2013 ANNUAL REPORT

city care

Our people. Making it work.

FINANCIAL STATEMENTS

Directors' Responsibility Statement

The directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of City Care Limited as at 30 June 2013 and the results of the operations and cash flows for the year ended 30 June 2013.

The directors consider that the financial statements of the company have been prepared using accounting policies appropriate to the company 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 Financial Reporting Act 1993.

The directors have responsibility 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 company and to prevent and detect fraud and other irregularities.

The directors are pleased to present the financial statements of City Care Limited for the year ended 30 June 2013.

This Annual Report is dated 15 August 2013 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:

Tony King
Chairman
15 August 2013

Trevor Thornton
Director
15 August 2013

Table of Contents

Income Statement For the year ended 30 June 2013

	Notes	2013 $000	2012 $000
Revenue	2	351,147	354,047
Gain/(loss) on sale of property, plant and equipment	2	(102)	(9)
Changes in inventories	7	290	571
Raw materials and consumables used		(49,281)	(38,027)
Employee benefits expense		(102,795)	(77,084)
Depreciation and amortisation expense	2	(9,023)	(6,164)
Finance costs	2	(1,002)	(504)
Consulting expense		(3,851)	(1,458)
Other expenses		(181,411)	(208,405)
Profit before income tax expense	2	3,972	22,967
Income tax expense	3(a)	(1,174)	(6,448)
Profit for the period		2,798	16,519

Statement of Comprehensive Income For the year ended 30 June 2013

	Notes	2013 $000	2012 $000
Profit for the period		2,798	16,519
Gain/(loss) on property revaluation	18(b)	630	-
Total comprehensive income		3,428	16,519

The accompanying notes form part of the financial statements.

Notes to the financial statements are included on pages 6 to 32

Balance Sheet As at 30 June 2013

	Notes	2013 $000	2012 $000
Current assets			
Cash and cash equivalents	25(a)	1,087	429
Trade and other receivables	6	29,931	29,662
Prepayments		703	778
Inventories	7	3,481	3,191
Work in progress		24,290	20,824
Capitalised contract set up costs	27	24	24
Total current assets		59,516	54,908
Non-current assets			
Property, plant and equipment	8	56,737	40,100
Goodwill	9	360	360
Other intangible assets	10	1,711	887
Capitalised contract set up costs	27	-	24
Total non-current assets		58,808	41,371
Total assets		118,324	96,279
Current liabilities			
Trade and other payables	12	26,560	17,621
Lease liabilities	13	44	334
Current tax payable	3(b)	120	5,295
Provisions	15	7,766	7,415
Total current liabilities		34,490	30,665
Non-current liabilities			
Borrowings	14	37,750	17,900
Deferred tax liability	3(c)	2,432	1,228
Lease liabilities	14	-	44
Provisions	15	318	256
Total non-current liabilities		40,500	19,428
Total liabilities		74,990	50,093
Net assets		43,334	46,186
Equity			
Share capital and other equity instruments	17	8,536	8,536
Reserves	18	9,260	8,630
Retained earnings	19	25,538	29,020
Total equity		43,334	46,186

The accompanying notes form part of the financial statements.

Statement of Changes in Equity For the year ended 30 June 2013

	Notes	Share Capital $000	Capital Reserve $000	Asset Revaluation Reserve $000	Retained Earnings $000	Total $000
Balance as at 1 July 2011		8,536	2,314	6,316	20,438	37,604
Gain/(loss) on property revaluation	18(b)	-	-	-	-	-
Profit for the year		-	-	-	16,519	16,519
Total recognised income and expense for the year		-	-	-	16,519	16,519
Dividends	19	-	-	-	(7,937)	(7,937)
Balance at 30 June 2012		8,536	2,314	6,316	29,020	46,186
Gain/(loss) on property revaluation	18(b)	-	-	630	-	630
Profit for the year		-	-	-	2,798	2,798
Total recognised income and expense for the year		-	-	630	2,798	3,428
Dividends	19	-	-	-	(6,280)	(6,280)
Balance at 30 June 2012		8,536	2,314	6,946	25,538	43,334

The accompanying notes form part of the financial statements.

Notes to the financial statements are included on pages 6 to 32

Cash Flow Statement For the year ended 30 June 2013

	Notes	2013 $000	2012 $000
Cash flows from operating activities			
Receipts from customers		347,228	352,498
Interest received		21	21
Payments to suppliers and employees		(327,684)	(331,876)
Interest and other finance costs paid		(1,002)	(492)
Subvention payment		(5,145)	(4,726)
Net cash provided by operating activities	25(b)	13,418	15,425
Cash flows from investing activities			
Payment for property, plant and equipment		(26,115)	(15,660)
Proceeds from sale of property, plant and equipment		119	164
Net cash used in investing activities		(25,996)	(15,496)
Cash flows from financing activities			
Finance lease payments		(334)	(298)
Proceeds from / (Repayment of) borrowings		19,850	7,940
Dividends paid		(6,280)	(7,937)
Net cash used in financing activities		13,236	(295)
Net increase/(decrease) in cash and cash equivalents		658	(366)
Cash and cash equivalents at the beginning of the year		429	795
Cash and cash equivalents at the end of the year	25(a)	1,087	429

The accompanying notes form part of the financial statements.

Notes to the financial statements are included on pages 6 to 32

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

The financial statements of City Care Limited have been prepared in accordance with New Zealand International Financial Reporting Standards (NZ IFRS) and NZ GAAP, as appropriate for profit-oriented entities. Compliance with NZ IFRS ensures that the financial statements comply with International Financial Reporting Standards. These standards have been consistently applied to all the years presented, unless otherwise stated.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013 and the comparative information presented in these financial statements for the year ended 30 June 2012.

City Care Limited's activities are:

- the maintenance of amenity assets including water and wastewater, parks and trees
- facilities management
- civil and building construction
- provision of asset management services.

City Care Limited is a wholly owned subsidiary of Christchurch City Holdings Limited and is a company registered under the Companies Act 1993. The ultimate controlling party is Christchurch City Council. The company is a Council Controlled Trading Organisation as defined in Section 6 of the Local Government Act 2002. The company is incorporated and domiciled in New Zealand. The financial statements of City Care Limited have been prepared in accordance with the requirements of the Companies Act 1993, the Financial Reporting Act 1993 and the Local Government Act 2002. The registered office is 226 Antigua Street, Christchurch 8240.

Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of certain classes of property, plant and equipment. The reporting currency is New Zealand dollars, rounded to the nearest thousand.

Preparing financial statements to conform to NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for making judgements about the carrying values of assets and liabilities, where these are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are regularly reviewed. Any changes to estimates are recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

Significant accounting policies

(a) Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest basis.

(b) Borrowing costs

Borrowing costs are interest and other costs incurred by the company in connection with the borrowing of funds and expensed as incurred.

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows and in current liabilities on the balance sheet.

(d) Construction contracts

Construction work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit 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 the percentage of completion of the contract at balance date. The stage of completion is assessed by carrying out surveys of 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.

(e) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to the reporting date.

Defined Benefit Scheme (the Scheme)

The company participates in the National Provident Defined Benefit Scheme, which is a multi-employer defined benefit plan. Because it is not possible to determine, from the terms of the Scheme, the extent to which any deficit will affect future contributions by employers, the company participation in the Scheme is accounted for as if the Scheme were a defined contribution plan.

Defined Contribution Schemes

The company participates in other schemes in addition to the Defined Benefit Scheme which are all defined contribution plans, and contributions to the plans are expensed as incurred.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(g) Financial instruments

Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the company's option. Dividends on preference share capital classified as equity are recognised as distributions within equity.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(h) Goods and Services Tax (GST)

The financial statements are prepared exclusive of GST with the exception of receivables and payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

(i) Goodwill

All business combinations are accounted for by applying the purchase method. In respect of business acquisitions that have occurred since 1 July 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 July 2005 was not reconsidered in the preparation of the company's opening NZ IFRS balance sheet at 1 July 2005.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(j) Impairment of assets

The carrying amounts of the company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses on re-valued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their market value less cost to sell and value in use. Receivables with a short duration are not discounted.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of an asset carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

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

(k) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Current tax for current and prior periods is recognised as a liability (or asset) 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 temporary differences of goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit are not provided for.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet 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.

(l) Intangible assets

Computer software

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives on a straight line basis. Usually this period does not exceed five years.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software development costs recognised as assets are amortised over their estimated useful lives. Usually this period does not exceed five years.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

Amortisation

An intangible asset with a finite useful life is amortised over the period of that life. The asset is reviewed annually for indicators of impairment and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually and is carried at cost less accumulated impairment losses.

(m) Inventories

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

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

(n) Joint Venture

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations, City Care Limited recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

(o) Leased Assets

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. All other leases are classified as operating leases. At inception, finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments, using the discount rate provided by the leasing company where available, or the company's marginal cost of borrowing. Any additional direct costs of the lessee are added to the amount recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(p) Payables

Trade payables and other accounts payable are recognised when the entity becomes obliged to make future payments resulting from the purchase of goods and services.

(q) ACC Partnership Programme

The company belongs to the ACC Partnership Program whereby the company accepts the management and financial responsibility for employee related illnesses and accidents. Under the program the company is liable for all its claims costs for a period of two years up to a specified maximum. At the end of the two year period the liability for ongoing claims passes to ACC at no further cost to the company.

The liability for the ACC Partnership Program is measured using actuarial techniques at the present value of expected future payments to be made in respect of the employee injuries and claims up to the reporting date. Consideration is given to anticipated future wage and salary levels and experience of employee claims and injuries. Expected future payments are discounted using market yields on government bonds at balance date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(r) 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.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of land is credited to the asset revaluation reserve except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense in profit or loss, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A decrease in the carrying amount arising on the revaluation of land is charged as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

On the subsequent sale or retirement of a re-valued item, the attributable revaluation surplus remaining in the asset revaluation reserve, net of any related deferred taxes, is transferred directly to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Buildings	5 - 25 years
Plant and equipment	2 - 15 years
Motor vehicles	4 - 15 years
Office and computer equipment	1 - 10 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When re-valued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

(s) Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(t) Revenue recognition

Goods sold and services rendered

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance date. The stage of completion is assessed by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction. No revenue is recognised if there is significant uncertainty regarding recovery of the consideration due, associated costs, the possible return of goods, or continuing management involvement with the goods.

Rental revenue

Rental revenue is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Interest income

Interest income recognised in the income statement as it accrues, using the effective interest method.

(u) Capitalisation of contract set up costs

New contract set up costs are capitalised from the point at which there is certainty the contract has been won, in accordance with NZIAS 11. These capitalised costs are internally generated, have a finite life and are amortised over the minimum term of the contract on a straight-line basis.

(v) Standards or interpretations not yet effective

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the company, are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the company is defined as a Large Public Sector entity (Tier 1 reporting entity) and as such will continue to report under NZ IFRS.

	Effective for the financial year ending 30 June
NZ IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities	2014
NZ IFRS 11 Joint Arrangements / NZ IAS 31	2014
NZ IFRS 12 Disclosures of Interests in Other Entities / NZ IAS 27, 28	2014
NZ IAS 19 Employee Benefits (Revised)	2014
NZ IFRS 13 Fair Value Measurement	2014
NZ IAS 32 Offsetting Financial Assets and Financial Liabilities	2015
NZ IFRS 9 Financial Instruments – Classification and Measurement	2016

(w) Standards or Interpretations Adopted in the Current Financial Year

The following new and amended New Zealand Equivalents to International Financial Reporting Standards and Interpretations became effective as of 1 July 2012 and have been adopted to the extent they are applicable:

NZ IFRS 7 Disclosures – Transfer of Financial Assets (Amendments)

NZ IAS 12 Income Taxes – Deferred Tax Recovery of Underlying Assets (Amendments)

FRS 43 Summary Financial Statements

NZ IAS 1 Presentation of Items of Other Comprehensive Income – Amendments to NZIAS 1

2. PROFIT FROM OPERATIONS

(a) Revenue

Revenue from continuing operations consisted of the following items:

	2013 $000	2012 $000
Revenue from the rendering of services	222,109	238,157
Construction contract revenue	124,327	110,958
Revenue from the sale of goods	4,667	4,885
Rental revenue	23	26
Interest Income	21	21
	351,147	354,047

(b) Profit before income tax

Profit before income tax has been arrived at after crediting/(charging) the following gains and losses from continuing operations:

	2013 $000	2012 $000
Gain/(loss) on disposal of other property, plant and equipment	(102)	(9)
	(102)	(9)

Profit before income tax has been arrived at after charging the following expenses:

	2013 $000	2012 $000
Finance costs:		
Interest on loans	970	436
Finance leases	32	68
	1,002	504
Net bad and doubtful debts arising from:		
Third parties	-	1
Movement in allowance for doubtful debts	(26)	34
	(26)	35
Depreciation of non-current assets	8,346	5,813
Amortisation of non-current assets	677	351
	9,023	6,164
Directors' fees	246	213
Operating lease rental expenses:		
Minimum lease payments	6,014	3,857
Employee benefits expense:		
Defined benefit scheme	-	-
Defined contribution plans	198	201
Impairment losses:		
Goodwill impairment loss	-	-
Subcontractor costs	164,174	182,912

3. INCOME TAXES

	2013 $000	2012 $000
(a) Income tax recognised in profit		
Tax expense comprises:		
Current tax expense	120	5,295
Prior year adjustments to current tax	(150)	-
Deferred tax expense relating to the origination and reversal of temporary differences	1,204	1,153
Total tax expense	1,174	6,448

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2013 $000	2012 $000
Profit from operations	3,972	22,967
Income tax expense at 28% (2012: 28%)	1,112	6,431
Tax effect of non-deductible expenses	63	26
Tax effect of capital gain on sale of property, plant and equipment	(1)	(1)
Adjustment between prior year tax accrued and tax return		(8)
Revaluation of deferred tax asset due to change in tax rate		-
	1,174	6,448

The tax rate used in the above reconciliation is the corporate tax rate payable by New Zealand corporate entities on taxable profits under New Zealand tax law at the prevailing rates.

	2013 $000	2012 $000
(b) Current tax liabilities		
Current tax payables:		
Income tax payable	120	5,295
	120	5,295

(c) Deferred tax balances

Taxable and deductible temporary difference arising from the following:

	Opening Balance $000	Charged to Income $000	Closing Balance $000
Year ended 30 June 2013			
Deferred tax assets:			
Property, plant and equipment	(45)	(155)	(200)
Provisions	1,430	185	1,615
Other	(2,613)	(1,234)	(3,847)
	(1,228)	(1,204)	(2,432)
Year ended 30 June 2012			
Deferred tax assets:			
Property, plant and equipment	(15)	(30)	(45)
Provisions	1,219	211	1,430
Other	(1,279)	(1,334)	(2,613)
	(75)	(1,153)	(1,228)

(d) Imputation credit account balances

	2013 $000	2012 $000
Imputation credits available for use in subsequent periods	145	5

No adjustment has been made for credits associated with tax payable and the tax liability is expected to be eliminated by losses transferred from other entities in the group by way of subvention payments.

4. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the directors and executives, being the key management personnel of the company, is set out below:

	2013 $000	2012 $000
Salaries and short term employee benefits	3,034	2,973
Post-employment benefits	43	30
Termination benefits	290	
	3,367	3,003

5. REMUNERATION OF AUDITORS

	2013 $000	2012 $000
Audit of the financial statements	96	94
	96	94

6. CURRENT TRADE AND OTHER RECEIVABLES

	2013 $000	2012 $000
Trade and other receivables (i)	27,698	28,988
Allowance for doubtful debts	(34)	(79)
	27,664	28,909
Contract retentions	2,267	753
	29,931	29,662

(i) No interest is charged on the trade receivables. An allowance has been made for estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience.

Past due assets

Included in the company's current trade and other receivables balance are debtors with a carrying value of $6,200,663 (2012: $3,206,608) which are past due at the reporting date and for which the company has not provided as the amounts are still considered recoverable and as there has not been a significant change in credit quality. The company does not hold any collateral over these balances. The average age of these receivables is 68 days (2012: 76 days).

	2013 $000	2012 $000
Aging of past due but not impaired		
0 – 30 days	2,376	1,533
30 – 60 days	2,008	465
60 – 365 days	1,769	836
365+ days	47	373
	6,200	3,207

Most of the amount more than a year overdue is with a related party, Christchurch City Council. The majority of this amount was received on the first working day after balance date.

Movement in the allowance for doubtful debts		
Balance at beginning of the period	79	55
Increase/(decrease) in allowance recognised in income statement	(26)	34
Amounts written off as uncollectible	(19)	(10)
	34	79

7. CURRENT INVENTORIES

	2013 $000	2012 $000
Raw materials – at cost	3,481	3,191
	3,481	3,191

No inventories are pledged as security for liabilities or are subject to retention of title clauses.

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land at Fair Value $000	Buildings at Cost $000	Plant and Equipment at Cost $000	Motor Vehicles at Cost $000	Office and Computer Equipment at Cost $000	Total $000
Gross carrying amount						
Balance at 1 July 2011	8,210	434	9,717	39,763	3,762	61,886
Additions	-	-	2,884	10,528	1,489	14,901
Revaluation	-	-	-	-	-	-
Disposals	-	-	(237)	(1,043)	(182)	(1,462)
Balance at 30 June 2012	8,210	434	12,364	49,248	5,069	75,325
Additions	-	1,093	5,309	16,760	1,412	24,574
Revaluation	630	-	-	-	-	630
Disposals	-	-	(181)	(759)	-	(940)
Balance at 30 June 2013	8,840	1,527	17,492	65,249	6,481	99,589
Accumulated depreciation and impairment						
Balance at 1 July 2011	-	(144)	(6,682)	(21,099)	(2,775)	(30,700)
Reclassification	-	-	-	-	-	-
Disposals	-	-	191	917	180	1,288
Depreciation expense	-	(27)	(1,018)	(4,220)	(548)	(5,813)
Balance at 30 June 2012	-	(171)	(7,509)	(24,402)	(3,143)	(35,225)
Reclassification	-	-	-	-	-	-
Disposals	-	-	171	548	-	719
Depreciation expense	-	(41)	(1,387)	(6,068)	(850)	(8,346)
Balance at 30 June 2013	-	(212)	(8,725)	(29,922)	(3,993)	(42,852)
Net book value						
As at 30 June 2012	8,210	263	4,855	24,846	1,926	40,100
As at 30 June 2013	8,840	1,315	8,767	35,327	2,488	56,737

	2013 $000	2012 $000
Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:		
Buildings	41	27
Plant and equipment	1,387	1,018
Motor vehicles	5,977	4,129
Leased motor vehicles	91	91
Office equipment	850	548
	8,346	5,813

Included within property, plant and equipment is capital work in progress of $396,180 (2012 $1,480,191).

Freehold land carried at fair value

An independent valuation of the company's land was performed by independent registered valuer Gary Sellars, a director of Colliers International, Christchurch, to determine the fair value of the land. The valuation, which conforms to NZ IAS 16 and New Zealand Property Institute Practice Standard 3, Valuations for Financial Reporting Purposes, was determined by reference to the asset's highest and best use, without deducting disposal costs. The valuation was based on an assessed market rental for the property and a capitalisation rate of 8%. 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 effective date of the valuation was 30 June 2013.

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

	2013 $000	2012 $000
Freehold land	1,894	1,894

9. GOODWILL

	2013 $000	2012 $000
Gross carrying amount		
Opening balance	554	554
Closing balance	554	554
Accumulated impairment losses		
Opening balance	194	194
Impairment losses for the year	-	-
Closing balance	194	194
Net book value		
Opening balance	360	360
Movement	-	-
Closing balance	360	360

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing to the Taranaki drilling operation.

Previously goodwill was also allocated for impairment testing to the Tauranga electrical operation.

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	2013 $000	2012 $000
Taranaki Road Boring	360	360

The key assumptions used in the value in use calculations for the various significant cash-generating units are as follows:

Budgeted revenue	Revenue is based on initial contract term and past performance. A growth rate of 3% per annum has been included.
Budgeted gross margin	Gross margin is expected to continue at margins achieved in the period immediately before the budget period. An increase in costs of 3% per annum has been factored into future projections.
Budgeted overhead	Budgeted overhead is expected to reflect overhead incurred immediately before the budget period.
Discount rate	A discount rate of 11.63% is applied to calculate the value in use.

10. OTHER INTANGIBLE ASSETS

	Software Licences $000
Gross carrying amount	
Balance at 1 July 2011	3,275
Additions	634
Balance at 30 June 2012	3,909
Additions	1,501
Balance at 30 June 2013	5,410
Accumulated amortisation and impairment	
Balance at 1 July 2011	(2,671)
Amortisation expense (i)	(351)
Balance at 30 June 2012	(3,022)
Amortisation expense (i)	(677)
Balance at 30 June 2013	(3,699)
Net book value	
As at 30 June 2012	887
As at 30 June 2013	1,711

(i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the income statement.

11. JOINT VENTURE

The company's interest in the Stronger Christchurch Infrastructure Rebuild Team Joint Venture is accounted for as a jointly controlled operation.

The company's interests in the jointly controlled operation were as follows:

	2013 $000	2012 $000
Current assets	7,538	9,531
Current liabilities	1,661	1,215
Income	104,076	56,289
Expenses	93,229	50,256

12. CURRENT TRADE AND OTHER PAYABLES

	2013 $000	2012 $000
Trade payables	10,917	5,852
Goods and Services Tax payable	3,461	2,770
Accrued expenses	12,182	8,999
	26,560	17,621

13. CURRENT BORROWINGS

	2013 $000	2012 $000
Secured		
At amortised cost:		
Bank overdraft (i)	-	-
Bank loans (ii), (iii)	-	-
Finance lease liabilities (iv) – refer note 22	44	334
	44	334

(i) Repayable on demand, the total facility is $500,000 (2012: $500,000). The overdraft is secured by way of a first ranking debenture over the assets and undertakings of the company.

(ii) Relates to the current portion of long term borrowings.

(iii) Secured by a debenture over the assets and undertakings of the company.

(iv) Secured by the assets leased.

There were no defaults of loans during the period.

The company does not hold title to the equipment under finance lease pledged as security.

14. NON-CURRENT BORROWINGS

	2013 $000	2012 $000
Secured		
At amortised cost:		
Bank loans (i)	37,750	17,900
Finance lease liabilities (ii) – refer note 22	-	44
	37,750	17,944

(i) Secured by a debenture over the assets and undertakings of the company. The committed cash advance facility totals $50,000,000 of which $37,750,000 had been drawn down as at 30 June 2013.

The facility is structured as a two year rolling facility with a current maturity date of 28 February 2015. Interest rates on the floating rate debt are based on bank bill rates plus a margin and averaged 3.6% for the year. Due to interest rates on floating debt resettling on the market rate, the carrying amounts on secured loans approximate their fair values.

(ii) Secured by the assets leased.

15. PROVISIONS

	Employee Entitlements (i) $000	Onerous Contracts (ii) $000	ACC Partnership Programme (iii) $000
Provisions 2013			
Balance at 1 July	7,671	-	72
Additional provisions recognised	10,407	-	72
Reductions arising from payments/other sacrifices of future economic benefits	(9,920)	-	(72)
Reductions resulting from re-measurement or settlement without cost	(33)	-	-
Unwinding of discount effect of changes in discount rate	(41)	-	-
Balance at 30 June	8,084	-	72
Current	7,766	-	72
Non-current	318	-	-
	8,084	-	72
Provisions 2011			
Balance at 1 July	6,435	370	51
Additional provisions recognised	8,853		
Reductions arising from payments/other sacrifices of future economic benefits	(7,608)	(296)	(51)
Reductions resulting from re-measurement or settlement without cost	(46)	(74)	-
Unwinding of discount effect of changes in discount rate	37	-	72
Balance at 30 June	7,671	-	72
Current	7,415	-	72
Non-current	256	-	-
	7,671	-	72

(i) The provision for employee entitlements relates to employee benefits such as accrued wages and salaries, accrued holiday pay and long service leave. The provision is affected by a number of estimates including the expected employment period of employees and the timing of employees utilising the benefits. The majority of the provision is expected to be realised within the next two years.

(ii) The company held a contract in the prior year in which the unavoidable costs to meet the obligations under the contract exceed the economic benefits expected to be received under it. In accordance with NZ IAS 37 a provision has been made to recognise the liability which arises for the remainder of the life of the contract. The assets utilised in performing the contract are not impaired.

(iii) The liability for the ACC Partnership Program is measured at the present value of anticipated future payments to be made in respect of the employee injuries and claims up to the reporting date.

The company manages its exposure arising from the program by promoting a safe and healthy working environment by:

- implementing and monitoring health and safety policies
- induction training on health and safety
- actively managing work place injuries and near misses to identify risk areas and implementing mitigating actions
- identification of work place hazards and implementation of appropriate safety procedures.

The company has chosen a stop loss limit of 200% of the risk. The stop loss limit means the entity will only carry the total cost of claims of up to $789,509.

The entity is not exposed to any significant concentrations of insurance risk as work related injuries are generally the result of an isolated event to an individual employee.

Average inflation has been assumed to be 3% for the year ending 30 June 2013 and 3% for the year ending 30 June 2012. A discount rate of 8.5% has been used for the year ending 30 June 2013 and 8.5% for the year ending 30 June 2012.

The value of the liability is not material for the company's financial statements; therefore, any changes in assumptions will not have a material impact on the financial statements. This liability has been included under Trade and other payables in the balance sheet.

16. CONSTRUCTION CONTRACTS

	2013 $000	2012 $000
Construction work in progress (i)	163,700	55,879
Progress billings (ii)	(149,966)	(47,731)
Unbilled construction work in progress	13,734	8,148

(i) Construction work in progress is the life to date project revenue recognised on construction projects which remain incomplete as at balance date. This differs from work in progress in the balance sheet which represents the net unbilled revenue on construction and non-construction projects.

(ii) Retentions included in progress billings.	1,836	358

17. CAPITAL AND OTHER EQUITY INSTRUMENTS

	2013 $000	2012 $000
6,036,000 fully paid ordinary shares	6,036	6,036
2,500,000 fully paid redeemable preference shares	2,500	2,500
	8,536	8,536

Neither ordinary shares nor redeemable preference shares have par values.

	2013		2012	
	No. 000	$000	No. 000	$000
(a) Fully paid ordinary shares				
Balance at the beginning of the year	6,036	6,036	6,036	6,036
Balance at the end of the year	6,036	6,036	6,036	6,036

Fully paid ordinary shares carry one vote per share and participate equally in any dividend distribution or any surplus on winding up the company.

	2013		2012	
	No. 000	$000	No. 000	$000
(b) Fully paid preference shares				
Balance at the beginning of the year	2,500	2,500	2,500	2,500
Balance at the end of the year	2,500	2,500	2,500	2,500

Fully paid preference shares carry the right to dividends but no voting rights.

18. RESERVES

	2013 $000	2012 $000
Capital reserves (a)	2,314	2,314
Asset revaluation (b)	6,946	6,316
	9,260	8,630

(a) Capital reserve

The capital reserve arose from a non-recurring gain on the sale of the company's refuse business in the year ended 30 June 2006.

(b) Asset revaluation reserve

Balance at the beginning of the year	6,316	6,316
Revaluation increments	630	-
	6,946	6,316

The asset revaluation reserve arises on the revaluation of land. Where revalued land is sold, the portion of the asset revaluation reserve that relates to that asset and is effectively realised, is transferred directly to retained earnings.

19. RETAINED EARNINGS

	2013 $000	2012 $000
Balance at the beginning of the year	29,020	20,438
Net profit attributable to members of the parent entity	2,798	16,519
Dividends paid	(6,280)	(7,937)
Balance at the end of the year	25,538	29,020

20. COMMITMENTS FOR EXPENDITURE

	2013 $000	2012 $000
(a) Capital expenditure commitments		
Plant and equipment	135	6,966
Intangible assets	-	3
	135	6,969

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in note 22 to the financial statements.

21. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2013 $000	2012 $000
Contingent liabilities		
The company has arranged with Bank of New Zealand for the issue of performance related bonds in favour of:		
Local authorities (i)	8,442	5,029
Transit New Zealand	1,157	286
Others	269	239
	9,868	5,554

(i) This includes Councils and Council Controlled Trading Organisations.

The directors know of no reason why these contingent liabilities would be called upon by the external parties and therefore have not been recognised.

The company is a participating employer in the National Provident Fund's Defined Benefit Plan Contributors' Scheme (the Scheme) which is a multi-employer defined benefit scheme. If the other participating employers ceased to participate in the scheme, the company could be responsible for the entire deficit of the Scheme. Similarly, if a number of employers ceased to participate in the scheme, the company could be responsible for an increased share of the deficit.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine, from the terms of the Scheme, the extent to which the deficit will affect future contributions by employers, as there is no prescribed basis for allocation. As at 31 March 2011, the most up to date data available, the Scheme had a past surplus of $37.6 million being 16.4% of the liabilities (2010: $43.6 million being 18.2% of the liabilities). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of NZ IAS 19. An actuarial review carried out by the Board of Trustees of the National Provident Fund concluded that employers are not expected to contribute in the future provided the experience of the scheme is in line with the valuation assumptions used for the review.

National Provident Fund's last annual report indicated the scheme had 534 members at 31 March 2012. Three of these are employees of City Care Limited.

The Stronger Christchurch Infrastructure Alliance agreement contains provision for sharing gains and/or losses against budget on the conclusion of the contract, expected to be of five years duration. Any gain or loss does not crystallise until the conclusion of the contract and cannot be reliably measured in the interim.

Other than the above, the company knows of no material or significant contingent assets or liabilities as at balance date.

22. LEASES

Finance leases

(a) Leasing arrangements

Finance leases relate to motor vehicles. The company does not have an option to purchase the leased assets at the expiry of the lease period and there are no renewal rights.

	Minimum Future Lease Payments		Present Value of Minimum Future Lease Payments	
	2013 $000	2012 $000	2013 $000	2012 $000
(b) Finance lease liabilities				
No later than 1 year	45	366	44	334
Later than 1 year and not later than 5 years	-	45	-	44
Minimum lease payments (i)	45	411	44	378
Less future finance charges	(1)	(33)	-	-
Present value of minimum lease payments	44	378	44	378
Included in the financial statements as:				
Current borrowings (refer note 13)			44	334
Non-current borrowings (refer note 14)			-	44
			44	378

(i) Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Operating leases

(c) Leasing arrangements
Operating leases relate to all leased assets not classified as finance leases in accordance with NZ IAS-17.

	2013 $000	2012 $000
(d) Non-cancellable operating lease payments		
No longer than 1 year	3,384	1,930
Longer than 1 year and not longer than 5 years	6,901	2,575
Longer than 5 years	354	-
	10,639	4,505

23. RELATED PARTY DISCLOSURES

Related parties

(a) Parent entities

The parent entity is Christchurch City Holdings Limited, which is 100% owned by the ultimate parent entity, Christchurch City Council (CCC).

b) Transactions with related parties

During the year the company entered into various transactions with the Christchurch City Council and its subsidiary companies. The value of these transactions are summarised below.

	2013 $000	2012 $000
Services provided to CCC	211,379	246,310
Services provided to other group companies	2,356	1,315
Goods and services received from CCC	4,559	8,358
Goods and services received from other group companies	1,086	1,145
Rent and rates paid to CCC	860	856
As at year-end		
Amounts receivable from CCC	18,513	24,218
Amounts receivable from other group companies	193	186
Amounts payable to CCC	961	433
Amounts payable to other group companies	90	-

All transactions with related parties were in the normal course of business and provided on commercial terms. Details of write-downs of receivables in respect of transactions with these related parties are disclosed in note 2 to the financial statements. The provision for doubtful debts relating to debts due from related parties at reporting date was nil (2012: nil). Related party transactions exclude Directors fees which are disclosed separately

Separate disclosure of individual transactions
During the year, the company made subvention payments totalling $5,145,148 of which $105,351 was paid to Tuam Limited, $913,031 to Civic Building Limited, $1,022,023 to Christchurch City Council, $362,619 to Red Bus Limited and $2,742,123 to VBase Group. (2012: $4,726,485 of which $266,942 was paid to Tuam Limited, $1,866,698 to Civic Building Limited and $2,592,845 to VBase) with an associated tax loss offset of $13,230,381. The company also made a dividend payment of $6,279,677 (2012: $7,936,625) to its immediate parent, Christchurch City Holdings Limited.

There were close family members of key management personnel employed by the company during the entire year and at periods during the year. The terms and conditions of the arrangements were no more or less favourable than if there was no relationship to key management personnel.

24. SUBSEQUENT EVENTS

No other significant events have occurred subsequent to balance date.

25. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in the bank, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statements is reconciled to the related items in the balance sheet as follows:

	2013 $000	2012 $000
Cash	5	5
Bank deposits	1,082	424
	1,087	429

(b) Reconciliation of profit for the period to net cash flows from operating activities

	2013 $000	2012 $000
Secured bank overdraft facility, reviewed annually and repayable on call:		
Profit after tax for the period	2,798	16,519
(Gain)/loss on sale or disposal of non-current assets	102	9
Depreciation and amortisation of non-current assets	9,023	6,164
Increase/(decrease) in current tax liability	(5,174)	571
(Increase)/decrease in deferred tax balances	1,204	1,153
Changes in net assets and liabilities		
(Increase)/decrease in assets:		
Current receivables	(269)	8,043
Prepayments	75	(151)
Capitalised contract set up costs	24	132
Work in progress	(3,466)	(8,503)
Current inventories	(290)	(571)
Increase/(decrease) in liabilities:		
Operating current payables (excludes payables for investing activities)	8,978	(8,807)
Current employee entitlement provisions	351	1,264
Non-current entitlement provisions	62	(28)
Other provisions	-	(370)
Net cash from operating activities	13,418	15,425

26. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives

The company is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, accounts receivable, accounts payable and term loans. The company has policies providing for risk management for interest rates and the concentration of credit.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(c) Financing facilities

	2013 $000	2012 $000
Secured bank overdraft facility, reviewed annually and repayable on call:	500	500
Amount unused	500	500
Secured bank loan facilities maturing 28 February 2015 and extendable by mutual agreement		
Amount used	37,750	17,900
Amount unused	12,250	22,100
	50,000	40,000

(d) Categories of financial instruments

	2013 $000	2012 $000
Financial assets		
Cash and cash equivalents	1,087	429
Trade and other receivables	29,931	29,662
	31,018	30,091
Financial liabilities		
Current trade and other payables	26,560	17,621
Borrowings (current and non-current)	37,750	17,900
	64,310	35,521

(e) Collateral

Financial assets pledged as collateral for liabilities have been disclosed in notes 13 and 14.

(f) Interest rate risk management

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to the changes in market interest rates. This could particularly impact on the cost of borrowings. The directors do not consider there is any significant exposure to interest rate risk on the company's borrowings.

The sensitivity analysis below has been determined based on exposure to interest rates for non-current derivative instruments as at the reporting date and the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. The 100 basis point increase or decrease used represents management's assessment of the possible changes in interest rates.

	2013 $000	2012 $000
Increase or decrease in net profit from a 100 basis point movement in interest rates, assuming all other variables were held constant.	377	179

(g) Foreign currency risk management

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company has no exposure to currency risk.

(h) Credit risk management

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk, without taking account of the value of any collateral obtained.

Financial instruments which potentially subject the company to credit risk consist primarily of cash and trade receivables. The concentration of credit risk with respect to accounts receivable is high due to the reliance on the Christchurch City Council for 53% of the company's revenue. Christchurch City Council's credit rating was downgraded in July 2013 from AA- to A+.

The company manages this risk by depositing its cash and cash equivalents with high quality financial institutions and by carrying out credit checks on all new customers.

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows.

The following table details the company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date at which the company can be required to pay.

	Less than 6 Months	6-12 Months	1-2 Years	2-5 Years	5+ Years	Total
	$000	$000	$000	$000	$000	$000
Financial liabilities						
2013						
Trade and other payables	26,560	-	-	-	-	26,560
Borrowings	-	-	37,750	-	-	37,750
	26,560	-	37,750	-	-	64,310
2012						
Trade and other payables	17,621	-	-	-	-	17,621
Borrowings	-	-	17,900	-	-	17,900
	17,621	-	17,900	-	-	35,521

The following table details the company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period. All financial liabilities are classified as being at amortised cost.

	Less than 6 Months $000	6-12 Months $000	1-2 Years $000	2-5 Years $000	5+ Years $000	Total $000
Financial assets						
2013						
Cash and trade receivables	31,018	-	-	-	-	31,018
	31,018	-	-	-	-	31,018
2012						
Cash and trade receivables	30,091	-	-	-	-	30,091
	30,091	-	-	-	-	30,091

All financial assets are classified as loans and receivables.

(j) Market risk

Management consider the market risks faced by the company to be limited to those risks disclosed above being interest rate risk, credit risk and liquidity risk.

(k) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

27. CAPITALISED CONTRACT SET UP COSTS

The company capitalises the costs of setting up new contracts, once it becomes certain the contract will be awarded to the company. The capitalised costs are then amortised on a straight-line basis over the shortest term of the contract.

	2013 $000	2012 $000
Opening balance	48	180
Amortisation	(24)	(132)
Closing balance	24	48
Current set up costs	24	24
Non-current set up costs	-	24
	24	48

28. STATEMENT OF PERFORMANCE

The Statement of Intent agreed between the directors of the company and Christchurch City Holdings Limited provided the following performance targets:

	Actual $000		Target $000
(a) Financial performance			
Revenue	351,147	Achieved	318,000
Interest bearing debt	37,794	Refer (i)	29,000
Equity	43,334	Refer (i)	54,700
Profit for the period	2,798	Refer (i)	14,600
Dividends	6,280	Refer (i)	7,300
Debt to debt plus equity	46.6%	Refer (i)	34.7%
Equity to total assets	36.6%	Refer (i)	45.0%
Return on average equity	6.3%	Refer (i)	28.4%
(b) Non-financial performance			
ISO 14001 Environmental Management accreditation		Maintained	Maintained
ISO 9001 Quality Management accreditation		Maintained	Maintained
NZS 4801 Health and Safety Management accreditation		Maintained	Maintained
ISO 14064 Greenhouse Gas Reporting accreditation		Maintained	Maintained
Secure two new long-term contracts in excess of $2m per annum		Achieved	New contracts
Develop a behavioural based quality system		Achieved	Develop System
Measurement of Total Recordable Incident Frequency accident rates		Achieved	Commence
Lost Time Incidents frequency rates		Refer (ii)	10% reduction
Work related injury hours lost per million hours worked		Refer (ii)	10% reduction
Maintain current level of staff satisfaction		Refer (iii)	Maintained
Training - number of staff qualifications		Achieved	Maintained
Maintain current level of client satisfaction		Refer (iii)	Maintained

The accreditations for ISO14001, ISO9001, ISO14064 and NZS 4801 were all maintained. The target of achieving two long term contracts in excess of $2m per annum was achieved, as were the targets to commence measurement of Total Recordable Incident Frequency accident rates, develop a behavioural based quality system and maintain the number of staff qualifications.

(i) The company reported lower than target profit and other financial measures but strong cash flows from operating activities. Moving from the emergency response phase to the Canterbury earthquakes to one of recovery and rebuild required significant investment in resources, greater than anticipated. The costs and lead times associated with recruiting, developing and training the workforce and achieving standard productivity levels have been greater than expected. The resulting expenditure on people, plant and equipment increased significantly while revenue remained static in total but shifted in nature.

As a result of the high levels of expenditure and underperformance on a number of projects, the Civil Construction division did not meet its targets. Some under performance was not identified in a sufficiently timely manner. Corrective action was taken as soon as the issues were identified and steps have been taken to improve management and reporting of key project areas to ensure more effective contract performance oversight.

The Facilities Management business also failed to meet the financial performance targets, due mainly to below budget work volumes as the earthquake repair work is slower to be released to market than planned.

The nationwide maintenance operation performed well and exceeded the financial targets.

City Care has played a critical role since the earthquakes and will continue to do so. The company has come through a challenging year, taken stock, made the necessary decisions to manage a difficult environment and is now firmly focused on achieving its goals and aspirations over the coming years.

(ii) The lost time incident frequency rate changed from 1.58 per million hours worked in 2012 to 1.85 per million hours worked in 2013. The work related injury hours lost per million hours worked changed from 259 in 2012 to 498 in 2013.

(iii) Staff satisfaction was 81.3% in 2013 and 81.8% in 2012. Client satisfaction declined in comparison with the previous year results.

29. CAPITAL MANAGEMENT

The company's capital is its equity, comprised of share capital, retained earnings and reserves and represented by net assets.

It is the company's intention to maintain sufficient capital to provide security for the existing level of operations and the flexibility for future growth opportunities.

The company pays dividends to the shareholder after taking into account profitability and future investment requirements. The board of directors determines the dividends payable after considering the company's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

IINDEPENDENT AUDITOR'S REPORT

TO THE READERS OF
CITY CARE LIMITED'S
FINANCIAL STATEMENTS AND STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2013

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

We have audited:

- the financial statements of the company on pages 2 to 32, that comprise the balance sheet as at 30 June 2013, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of performance of the company on page 31.

Opinion

Financial statements and statement of performance

In our opinion:

- the financial statements of the company on pages 2 to 32:
  - comply with generally accepted accounting practice in New Zealand; and
  - give a true and fair view of the company's:
    - financial position as at 30 June 2013; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of performance of the company on page 31:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's performance achievements measured against the performance targets adopted for the year ended 30 June 2013.

Other legal requirements

In accordance with the Financial Reporting Act 1993, we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 15 August 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statement of performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of performance that give a true and fair view of the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of performance; and
- the overall presentation of the financial statements and statement of performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of performance.

In accordance with the Financial Reporting Act 1993, we report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its performance.

The Board of Directors is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 1993.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board.

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

Julian Tan

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

Ownership

City Care Limited is a limited liability company incorporated under the Companies Act 1993. The company is wholly owned by Christchurch City Holdings Limited, a company 100% owned by the Christchurch City Council.

Principal activities

The company's principal activities during the year were:

- maintenance of amenity assets including water and wastewater, parks and trees and cleaning,
- facilities management,
- construction of vertical and horizontal assets , and
- provision of asset management services.

Dividend

A final dividend of $930,751.20 in respect of the year ended 30 June 2012 was paid on 1 November 2012. Interim dividends of $2,500,000.00 and $348,926.00 in respect of the 2013 financial year were paid on 1 November 2012 and 1 March 2013 respectively. A Special dividend of $2,500,000.00 in respect of the 2013 financial year was paid on 1 March 2013.

Directors

The following directors held office during the year ended 30 June 2012:

- Derek Crombie (Retired Oct 2012)
- Margaret Devlin
- Tony King (Chairman)
- Hugh Martyn
- Trevor Thornton
- Mark Todd (Appointed Oct 2012)
- Craig Price (Appointed Oct 2012)

Directors' interests

The company maintains an interest's register in which particulars of certain transactions and matters involving the directors are recorded. These are requirements under the Companies Act 1993. The following entries were recorded in the interests register during the year ended 30 June 2013.

Director	*Entity*	*Position*
Derek Crombie	Central Plains Water Limited	General Manager
	GHD Limited	Consultant
	W.M. Pendreigh & Co. Limited	Director
	Glen Islay Developments Limited	Director
	Tropical Engineering Limited	Director
	Crombie Projects Ltd	Director
	Alamidas Investments Ltd	Director

Director	***Entity***	***Position***
Margaret Devlin	WEL Networks Limited	Deputy Chairman, Audit Chairman, Remuneration Committee
	Water New Zealand (Resigned Aug 2012)	Co-opted Director
	C F Reese Ltd (Resigned Mar 2013)	Chairman
	Scott Sheetmetal and Heating Limited (Resigned Jun 2013)	Director
	Indepen (NZ) Ltd	Director
	Institute of Directors in New Zealand Inc	National Council Representative Accredited Director Accreditation Board Commercial Board - Director
	Institute of Directors – Waikato & Bay of Plenty Branch	Chairman
	Institute Of Directors – Waikato Directors Development Program	Facilitator
	Hamilton Riverview Hotel Ltd	Director
	Waikato Networks Limited	Director
	Waikato District Council	External appointment to Audit and Risk Committee
	University of Waikato	Member Risk management Committee
	Harrison Grierson Consultants Ltd	Chairman, Chair of Audit & Risk Committee
	Harrison Grierson Holdings Ltd	Director
	Waikato Regional Airport Ltd (t/a Hamilton International Airport)	Director
	National Infrastructure Advisory Board	Board Member
	Ultrafast Fibre Limited	Director
Tony King	Mainpower New Zealand Limited	Director
	Option One Limited	Director
	Tikao Bay Boat Club	President
	Solid Energy Ltd (fixed term employment contract)	Interim Chief Operating Officer
Hugh Martyn	Pay Global Limited	Chief Executive Officer
	Hadstock Park Limited	Director
Craig Price	Beca Group Ltd	Shareholder/ Share Trustee
	Beca Carter Hollings and Ferner Ltd	Director
	Beca Corporate Holdings Ltd (Resigned Apr 2013)	Chairman
	Beca Ltd	Director
	New Zealand Green Building Council	Chairman
	Canterbury Business Leaders Group	Executive
	IPENZ Competence Assessment Board	Chairman
	University of Canterbury Civil & Natural Resources Engineering Advisory Board	Board member
	University of Canterbury Mechanical Engineering Advisory Board	Board member
Trevor Thornton	Bayley Insurance Trust Limited	Director
	Christchurch Cathedral Foundation	Trustee
	Spreadeagle Dairies Ltd	Director
	Lagan Trustees Limited	Director
	Turnaround Management Association of New Zealand Incorporated	Director
	Gordon Handy Machinery Limited	Director
	Livestock Logistics NZ Limited	Director
	Statutory Manager for Aorangi Securities Ltd and Mr AJ, Mrs MJ Hubbard and 7 Charitable Trusts associated with Mr and Mrs Hubbard.	Statutory Manager
	Statutory Manager for Hubbard Churcher Trust Management Ltd, Forresters Nominee Company Ltd, Barns Charitable Trust and Temple Bar Charitable Trust	Statutory Manager
	AW Nominees Limited	Director
	Forresters Nominee Company Limited	Director
	Canterbury Cricket Trust	Trustee
	Christchurch Stadium Trust	Trustee
	Halberg Trust Canterbury Branch	Trustee
Mark Todd	Kathmandu Holdings Ltd	Director
	Milford Group Holdings Ltd	Director
	Kathmandu Ltd	Director
	Kathmandu Pty Ltd	Director
	Kathmandu (U.K.) Ltd	Director

Directors' remuneration

Remuneration and other benefits paid or due and payable to directors for services during the year as a director of the company were as follows:

Derek Crombie	$12,082
Margaret Devlin	$36,165
Tony King	$70,039
Hugh Martyn	$35,020
Trevor Thornton	$41,610
Craig Price	$24,189
Mark Todd	$26,479
Total	$245,584

No other remuneration or benefits other than normal reimbursement of expenses has been paid or given to directors. No loans have been made by the company, nor has the company guaranteed any debts incurred by a director.

Use of company information by directors

No notices have been received from directors of the company requesting to use company information received in their capacity as directors which would not otherwise have been available to them.

Directors' insurance

The company has arranged insurance policies for directors' liability insurance within the limits and requirements as set out in the Companies Act 1993.

Employees' remuneration

The number of employees and former employees whose remuneration and other benefits (including termination payments) were more than $100,000 during the period are as follows:

Remuneration range	***Number of employees***
$100,000 - $110,000	39
$110,000 - $120,000	16
$120,000 - $130,000	14
$130,000 - $140,000	19
$140,000 - $150,000	7
$150,000 - $160,000	6
$160,000 - $170,000	1
$170,000 - $180,000	3
$180,000 - $190,000	1
$190,000 - $200,000	1
$200,000 - $210,000	1
$210,000 - $220,000	3
$220,000 - $230,000	1
$230,000 - $240,000	1
$240,000 - $250,000	1
$260,000 - $270,000	2
$280,000 - $290,000	1
$300,000 - $310,000	1
$560,000 - $570,000	1
$590,000 - $600,000	1

Donations

The company made no donations during the year.

Auditor

The Auditor-General is appointed under Section 70 of the Local Government Act 2002. Audit New Zealand has been appointed to provide these services on behalf of the Auditor-General. Audit fees in respect of the 2013 financial year totalling $96,465 have been paid or accrued.

The City Care Limited board of directors is responsible for the corporate governance of the company. The board and management are committed to ensuring the company maintains best practice governance structures and adheres to high ethical standards.

This statement presents an overview of the main corporate governance policies of the company.

Board role and responsibility

The board of directors of City Care is appointed by the shareholder, Christchurch City Holdings Limited, and is responsible for the proper direction and control of the company's activities. The primary objective of the board is to build long-term shareholder value taking into due consideration other stakeholder interests. It does this by setting strategic direction and context and focusing on issues critical for its successful execution.

The role and responsibilities of the board are formalised in the board charter which is reviewed periodically. The purpose of the board charter is to provide high standards of corporate governance and clarify the board's role and responsibilities. Some of the board's responsibilities are delegated to a board committee. The role of the committee is described below.

The board has delegated to the Chief Executive Officer the day-to-day leadership and management of the company. The Chief Executive Officer has, in some cases, formally delegated certain authorities to direct reports and has established a formal delegated authority framework for those direct reports to sub-delegate as appropriate.

All members of the board are independent non-executive directors.

The board endorses and adheres to the principles of the Institute of Directors in New Zealand Incorporated 'Four Pillars of Governance Best Practice'.

Responsibility to shareholder

In accordance with section 64 of the Local Government Act 2002, each February the company submits to the shareholder a draft Statement of Intent (SOI) for the coming financial year. The SOI sets out the objectives, activities, intentions and financial and performance targets. After due consideration and after discussion with the shareholder, the final SOI is approved by the board of directors and delivered to the shareholder in May.

Board composition

The company's constitution provides that the board will consist of a maximum of seven directors. Currently the board comprises six non-executive directors. With the prior approval of the shareholder, the board may appoint one full-time executive as a director of the company.

Up to one-third of the ordinary directors retire by rotation at each Annual Meeting. The basis for determining which directors retire by rotation is the length of service in office since the last election or appointment. Retiring directors are eligible for re-election.

The shareholder has the right to appoint a Chairman and (if it considers fit) a Deputy Chairman for such periods as it sees fit. If the shareholder does not exercise that right, then the board may elect their own Chairman or Deputy Chairman.

The board supports the separation of the role of Chairman and Chief Executive Officer. The Chairman's role is to manage and provide leadership to the board and to facilitate the board's interface with the Chief Executive Officer. The board currently does not have a Deputy Chairman.

Conflicts of interest

The board is conscious of its obligations to ensure that directors avoid conflicts of interest (both real and apparent) between the company and their own interests. The board charter outlines the board's policy on conflicts of interest. Where conflicts of interest do exist at law, then the director must disclose their interest, excuse themselves from any board discussions and not receive any board papers in respect of those interests.

Nominations and appointment of new directors

The procedures for appointing and removing directors are governed by the company's constitution. When considering candidates to act as a director, the shareholder considers such factors as it deems appropriate, including the experience, qualifications, availability and judgment of a candidate, and the candidate's ability to work alongside other directors.

Board meetings

Each year there are twelve scheduled meetings of the board. The board also meets as required between the scheduled meetings.

The Chairman and Chief Executive Officer establish meeting agendas to ensure adequate coverage of all key issues. The directors generally receive board papers one week in advance of board meetings, except in the case of special meetings for which the time period may be shorter.

The board encourages management to schedule presentations at board meetings by managers who can furnish additional insight into items being discussed, or have future potential that management believes should be demonstrated to the board. Directors are entitled to have access, at all reasonable times, to all relevant company information and to management. Any director is entitled to obtain independent professional advice relating to the affairs of the company or to his or her other responsibilities as a director. If a director considers such advice necessary, the director shall first gain the approval of the Chairman, and having done so, shall be free to proceed.

The board meets regularly in confidential session, without the Chief Executive Officer or other management present. Such sessions, in particular, deal with management performance and remuneration issues.

Directors' induction and education

Upon appointment to the board, all new directors undergo a tailored induction program appropriate to their experience to familiarise them with City Care's business and strategy. The program includes one-on-one meetings with management and visits to key company sites.

Directors are expected to keep themselves abreast of changes and trends in the business of the company and in the environment and markets in which the company operates. There is an ongoing program of presentations to the board by all business units.

The board expects all directors to undertake continuous education so that they may appropriately and effectively perform their duties.

Board performance review

The board periodically reviews its own performance and the performance of the Chief Executive Officer. The process includes one-on-one meetings between the Chairman and each director, as well as regular board discussions on governance and performance issues. In addition, a board evaluation survey has been undertaken to seek director feedback on a range of matters relating to board performance including its role and composition, procedures, practices and administration. The collective results of the evaluation are reported to the board by the Chairman.

Chief Executive Officer performance review

The board reviews the performance of the Chief Executive Officer against his key performance objectives at least once a year.

Insurance

The company has arranged liability insurance for Directors and Officers that ensures that generally directors will incur no monetary loss as a result of actions undertaken by them as directors of the company arising out of acts or omissions of directors and employees in their capacity as such. Insurance is not provided for dishonest, fraudulent, malicious or wilful acts or omissions.

Board committees

The board has two formally constituted committees; the audit committee and the remuneration committee. Both committees have board approved charters outlining the respective committee's authority, duties, responsibilities and relationship with the board. Other committees may be established as needed.

Audit committee

The audit committee is chaired by a director who is not the board Chairman. It comprises non-executive members of the board as appointed by the board from time to time. The Chief Executive Officer and Chief Financial Officer also attend meetings.

Meetings are scheduled during the year to coincide with the timing of the various responsibilities of the committee. The committee has direct communication with and unrestricted access to the external and internal auditors.

The committee's main responsibilities are to:

- Oversee compliance with statutory financial reporting requirements,
- ensure that adequate internal controls are in place,
- review the scope and extent of half-yearly financial statements prior to approval by the board and
- oversight of legislative and statutory compliance.

In fulfilling its responsibilities, the audit committee receives regular reports from management as well as the internal and external auditors. The Committee has no authority to make binding decisions. The Committee makes recommendations to the Board for its consideration. At least annually the audit committee meets with the external auditor without the presence of management.

Remuneration committee

The Remuneration committee was established Dec 2012. The remuneration committee has a quorum of two non-executive members of the board, currently the Committee Chair is the board Chairman.

The frequency of meetings is determined by the Committee Chair to align with the company remuneration cycles.

The Committee is responsible for reviewing and making recommendations to the Board on:

- the remuneration strategy;
- the remuneration arrangements, including any incentive plans for the Chief Executive, other senior executives and any executive Directors;
- the remuneration, recruitment, retention and termination policies and practices with regard to the Chief Executive;
- reviewing long term and emergency succession plans for the senior executives;
- reviewing the training and development plans for the senior executives; and
- the company's disclosure obligations for matters within the responsibilities of the Committee.

In fulfilling its responsibilities, the remuneration committee receives timely evaluation reports and current market remuneration information from management. The Committee has no authority to make binding decisions. The Committee makes recommendations to the Board for its consideration.

DIRECTORY

Directors

Tony King
Chairman

Margaret Devlin
Hugh Martyn
Craig Price
Trevor Thornton
Mark Todd

Corporate Management Team

Onno Mulder
Chief Executive Officer

Denise Bowen
General Manager SHEQ

Paul Blackler
General Manager Building Construction

Barry Clark
Chief Information Officer

Tim Gibson
General Manager National Maintenance

Chris Kerr
General Manager Civil Construction

Dean Johnson
Chief Financial Officer

Peter Lord
General Manager National Facilities Management

Craig Taylor
General Manager Christchurch Maintenance

Adrian Watson
General Manager Human Resources

Chris Wrathall
General Manager National Business Development

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Auditor

Audit New Zealand on behalf of the Auditor-General

Solicitors

Goodman Tavendale Reid Ltd

Bankers

Bank of New Zealand

city care
Our people. Making it work.