2024

Annual Report

Financial year ending
30 June 2024

nelmac
ENHANCING OUR ENVIRONMENT

kūmānu™
ENVIRONMENTAL

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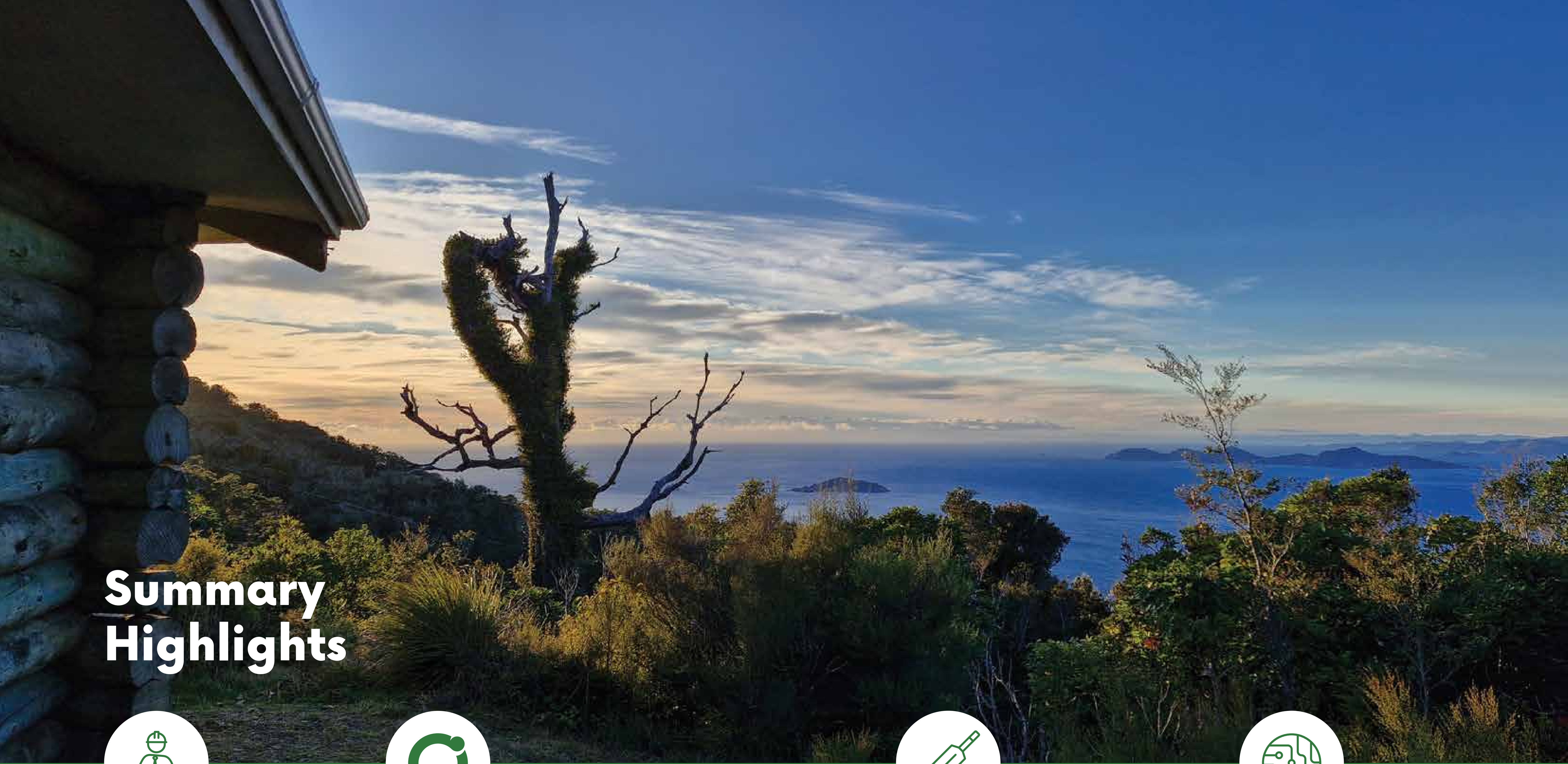


Summary Highlights

Health & Safety Focus

Further investment in systems and people to provide the right information, training, tools and resources to prevent and manage risks across the business.

Improving Culture

Introduction of the "Good Sorts" program to reinforce the Nelmac Kūmānu Values that now underpin our behaviours and culture. Investing in Leadership training for all leaders to provide them with tools to engage, motivate and grow our people.

Return of International Cricket

International Cricket returned to Saxton Oval after a 5 year hiatus. The team successfully delivered 3 international matches and 4 domestic matches over the 23/24 Summer period.

Technology

Our focus on innovative solutions and strategic investments continues to drive our business forward, positioning us for even greater success in the future.

CEO Message

The past year allowed the business to settle back to business as usual, with no major natural disasters to respond to, enabling us to focus on our customers whilst helping our communities continue with reparation work following major floods the previous year.

Meanwhile, strategic planning for our business had necessitated us investing in new opportunities, skill sets and service lines. We have been targeting services that will maximise returns and provide stability and continuity for our employees.

Since the launch of Kūmānu, our Environmental division in 2019, Nelmac has evolved from an operations and maintenance contractor to now being able to offer a diverse range of services for a broader range of customers, alongside expanding our geographical reach outside our region, and can deliver across New Zealand.

We proudly continue to be a strong and capable provider in the 3 Waters space for our communities, with long term contracts in place and an enviable reputation for quality and reliability. Within the Greenspaces division we have made key investments, strengthened our teams, our customer relationships and quality of service over the past year.

Kūmānu compliments the solid foundations created by our Greenspaces and Water divisions and as a result we can align our vision of "Enhancing NZ's Environment for Community Wellbeing" as well as our passionate commitment to Kaitiakitanga and our values.

Reflecting on our achievements over the past year, we have much to celebrate and I would like to thank all our teams and leadership for their efforts and contributions across the business that has enabled a year where, supported by our values of Respect Responsibility and Guardianship, we have:

- Delivered our budget commitment to our shareholder.
- Strengthened our balance sheet and reduced debt.
- Successfully renewed our Toitū Diamond accreditation for the 4th year.
- Reduced TRIFR to below national average.
- Successfully rolled out training matrices for every operational role and progressed our people development competency frameworks and career plans.

Looking forward, the year ahead poses key challenges the business can't ignore, with overall NZ economic pressures, key contracts in Greenspaces being retendered and customer budget cuts forcing us to look closely at how to mitigate these pressures over the next 12 months.

It is vital we invest in the right skills and technology as we look to the future to ensure that our growth and success continues. As a result, we are currently undergoing a strategic review of the NZ market and landscape to capitalise our strengths and ensure we can capture changing market trends and demand, and we are looking forward to rising to the challenge.

JSheard

Jane Sheard
Chief Executive

nelmac kūmānu™

ENHANCING OUR ENVIRONMENT — ENVIRONMENTAL

Vision

Enhancing New Zealand's environment for community wellbeing.

Our Business

For over 25 years, Nelmac Kūmānu has enhanced the wellbeing of New Zealand communities by providing environmental asset management services in the core areas of Greenspaces, Conservation, Commercial Projects and 3 Waters, along with Landscape Architecture and Planning services.

Our Values

Respect

Kūmānu te Tāngata

We treat people with mutual respect and fairness.

Responsibility

Kūmānu te Mahi

We take ownership for the work we do and the resources we use.

Guardianship

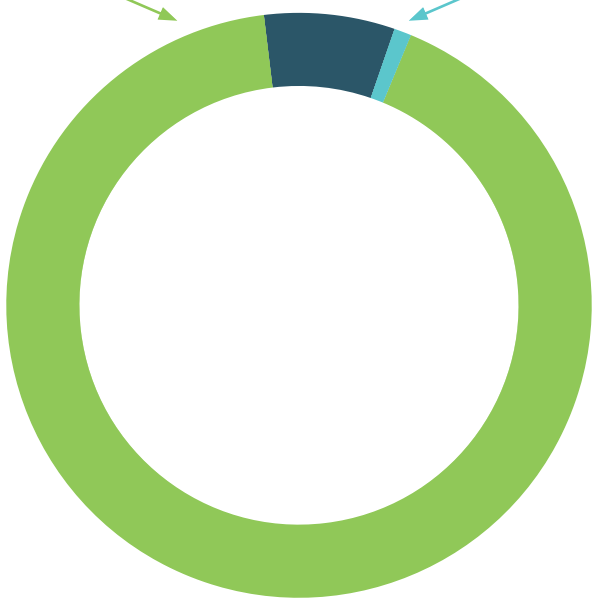
Kūmānu te Taiao

We take care of the environment and each other.

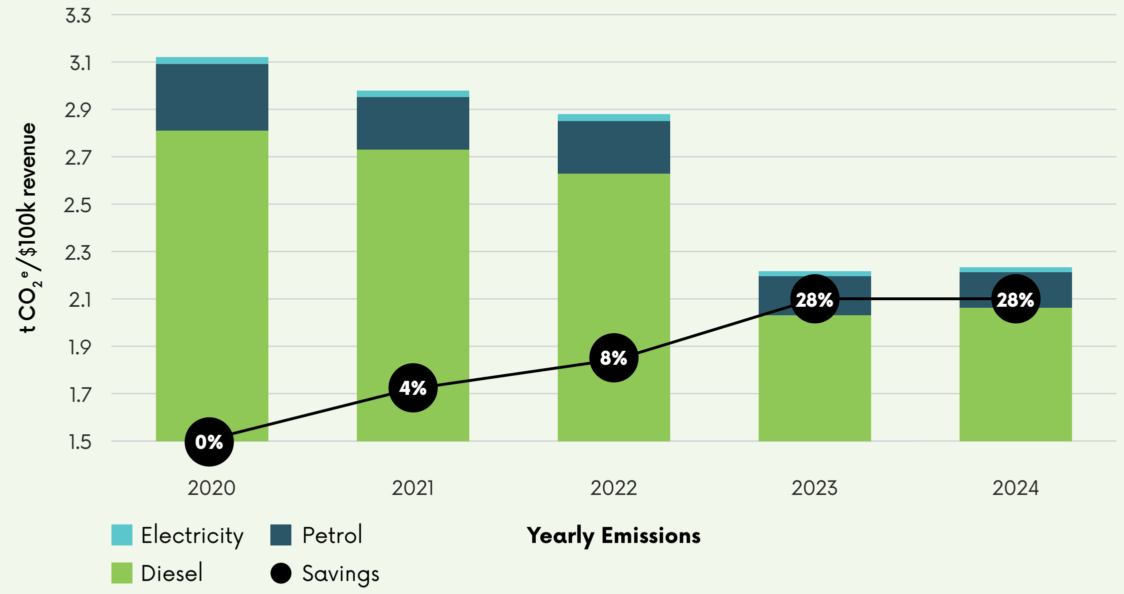
Carbon Footprint

Activities	2024 tCO_2e	2023 tCO_2e	Base Year 2020 tCO_2e
Scope 1 Diesel – Mobile & Stationary	1137.63	1145.05	1031.74
Scope 1 Petrol – Mobile & Stationary	88.71	96.66	100.90
Scope 2 Electricity	11.09	10.69	12.80
Grand Total	**1237.42**	**1252.40**	**1145.44**
CO_2/$100,000 Revenue	**2.26**	**2.24**	**3.12**

	SCOPE 1		SCOPE 2	
Activities	**Diesel**	**Petrol**	**Electricity**	**Total**
2024 Emissions	**1137.63**	**88.71**	**11.09**	**1237.43**
% of Footprint	**92%**	**7%**	**1%**	**100%**



Revenue Adjusted Comparison 2020 to 2024



Culture and Values

Values Implementation Project

The refreshed Nelmac Kūmānu values were embedded in 2023/24 through an implementation project. The key objectives of the project were:

- **LEAD** – Leadership modeling values-based behaviour.
- **ALIGN** – Infrastructure incorporates the core values.
- **ENGAGE** – Employee engagement through team tailgate meetings.
- **SUSTAIN** – Acknowledge and celebrate "Good Sorts" through a values recognition and rewards programme.

Initial responses from an employee values survey found that 99% of employees are now aware of the Nelmac Kūmānu values. This knowledge has been driven by values posters, the Good Sorts programme, and talking about values in team tailgate meetings, which were cited as the top 3 reasons for this raised awareness. Of those surveyed, 47% said they see the values demonstrated daily in the workplace, and 29% said weekly.

The Good Sorts programme recognises 'good sorts' in each team who demonstrate the values. We received positive individual feedback through the survey from our team members who said;

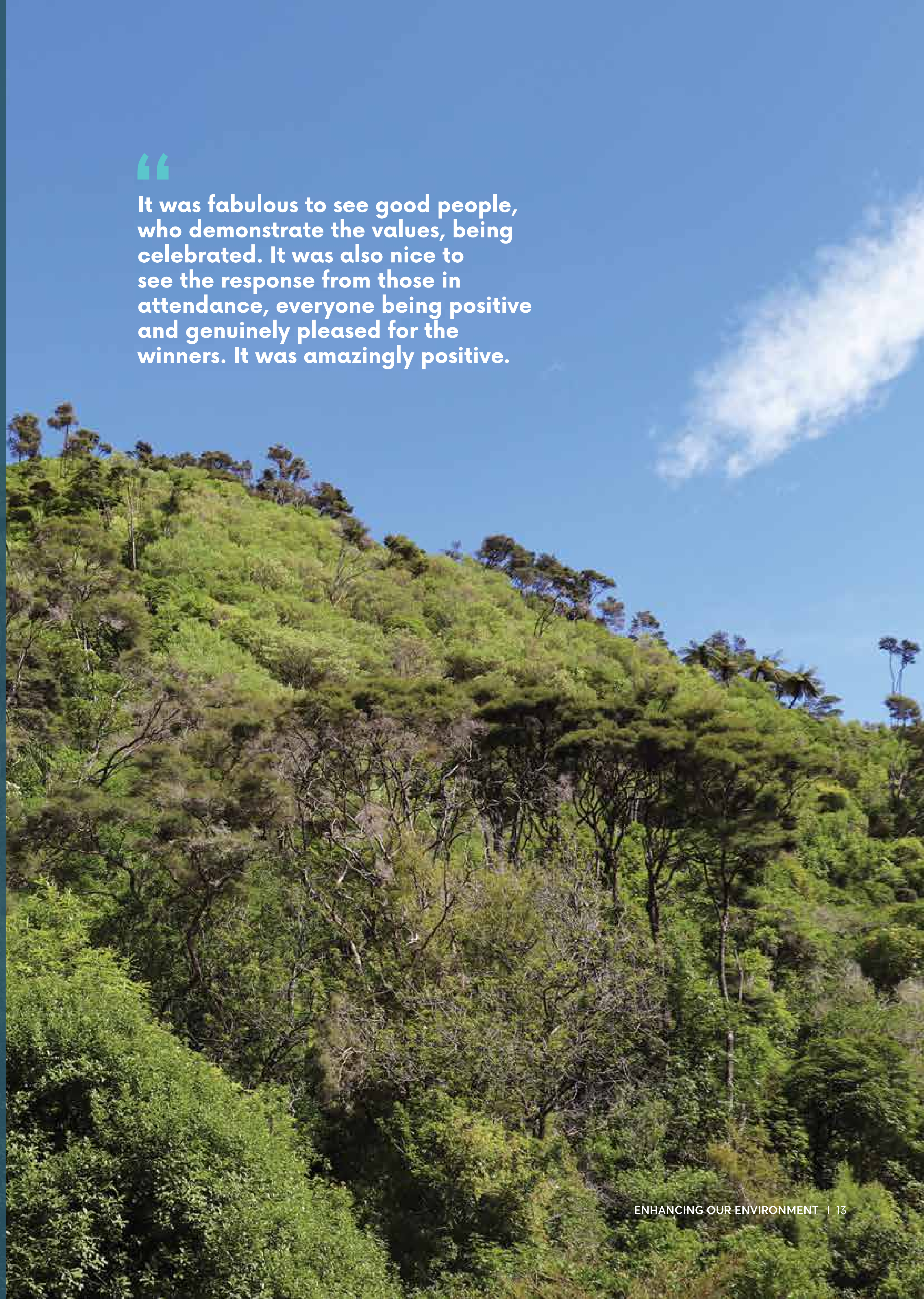
"It's awesome to see good stories that are more widely shared throughout our team because of the Good Sorts rewards. I believe that a lot of the behaviours and attitudes exist in our team members anyway, but it is great to recognise and talk more about specific people and how they represent our values as a company."

"It was fabulous to see good people, who demonstrate the values, being celebrated. It was also nice to see the response from those in attendance, everyone being positive and genuinely pleased for the winners. It was amazingly positive."

Values-based behaviour has been incorporated into leadership learning and development programmes and recognised and supported through one-on-one leadership coaching.

Moving into 2024/25, values will continue to be integrated into the infrastructure, values-based leadership will be expanded, and the rewards and recognition programme will continue to be honed using feedback data from the survey.

Good Sort of the Year: Cam Rollo – Team Leader – Richmond (Horticulture & Cemeteries) with Chief Executive, Jane Sheard.



It was fabulous to see good people, who demonstrate the values, being celebrated. It was also nice to see the response from those in attendance, everyone being positive and genuinely pleased for the winners. It was amazingly positive.

Sustainability Plan

At Nelmac Kūmānu, it's our responsibility to do all we can to protect, renew and enhance our environment - not just for our collective benefit now, but to meet our shared moral obligation to improve our environmental legacy for future generations.

Across all divisions of Nelmac Kūmānu we aim to embed sustainability into our business and our community, so that it becomes an integral part of how we operate. Acknowledging that our operations and services directly impact our local communities, we would like to embrace the opportunity to set a resounding example, demonstrating our commitment to sustainability and reducing carbon emissions.

To demonstrate our commitment, Nelmac Kūmānu has a 5-year Sustainability Plan which outlines carbon reduction targets, strategies, and actions for implementation.

Nelmac Kūmānu has been making steady progress towards our key commitments to the environment, our community, and our people as we implement initiatives, tools, and resources that help us achieve our goals and targets. Highlights of improvements we have made towards our commitments over the past 12 months are detailed in the following section.

The Environment

1. **Optimising our Environmental Management System (EMS)**

   The responsibility for the Environmental Management System and supporting processes were restructured into the Health, Safety, Environment, and Quality Department. This change provided increased resource and support to embed the EMS throughout operations. The feedback from this change has been positive and commented on in the Toitū Enviromark recertification audit where the organisation was re-awarded Diamond.

2. **Reducing Greenhouse Gas Emissions (GHG)**

   A number of sustainability initiatives have been implemented across the organisation with the focus of reducing carbon emissions. These include; purchasing of Electric and Hybrid Vehicles; Fuel Efficiency Initiative; more communication and more promotion of strategies to reduce emissions throughout the organisation.

   Additionally, Nelmac Kūmānu have now brought the measurement of our CO_2 footprint and development of the carbon inventory report in-house. In doing so, this has allowed us the ability to measure and report more regularly, identify key opportunities for improvement, and highlight whether initiatives are impactful.

3. **Climate Change Responsiveness**

   We have updated our Environmental Aspects and Impacts Register, to include potential climate change impacts across all operations and actions to reduce climate change risk to business continuity. We have also included climate change risk to operations in the Company's annual strategy pack ensuring we have mitigation strategies to prepare and respond.

4. **Reduce Agrichemical Usage**

   We have improved our agrichemical reporting capabilities with the implementation of spray diaries online, using GIS. This will allow us to collect more accurate data for agrichemical usage. We have also developed an internal agrichemical training programme to further provide our employees with the appropriate information and competency to carry out agrichemical spraying.

5. **Maximising Resource Efficiency**

   To reduce waste to landfill, we have implemented a waste minimisation and management plan across the organisation with measures focusing on reduce, re-use, and recycle. Alongside other waste minimisation and management strategies already used by the organisation, new measures implemented include: identifying alternative materials in operations that are more sustainable, placement of soft plastics recycling bins at our main sites, and introduction of the Agrecovery Small Bags Product Stewardship scheme.

Our Community

6. **Support Community Projects and Biodiversity**

   We committed 5% of our profit (in kind) to community projects, such as The Brook Waimārama Sanctuary and Kea Conservation Trust. Donating of native plants and organising a number of community planting days in partnership with Nelson City Council.

7. **Become a Leader in Sustainability**

   The 17 Sustainable Development Goals (SDGs) designed by the United Nations, provide a blueprint to achieve a better and more sustainable future for all, whilst addressing global challenges. Nelmac Kūmānu have aligned our sustainability plan and commitments to 10 of the 17 SDGs in support of our efforts to enhance Aotearoa's environment for community wellbeing.

Our People

8. **Ensure a Healthy and Safe Working Environment**

   Nelmac Kūmānu continue to demonstrate commitment to health and safety having introduced a number of procedures, tools, and resources with the aim of improving workplace health and safety and protecting our workers both physically and mentally. This includes dedicated resource leading the organisations Safe Operating Procedures (SOP) Project; continuous improvement to our HSEQ Integrated Management System; focus on compliance training; promotion of risk management tools in operations; and the implementation of a company-wide mental health strategy.

9. **Sustainability in the Workplace**

   Nelmac Kūmānu have placed a focus on improving workplace culture and employee engagement through the introduction of our Company values - Respect, Responsibility, and Guardianship - with organisation-wide communication and promotion alongside the implementation of the Good Sorts programme, celebrating employees that live our values.

ACHIEVEMENTS

Our Environment

Environmental Accreditation – Toitū Enviromark Diamond

Nelmac Kūmānu was re-awarded Toitū Enviromark Diamond certification in May 2024 for the fourth consecutive year. This is the highest level that Toitū offers. Toitū Enviromark programme requirements meet and exceed international standards and best practice, including ISO 14001.

The key elements and achievements for Toitū Enviromark Diamond certification are that we have:

- A robust Environment Management System (EMS) in place
- Senior leadership commitment to our EMS and its continuing stability
- A planned approach to managing environmental impacts arising from work carried out by Nelmac Kūmānu and plans to prevent or reduce those impacts
- Internal systems to ensure that our plans and policies are followed
- Processes to identify opportunities for change and improvement.

ACHIEVEMENTS

Our Community

By our nature, Nelmac Kūmānu is deeply connected to the communities where we operate. We protect and enhance the outdoor places we all live, work and play. We take every opportunity to contribute to local community organisations and projects that make a difference, with a target of donating 5% of our profit (in kind) each year.

Project and Staff Recognition

In 2023, Nelmac Kūmānu, along with some of our individual employees were recognised for the work we do in the community. At the Civil Contractors Nelson Marlborough Awards 2023, Nelmac and Taylors Contracting were announced joint winners for their work on Te Pa Harakeke, entering the 'Eliot Sinclair sponsored $750,001 to $2 Million' category. Carl Baker won the Individual Excellence Award 2023 at the New Zealand Cemeteries and Crematoria Awards 2023. Te Pa Harakeke won Healthy Park of the Year at the 2023 Recreation Aotearoa Parks Awards.

World Environment Day

On 22 June Nelmac Kūmānu teamed up with Nelson City Council to celebrate World Environment Day (5 June) and Arbor Day (28 April) with a community planting day. The event supported the planting of 1,300 plants (all grown by the Kūmānu Nursery), at Tāhunanui Beach as part of our Dune Enhancement Project. Completed in just over an hour by nearly 100 volunteers, all getting to enjoy hot drinks and a BBQ post planting.

Reducing Lead Threat to our Kea

Kūmānu Environmental (Kūmānu) have proudly sponsored the Kea Conservation Trust since 2019, working with the trust over the years to protect endangered kea, our unique mountain parrot endemic to the Southern Alps. Kea are a national kaitiaki (guardian) and taonga (treasure). One of the ways we support the Trust and protect kea is to remove lead from buildings within kea habitat.

In the last year Kūmānu has helped the Kea Conservation Trust with GIS mapping of the Trusts Jobs for Nature Lead Removal Project. This project targeted privately owned buildings at front country sites which are known hotspots for lead poisoning in kea, so far removing lead from 508 buildings. We presented our mapping work at the Kea Summit, held in St Arnaud in June 2024. We are also working on a project to remove lead from private dwellings in Awaroa and Torrent Bay, in Abel Tasman. We are in the early stages of this project, liaising with landowners and completing inspections on properties to identify the lead removal and replacement work required.

ACHIEVEMENTS

Our People

Nelmac Kūmānu's commitment to the growth and development of it's people is evident in the strategic initiatives and projects undertaken this year by both the People and Culture Team and the HSEQ Team, alongside Operations. By focusing on having the right information, tools and resources, as well as compliance, competency, and development training we are building a workforce that is competent, safe, confident, and aligned with our business objectives.

Learning & Development

This year, Nelmac Kūmānu has focused on the growth and development of our people, emphasising a long-term roadmap for Learning & Development. Our objective is to create learning solutions that impact retention, growth, career progression, productivity and ultimately position our people with the confidence and capability to achieve our business objectives. Training at Nelmac Kūmānu comprises a mixture of compliance courses and Standard Operating Procedures (SOPs). Technical tasks are typically learned on the job through practical experience and mentoring by buddies, teammates, crew leaders, team leaders, and specialists. We also partner with various Industry Training Organisations (ITOs) and external assessors to facilitate and assess New Zealand qualifications.

Learning & Development Roadmap

Our Learning & Development Roadmap outlines our 3-year long-term plan and commitment to technical excellence and the development of our people. It has three areas of focus: Compliance, Competency and Development Training.

Compliance Training

Compliance training at Nelmac Kūmānu is driven by legislation, industry best practice, Health & Safety standards and our client requirements and needs. These are primarily external courses that serve as the minimum legal requirement for specific roles. This category also includes mandatory SOPs determined by Nelmac Kūmānu.

Competency Training

Competency frameworks at Nelmac Kūmānu outline key responsibilities for each role, ensuring employees are competent, safe, confident, and effective. These frameworks provide a learning and progression plan, detailing the essential tasks and skills required. Training methods include on-the-job checklists, courses, hands-on learning, and SOPs, tailored to the complexity of the competency. Strategic and business need training is also integrated into our competency frameworks. This training addresses business objectives, legislative changes and continuous improvement. It allows us to set standards, implement change and train employees efficiently at pace.

Developmental Training

New Zealand qualifications enhance our technical expertise and support professional development. We partner with ITOs to deliver most of this training on the job and with external technical training.

Work so far

Compliance Training Project

Our compliance training project began in 2023, with a review of existing training to determine training requirements our people needed. These requirements were then assigned per role with a plan created to complete all required training. A monthly glidepath helped us showcase completion targets and track progress across divisions and teams.

Communications, catch up meetings and updates increased engagement and healthy competition between divisions. We met with divisional and team leaders on a regular basis, attended Tailgates and installed posters onsite to keep everyone across our progress.

In 8 months, the compliance project significantly increased our completed training results by 86% and provided needed visibility to our leaders. Regular engagement and communication with divisional and team leaders helped sustain momentum. We trialled different forms of visual updates and reporting to keep it as an active conversation onsite and at our monthly Tailgates.

Competency Framework Project

Launched in the last quarter of 2023 our competency project is scheduled for completion by the end of 2025. This project has built competencies across five categories: Health & Safety, Quality & Environment, People, Systems, Commercial, and Technical.

Key goals include:

- Building task-based competencies for each role
- Creating our organisational competency library
- Developing training and assessment packages for each competency
- Generating individual training plans for every employee
- Supporting our leaders and trainers with specialised 'Train the Trainer' courses

Workbook Sessions for National Certificates

Monthly workbook sessions began as part of the Learning & Development Roadmap, supporting employees through National Certificates. Our external assessors and ITO advisors partner with us at these sessions to help support and progress our people. The first sessions began in June with a focus on Horticulture, Primary and Water qualifications.

Train the Trainer Courses

Five internal 'Train the Trainer' courses have been rolled out this year with over 45 crew and team leaders attending. These courses, specific to Nelmac Kūmānu's requirements, covered SOPs, training techniques and updates on Learning & Development initiatives.

Conclusion

Nelmac Kūmānu's commitment to the growth and development of it's people is evident in the strategic initiatives and projects undertaken this year. By focusing on compliance, competency, and developmental training, we are building a workforce that is competent, safe, confident, and aligned with our business objectives. Our efforts in Learning & Development not only enhance individual capabilities but also strengthen the overall performance and success of our organisation.

ACHIEVEMENTS

Technology

Over the past financial year, we have made significant strides in advancing our IT strategy, guided by the six core pillars established in 2019. A predominant focus on a "Cloud First" approach has laid a strong foundation for all our systems. Key milestones include the successful decommissioning of multiple on-prem servers, alongside the implementation of SD-WAN solutions, which have greatly enhanced our network's autonomy and flexibility.

Our commitment to up-to-date technology is evident through our adoption of Cloud-based services. Notably, we introduced mobile connectivity via Starlink for remote sites, with Marlborough now fully operational using an SD-WAN solution. This innovation demonstrates our capability to remain connected and operational across the country, adhering to our standard network protocols. Additionally, the implementation of the Scannable Platform for Arboriculture equipment safety checks, utilising NFC technology, has revolutionised our equipment tracking process, ensuring real-time updates and enhanced safety compliance.

A key initiative this year has been the focus on automating monotonous tasks, thereby increasing efficiency. We leveraged middleware like FME to generate automated job outputs, seamlessly integrating with council systems and eliminating the need for manual data input. Our GIS project saw the development of automated reporting processes, providing managers with timely insights into completed works. Furthermore, the Capex workflow process was enhanced using Microsoft Power Apps, enabling streamlined approvals and data integration with Business Central.

Our systems have undergone a remarkable transformation from being siloed in 2021 to now being interconnected through APIs. This advancement allows us to extract, transform, and load data into a centralised data warehouse, with Power BI providing meaningful business insights. The implementation of the NCC Openspace GIS platform stands out as a major achievement, with significant milestones such as integrating NCC GIS data, training 60 staff, and offering operational dashboards to NCC. This initiative has also resulted in substantial cost savings, reducing existing operational software fees by approximately $15k annually.

Despite budget constraints, our SharePoint and Document Management Library project made notable progress. We spearheaded the migration of the Q Drive to SharePoint, with completion anticipated by early 2024. Engagement with Information Leadership is scheduled for early next year to further advance this project.

The document management system, part of our Digital Transformation project, kicked off in February 2024 in collaboration with Information Leadership as our principal consultant. This project is a significant one as it transforms how we store files and operate daily. Benefits include improved file search, creating efficiencies within the business, automatic metadata application to files, and ensuring compliance with records management best practices. We have undertaken the process of business classification, meeting with every part of the business to determine and design their workspaces, end-user training, and workspace walkthroughs. This new system, named nelly, went live on 10 July 2024.

Like every system implementation, the journey does not stop at go-live. We have set the foundation for this new system, opening the door for exponential improvements and added value as we move into the future.

In summary, the past year has been marked by remarkable technology advancements, from infrastructure improvements and enhanced connectivity, to increased automation and system integration. Our focus on innovative solutions and strategic investments continues to drive our business forward, positioning us for even greater success in the coming year.

Health and Safety

At Nelmac Kūmānu, we are committed to working together to create and maintain a safe and healthy work environment. We strive for the relentless pursuit of preventing and reducing harm and aim to provide a work environment that continuously seeks to improve health and safety performance, ensuring our people return home healthy and safe to their families at the end of each day.

Over the last year the Nelmac Kūmānu Health, Safety, Environment, and Quality (HSEQ) Team have focused on providing increased operational support as well as working closely alongside our operational teams to introduce a number of continuous improvement projects.

Through our efforts and improvements to current practices and systems and introduction of new processes we can see a positive shift in safety culture and the attitude and behaviours towards health and safety across the organisation as it becomes embedded in the way we do business. We are gaining good insight through feedback from teams into steps we can take to continue to promote this and improve our systems to better protect our people as we move forward.

Some highlights of the continuous improvement projects include:

Safe Operating Procedures

Safe Operating Procedures (SOPs) are a key resource used by Nelmac Kūmānu to minimise worker exposure to health and safety hazards and risks as a result of work activities, ensuring workers have been provided with appropriate information and have been trained on SOPs relevant to the activities carried out in their role.

At the beginning of 2023, Nelmac Kūmānu launched the SOP Project which focused on updating existing SOPs and creating new SOPs where it was identified that there were gaps. We employed a dedicated SOP Technical Writer to lead the project, working with subject matter experts from across the organisation to ensure SOPs were fit-for-purpose, containing the correct information, and in a user-friendly format.

The project wrapped up at the end of January 2024 with over 150 new SOPs written, 170 SOPs updated, and overall, over 330 SOPs published. The support from operations and the subject matter experts in the field was outstanding and the investment from the Company into the project has put us in a really good position going forward ensuring that our people are provided with the information and instruction to complete their jobs safely.

HSEQ Integrated Management System

The HSEQ Team, in consultation with the workforce, have worked on improving our HSEQ Integrated Management System so that the processes and supporting tools/resources are user friendly and fit-for-purpose at the ground level. The HSEQ Team have worked closely with operational teams to embed processes throughout operations, ensuring workers are utilising tools and resources to protect health and safety and prevent harm.

Not only have these improvements made it easier for our employees to use the system but have also helped us gain reaccreditation of our HSEQ Integrated Management System through Telarc for ISO 45001 - Occupational Health and Safety Management Systems and ISO 9001 - Quality Management Systems for the fourth consecutive year. Accreditation to these ISO standards demonstrates that Nelmac Kūmānu is committed to Health, Safety, and Quality and has systems and processes that meet international standards/best practice throughout our operations.

Mental Health Strategy

Workplace mental health and wellbeing is a key focus for our organisation - everyone who goes to work should go home safe and healthy, both physically and mentally. Nelmac Kūmānu is committed to providing a workplace that both promotes positive mental health and wellbeing and prevents negative impacts as a result of work.

To ensure Nelmac Kūmānu has an effective mental health and wellbeing strategy in place, we have adopted and implemented the Business Leaders Health and Safety Forum Framework for Managing Mental Health and Wellbeing at Work, developed by Dr Hillary Bennett of Leading Safety. The Framework has been designed based on international research and local experiences and offers four approaches - Protect, Foster, Reclaim, and Support - to manage mental health and wellbeing at work.

Our mental health and wellbeing strategy has a key focus on providing our employees with resources to support and promote mental health and wellbeing, aligned with each of the four approaches. We have now implemented the first stage of our 5-year strategy which has included a strong commitment from our Board and Senior Leadership Team, the introduction of ISO 45003:2021 in our HSEQ Framework Manual, a dedicated Wellbeing Committee, regular Wellbeing Communication and Initiatives, Workplace Support offering on-site counselling and EAP services, identification of External Resources, Mental Health First Aiders, and Wellbeing Surveys.

PROJECT CASE STUDY

The Return of International Cricket at Saxton Oval

Summer 2023/24 started early in Nelson/Tasman, with the region living up to its reputation as the sunniest place in NZ, and whilst suburban lawns were becoming brown and crispier by the day, Saxton Oval was lush and green with the preparations for the exciting season of cricket, set to break the 5-year hiatus of International Cricket in the region.

End of season outfield and block renovations had been completed in Autumn, so the confirmation that International Cricket would return to Saxton Oval, announced in July 2023, meant that nutrition and spring renovations were advanced to ensure the pitch and outfield presented to the high standards required of the International Cricket Council (ICC).

With much excitement and anticipation at the impending events, amongst the Turf team, many of whom had not experienced working on international cricket games, the international experience of Turf Team Leader, Hamish Blomfield and Head Groundsman, Bede O'Connell was paramount in delivering a first-class surface.

Detailed preparation of the pitch for the One Day International (ODI), Black Caps vs. Bangladesh, on December 20, began 12-14 days out from game day, with no less than 3 staff on site for each of the days. Monitoring the weather forecast and disease pressure intently in the 2-3 weeks out, the team managed moisture content daily. The forecast in the lead up was relatively settled, with only 10mm falling 3 days out, helping to even out moisture on the outfield.

Game day arrived, with team member, Ronan starting at 6:00AM to double cut the outfield, followed at 6:30AM by more team members to pull the covers off the block, remove and dry out the hessian, and set up the throwdown nets and practice wickets for warmups. The predicted risky showers after lunch failed to arrive allowing the team time to enjoy the game. Staff were kept busy sweeping and re-marking creases at the drinks and innings breaks, and, at the Black Caps request, gave the pitch a further 'light' roll.

1 ODI
NZ Black Caps vs. Bangladesh

2 T20s
NZ White Ferns vs. England

+

Various Representative & Domestic matches

FORECAST
for all matches

Turf delivery team:

- Hamish Blomfield
- Bede O'Connell
- Matt O'Sullivan
- Cam Lubransky
- Mark Mitchell
- Harry Coltman
- Ronan Restieaux
- Finn Restieaux
- Robbie Reed

Statement of Performance

Statement of Performance

Objective Area	Performance Measures	Targets	Comments	Result
Quality of Service	Understand and strive to improve customer satisfaction	2023/24 Customer Satisfaction Survey for all Nelmac Kūmānu Customers – improving on 2021/22 score of 5.33 out of 7	Score of 5.28 was less than the 5.33 in 2021/22 due to one particularly low response combined with a poor response rate	Not Achieved
	Reduced carbon emissions year on year (adjusted for COVID)	Reduce carbon emission compared with 2023 (normalised against revenue) 2022 = 2.88t per $100k Revenue 2023 = 2.24t per $100k Revenue	2023 emissions were impacted by impacts from the flood recovery. 2024 emissions are 20% lower than 2022 2024 = 2.26t per $100k Revenue	Not Achieved
People & Safety	Employee Turnover comparable to industry average	Employee turnover within 5% of the national industry average		Achieved
	Reduce average TRIFR	TRIFR reduction from 12% to under 10%		Achieved
Non-shareholder Business	Profitable growth in non-NCC work	Profitable year on year growth in non-NCC work from 2023 to 2024		Achieved
Equity Ratios	Financial risk limited by maintaining appropriate balance sheet ratios	Bank Debt to Equity at or below 55%		Achieved

Note: Customer satisfaction survey was completed in April 2024 instead of June at the request of NCC. This was with the view to drive higher engagement at their end due to workloads in June within the relevant teams at NCC.

Greenhouse Gas (GHG) Emissions

Nelmac Limited (the company) is on a journey towards measuring company-wide emissions. We continue to be committed to reducing CO_2 emissions, setting sustainability targets that will be measured on an annual basis.

In the reported information the company have included only Scope 1 and Scope 2 emissions sources. This has been defined because it includes the emissions for which sufficient and accurate measurement data is available, and the sources where there is the greatest ability to reduce emissions.

The Company uses the operational control approach to determine our organisational boundary. This means the reported results include 100% of emissions from sites we have operational control of. Emissions are included from all of the Company's depots under this approach.

Specific exclusions from within these sources have been noted below.

In addition, we have not reported Scope 3 emissions, this means we have excluded some potential significant emission sources such as: subcontractor emissions and emissions related to our supply chain, including purchased materials and the mining and transportation of fuels. The company is working with our suppliers and subcontractors to gather the required data and are developing our internal systems to ensure that we are able to document, collate, measure, and analyse our emissions more thoroughly.

The Company is reporting an intensity factor to ensure that we can compare the impact of our reduction initiatives over time, without being influenced by increases or decreases in the overall size of the Company. This intensity factor is our normalised tonnes of emissions from the Scope 1 and Scope 2 emissions sources per $100,000 of revenue, adjusted for the COVID-19 wage subsidy. This adjustment has been made because the receipt of the wage subsidy does not influence our carbon emissions, nor does it reflect the volume of our operations in the periods we received it.

	2024	2023	2022	2021	BASE YEAR 2020
Activities	tCO_2e	tCO_2e	tCO_2e	tCO_2e	tCO_2e
Diesel – Mobile and Stationary	1137.63	1145.05	1138.71	1183.09	1031.74
Petrol – Mobile and Stationary	88.71	96.66	96.52	96.67	100.90
Total Scope 1 Emissions	**1226.34**	**1241.71**	**1235.23**	**1279.76**	**1132.64**
Electricity (all Scope 2 Emissions)	11.09	10.69	14.22	14.78	12.80
Total Emissions	**1237.42**	**1252.4**	**1249.45**	**1294.54**	**1145.44**
Normalised Emissions (t/$100,000 Revenue)	2.26	2.24	2.88	2.99	3.12

1. Fuel emissions exclude rental car use.
2. The Company sold its commercial and residential refuse collection activity to Better Bins on 1 February 2022. The emissions presented above include the emissions of these activities until settlement date. Emissions relating to this activity have not been removed from absolute emissions reported because the Company does not consider the sale a significant structural change. Certain plant and vehicles were retained and continue to be used for other refuse and recycling activities, therefore the related emissions for the commercial and residential refuse activities cannot be easily disaggregated.
3. Scope 1 emissions exclude emissions from refrigerants.
4. Scope 2 Electricity Emissions – the Marlborough depots electricity emissions are estimated by applying the electricity usage of a similar depot (Golden Bay). The level of uncertainty is not considered significant given the sources that have been included in the current year and the low level of estimation applied.

Note: There is a level of inherent uncertainty in reporting greenhouse gas emissions, this is due to a level of scientific uncertainty as well as estimation uncertainty involved in the measurement processes. The Company has used the published emissions factors from the MFE 2023 guidance document and obtained quantity data direct from suppliers (electricity invoice, fuel card). Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

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

The Auditor-General is the auditor of Nelmac Limited (the Company). The Auditor-General has appointed me, Chris Genet, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 36 to 59, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 28 to 29.

In our opinion:

- the financial statements of the Company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2024; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards; and
- the performance information of the Company presents fairly, in all material respects, the Company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the Company's objectives for the year ended 30 June 2024.

Our audit was completed on 26 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw your attention to inherent uncertainties in the measurement of greenhouse gas emissions. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of Matter – Inherent uncertainties in the measurement of greenhouse gas emissions

The Company has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 29 of the performance information, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Basis for our opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 3 to 27 and 60 to 63 but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

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

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

Chris Genet
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Financial Statements

1. Reporting Entity

Nelmac Limited is a profit-orientated Company registered under the Companies Act 1993.

Nelmac Limited is wholly owned by Nelson City Council and is a Council Controlled Trading Organisation (CCTO) as defined in Part 1 Section 6 of the Local Government Act 2002.

Its principal activities are the maintenance of Utility Services and Amenity Horticultural Assets, along with provision of Facilities Management, Conservation and Environmental Services.

2. Summary of Significant Accounting Policies

The following particular accounting policies, which materially affect the measurement of financial results and financial position, have been applied:

Statement of Compliance

The Company is a Tier 1 for profit entity as defined by the External Reporting Board (annual expenses over $30 million) and has reported in accordance with Tier 1 for profit Accounting Standards. These Annual Financial Statements are general purpose financial reports, which have been presented in accordance with NZIAS1, additional information as requested by Directors, and in accordance with NZ GAAP. The comply with New Zealand Equivalents to IFRS, and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

These Financial Statements were authorised for issue by the Directors on 26 September 2024.

Basis of Preparation

The financial statements have been prepared on the historic cost basis, less impairment, with the exception of land which is held at fair value. The going concern basis of accounting has been applied.

The accounting policies set out below and in the following notes have been applied consistently to all periods in these financial statements except for IFRS 16 Leases, which has been applied using the modified retrospective approach.

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable financial reporting standards as appropriate for profit-orientated entities.

The financial statements of Nelmac Limited have been prepared in accordance with the requirements of the Companies Act 1993 and the Local Government Act 2002.

The reporting currency is New Zealand dollars, rounded to the nearest dollar.

Critical Accounting Judgements, Estimates and Assumptions

In preparing these financial statements, the Company has made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and Assumptions are continually evaluated. The critical accounting judgements, estimates and assumptions of the Company are contained within the following policies and notes.

a. Goods and Services Tax

The financial statements have been prepared exclusive of goods and services tax (GST) with the exception of receivables and payables which are stated with GST included. Where GST is irrecoverable as an input tax then it is recognised as part of the related asset or expense.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

b. Taxation

Income tax on the profit/loss for the year comprises current and deferred tax, and is recognised in the profit or loss (or recorded as equity or other comprehensive income if it relates to items recognised directly in equity or other comprehensive income).

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at balance date, and any adjustment to tax payable in respect of previous years. The current tax for current and prior periods is recognised as a liability (or asset) in the Statement of Financial Position to the extent that it is unpaid (or refundable).

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation of the carrying amount of assets and liabilities, using tax rates enacted at balance date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

c. Financial Instruments

The company is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, debtors, creditors, and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the profit or loss.

i. Accounts Receivable

Accounts receivable are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method less any provision for impairment.

ii. Accounts Payable

Accounts payable are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value approximates their fair value. They are recognised when an obligation to make future payments exists from the purchase of goods and services. They are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

iii. Cash/Cash Equivalents

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments with original maturities of 3 months or less in which the Company invests as part of its day-to-day cash management.

d. Inventories

Inventories are valued on the basis of the lower of cost, determined on a weighted average basis, and net realisable value.

e. Property, plant and equipment

Land is shown at fair value based on periodic valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Land is not depreciated.

Plant and equipment, and leasehold improvements are stated at historical cost less depreciation and impairment.

Depreciation is provided on a straight line basis on all property, plant and equipment other than freehold land, at rates which will write off the cost 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:

Buildings:	4 to 50 Years (2% - 25%)
Plant & Equipment:	2 to 25 Years (4% - 50%)
Motor Vehicles:	3 to 15 years (6.67% - 33%)
Furniture & Fitout:	2 to 33 years (3%- 50%)

The actual cost of improvements to capital assets is transferred to the Asset Register on completion and then depreciated.

f. Intangible assets

Software has a finite useful life and is initially recognised at cost, and amortised on a straight line basis over its estimated useful life of 2 to 5 years.

g. Impairment of assets

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised and expensed immediately.

h. Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

i. Employee Entitlements

Provision is made in respect of the Company's liability for annual leave, sick leave, long service leave, and retirement gratuities. Annual and long service leave due has been calculated on an actual entitlement basis at current rates of pay. Provision is also made for retirement gratuities, sick leave, and long service leave based on an estimate of the likelihood of those liabilities crystallising.

j. Borrowing Costs

Except for borrowing costs that are capitalised on qualifying assets with a start date on or after 1 July 2012, all other borrowing costs are recognised as an expense in the period in which they are incurred. A qualifying asset is defined as a separate asset where the construction period exceeds one year and costs, in excess of $1 million.

k. Work in Progress/Contract Assets and Contract Liabilities

Work in progress/contract assets is stated at estimated realisable value, after providing for non-recoverable amounts. Work in progress represents work from contracts which has been performed, but which is unable to be billed as the right to consideration remains conditional. Profits on contracts are recognised progressively over the period of each contract. The amount included in the profit or loss and the value of the work in progress are established by assessment of individual contracts, taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on a contract are recognised immediately.

l. **Capital Management**

Nelmac Limited's capital is its issued and paid up capital, asset revaluation reserve and retained earnings. Equity is represented by net assets as disclosed in the Statement of Financial Position. The company manages its revenue, expenses, assets and liabilities and day-to-day financial transactions prudently. The purpose of managing Nelmac's equity is to ensure the company achieves its goals and objectives, whilst remaining a going concern.

Nelmac has adopted the new accounting pronouncements which have become effective this year:

m. **IFRS16 LEASES**

IFRS 16 "Leases" replaces IAS17 "Leases" along with three interpretations.

The adoption of this new Standard has resulted in Nelmac recognising a right of use asset and related lease liability in connection with all former operating leases, except for those identified as low value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application , Nelmac has elected to apply the definition of a lease from IAS 17 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17.

Nelmac has elected not to include initial direct costs in the measurement of the right of use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 July 2019. At this date, Nelmac has also elected to measure the right of use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Nelmac has assessed that its right of use assets at the date of initial application are not impaired.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low value assets, Nelmac has applied the optional exemptions to not recognise right of use assets but to account for the lease expense on a straight line basis over the remaining lease term.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS16 was 5%.

Nelmac has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

n. **Government Subsidies**

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

o. **Non-Current Assets held for sale and discontinued operations**

Non-Current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell of a disposal group, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-Current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of comprehensive income.

p. **Revenue**

i. **Revenue**

Nelmac Limited applied IFRS 15 Revenue from Contracts with Customers from 1 July 2018.

Revenue from Contracts with Customers is recognised over time using the input method, as the customer is able to receive and consume the benefits as the Company performs the work. Revenue from contracting services rendered is recognised in the Statement of Comprehensive Income in proportion to the stage of the contract. The stage of completion is assessed by reference to the proportion of the costs incurred to date compared to the total estimated costs of the contract. This input method is considered by the directors to be appropriate in measuring progress towards complete satisfaction of these performance obligations under IFRS 15.

The work performed by the Company maintains, creates, or enhances assets the customer controls and the customer receives and consumes the services at the same time. Much of the revenue of the Company is covered by a monthly claim process, where the Company and the Customer agree the work fully performed, and the resulting value applying contract rates. These amounts are then due for payment in the next month.

The Company has not included a finance component to revenue levels as its expectation is that the period between when a customer receives a good or service, and when they pay for it will be less than one year. There is an amount of revenue that is from sale of goods to customers on an individual order basis, the benefits of these goods transfer to the customer when they take possession. These sales are under normal trading terms with payment expected the next month.

ii. **Variable Consideration**

The Company's contracts are for performance of services, with any variable components mainly relating to additional scope being added during the contract periods.

iii. **Warranties and Defects Periods**

Some contracts include a warranty or defects period following the completion of work. These performance obligations are not separate and are allowed for in the contracts, and provisioned as appropriate.

3. Changes in Accounting Policies

No accounting policies have been updated in the 30 June 2024 year.

4. Future Changes to Accounting Standards

a. **NZ IFRS 17 - Insurance Contracts**

Nelmac did not apply this new standard as Nelmac expects minimal impact from this standard on the 2024 financial statements.

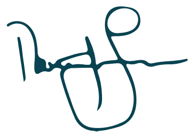
Statement of Comprehensive Income

For the year ended 30 June 2024

SOI TARGET		NOTES	2024 (NZD)	2023 (NZD)
48,000,000	Revenue	1	54,848,482	56,686,930
	Cost of Sales	1	(43,952,030)	(46,283,456)
	Gross Profit		**10,896,452**	**10,403,474**
	Other Income		65,828	53,069
	Finance Costs		(308,294)	(361,964)
	Operating Expenses	1	(9,713,563)	(9,571,924)
	Operating Profit/(Loss) of Continuing Operations		**940,423**	**522,655**
	Profit/(Loss) Related to Discontinued Operations		–	–
750,000	**Operating Profit/(Loss) Before Distributions & Tax**		**940,423**	**522,655**
(375,000)	Subvention Payments		(261,328)	(418,797)
	Operating Profit/(Loss) Before Tax		**679,095**	**103,858**
(105,000)	Income Tax Expense	3	(203,168)	(213,997)
270,000	**Net Profit/(Loss) After Tax**		**475,927**	**(110,139)**
OTHER COMPREHENSIVE INCOME				
	Asset Revaluation		–	–
270,000	**Total Comprehensive Income**		**475,927**	**(110,139)**

Refer to Note 19 for explanation on variance in actual Financial Position to SOI estimates.

The accompanying accounting policies and notes form part of these financial statements.



Director
Date: 26 September 2024

Director
Date: 26 September 2024

Statement of Changes in Equity

For the year ended 30 June 2024

SOI TARGET		NOTES	2024 (NZD)	2023 (NZD)
11,852,000	Equity at Beginning of Year		11,561,563	11,671,702
	Adjustment from the Adoption of IFRS 16			
11,852,000	Adjusted Equity at Beginning of Year		11,561,563	11,671,702
270,000	Total Comprehensive Income for the Year		475,927	(110,139)
	Dividends Paid	4b	–	–
12,122,000	**Equity at the End of the Year**		**12,037,490**	**11,561,563**
	Represented By:			
2,000,000	Share Capital		2,000,000	2,000,000
8,077,000	Retained Earnings	4b	7,992,490	7,516,563
2,045,000	Asset Revaluation Reserve	4c	2,045,000	2,045,000
12,122,000	**Total**		**12,037,490**	**11,561,563**

The accompanying accounting policies and notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2024

SOI TARGET	EQUITY	NOTES	2024	2023
			(NZD)	(NZD)
2,000,000	Share Capital		2,000,000	2,000,000
8,077,000	Retained Earnings		7,992,490	7,516,563
2,045,000	Asset Revaluation Reserve		2,045,000	2,045,000
12,122,000	**Total**	**4**	**12,037,490**	**11,561,563**
	Represented by:			
	Current Assets			
	Cash & Cash Equivalents	5	979,333	834,727
	Receivables & Prepayments	6	6,521,613	7,336,340
	Inventories	7	524,328	522,300
	Work in Progress/Contract Assets	8	833,244	1,140,193
	Taxation Receivable	3	-	-
8,521,000	**Total Current Assets**		**8,858,518**	**9,833,560**
	Non-Current Assets			
	Property, Plant & Equipment	9	11,927,271	12,906,563
	Intangible Assets	10	217,470	290,047
	Right-of-Use Assets	14	330,156	541,315
	Deferred Taxation	3	10,858	36,134
14,959,000	**Total Non-Current Assets**		**12,485,755**	**13,774,059**
23,480,000	**Total Assets**		**21,344,273**	**23,607,618**
	Current Liabilities			
	Borrowings	13	-	2,821,779
	Payables and Accruals	11	3,850,636	4,857,964
	Employee Entitlements	12	2,176,113	2,174,909
	Deferred Revenue – Contract Liabilities	8	444,823	697,874
	Lease Liabilities	14	203,301	200,990
	Taxation Payable	3	386,947	240,413
6,286,000	**Total Current Liabilities**		**7,061,820**	**10,993,929**
	Non-Current Liabilities			
	Borrowings	13	2,000,000	567,319
	Employee Entitlements	12	17,517	49,059
	Provision for Remediation		53,000	58,000
	Lease Liabilities	14	174,447	377,748
5,083,000	**Total Non-Current Liabilities**		**2,244,964**	**1,052,126**
11,369,000	**Total Liabilities**		**9,306,784**	**12,046,055**
12,112,000	**Net Assets**		**12,037,490**	**11,561,563**

The accompanying accounting policies and notes form part of these financial statements.
Refer to Note 19 for explanation on variance in actual financial position to SOI estimates.

For and on Behalf of the Board who authorised the issue of these financial statements on 26 September 2024.

Director
Date: 26 September 2024

Director
Date: 26 September 2024

Statement of Cashflows

For the year ended 30 June 2024

SOI TARGET	CASHFLOWS FROM OPERATING ACTIVITIES	NOTES	2024	2023
			(NZD)	(NZD)
	Cash was Provided from:			
	Receipts from Customers		55,665,764	55,399,813
	Other Income		65,828	53,069
47,437,000			55,731,592	55,452,882
	Cash was Disbursed to:			
	Payments to Suppliers & Employees		(52,262,106)	(52,334,519)
(250,000)	Subvention Payment		(261,328)	(418,797)
	Taxes Paid		(31,358)	83,870
	Interest on Leases		(39,961)	(54,559)
	Interest Paid		(233,546)	(262,997)
(45,880,000)			(52,828,299)	(52,987,002)
1,307,000	**Net Cash Provided by/(Used in) Operating Activities**	**2**	**2,903,293**	**2,465,880**
	Cashflows from Investing Activities			
	Cash was Provided from:			
	Proceeds from Sale of Property, Plant & Equipment		114,554	364,847
	Cash was Applied to:			
	Purchase of Property, Plant & Equipment		(1,262,130)	(2,298,665)
	Purchase of Intangible Assets		(21,015)	(72,228)
(1,147,000)			(1,283,145)	(2,370,893)
(1,147,000)	**Net Cash (Used in)/Provided from Investing Activities**	**2**	**(1,168,591)**	**(2,006,046)**
	Cashflows from Financing Activities			
	Cash was Provided from:			
	Borrowings – Drawdown		2,000,000	3,389,099
	Cash was Applied to:			
	Borrowings – Repayments		(3,389,099)	(4,524,353)
	Lease Liabilities		(200,990)	(266,998)
	Dividends Paid		-	-
			(3,590,089)	(4,791,351)
500,000	**Net Cash (Used in)/Provided from Financing Activities**		**(1,590,095)**	**(1,402,258)**
410,000	**Net Increase/(Decrease) in Cash Held**		**144,607**	**(942,424)**
319,000	Opening Cash Balance		834,727	1,777,151
729,000	**Closing Cash Balance**		**979,333**	**834,726**

The accompanying accounting policies and notes form part of these financial statements.
Refer to Note 19 for explanation on variance in actual Financial Position to SOI estimates.

Notes to the Financial Statements

For the Year Ended 30 June 2024

1. (a) Revenues

	2024	2023
OPERATIONAL REVENUE		
– Revenue from Contracts with Customers	54,281,919	56,292,779
– Revenue from Sale of Goods	566,563	394,152
– Revenue from Divested Business	-	–
– COVID-19 Wage Subsidy	-	–
	54,848,482	**56,686,930**
FINANCE INCOME		
– Interest Revenue	65,828	53,069
	54,914,310	**56,740,000**

Nelmac Limited performs contracting services in a variety of areas, including:

- Open space management
- Utility assets including water and water treatment
- Facilities maintenance and cleaning
- Recycling and waste
- Environmental and conservation
- Revenue from Sale of Goods is recognised at point of transfer
- Revenue from Contracts is recognised using the monthly claim process, where the Company and the Customer agree the work fully performed, and the resulting value applying contract rates.

1. (b) Expenses

	2024	2023
EXPENSES INCLUDE		
Audit Fee - Financial Statement	100,550	85,000
Advisory Services (Tax & Accounting)	21,723	13,702
Depreciation		
– Buildings	70,545	70,065
– Plant & Equipment	689,726	794,555
– Motor Vehicles	1,215,373	861,237
– Administration Furniture & Equipment	156,427	153,452
– Leased Assets	211,160	236,104
Rent	171,510	236,883
Amortisation		
– Software & Other	93,591	154,450
Employee Benefit Costs	23,336,471	22,121,228
Directors' Fees	166,957	160,067
Interest Expense		
– Bank (including Loan Fees)	268,333	307,405
– Leased Assets	39,961	54,559
– Other	-	-
Changes in Provision for Doubtful Debts	(42,452)	41,282

2. Reconciliation of Net Profit/(Loss) after Taxation with Net CashFlow from Operating Activities

	2024	2023
Net Profit/(Loss) after Taxation	**475,927**	**(110,139)**
Add/(Deduct) Non- Cash Items:		
Depreciation & Amortisation	2,436,822	2,269,863
Net (Gain)/Loss on Sale	(10,198)	(11,538)
Impairment of Assets relating to Discontinued Operations	-	-
Movement in Deferred Taxation	25,276	10,590
Total Non-Cash Items	**2,451,900**	**2,268,915**
Add/(Deduct) Movements in Working Capital Items:		
(Increase)/Decrease in Receivables & Prepayments	814,727	(100,155)
(Increase)/Decrease in Inventories	(2,029)	(160,509)
(Increase)/Decrease in WIP	306,950	(655,318)
Increase/(Decrease) in Payables & Accruals	(1,007,328)	1,154,062
(Increase)/Decrease in Revenue in Advance	(253,051)	(401,319)
Increase/(Decrease) in Employee Entitlements	1,204	280,094
Increase/(Decrease) in Provision for Taxation	146,534	193,549
Net Movement in Working Capital	**7,007**	**310,404**
Add/(Deduct) Movements in Non-Current Items:		
Increase/(Decrease) in Employee Entitlements	(31,542)	(3,300)
Net Movement in Non-Current Items	**(31,542)**	**(3,300)**
Net Cash Inflow/(Outflow) from Operating Activities	2,903,293	2,465,880

Depreciation and Amortisation Expense

Depreciation and amortisation expense consists of the following:

	2024	2023
Depreciation of Property, Plant and Equipment (Note 9)	2,132,071	1,879,309
Depreciation of Right-of-Use Assets (Note 14)	211,160	236,104
Total Depreciation	**2,343,231**	**2,115,413**
Amortisation of Intangible Assets (Note10)	93,591	154,450
	2,436,822	**2,269,863**

Finance Costs

Finance costs for the reporting periods consist of the following:

	2024	2023
Interest on Bank Borrowings	233,546	262,997
Fees on Bank Borrowings	34,788	44,408
Interest on Supplier Arrangements	-	-
Interest Expense for Leasing Arrangements	39,961	54,559
Total Interest Expense	**308,294**	**361,964**

3. Tax Expense

	2024	2023
Profit/(Loss) Before Taxation	**940,423**	**522,655**
Prima Facie Taxation at 28%	263,318	146,343
Plus/Less Taxation Effect of;		
Opening Balance Adjustment	(278,011)	(172,915)
Non-Deductible Expenditure	-	216
Deferred Tax Adjustment	217,861	240,353
Tax Expense	**203,168**	**213,997**
Taxation is Represented by:		
Current Taxation	455,903	376,322
Deferred Taxation	25,276	10,590
Prior Period Adjustment	(278,011)	(172,915)
Tax Expense	**203,168**	**213,997**
Taxation (Receivable)/Payable Account		
Balance as at 1 July	240,413	(46,864)
Opening Balance Adjustment	(278,011)	(172,915)
Current Taxation	455,903	376,322
(Net Taxes Paid) / Refunds Received	(31,358)	83,870
Closing Balance 30 June	**386,947**	**240,413**
Deferred Taxation (Asset)/Liability Account		
Balance as at 1 July	(36,136)	(46,726)
Opening Balance Adjustment	-	-
Current Year Charge	25,276	10,590
Closing Balance 30 June	**(10,860)**	**(36,136)**

Deferred Taxation Movements Statement	Property, Plant & Equipment	Provisions	Employee Entitlement	Other	Total
Balance as at 1 July 2022	208,936	87,146	(318,799)	(24,009)	(46,726)
Opening Balance Adjustment	–	–	–	–	–
Current Year Charge	84,554	(41,764)	(32,200)		10,590
Closing Balance 30 June 2023	**293,490**	**45,382**	**(350,999)**	**(24,009)**	**(36,136)**
Balance as at 1 July 2023	293,490	45,382	(350,999)	(24,009)	(36,136)
Opening Balance Adjustment	–	–	–	–	–
Current Year Charge	(29,011)	44,126	10,161		25,276
Closing Balance 30 June 2024	**264,479**	**89,508**	**(340,838)**	**(24,009)**	**(10,860)**

	2024	2023
Imputation Credit Account		
Imputation Credits available for use in Subsequent Periods	(2,499,177)	(2,457,349)

4. Equity

a) Share Capital

	2024	2023
Opening Balance	2,000,000	2,000,000
Balance at 30 June	**2,000,000**	**2,000,000**

At 30 June 2024 the company had a share capital of 2,000,000 shares (2020 2,000,000 shares).

All shares are fully paid, and have no par value.

All shares carry equal voting rights and the right to share in any surplus on winding up the company.

None of the shares carry fixed dividend rights.

b) Retained Earnings

	2024	2023
Retained Earnings at 1 July	7,516,563	7,626,702
Adjustment from Adoption of IFRS 16	-	-
Net Profit After Tax	475,927	(110,139)
Dividend	-	-
Retained earnings at 30 June	**7,992,490**	**7,516,563**

c) Asset Revaluation Reserve

	2024	2023
Asset Revaluation Reserve at 1 July	2,045,000	2,045,000
Revaluation	-	-
Asset Revaluation Reserve at 30 June	**2,045,000**	**2,045,000**

Included in the Asset Revaluation Reserve is a $2,045,000 asset revaluation for land to Fair Value.

5. Cash and Cash Equivalents

	2024	2023
Cash at Bank & in Hand	979,333	783,172
Short Term Deposits	-	51,555
Closing Cash Balance	**979,333**	**834,727**

6. Receivables and Prepayments

	2024	2023
Trade/Contract Debtors	1,591,662	1,951,208
Trade/Contract Debtors (Related Parties)	4,262,103	4,887,180
Provision for Doubtful Debts	(6,344)	(48,796)
Retentions Receivable	306,137	181,613
Prepayments	368,054	365,136
Total Receivables and Prepayments	**6,521,613**	**7,336,340**

As at 30 June 2024 and 2023, all overdue receivables have been assessed for impairment and appropriate provisions applied as detailed below:

	2024			2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Current	5,815,405	-	5,815,405	6,718,143	-	6,718,143
Past Due 30 Days	1,790	-	1,790	(648)	-	(648)
Past Due 60 Days	30,350	-	30,350	72,721	(624)	72,097
Past Due 90 Days and Over	6,220	(6,344)	(124)	48,172	(48,172)	-
Total	**5,853,766**	**(6,344)**	**5,847,422**	**6,838,388**	**(48,796)**	**6,789,592**

Movements in the provision for impairment of receivables are as follows:

	2024	2023
Opening Balance	49,090	7,758
Plus Increase/(Decrease) of Provision	(34,694)	41,282
Less Receivables Written off During Period	(7,758)	-
Balance at 30 June	**6,638**	**49,090**

The Company does not hold any collateral as security.

The Company applies the NZ IFRS 9 simplified approach to measuring expected credit losses, using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Company's historical credit losses experienced over the 3-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information including macroeconomic factors affecting the Company's customers.

The Company has historically had only small amounts of losses on receivables. Loss rates in recent prior years have been negligible, and it is considered that the current provision allows adequately for foreseeable losses. The impairment amount relates entirely to Revenue from Contracts with Customers.

7. Inventories

	2024	2023
Nursery Plant Stock	235,044	150,954
Other Materials	309,284	391,346
Provision for Obsolescence	(20,000)	(20,000)
	524,328	**522,300**

A small provision for obsolescence has been made to provide for nursery plants ($10k) that are currently below expected growth levels and for old water inventory ($10k) that hasn't been purchased or consumed within the last 3 years.

8. Contract Assets and Contract Liabilities

Work in progress/contract assets arise from the performance of Contracting Services.

	2024	2023
Contract Assets		
Work in Progress	833,244	1,140,193
Contract Set Up Costs	-	-
	833,244	**1,140,193**
Contract Liabilities		
Deferred Revenue	444,823	697,874
	444,823	**697,874**

Maintenance Services

Payment for maintenance services is due periodically. A contract asset is recognised over the period as services are provided to represent the Company's right to consideration for the services transferred to date.

Construction Contracts

Construction contract asset represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus margin recognised to date, less progress billings and recognised losses. Costs include all expenditure related directly to the specific projects.

Once the outcome of a construction contract can be estimated reliably, construction revenue and costs are recognised on the basis of percentage of completion of the contract at balance date. The stage of completion is assessed by carrying out surveys of the work performed.

An expected loss on a contract is recognised immediately in the income statement.

Construction contracts are defined as those in which progress claims are made under the Construction Contracts Act 2002.

Contract Setup Costs

The Company recognises an asset in relation to costs incurred to set up new contracts. This asset is amortised over the term of the specific contract (to the earliest renewal period) that it relates to.

9. Property, Plant and Equipment

Cost	Land & Buildings	Freehold Land Held at Fair Value	Buildings	Plant & Equipment	Motor Vehicles	Furniture & Fitout	Capital WIP	Total
Balance at 1 July 2023	-	3,195,000	2,471,389	6,748,268	10,765,581	1,305,945	11,011	24,497,194
Revaluations	-	-	-	-	-	-	-	-
Additions	-	-	-	306,634	839,322	53,428	21,551	1,220,935
Disposals	-	-	-	(254,382)	(700,195)	(342,353)	-	(1,296,930)
Transfers	-	-	-	-	-	11,011	(11,011)	-
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2024	**-**	**3,195,000**	**2,471,389**	**6,800,520**	**10,904,708**	**1,028,031**	**21,551**	**24,421,199**
Balance at 1 July 2022	-	3,195,000	2,463,352	6,450,792	9,989,420	1,096,579	82,801	23,277,945
Revaluations	-	-	-	-	-	-	-	-
Additions	-	-	8,037	582,760	1,652,544	180,712	11,011	2,435,063
Disposals	-	-	-	(302,729)	(846,209)	(66,876)	-	(1,215,814)
Transfers	-	-	-	-	-	82,801	(82,801)	-
Reclassification	-	-	-	17,445	(30,174)	12,729	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2023	**-**	**3,195,000**	**2,471,389**	**6,748,268**	**10,765,581**	**1,305,945**	**11,011**	**24,497,194**
Accumulated Depreciation and Impairment Losses								
Balance at 1 July 2023	-	-	848,729	4,339,217	5,558,033	844,652	-	11,590,631
Depreciation	-	-	70,545	689,726	1,215,373	156,427	-	2,132,071
Disposals	-	-	-	(253,077)	(634,138)	(341,559)	-	(1,228,774)
Transfers	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2024	**-**	**-**	**919,274**	**4,775,866**	**6,139,268**	**659,520**	**-**	**12,493,928**
Balance at 1 July 2022	-	-	778,664	3,789,348	5,280,401	754,528	-	10,602,941
Depreciation	-	-	70,065	794,555	861,237	153,452	-	1,879,309
Disposals	-	-	-	(244,686)	(583,605)	(63,328)	-	(891,619)
Transfers	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Assets Held For Sale	-	-	-	-	-	-	-	-
Balance at 30 June 2023	**-**	**-**	**848,729**	**4,339,217**	**5,558,033**	**844,652**	**-**	**11,590,631**
Carrying Amounts								
At 30 June 2022	-	3,195,000	1,684,688	2,661,444	4,709,020	342,051	82,801	12,675,003
At 30 June 2023	**-**	**3,195,000**	**1,622,660**	**2,409,050**	**5,207,548**	**461,294**	**11,011**	**12,906,563**
At 30 June 2024	**-**	**3,195,000**	**1,552,115**	**2,024,653**	**4,765,440**	**368,512**	**21,551**	**11,927,271**

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

Westpac has a General Security Agreement covering all of Nelmac's assets.

FREEHOLD LAND CARRIED AT FAIR VALUE (LEVEL 3, AS DEFINED IN NZ IFRS 13)

An independent valuation of the Company's land was performed on 30 June 2024 by independent registered valuer Ashley Stevens of Telfer Young (Nelson Marlborough) Limited, Nelson, to determine the value of the land. The valuation which conforms to NZ IAS16: Property, Plant and Equipment, NZ IFRS 13: Fair Value Measurement and International Valuation Standards IVS300: Valuations for Financial Reporting, was determined by reference to the asset's highest and best use, without deducting disposal costs. The valuation was on the estimated market value of the land at $373 psm. If the psm rate moves by +/- $10, the valuation would increase/(decrease) by $85,780.

Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date. The Directors are satisfied that the current carrying amount reflects its fair value

The carrying amount of land, had it been recognised under the historical cost method, is as follows:

	2024	2023	2022
Freehold Land	1,150,000	1,150,000	1,150,000

10. Intangible Assets – Software

Intangibles contain software which is recognised at cost and amortised to the Income Statement on a straight line basis over the estimated useful life - which is a maximum period of 5 years.

Cost	Software	Other	Capital WIP	Total
Balance at 1 July 2023	1,141,144	70,115	-	1,211,259
Additions	21,015	-	-	21,015
Disposals	-	-	-	-
Transfers	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2024	**1,162,159**	**70,115**	-	**1,232,274**
Balance at 1 July 2022	1,230,551	70,115	-	1,300,666
Additions	72,228	-	-	72,228
Disposals	(161,635)	-	-	(161,635)
Transfers	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2023	**1,141,144**	**70,115**	**-**	**1,211,259**
Accumulated Amortisation and Impairment Losses				
Balance at 1 July 2023	854,096	67,117	-	921,212
Amortisation	90,593	2,998	-	93,591
Disposals	-	-	-	-
Transfers	-	-	-	-
Reclassifications	-	-	-	-
Balance at 30 June 2024	**944,689**	**70,115**	-	**1,014,804**
Balance at 1 July 2022	844,862	60,315	-	905,177
Amortisation	147,648	6,802	-	154,450
Disposals	(138,414)	-	-	(138,414)
Reclassifications	-	-	-	-
Balance at 30 June 2023	**854,096**	**67,117**	**-**	**921,212**
Carrying Amounts				
At 30 June 2023	287,048	2,998	-	290,047
At 30 June 2024	217,470	-	-	217,470

11. Payables and Accruals

	2024	2023
Trade Creditors & Accruals	3,042,104	4,183,849
Trade Creditors & Accruals (Related Parties)	16,275	15,691
	3,058,379	**4,199,540**
GST Payable	792,257	658,424
Total Payables and Accruals	**3,850,636**	**4,857,964**

12. Employee Provisions

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

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on a actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the Company.

	2024	2023
Provisions		
Accrued Payroll	790,696	770,736
Annual Leave	1,385,417	1,404,173
Long Service Leave Accrual	17,517	22,549
Retirement Gratuity	-	26,510
Total Employee Provisions	**2,193,630**	**2,223,967**
Comprising:		
Current	2,176,113	2,174,909
Non-Current	17,517	49,059
Total Employee Provisions	**2,193,630**	**2,223,967**

13. Borrowings

	2024	2023
Bank Short Term Facility	-	-
Bank Fixed Asset Facility - Current Portion	-	2,821,780
Bank Fixed Asset Facility - Non Current Portion	2,000,000	567,319
Bank Loans Term Loans	-	-
Balance at 30 June	**2,000,000**	**3,389,099**

Nelmac Limited's banking facilities with Westpac includes a Visa facility of $50,000 (2023: Westpac, $50,000).

The company has MOCU (Multi Option Credit Facility) flexible borrowing facilities of $5 million.

As at 30 June 2024, $2,000,000 of the facility was drawn down (2023: $2,500,000).

The interest cost including fees on this facility is 7.80% (2023: 7.80%).

Interest rates on the floating rate debt are based on bank bill rates plus a margin.

Due to interest rates on floating debt resettling on the market rate, the carrying amounts on secured loans approximate their fair values Nelmac also has a FlexEquip Fixed Asset facility of $1 million, secured by the Fleet Assets it funds. The interest rate on this facility is 9.25%.

The MOCU borrowing facilities are not amortising and can be drawn down as required.

The FlexEquip Fixed Asset facility is reducing based on depreciation rates of the assets that it is funding. It is a revolving facility that will increase as assets are purchased from it.

Obligations are secured by a Debenture over the Assets and Undertakings of Nelmac.

14. Leases

Nelmac has leases for premises in Tasman, plant and equipment, and some vehicles.

With the exception of short term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Nelmac classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Lease of vehicles are generally limited to a lease term of 3 to 5 years. Leases of property generally match the term of their underlying Delivery Contract ranging from 5 to 10 years including lease renewal options.

Lease payments are generally a fixed amount per month, however the company has property leases with rental reviews linked to changes in market rents or an annual index.

Each lease generally imposes a restriction that, unless there is a contractual right for Nelmac to sublet the asset to another party, the right-of-use asset can only be used by Nelmac. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

A lease may contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. Nelmac is prohibited from selling or pledging the underlying leased assets as security. For leases of premises Nelmac must keep those properties in good state of repair and return the properties in such condition at the end of the lease. Nelmac must insure items of property, plant and equipment (or pay for this) and incur maintenance fees on such items in accordance with the lease contracts.

A weighted average incremental borrowing rate of 5% has been applied to lease liabilities.

Nelmac Limited applied IFRS 16 Leases from 1 July 2019 and elected to use the modified retrospective approach, in that prior year amounts were not restated, and any impact to prior year revenue recognised with an adjustment to opening retained earnings.

Practical Expedients Applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similarly characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 30 June 2024.
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application and using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Measurement of Right-of-Use Assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2024.

The table below describes the nature of Nelmac's leasing activities by type of right-of-use asset recognised on the balance sheet:

Right-of-Use Asset	Number of Right-of-Use Assets	Range of Remaining Terms	Average Remaining Lease Term	Number of Leases with Extension Options	Number of Leases with Variable Payments Linked to Market or Index	Number of Leases with Termination Options
Premises – Depots	3	12 to 40 months	31 months	3	3	-
Vehicles	20	6 to 23 months	17 months	-	-	-

Right-of-Use Assets

Additional information on the right-of-use asset by class of assets is as follows:

Right-of-Use Asset	Asset	Carrying Amount as at 30/06/24	Additions	2024 Depreciation	Impairment
Premises – Yard, Workshop & Office	-	192,430	-	112,956	-
Vehicles	-	137,726	-	98,204	-
Total	**-**	**330,156**	**-**	**211,160**	**-**

Lease Commitments	2024	2023	2022
Less Than One Year	203,301	200,990	266,998
One to Five Years	174,447	377,748	524,180
Total	**377,748**	**578,738**	**791,178**

Lease Liabilities at 30 June	2024	2023	2022
Current	203,301	200,990	266,998
Non-Current	174,447	377,748	524,180
Total	**377,748**	**578,738**	**791,178**

Lease Payments not Recognised as a Liability:

Nelmac has elected not to recognise a lease liability for short term leases (leases of expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2024	2023	2022
Short-term Leases	-	-	-
Leases of Low Value Assets	19,130	45,798	18,640
Variable Lease Payments	-	-	-
Total	**19,130**	**45,798**	**18,640**

Amounts Recognised in the Statement of Comprehensive Income	2024	2023
Depreciation Charge on Right-of-Use Assets		
Land & Buildings	112,956	134,788
Vehicles	98,204	101,316
Total	**211,160**	**236,104**

Interest Expense on Lease Liabilities	2024	2023
Land & Buildings	20,640	26,224
Vehicles	19,321	28,335
Total	**39,961**	**54,559**

15. Related Parties Transactions

Nelmac is a 100% owned by Nelson City Council (NCC).

All transactions with NCC and its Subsidiaries are considered to be related party transactions and these are detailed below.

The amounts owing to/from related parties are payable in accordance with the Company's normal terms of trade. No related party debts have been written off or forgiven during the year and no provision has been required for impairment of any receivables from related parties.

During the year the Company provided services and traded with the Nelson City Council Group in respect of the following transactions:

a) Transactions and Balances

	2024	2023
Services Provided to/from Nelson City Council		
Services Provided to NCC (including all competitively won tenders)	37,297,391	40,269,700
Services Provided by NCC	200,102	245,805
Rates Paid to NCC	30,134	24,335
Accounts Payable to NCC	16,275	15,691
Accounts Receivable from NCC	4,250,350	4,873,482
Subvention Payment Paid to NCC	261,328	418,797
Services Provided to NCC Subsidiaries & Associates (Including all Competitively Won Tenders)		
Nelson Airport Ltd	104,612	77,705
Port Nelson Ltd	31,790	30,822
Accounts Receivable from Nelson Airport Ltd	9,478	11,286
Accounts Receivable from Port Nelson Ltd	2,276	2,412
Subvention Payment Paid to NCC		
Subvention Payment	261,328	418,797

The Services provided to the NCC related to the maintenance of Parks, Gardens, Reserves, and Essential Services.

The Services provided to the Nelson City Council subsidiaries and associates (Nelson Airport Ltd, Nelson Regional Sewerage Business Unit and Port Nelson Ltd) related to Grounds and Garden Maintenance, and repairs to Essential Services.

b) Key Management Personnel

Total remuneration paid to key management personnel during the year was $1,624,582 (2023: $1,532,337) and consisted only of short term benefits.

No purchases or services of a material amount were provided to, or made from, Key Management Personnel or companies where Key Management Personnel were directors of those companies, during the year (2023: $nil).

c) Other Related Parties

No related party debts have been written off or forgiven during the year.

16. Categories of Financial Assets and Liabilities

The carrying amounts of financial asset and liability categories are as follows:

	2024	2023
Financial Assets		
LOANS & RECEIVABLES		
Cash & Cash Equivalents (Note 5)	979,333	834,727
Trade & Other Receivables (Note 6)	6,153,559	6,971,204
	7,132,893	**7,805,931**
Financial Liabilities		
OTHER FINANCIAL LIABILITIES		
Trade & Other Payables (Note 11)	3,882,182	3,882,182
Bank Borrowings (Note 13)	2,000,000	3,389,099
	5,882,182	**7,271,281**

17. Financial Instruments

Nelmac Limited is party to financial instruments as part of its everyday operation.

These include instruments such as bank balances, investments, accounts receivable and trade creditors.

Nelmac Limited has a policy providing risk management for interest rates, operating and capital expenditures and the concentration of credit.

a) Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

This could particularly impact on the cost of borrowing or the return from investments.

The interest rates on the Company's financial instruments at 30 June 2024 are:

	2024	2023
MOCU Rates	7.80%	7.80%
FlexEquip Rates	9.25%	9.25%
Overdraft Interest Rates (to $200,000)	–	–
Overdraft Interest Rates (over $200,000)	–	–
Short-term Deposits	2.75%	2.75%

The Directors do not consider there is any significant exposure to interest rate risk on its investments.

There are no interest rate options or interest rate swap agreements in place as at 30 June 2024. (2023: Nil).

b) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Nelmac Limited has no financial instruments denominated in foreign currency and is therefore free of any currency risk.

c) Credit Risk

Credit risk is the risk that a third party will default on its obligation to the Company causing the Company to incur a loss.

Financial instruments, which potentially subject the Company to risk, consist principally of cash and short-term investments and trade receivables.

Concentrations of credit risk with respect to accounts receivable are considered medium.

Nelson City Council accounts for 73% of Nelmac Limited's outstanding debtors as at 30 June 2023 (2023: 71%).

However, Nelson City Council is considered a high credit quality entity.

Capital Management Strategy

The capital of the Company is its equity which is comprised of subscribed capital, asset revaluation reserve and retained earnings. Equity is represented by the net assets. The Company manages its capital to ensure that it will be able to continue to operate as a going concern and optimise the balance of debt to equity on a prudent basis in consultation with its Shareholder.

The Directors perform continual reviews of operating strategies and financial performance, and include in those reviews any strategies required to protect the capital of the Company. The Board seeks to maximise overall returns to the Shareholder, Nelson City Council, and to maintain the Company's financial strength.

The Company is required to provide to its shareholder an annual Statement of Intent. This Statement of Intent includes information on planned distributions by way of dividend for the following 3 years.

18. Contingencies and Commitments

Nelmac Limited does not have any outstanding Contingent Assets or Contingent Liabilities as at 30 June 2024 (2023: $nil).

At 30 June 2024 Nelmac Limited's Bankers held Contract Performance Bonds in favour of Clients totalling $1,414,183 (2023: $874,212).

19. Explanation of Major Variances against SOI Target

Explanations for major variances from the Company's original 2023/24 budget figures as contained within the Statement of Intent are as follows:

a) Comprehensive Income

Revenue

Revenue was $6,848,482 favourable. This is due to the significant unbudgeted recovery work that arose due to the flood events in the prior FY that continued into the first half of FY24.

b) Statement of Financial Position

Non-Current Assets

Non-Current assets were $2,473,245 unfavourable due to delaying of asset purchases from FY24 to FY25 and accelerated disposal of aged fleet.

Current Liabilities

Current liabilities were $775,820 higher than our SOI target due to project related that require delivery primarily by external subcontractor compared to usual projects which would average 60% labour.

Non-Current Liabilities

Non-Current liabilities were $2,838,036 lower than SOI target mainly due to a decrease in borrowings to minimise interest costs faciliated by increased customer receipts and the aforementioned deferring of capital expenditure.

c) Statement of Cashflows

Cashflow from Operating Activities

Cashflow from Operating Activities was $1,596,293 favourable due to a higher than anticipated customer receipts and lower than anticipated payments to suppliers.

Cashflow from Financing Activities

Cashflow from Financing Activities was $2,090,095 lower due to lower borrowing than anticipated, partially due to deferred capital expenditure.

20. Post Balance Date Events

A subvention payment of $470,212 has been declared subsequent to balance date. There are no other events occurring after balance date that could significantly affect the financial statements.

Statutory Information

Financial Statements

Directors' Responsibility Statement

The Directors are responsible, in accordance with New Zealand law and Generally Accepted Accounting Practice, for the preparation of financial statements which present fairly the financial position of Nelmac Limited as at 30 June 2024 and the results of the operations and cash flows for the year ended 30 June 2024.

The Directors consider that the financial statements of the group have been prepared using accounting policies appropriate to the Company's circumstances, consistently applied and supported by reasonable and prudent judgments and estimates and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1993.

The Directors are responsible for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Directors are pleased to present the financial statements of Nelmac Limited for the year ended 30 June 2024.

This Annual Report is dated 26 September 2024 and is signed in accordance with a resolution of the Directors made pursuant to section 211(1) (k) of the Companies Act 1993.

For and on behalf of the Board of Directors:

Director
Date: 26 September 2024

Director
Date: 26 September 2024

The Directors of Nelmac Limited are (from left) Hugh Martyn, Robert Gunn (Chairman), Michael Playford, Jen Crawford & Ian Goldschmidt

Director's Interests

Interests in Transactions
The Directors of Nelmac Limited had no interest in any transactions of the company except as Directors during the year ended 30 June 2024.

Use of Company Information by Directors
There were no notices from Directors requesting the use of Company information received in their capacity as Directors, which would not otherwise have been available to them.

Shareholding by Directors
No Directors held shares in the Company during the year ended 30 June 2024.

Director's Fees and Other Benefits
Director's fees and other benefits paid or due for services as a Director and in any other capacity acting for Nelmac Limited during the year, are as follows.

Hugh Martyn	$28,956
Michael Playford	$28,956
Robert Gunn (Chairman)	$51,114
Jen Crawford	$28,956
Ian Goldschmidt	$28,956

Attendance of Directors at Board Meetings – July 2023 to June 2024

	Meetings Held	Meetings Attended
Hugh Martyn	10	10
Michael Playford	10	9
Robert Gunn (Chairman)	10	10
Jen Crawford	10	10
Ian Goldschmidt	10	9

Board Subcommittees and Safety Walk Arounds
All Directors attend subcommittee meetings:

- Health & Safety
- Remuneration
- Audit & Risk

Directors conduct a monthly safety walk, joining Nelmac staff on various sites across the business. The Company has also provided statutory liability insurance for officers.

Indemnity Insurance: Directors and Officers
In accordance with its Constitution, the Company has provided Directors and Officers liability insurance.

Employees' Remuneration

39 employees received remuneration in excess of $100,000 during the period (2023: 35)

BAND	2024	2023
$100,000 to $110,000	14	12
$110,000 to $120,000	11	11
$120,000 to $130,000	5	4
$130,000 to $140,000	1	3
$140,000 to $150,000	1	1
$150,000 to $160,000	2	1
$160,000 to $170,000	1	-
$170,000 to $180,000	-	-
$180,000 to $190,000	1	1
$190,000 to $200,000	1	-
$200,000 to $210,000	-	-
$210,000 to $220,000	-	1
$220,000 to $230,000	1	-
$230,000 to $240,000	-	-
$240,000 to $250,000	-	-
$250,000 to $260,000	-	-
$260,000 to $270,000	-	-
$270,000 to $280,000	-	-
$290,000 to $300,000	-	-
$300,000 to $310,000	-	-
$310,000 to $320,000	-	-
$320,000 to $330,000	-	1
$330,000 to $340,000	-	-
$340,000 to $350,000	1	-
	39	**35**

Changes in Accounting Policies
See statement of accounting policies.

Auditor's Renumeration
Section 15 of the Public Audit Act 2001 and Part 5 Section 70 of the Local Government Act 2002 requires the Office of the Auditor-General to audit the financial statements and performance information presented by the Board. Audit New Zealand has been appointed to act as auditor and $100,550 has been expensed for audit fees. No other services were provided by Audit New Zealand.

Donations
The Company made no donations in the 2024 Financial Year.

Dividend
In lieu of a dividend, a subvention payment of $261,328 in respect of the year ended 30 June 2023, was paid to the shareholders on 28 March 2024.

In lieu of a dividend, a subvention payment of $470,212, is recommended for the 2023/24 year.

Company Directory

Directors

Jen Crawford

Hugh Martyn

Michael Playford

Robert Gunn (Chairman)

Ian Goldschmidt

Chief Executive

Jane Sheard

Registered Office

2 Bullen St, Tāhunanui, Nelson, New Zealand

Postal Address

2 Bullen St, Tāhunanui, Nelson, New Zealand

Telephone: 03 546 0910

Email: service@nelmac.co.nz

Auditor

Audit New Zealand

On behalf of the Auditor-General

Solicitors

Duncan Cotterill

Bankers

Westpac, Nelson

P: 0800 nelmac | 03 546 0910
E: service@nelmac.co.nz

2 Bullen Street | Tāhunanui | Nelson 7011

nelmac.co.nz

greenspaces
conservation
water
commercial