



InfraCore

Essential Contracting Solutions
He Toki Taukari Whakaea

Financial Statements

InfraCore Limited

2023/24

Financial Statements Index

KEY DISCLOSURES.....	3
STATEMENT OF RESPONSIBILITY.....	4
ENTITY INFORMATION	5
STATEMENT OF SERVICE PERFORMANCE – 2024.....	6
STATEMENT OF SERVICE PERFORMANCE – 2023.....	8
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE.....	11
STATEMENT OF FINANCIAL POSITION.....	12
STATEMENT OF CHANGES IN EQUITY	12
STATEMENT OF CASH FLOWS	14
NOTES TO THE FINANCIAL STATEMENTS	15

INFRACORE LIMITED

KEY DISCLOSURES

FOR THE YEAR ENDED 30 JUNE 2024

INTEREST REGISTER

The Company is required to maintain an interest register in which the particulars of certain transactions and matters involving the Directors must be recorded. The interest register is available for inspection at the operational office.

Information used by directors

During the financial year, there were no notices received from directors of InfraCore Limited as, or any subsidiary, requesting to use information received in their capacity as a director which would not otherwise have been available to them.

Indemnification and insurance of directors and officers

The Company has arranged policies of the Directors' and Officers' Liability Insurance and separate Director's and Officers' defence costs insurance.

SEVERANCE PAYMENTS

For the year ended 30 June 2024 the Company made two severance payments to two employees totalling \$20,000 (2023: two severance payments to two employees of \$25,000).

DONATIONS

No donations were made by the company during the year (2023: nil).

EMPLOYEE REMUNERATION

The following numbers of employees, who were not directors, received remuneration and benefits which exceeded \$100,000 value for the 2024 financial year: fourteen (2023: ten)

	Actual 2024	Actual 2023
Remuneration		
\$100,000 - \$109,999	5	6
\$110,000 - \$119,999	2	-
\$120,000 - \$129,999	2	-
\$130,000 - \$139,999	2	1
\$140,000 - \$149,999	1	-
\$150,000 - \$159,999	1	-
\$170,000 - \$179,999	1	2
\$220,000 - \$229,999	-	1

1.

INFRACORE LIMITED
STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2024

The Directors of InfraCore Limited accept responsibility for:

- the preparation of the Company's financial statements, and statements of expenses and capital expenditure, and for the judgements expressed in them;
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting and non-financial reporting;
- the accuracy of any end-of-year performance information prepared by the Company, whether or not that information is included in the annual report.

In the Directors opinion:

- The financial statements and statement of service performance fairly reflect the financial position of the Company AS AT 30 JUNE 2024 and its operations for the year ended on that date.



Director

~~xxth November 2024~~

23rd January 2025



Director

~~xxth November 2024~~

23rd January 2025



23/01/2025

INFRACORE LIMITED

ENTITY INFORMATION

FOR THE YEAR ENDED 30 JUNE 2024

Date of Incorporation

27 July 2015

Company Number

5758268

IRD Number

117-357-767

Nature of Business

The business of the company is the constructing, maintaining and managing infrastructure and facility assets. Providing high quality cost effective services in the following areas: three waters, city cleaning, parks operations, civil works, and supply of nursery products.

Business Location

70 Vaughan Road and Queens Drive, Government Gardens, Rotorua

Registered Office

1061 Haupapa Street, Rotorua

Directors

John McRae – Chair

Vivienne Scott

Brent Whibley

Geoffrey Rolleston

Auditor

BDO Rotorua Limited, on behalf of the Auditor-General

Banker

BNZ Bank, Rotorua

Solicitor

Holland Beckett, Rotorua

Shareholder

Rotorua District Council

100% shareholder

2,366,081 Ordinary Shares

STATEMENT OF SERVICE PERFORMANCE – 2024

FOR THE YEAR ENDED 30 JUNE 2024

How we did in 2024

2024 was another challenging year for the Company, with the appointment of a new CEO after the departure of the CEO and CFO, with only 4 of the 10 performance measures achieved. Inflationary pressures and skill shortages are the primary contributing factor to not achieving the measures.

A lot of success has been achieved throughout the year with several critical initiatives.

- **Staff Turnover Reduction:** Annualised turnover dropped from 60% to 18%.
- **Financial Management:** Aged debtors are now under control.
- **Enhanced Reporting:** Clear, factual reporting to the Board and Council.
- **Operational Improvements:** Significant productivity enhancements and lean Daily Management System implementation.
- **Strategic Planning:** Development of a 3-year high-level business plan and engagement with Morrison Low to deliver on Council resolutions.
- **Staff Engagement:** Improved staff morale with 97% of staff considering InfraCore a good place to work in May 2024, up from 83% in February 2023.

Our financial projections assumed the emergence of an optimised contracting environment that aligns our work streams with our staffing capacity and the operational budgets at our disposal. The contracting renewal process was paused due to the pending decision of the future of Infracore.

We maintained and improved the service standard consistent with what was achieved during the June 2023 financial year as part of our commitment to excellence in service delivery.

In 2024 there were five new service performance measures that were agreed with the shareholder. These were measures number 1, 3, 4, 8 and 9. It was agreed with the shareholder that these provided more valued information on the performance of the company. Through this process some of the measures from 2023 were removed, these were 2, 6, 7, 8 and 9.

	Performance measure	Target for FY24	Status
1	To work with RLC to create a sustainable green space management and maintenance component including revised service levels and cost recovery.	Complete the business case and present it to the shareholder.	<p>Not Achieved</p> <p>RLC paused the completion of documents pending decision making of the future of Infracore</p> <p>This is a new measure for 2024 and not comparable to any measure in 2023.</p>

	Performance measure	Target for FY24	Status
2	To achieve financial budget, focusing on providing the lowest cost service to Rotorua Lakes Council for services rendered whilst ensuring the financial health of InfraCore.	To achieve financial budget.	Not Achieved Budget was set to \$39k deficit and a deficit of \$607k was achieved as per profit and loss on page 12 of this report.
3	Work with RLC on the Water Reform changes and how these changes will impact on InfraCore		Unable to be measured New elected government has repealed the affordable water reforms This is a new measure for 2024 and not comparable to any measure in 2023.
4	Provide cost saving recommendations to Rotorua Lakes Council from operations.	As developed and implemented	Unable to be measured Due to internal resourcing this was not measured. This is a new measure for 2024 and not comparable to any measure in 2023.
5	Consolidated KPI scoring Parks and Open Spaces	83%	Achieved 92%
6	Consolidated KPI Utilities	83%	Achieved 96%
7	Targeting full employee engagement with health and safety.	80%	Achieved 83%
8	Develop business case for depot redevelopment to ensure a fit for purpose depot is provided.	Develop business case	Not Achieved Due to resourcing this was not completed. This is a new measure for 2024 and not comparable to any measure in 2023.
9	Review and identify recapitalisation options for InfraCore to ensure company funding is in line with business operations requirements	Develop business case	Achieved Work undertaken to inform the completion of the draft Statement of Intent identified the financial requirements to enable InfraCore to operate sustainably (need report from Morrison Low) This is a new measure for 2024 and not comparable to any measure in 2023.

STATEMENT OF SERVICE PERFORMANCE – 2023

FOR THE YEAR ENDED 30 JUNE 2024

How we did in 2023

2023 was another challenging year for the Company. With only 4 of the 10 performance measures achieved. Inflationary pressures and skill shortages are the primary contributing factor to not achieving the measures.

A lot of success has been achieved throughout the year. A key aspect of the Company's development was to strengthen from within. This was achieved by the redesign of the staff values, the development of a Well Being calendar (based upon the principals of Te Whare Tapa Whā), increasing the number of staff in external qualifications and the further development of our people leaders.

Although the original focus for 2023 was to look at sustainable growth, the current economic environment has demonstrated that it is in the best interest of the company and the Group to push pause on this. 2024 will see the Company focus in delivering exceptional low cost service to its Shareholder and the wider community, consolidating the organisational development that has been achieved in 2023. It will also put the Company in a stable position to easily transition once the economic situation improves.

In 2023 there were four new service performance measures that were agreed with the shareholder. These were measures number 2, 6, 7, and 9. It was agreed with the shareholder that these provided more valued information on the performance of the company. Through this process some of the measure from 2023 were removed, these were 2, 6, 7, and 8.

	Performance measure	Target for FY23	Status
1	To achieve financial budget	To achieve financial budget allowing any future surpluses to be used to clear long term debt and enhance business capability.	Not Achieved Budget was set to \$77k and a loss of \$430k was achieved as per profit and loss on page 12 of this report.
2	To work in partnership with RLC to grow the InfraCore capability into new commercially sustainable work streams.	To secure additional revenue streams within the financial year that increases EBITDA compared to budget. This will be measured upon project completion, and monitored on a monthly basis.	Not Achieved Due to resourcing constraints, the core focus of the Company needed to be fulfilling SLA's with RLC and no there was no ability to tender for additional work streams. This is a new measure for 2023 and not comparable to any measure in 2022.

	Performance measure	Target for FY23	Status
3	Consolidated KPI scoring Parks and Open Spaces	83%	<p>Unable to be measured</p> <p>RLC did not conduct either site audits or contract performance measurements consistently throughout the financial year to provide an annual result.</p> <p>An average of all Individual asset audits completed over the year would indicate InfraCore meet the contract specifications</p>
4	Consolidated KPI Utilities	83%	<p>Not Achieved Annual average 75%</p> <p>Utilities KPI's were impacted in four areas of the scoring matrix.</p> <p>1: Staff vacancies throughout the year meant that the water reactive team could not get to the increased volume of jobs within the two day KPI timeframe. Incoming jobs over the weekend also impacted monthly scoring.</p> <p>2: RLC queries on job cards were greater than 10 per month Jan through to June, This counts as a fail of the job card KPI.</p> <p>3: Planned maintenance Jan through June did not match the annual plan originally submitted. Although maintenance was on target for the year this was still measured as a failure.</p> <p>4: Reinstatements impacted by availability of hot mix and concrete in small quantities</p>

	Performance measure	Target for FY23	Status
5	Targeting full employee engagement with Health and Safety	80%	Not Achieved 65% - this was based upon the number of service-delivery staff recorded as attending monthly toolbox talks.
6	Employee net promoter score percentage increase on a year on year basis. Assists with overall retention and satisfaction. <i>How likely are you to recommend our business as a place to work for your whānau and friends?</i>	Increase by 20%	Not Achieved The initial baseline was set in the 2022/23 year with the staff engagement survey that was completed in November 2022. The initial results were 82.9%. A follow up was not completed by the end of the financial year. This is a new measure for 2023 and not comparable to any measure in 2022.
7	Annualised turnover target	47%	Achieved Annualised turnover 42% This is a new measure for 2023 and not comparable to any measure in 2022.
8	Number of employees engaged in external qualifications supported by InfraCore as a percentage of total headcount.	25%	Achieved There were 32 of 124 staff engaged in external qualifications. This is a new measure for 2023 and not comparable to any measure in 2022.
9	Commitment to Rotorua Reorua. Increased cultural awareness within our organisation.	2x Initiatives	Achieved 2 initiatives were rolled out through the year - values refresh and a wellbeing calendar (based upon the principals of Te Whare Tapa Whā).

There were a number of measures in 2023 that were removed or modified from the 2022 measures. Management and the Board wanted to refocus the attention on the 2023 year to the culture and its people and have more refined and meaningful measures in place. Changing the focus from outward to inward, the measures needed to mirror that. Measure 7 & 8 from 2022 were changed from the external focus to 7 & 9 in 2023 concentrating on our people. Measure 2 was modified at the request of the shareholder.

INFRACORE LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Actual 2024 \$000	Actual 2023 \$000
Revenue			
Operating revenue	1	13,829	13,242
Other revenue	2	851	1,182
Total Revenue		14,680	14,424
Expenses			
Personnel costs	3	9,543	9,102
Depreciation and amortisation expense	12	379	480
Director remuneration	4	77	105
Finance costs	5	53	36
Other expenses	6	5,235	5,131
Total Expenses		15,287	14,854
Surplus/deficit before tax		(607)	(430)
Income tax expense	10	-	-
Surplus/deficit after tax		(607)	(430)
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		(607)	(430)

NOTE: The accompanying notes form an integrated part of these financial statements

INFRACORE LIMITED
STATEMENT OF FINANCIAL POSITION
 AS AT 30 JUNE 2024

	Notes	Actual 2024 \$000	Actual 2023 \$000
Assets			
Current Assets			
Cash and cash equivalents	7	1,188	396
Receivables	8	921	2,159
Prepayments		88	166
Inventories	9	631	653
Taxation refund due	10	6	-
Intangible Assets		5	
Plant and equipment	11	1,730	
Total current assets		4,568	3,374
Non-current assets			
Taxation refund due	10		-
Intangible Assets			9
Plant and equipment	11		1,882
Total non-current assets			1,891
Total assets		4,568	5,265
Liabilities			
Current liabilities			
Payables under exchange transactions	12	542	638
Goods and services tax		256	371
Accruals	13	38	32
Borrowings	15	910	
Total current liabilities		2,540	1,720
Non-current liabilities			
Borrowings	15		910
Total non-current liabilities			910
Total Liabilities		2,540	2,630
Net Assets		2,028	2,635
Equity			
Retained earnings	16	(338)	269
Share capital	16	2,366	2,366
Total equity		2,028	2,636

The Board of Directors of InfraCore Limited authorise these financial statements for issue on xxth November 2024

NOTE: The accompanying notes form an integrated part of these financial statements

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

	Notes	Actual 2024 \$000	Actual 2023 \$000
Balance at 1 July		2,635	3,065
Surplus/(deficit)		(607)	(430)
Balance at 30 June	16	2,028	2,635

NOTE: The accompanying notes form an integrated part of these financial statements

INFRACORE LIMITED
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Actual 2024 \$000	Actual 2023 \$000
Cash flows from operating activities			
Receipts from revenue		15,924	14,249
Interest Received		22	-
Payment to suppliers and employees		(14,652)	(14,256)
Directors fees		(77)	(105)
Goods and services tax		(115)	276
<i>Net cash flow from operating activities</i>		1,102	164
Cash flows from investing activities			
Receipts from sale of property, plant and equipment		38	62
Payments to acquire property, plant and equipment		(295)	(101)
Payments to acquire Intangible Assets		-	(6)
<i>Net cash flow from investing activities</i>		(257)	(45)
Cash flows from financing activities			
Interest on loans/CARL facility		(53)	(36)
Loan Repayments		-	(1)
<i>Net cash flow from financing activities</i>		(53)	(37)
Net (decrease)/increase in bank accounts and cash		792	82
Cash and cash equivalents at the beginning of the year		396	314
Cash and cash equivalents at the end of the year	7	1,188	396

NOTE: The accompanying notes form an integrated part of these financial statements

INFRACORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2024

1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2024

Reporting Entity

InfraCore Limited ('the Company') is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is domiciled in New Zealand. The Company is fully owned by the Rotorua Lakes Council and is a Council Controlled Organisation as defined under section 6 of the Local Government Act 2002.

The Company has designated itself as a public benefit entity (PBE) for financial reporting purposes. This was determined because the majority of the services performed are on behalf of the Rotorua Lake Council to maintain the water infrastructure, parks and open spaces for the Rotorua District.

The financial statements of the Company are FOR THE YEAR ENDED 30 JUNE 2024. The financial statements were authorised for issue by the directors on ~~16th November 2024~~.

23rd January 2025

BASIS OF PREPARATION

During the comparative period the Company was a going concern. In the current period the Directors have determined that it is more appropriate to prepare the financial statements on a realisation basis as a result of events that have occurred subsequent to balance date. This is explained further in note 24.

Statement of compliance

The Company is a reporting entity for the purposes of the Financial Reporting Act 2013. These financial statements comply with the Financial Reporting Act 2013, the Companies Act 1993, and Section 69 of the Local Government Act 2002.

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards reduced disclosure regime (PBE Standards RDR).

The entity is eligible and has elected to report in accordance with Tier 2 PBE Standards RDR on the basis that the entity has no public

accountability and has expenses >\$2m and <\$30m.

The Company was required under section 67(5) of the Local Government Act 2002 to complete its audited financial statements and service performance information 3 months after the end of financial year. This timeframe was not met due to resourcing constraints.

Measurement base

The financial statements have been prepared on a historical cost basis, except for assets and liabilities as at 30 June 2024 which have been valued at their expected realisation value.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded in thousands. The functional currency of the Company is New Zealand dollars.

Changes in accounting policies

There have been no changes in the current year and all policies are applied on a basis consistent with the prior year.

SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of financial results and financial position have been adopted in the preparation of the financial statements.

Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from exchange transactions

Revenue from sale of goods is recognised when the goods are sold to the customer when risks and rewards of ownership transfer.

Revenue from sales of services is recognised by reference to the stage of completion of the service delivered at balance date as a percentage of the total services to be provided.

INFRACORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2024

Interest income is recognised using the effective interest method.

Employee entitlements

Liabilities for accumulating short-term entitlements are measured at nominal value based on unused entitlement accumulated at current rate of pay at balance date.

Goods & Services Tax

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 is presented in the statement of financial position. The net GST paid to, or received from the Inland Revenue Department, including 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.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by 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 profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 profits will be available against which the deductible temporary differences or tax losses can be utilised.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly in equity.

Inventory

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Plant & equipment

Property plant and equipment consists of:

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 the Company and the cost of the item can be measured reliably.

INFRACORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2024

Disposal

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised in surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial recognition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Company and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on diminishing value on all plant and equipment at rates that will write-off the cost of the assets to their set residual values over their useful lives.

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

Diminishing Value Depreciation Range

Motor vehicles	10% - 30%
Plant and equipment	7% - 67%

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed only to

the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial Instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

Classification and subsequent measurement financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at Fair Value Through Surplus or Deficit (FVTSD):

- it is held within a management model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets – Subsequent measurement and gains and losses

INFRACORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 JUNE 2024

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method less expected credit losses. For trade receivables the Trust uses the simplified ECL model.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

Derecognition Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in surplus or deficit.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to

realise the asset and settle the liability simultaneously.

Impairment of non-derivative financial assets

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due. The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Group considers this to be BBB or higher per Standard & Pools.

Critical accounting estimates and assumptions

In preparing these financial statements the company has made estimates and assumptions concerning the future. These estimates and assumptions may differ from 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.

The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Useful lives of property, plant and equipment

At balance date, the Company reviews the useful life of its buildings and infrastructural assets. Assessing the appropriateness of useful life and residual value estimates requires the Company to consider a number of factors, such as the physical condition of the assets, expected period of use of the assets by the Company, and expected disposal proceeds from the future sale of the assets.

An incorrect estimate of the useful life will impact on the depreciation expense recognised in the profit and loss, and the carrying amount of the assets in the statement of financial position. The Company will minimise the risk of this estimation uncertainty by physical inspections of assets, and asset replacement of programmes in line with useful life expectations.

Statement of Service Performance

In preparing the Statement of Service Performance, management has exercised professional judgement to ensure that the reported outcomes and outputs accurately reflect InfraCore's effectiveness in achieving its purpose. As a critical service provider, primarily funded by Rotorua Lakes Council, InfraCore is dedicated to delivering outcomes that align with the objectives outlined in its Statement of Intent with its shareholder, Rotorua Lakes Council.

The measures presented in this Statement of Service Performance have been determined based on the following principles:

Purpose of InfraCore: InfraCore is established to deliver essential infrastructure maintenance and management services that contribute to the sustainability and well-being of the Rotorua community.

Principal Funder: InfraCore's activities are predominantly funded by Rotorua Lakes Council. The performance measures reported are in line with the goals and expectations set out in the Statement of Intent agreed upon with the Council.

Alignment with Agreed Statement of Intent:

The selected performance measures are aligned with the key performance indicators and strategic objectives defined in the Statement of Intent, ensuring InfraCore's operations are directed towards achieving these outcomes.

Significant Resource Allocation: The measures reported focus on activities that involve significant resource utilisation and are instrumental in fulfilling InfraCore's purpose, ensuring the efficient and effective use of resources in delivering vital services.

The reported outputs and outcomes have been consolidated from InfraCore's internal systems and supplemented with data provided by Rotorua Lakes Council, ensuring a comprehensive and transparent account of InfraCore's performance. Achievements have been categorised by project type, reflecting the company's current strategic priorities and its ongoing commitment to supporting the Rotorua community.

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

1. RLC REVENUE

	Actual 2024 \$000	Actual 2023 \$000
Exchange revenue		
Rotorua Lakes Council – Services Revenue	13,661	13,128
Rotorua Lakes Council – Nursery Revenue	152	114
Total operating revenue	13,813	13,242

2. OTHER REVENUE

	Actual 2024 \$000	Actual 2023 \$000
Exchange revenue		
Trading and Sundry Income	845	1,152
Interest Received	22	-
Non-exchange revenue		
Government Grants - Apprentice Wage Subsidy		30
Total other revenue	867	1,182

3. PERSONNEL COSTS

	Actual 2024 \$000	Actual 2023 \$000
Salaries and wages	9,094	8,562
Employer superannuation contributions	245	233
Other employee related costs	204	307
Total personnel costs	9,543	9,102

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

4. DIRECTORS REMUNERATION

Directors' remuneration was paid as follows:

	Actual 2024 \$000	Actual 2023 \$000
John McRae	30	30
Brent Whibley	15	15
Vivienne Scott	15	15
Christiaan Van Florenstein Mulder	1	15
Geoffrey Rolleston	15	15
Tupara Morrison	1	15
Total remuneration	77	105

No other benefits have been provided by the Company to a Director or in any other capacity. No loans have been made by the Company to a Director nor has the Company guaranteed any debts incurred by a Director.

5. FINANCE COSTS

	Actual 2024 \$000	Actual 2023 \$000
Interest on loans	53	36
Total finance costs	53	36

6. OTHER EXPENSES

	Actual 2024 \$000	Actual 2023 \$000
Audit New Zealand (Financial Statement Audit)	35	40
Administration and overhead	2,193	2,161
Inventories consumed	1,256	1,209
Maintenance	343	239
Telecommunication	107	105
Insurance	78	67
Consultancy	464	104
Bank charges	2	4
Travel and accommodation	7	13
Legal	23	32
Loss / (gain) on disposal	35	3
Contractors	548	1,021
Other expenses	144	133
Total other expenses	5,235	5,131

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

7. CASH AND CASH EQUIVALENTS

	Actual 2024 \$000	Actual 2023 \$000
Cash and cash equivalents	1,188	396
Total cash and cash equivalents	1,188	396
Net cash and cash equivalents for the purposes of the statement of cash flows	1,188	396

8. RECEIVABLES AND PREPAYMENTS

	Actual 2024 \$000	Actual 2023 \$000
Receivables from exchange transactions	921	2,159
Total receivables	921	2,159

In previous years prepayments have been classified with receivables. In order to better distinguish between financial assets and non-financial assets, prepayments of \$88k have been reclassified to the face of the Statement of Financial Position.

9. INVENTORIES

	Actual 2024 \$000	Actual 2023 \$000
Held for distribution inventories		
Inventories held for use in the provision of goods and services	320	332
Commercial inventories		
Inventories held for sale	310	321
Total inventories	631	653

No inventory is pledged as security for liabilities (2023: \$nil).

Inventories held for use in the provision of goods and services recognised as an expense for the year are \$612k. The expense has been included in the "Inventories consumed" line item in Note 7. Write-down in the period was \$11k.

Inventories held for sale recognised as an expense for the year was \$118k. Write-down for the period was \$6k.

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

10. INCOME TAX

	Actual 2024 \$000	Actual 2023 \$000
Components of tax expense		
Current tax	-	-
Deferred tax expense	-	-
Tax expense	-	-
Relationship between income tax expense and accounting surplus		
Surplus/(Deficit) for the year	(607)	(430)
Tax at 28%	(170)	(77)
Plus/(less) tax effects of:		
Group loss offset	-	-
Losses brought forward	(83)	-
Loss to carry forward	252	94
Permanent differences	-	-
Deferred tax asset/(liability) not recognised	1	(17)
Tax expense	-	-

A deferred tax asset movement has not been recognised in relation to temporary differences of \$3,954 (2023 deferred tax liability: \$60,352).

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

11. PLANT, AND EQUIPMENT

Movements for each class of plant and equipment are as follows:

	Equipment \$000	Motor vehicle \$000	Total \$000
<i>As at June 2024</i>			
Opening Cost	1,862	2,639	4,501
Additions	131	164	295
Disposals	(137)	(207)	(344)
Closing Cost	1,856	2,596	4,452
Opening accumulated depreciation	(867)	(1,752)	(2,619)
Depreciation expense	(206)	(168)	(374)
Depreciation recovered	112	159	271
Closing accumulated depreciation	(961)	(1,761)	(2,722)
Opening book value 1 July 2023	995	887	1,882
Book value 30 June 2024	895	835	1,730
<i>As at June 2023</i>			
Opening Cost	1,789	2,767	4,556
Additions	75	87	162
Disposals	(2)	(215)	(217)
Closing Cost	1,862	2,639	4,501
Opening accumulated depreciation	(586)	(1,716)	(2,302)
Depreciation expense	(283)	(190)	(473)
Depreciation recovered	2	154	156
Closing accumulated depreciation	(867)	(1,752)	(2,619)
Opening book value 1 July 2022	1,203	1,051	2,254
Book value 30 June 2023	995	887	1,882

There are no restrictions over the title of property, plant and equipment. There are no items of property, plant and equipment that are pledged as security for liabilities.

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

12. PAYABLES

	Actual 2024 \$000	Actual 2023 \$000
Payables under exchange transactions		
Creditors	543	638
Total payables under exchange transactions	543	638
Payables under non exchange transactions		
GST	256	371
Total payables under non exchange transactions	256	371
Total payables	798	1,009

13. ACCRUALS

	Actual 2024 \$000	Actual 2023 \$000
Current portion		
ACC Accredited Employers Programme	38	32
<i>Total current portion</i>	38	32
Total accruals	38	32

14. EMPLOYEE ENTITLEMENTS

	Actual 2024 \$000	Actual 2023 \$000
Current portion		
Annual leave and payroll accrual	794	675
Long service leave and retirement gratuities	-	4
Total employee entitlements	794	679

15. BORROWINGS

	Actual 2024 \$000	Actual 2023 \$000
Non-current portion		
Loan from Rotorua Lakes Council	910	910
<i>Total non-current portion</i>	910	910
Total borrowings	910	910

AS AT 30 JUNE 2024, the effective rate of interest was 5.745% (2023: 5.86%).

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

16. EQUITY

(a) Share Capital

	Actual 2024 \$000	Actual 2023 \$000
Opening Balance – Number of shares (2,366,081)	2,366	2,366
Total Share Capital	2,366	2,366

All shares are fully paid and there are no unpaid shares. There have been no shares issued or recalled during the period (2023: nil). All shares rank equally and are held by the parent entity Rotorua Lakes Council.

(b) Retained Earnings

	Actual 2024 \$000	Actual 2023 \$000
Balance at 1 July	269	699
Surplus/(deficit)	(607)	(430)
Total Retained Earnings	(338)	269
Total Equity	2,028	2,635

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

17. RELATED PARTY TRANSACTIONS

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Company would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions of such transactions.

The Company entered into transactions with Rotorua Lakes Council:

	Actual 2024 \$000	Actual 2023 \$000
The company paid administration and overhead costs to Rotorua Lakes Council (excl. GST)	(25)	670
Forgiveness of Loan from Rotorua Lakes Council	910	-
Received sales from Rotorua Lakes Council (excl. GST)	13,813	13,242
Accounts payable to Rotorua Lakes Council	(44)	(245)
Accounts receivable from Rotorua Lakes Council	737	1,724
Paid Interest to Rotorua Lakes Council	(53)	(36)
Holiday's Act recalculation costs transferred to Rotorua Lakes Council	-	-

Transactions with key management personnel:

	Actual 2024 \$000	Actual 2023 \$000
Senior management team including chief executive		
Full time equivalent members	5	4
Remuneration	825	800
Directors		
Full time equivalent members	4	6
Remuneration	77	105
Total full time equivalent personnel	9	10
Total key management personnel remuneration	902	905

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

18. CONTINGENT LIABILITIES

At balance date contingent liabilities have been estimated at nil (2023: nil).

19. COMMITMENTS

Commitment Type	Actual 2024 \$000	Actual 2023 \$000
Commitment to lease 20-40 Queens Drive per annum	24	666
Commitment to lease 64-70 Vaughan Road	52	1,463
	76	2,129
Not later than one year	76	301
Later than one year and not later than five years	-	1,828
	76	2,129

The Company's lease commitments will cease on 31 October 2024 as the property that is leased is owned by Rotorua Lakes Council. The business activities of the Company will be taken over by Rotorua Lakes Council upon the sale of the business on 31 October 2024 as set out in Note 20.

20. EVENTS AFTER BALANCE DATE

After the balance date of 30 June 2024, Infracore Limited entered into a Sale and Purchase Agreement with its sole shareholder, Rotorua Lakes Council for the sale of its business assets, including inventory, fixed assets, and goodwill, with an agreed completion date of 31 October 2024.

The purchase price for the transaction is set at NZD 2,227k subject to adjustments for accrued employee entitlements at the completion date, excluding sick leave. This adjustment ensures the carrying value of employee entitlements aligns with the actual liability assumed by the purchaser, Rotorua Lakes Council. Payment of the purchase price will be achieved via a set-off against the outstanding debt owed by Infracore Limited to Rotorua Lakes Council and a transfer of cash from Rotorua Lakes Council to Infracore, for the residual balance as of the on completion date.

The allocation of the purchase price will be impacted by the following:

- Inventory is provisionally valued based on stock held as at 30 June 2024, with a final valuation to be confirmed by physical stock verification.
- Fixed assets are to be transferred at either their carrying amount or net realisable value, depending on the lower value at completion.

This transaction, approved by the shareholders post-balance date on 3 July 2024, is expected to result in an orderly windup of the business and assets of Infracore Limited. Management has classified all assets and liabilities as current as they are expected to all be realised either upon sale of the business assets or within 12 months of the Company's reporting date, being 30 June 2024.

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

21. FINANCIAL INSTRUMENTS

The carrying amount of financial instruments in each of the financial instrument categories are:

	Note	Actual 2024 \$000	Actual 2023 \$000
Financial assets at amortised cost			
Cash and cash equivalents	8	1,188	396
Accounts Receivable	9	921	2,160
<i>Total financial assets at amortised cost</i>		2,109	2,556
Financial liabilities at amortised cost			
Accounts Payables	14	543	638
Borrowings	17	910	910
<i>Total financial liabilities at amortised cost</i>		1,453	1,548

22. CAPITAL MANAGEMENT

The Company's capital is its equity, which comprise shareholders' funds. Equity is represented by net assets.

The objective of managing the Company's equity is to ensure that the Company effectively achieves its goals and objectives for which it has been established while remaining a going concern.

23. REPORTING AGAINST FINANCIAL FORECASTS AS SET OUT IN STATEMENT OF INTENT

	Target 2024 \$000	Actual 2024 \$000	Variance 2024 \$000
Revenue from Rotorua Lakes Council	13,279	13,549	270
Revenue from other sources	661	600	(61)
Project Revenue	1,000	3	(997)
Nursery Revenue	525	528	3
<i>Total Revenue</i>	<i>15,465</i>	<i>14,680</i>	<i>(785)</i>
Direct costs	2,204	1,971	233
Staff costs	9,670	9,393	277
Training and development	357	199	158
Overhead costs	2,930	3,292	(362)
<i>Total Expenses</i>	<i>15,161</i>	<i>14,855</i>	<i>306</i>
EBITDA	304	(175)	(479)
Depreciation and amortisation	305	379	74
Interest expense	38	53	15
Net Profit Before Tax	(39)	(607)	(568)

INFRACORE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2024

Explanation of major variances against financial forecast

Revenue

Revenue from Rotorua Lakes Council – This is predominately from additional recoverable work related to the structures, arborist and clean up and city beautification.

Revenue from other sources – This was to be funded by grants and the primary purpose was to develop the workforce for InfraCore and the wider community in useful skills applicable and create job pathways. Due to resourcing constraints, this project was put on hold.

Project Revenue – Staff resourcing constraints meant the organisation had to focus on core deliverables and did not have capacity to do additional work streams.

Nursery Revenue – The Nursery traded close to budget

Expenses

Direct Costs – With the Company not achieving any additional project work, there was no outlay of costs that associate with those projects.

Staff Costs – Recruitment of vacant positions went well and a few vacancies were filled. Filling the arborist roles are still challenging.

Training and Development –

Overhead Costs – significant increases in the motor vehicle costs due to fuel prices and repair work to the aged fleet.

INFRACORE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

24. AUDITORS REPORT