, an organisation associated with D L Bridgman, provided goods and services to the value of $1,825 (2021 - $nil). Balance outstanding on 30 June 2022 was $nil (2021 - $nil).

Workplace Support, an organisation associated with D F Wilson, provided goods and services to the value of $9,547 (2021 - $11,525). Balance outstanding at 30 June 2022 was $nil (2021 - $927).

Integrated Electrics Ltd, an organisation associated with D Perham, provided goods and services to the value of $912 (2021 - $nil). Balance outstanding on 30 June 2022 was $nil (2021 - $nil).

NZ Trucking Association, an organisation associated with K Winsloe, provided goods and services to the value of $2,000 (2021 - $399). Balance outstanding on 30 June 2022 was $2,300 (2021 - $nil).

These sales and purchases were all made on terms equivalent to those that prevail in arm's length transactions.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2021 - $nil).

Note 22: Related Party Transactions

Continued

Key Management Personnel Compensation

	2022 $'000	2021 $'000
Salaries and other short term employee benefits	1,826	1,662
Post employment benefits	70	46
Total	**1,896**	**1,708**

Key management personnel were determined to be the Directors, Chief Executive Officer, and Senior Leadership Team.

Note 23: Financial Instrument Risk Management

CL has a series of policies to manage the risk of exposure with financial instruments. CL is risk-averse and seeks to minimise exposure from its activities. CL has established approved liability management and investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Categories Of Financial Assets and Liabilities
The carrying amounts of financial assets and liabilities are approximated at their fair values.

Banking Facility

Facility in Place During the Financial Year:
CL has a composite facility with the ANZ Bank New Zealand Limited that includes overdraft, commercial flexi and flexible credit facilities. The facility has a limit of $3.3 million (2021 - $3.3 million) apportioned between the facilities and is “on-demand” which is the standard term for the bank's working capital facilities.

Fees of 0.5% pa are charged on the facility and are payable quarterly. Interest is charged at the Business Bank Indicator Rate (BBIR) plus various margins. Fees of 0.0417% are charged on the greater of the highest facility limit or the highest outstanding money each month. Interest is charged at the Business Bank Indicator Rate (BBIR) plus various margins. The interest rates applicable to CL on 30 June 2022 were overdraft facility 10.10% and the commercial flexi facility 5.34%.

The commercial flexi facility balance as at 30 June 2022 is $nil (2021 - $nil), and the overdraft balance as at 30 June 2022 is $nil (2021 - $nil).
A movement in interest rates of plus or minus 1% to the actual average interest rate will have an effect of plus or minus $nil (2021 - $nil) on the surplus (deficit).

A ‘clean credit facility’ was added to our Facility Agreement on 4 February 2021. The clean credit facility is a $0.3m letter of credit for Payroll purposes which was approved in October 2018 to assist with our Datapay payroll system. There are no fees associated with this facility being in place. This allows CL to use ASB Bank to pay our weekly payroll, processed directly through DataPay.

Note 23: Financial Instrument Risk Management

Continued

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. CL's exposure to the risk of changes in market interest rates relates primarily to the short-term bank debt obligations with floating interest rates. CL manages its interest rate risk by closely monitoring changes in interest rates and forecasts provided by the bank and external sources. At 30 June 2022 CL had 100% of its debt obligations on floating rates (2021 – 100%).

Credit Risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. CL is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions.

Trade receivables
Customer credit risk is managed by CL subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on references to both external and internal credit ratings. Outstanding customer receivables are regularly monitored, and any outstanding payments are followed up. On 30 June 2022 CL had seven customers (2021 – six customers) who owed CL more than $100,000 and five of these customers (2021 – five customers) were local or central government authorities. Receivables due from both local and central government agencies account for 88% (2021 – 89%) of CL's trade receivables. This concentration of receivables is not considered a credit risk due to the risk profile of local and central government authorities which is considered minimal.

An impairment analysis is performed at each reporting date on an individual basis for all receivables. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5. CL does not hold collateral as security. CL evaluates the concentration of risk with respect to trade receivables as low, as their customers are predominantly local or central government agencies or profitable construction and land developers. CL's maximum exposure to credit risk for each class of financial instrument is as carried in the statement of financial position.

Financial instruments and cash deposits
Credit risk from balances with banks and financial institutions is managed by investing in term deposits with registered banks. CL has no collateral or other credit enhancements for financial instruments which give rise to credit risk.

Liquidity Risk
Liquidity risk is the risk that CL will encounter difficulty raising liquid funds to meet their commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. CL aims to maintain flexibility in funding by keeping committed credit lines available. CL manages its borrowings in accordance with its funding and financial policies. These policies have been adopted as part of CL's long-term plans.

Liquidity risk arising from the pandemic is mitigated through the maintenance of adequate committed credit facilities. CL has short-term debt facilities as at 30 June 2022. CL has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available. CL has $ 9.0 million in cash at year-end and has a maximum amount that can be drawn down against its overdrafts of $3.3 million (2021 - $3.3 million).

Note 24: Impact of Covid-19

On 31 December 2019 China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as COVID-19, with the outbreak declared as a global pandemic on 11 March 2020.

New Zealand has responded well to the virus with strong public health measures and a range of economic stimulus packages. However, despite the response, there remains uncertainty as to the impact of the virus on market conditions in New Zealand.

New Zealand were all at Level 1 on 30 June 2021, however, the New Zealand Government on 18 August 2021, moved the country into Alert Level 4. The lockdown was reduced to Level 2 on 8 September 2021, except for Auckland.

Under Alert Level 4 our business activities for our Maintenance Contracts were restricted to emergency works and essential services, with routine maintenance suspended. All work was caught up subsequently and there was no impact on timelines related to these Maintenance contracts. All Construction work activity had to be suspended, impacting timelines related to the completion of the contracts.

At Level 2 all contracts were able to fully re-commence, following the COVID-19 protocols as prescribed by Civil Contractors NZ. Construction contracts were slightly delayed by the lockdown, resulting in reduced profitability for some contracts. COVID-19 significantly impacted the operational result of the Construction Contracts during August and September 2021.

All of our non-operational staff worked from home during Level 4, returning to their usual place of work in Level 2 or Level 3, depending on operational support requirements. During Level 2 and 3, the business activities resumed with the required health and safety protocols in place at all work offices and sites.

CL activated appropriate policy and practice across the company every time we moved to Level 2.

Covid vaccinations commenced in July 2021 for everyone in New Zealand.

As a result of COVID-19 in 2022, CL has not incurred significant additional expenditure.

Locations in the North Island moved in and out of Level 2 and 3, and the South Island remained in Level 2, through to 2 December 2021, which is when the whole country moved to the COVID-19 Protection Framework Traffic Light system.

The framework has 3 traffic light settings of Red, Orange and Green, and is aimed to help give people and businesses more stability. All in level 3 moved to Red, and all in level 2 moved to Orange.

At all traffic light settings, essential services continue to operate. This includes supermarkets, health services, emergency services, goods transport, and utilities such as power and water supplies.

Key components of the framework are vaccination, face masks, capacity limits, local protections and lockdowns.

On 23rd January 2022 Omicron reached the New Zealand community, and the country moved to Red.

CL was is the exemption scheme, which allowed work to continue, but following the rules regarding vaccines (essential for certain contracts), face masks and indoor limits.

All of our non-operational staff worked from home and their usual place of work, depending on operational support requirements. The business activities continued with the required health and safety protocols in place at all work offices and sites. RAT test kits were supplied to all staff, and rules were introduced for the protection of each other (eg masks/distancing, home if have a cold, test before coming to work etc). COVID infections have been throughout the company in each team, however protecting each other has meant each team has been able to carry on working, with support from those throughout the company.

On 13th April 2022 all of New Zealand moved to Orange.

Note 24: Impact of Covid-19

Continued

The Group is well-positioned to cope with a downturn in the economy.
Fuel prices have significantly risen (in light of the conflict in the Ukraine) along with the cost of raw materials and wage increases. However factors contributing to the Company's strong position are that the Company has several long-term contracts with a number of its existing customers, the Company does not expect to need additional borrowing facilities in the next 12 months as a result of its significant financial resources, existing facilities and strong liquidity reserves. Overall, the Company is in a strong position and has sufficient capital and liquidity to service its operating activities and debt. The Company's objectives and policies for managing capital, credit risk and liquidity risk are described in its annual financial statements.

The Directors have considered the effects on the Financial Statements caused either directly or indirectly by COVID-19:

- The effect on the revenue and expenses in FY22 was not material because there were short lockdowns within this financial year.
- Note 5 – Trade and Other Receivables: considers the possible impact of expected credit losses (ECLs) on trade receivables which has been considered and incorporated into the forward-looking factors. Overall, any adjustments have not led to any material additional ECLs.
- Note 6 – Property, plant, and equipment (PPE): following a full impairment review of PPE, there is no impairment from the impact of COVID-19 on the carrying value of the assets at 30 June 2022.
- Note 7 – Intangible Assets: details the increased uncertainty due to the impact of COVID-19 on our Goodwill as at 30 June 2022. This was assessed via impairment testing.
- Note 23 – Financial instrument risk management - Liquidity risk: is the risk that CL will encounter difficulty raising liquid funds, which has been assessed and concluded to be low.
- To review the impact of COVID-19 on the Cash Generating Units (CGUs), we have assessed if any of our CGUs show indicators of impairment. Following our NZ IAS 36 review, no impairment was found to be necessary on any CGU.

The Directors also considered the lockdown and future impacts of COVID-19 that may negatively impact on the future financial performance and position, however, the Director's assessment, based on the sector details below, is that the impact will not be substantial:

- Future revenue in the Maintenance Contract sector is secure with contracts recently renewed for terms of 9 years.
- The Construction sector is also considered stable as it was before COVID-19, with tenders being continued to be announced and successfully won.

Note 25: Events After the Balance Date

Other than the events relating to COVID-19 and Ukraine as described in Note 24, there have been no other significant events after 30 June 2022.

There will continue to be uncertainty about what impact the COVID-19 pandemic and Ukraine-Russia conflict will have on CL subsequent to year-end.

Note 26: Statement of Objectives & Performance

Targets were set under the Statement of Intent in June 2021. A comparison of achievement against those targets is as follows:

	Actual 2022 $'000	Target 2022 $'000	
Financial Performance:			
Revenue	$91,149	$54,743	Achieved
Net Profit before Tax	$6,332	$2,889	Achieved
Return on Equity	17.9%	>8.9%	Achieved
Ratio of Equity to Total Assets	53.4%	>64.2%	Not Achieved
Total Equity	$24,748	>$23,467	Achieved
Liquidity	1.7:1	1.9:1	Not Achieved
Dividend paid	$2,000	≥ $800	Achieved
Key Performance Targets:			
Specific performance targets for the year commencing 1 July 2021:			
1) Financial Performance:			
Return After Tax to Opening Equity	19.8%	≥ 8.0%	
2) Quality services:			
ISO 9001:2015 Quality standard certificate	Maintained	Maintain	
3) Health and Safety:			
ISO 45001:2018 Health & Safety standard certificate	Maintained	Maintain	
4) People Performance			
a) Staff Retention	71.3%	70%	
b) Training & Development (as a % of payroll costs)	2.8%	> 1.5%	
*(there were a number of courses taken by the CORDE team that were part of the free fees programme being offered by the government)			
5) Environmental Performance:			
ISO 14001:2015 Environmental Performance standard certificate	Maintained	Maintain	

Note 27: 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 taking into account profitability and future investment requirements. The Board of Directors determines the dividends payable after considering the company's funding requirements and the requirement to meet the solvency and liquidity test under the provisions of the Companies Act 1993.

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of CORDE Limited's financial statements and statement of objectives and performance for the year ended 30 June 2022

The Auditor-General is the auditor of CORDE Limited (the company). The Auditor-General has appointed me, Julian Tan, using the staff and resources of Audit New Zealand to carry out the audit of the financial statements and the statement of objectives and performance of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 46 to 83 that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of objectives and performance of the company on page 82.

In our opinion:

- the financial statements of the company on pages 46 to 83:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards.
- the statement of objectives and performance of the company on page 82 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 2022.

Our audit was completed on 25 November 2022. This is the date at which our opinion is expressed.

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

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

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

Responsibilities of the Board of Directors for the financial statements and the statement of objectives and performance

The Board of Directors is responsible on behalf of the company for preparing the 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 statement of objectives and performance for the company.

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

In preparing the financial statements and the statement of objectives and performance, 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 statement of objectives and performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of objectives and performance, 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 statement of objectives and performance .

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

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 statement of objectives and performance, 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 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 statement of objectives and performance 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 statement of objectives and performance, including the disclosures, and whether the financial statements and the statement of objectives and performance 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 in our audit.

Our responsibilities arise from the Public Audit Act 2001.

Annual Report For Year Ended 30 June 2022

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 7 to 43, but does not include the financial statements and the statement of objectives and performance, and our auditor's report thereon.

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

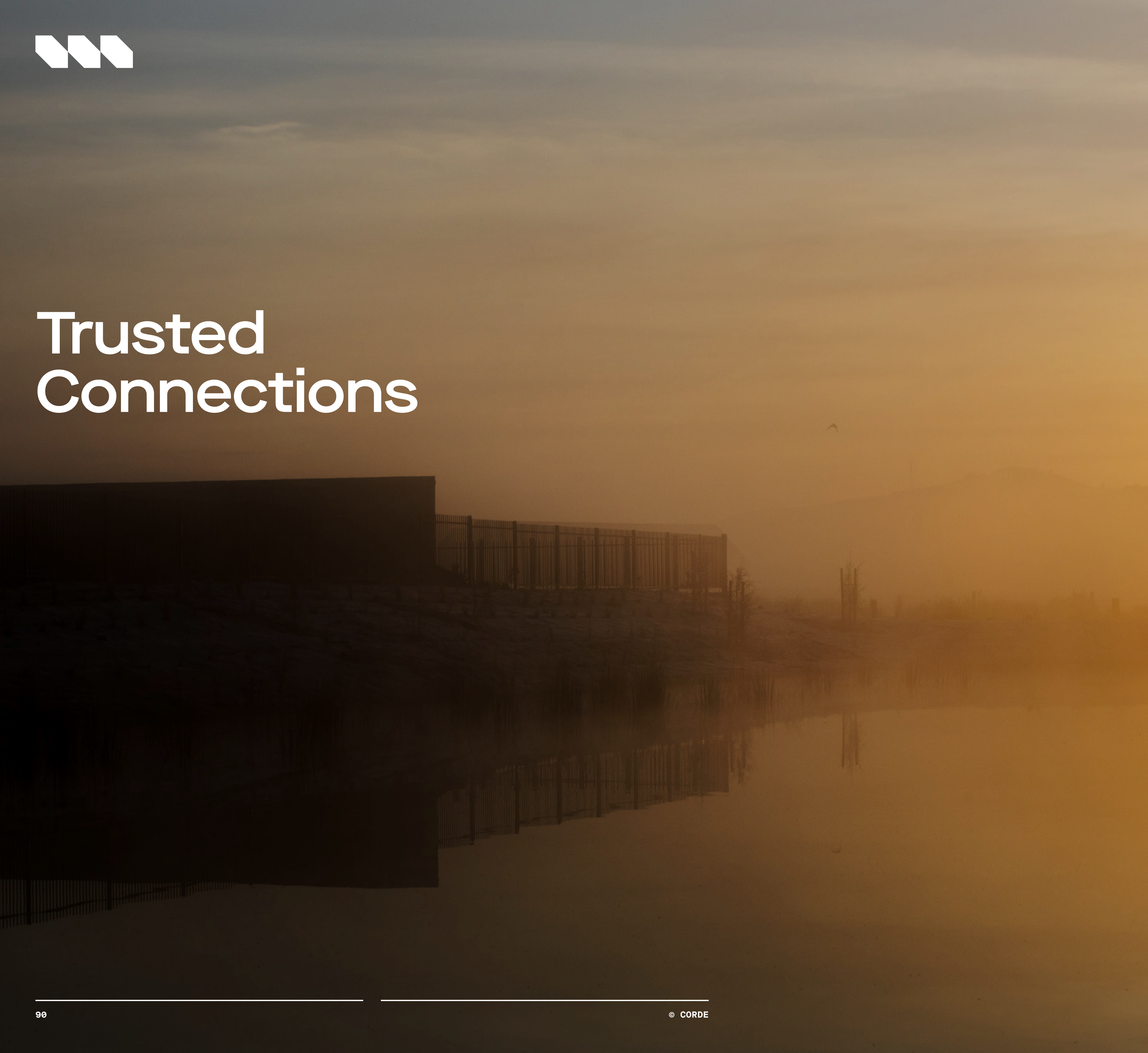
In connection with our audit of the financial statements and the statement of objectives and performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of objectives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

Independence

We are independent of the 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 issued by the New Zealand Auditing and Assurance Standards Board.

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

Julian Tan
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



Trusted Connections

Directory

Directors:
S W Grave
D P McEvedy
M D W Harrington
D L Bridgman

Chief Executive:
D F Wilson

Auditors:
Audit New Zealand, on behalf of the Auditor-General

Legal:
Anthony Harper
Level 9, HSBC Tower
62 Worcester Boulevard
Christchurch

Bank:
ANZ Bank New Zealand Limited

Tax Advisor:
Ernst & Young
Level 4
93 Cambridge Terrace
Christchurch

Principal Activity:
Construction and maintenance of infrastructural assets and the performance of other civil engineering contracting services.

Company Number:
640084

Shareholder:
Selwyn District Council

Registered Office:
85 Hoskyns Road, Rolleston

Contacts:
Postal: PO Box 125, Rolleston
Phone: (03) 318 8320
Email: connect@corde.nz
Web: corde.nz

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