

# ANNUAL FINANCIAL REPORT 2024



**CITYWIDE**  
shaping liveable cities

## Citywide Service Solutions Pty Ltd

ABN: 94 066 960 085

# Directors' report for the year ended 30<sup>th</sup> June 2024

## Directors

The Directors of Citywide Service Solutions Pty Ltd (the Company) for the whole of the financial year, and up to the date of this report, (unless otherwise indicated) are:

- John Brumby (Chairman);
- Paul Hardy;
- Peter Lamell;
- Andrea Waters;
- John Grouios;
- Alison Leighton (appointed 25<sup>th</sup> June 2024); and
- Lincoln Tong (appointed 25<sup>th</sup> June 2024).

## Principal activities of the company

The principal continuing activities of the Company and its subsidiaries (collectively 'the Group') during the year were to meet the service needs of customers from local governments, other governments, and private and public sector corporations by providing a comprehensive range of quality physical and industrial services.

During the year, Citywide:

1. Announced in June 2024 the conditional sale of its Waste Management business to Cleanaway; and
2. Largely completed the partial sale and closure of the Ultegra business in NSW which provided utility engineering, construction and maintenance services to mid-tier commercial customers.

As a result of these transactions, the Company's Trading results and Balance Sheet commentary have been updated in accordance with the obligation to distinguish between 'continuing' operations (excluding Waste Management and Ultegra) and 'discontinued' operations.

## Trading results

The Group's (loss) / profit from continuing operations, before income tax equivalents ("PBT"), for the year was (\$2,587,000) (FY2023: (\$2,801,000)). The Group's (loss) / profit from discontinued operations, after income tax equivalents, for the year was (\$5,966,000) (FY2023: \$68,000).

The Group reported a (\$1,817,000) Net (loss)/Profit after tax ("NPAT") result from continuing operations for the year (FY2023: (\$1,967,000)), after (adding)/deducting income tax equivalents of \$770,000 (FY2023: \$834,000).

Revenue from continuing operations decreased by \$17,151,000 (6.8%) to \$233,501,000 (FY2023: \$250,652,000).

The Group's Operating Expenses from continuing operations were \$236,088,000, 6.9% lower than prior year (FY2023: \$253,453,000).

## Balance Sheet

The Group's balance sheet remains sound notwithstanding the Group's Net Asset position decreased to \$139,367,000 (FY2023: \$147,150,000).

The net decrease in the Group's Net Asset position is the result of the trading losses incurred in the Ultegra Business and a new Municipal Waste contract (referred to below) and approximately \$4,460,000 relating to the loss of goodwill on sale of the Ultegra business.

## Dividends

The Directors of the Company determined not to declare a dividend in respect of the year ended 30 June 2024 (FY2023: Nil cents per Ordinary Share).

The total dividends in respect of the current and prior year are as follows:

	2024	2023
	\$	\$
Dividend of nil (FY2023: nil cents) per fully paid Ordinary Share.	0	0

## Review and Results of Operations

The Group's loss (PBT) from continuing operations totalling (\$2,587,000) was \$214,000 favourable to the loss in FY2023.

The PBT result was significantly impacted by several key developments including: redundancy costs relating to overhead cost reductions (in readiness for the closure and sale of Ultegra and the sale of the Waste Management business); costs associated with the sale of the Waste Management business; materially higher interest costs due to the need to fund losses in Ultegra and a new municipal contract (as borrowing costs are absorbed at a Group level); doubtful debt provisioning specific to the Utilities business relating to the voluntary administration of one of GMK's largest customers; and severe weather impacts in Queensland.

Excluding the abovementioned impacts, the Group's underlying Profit before Tax for continuing operations was estimated to be around break even.

Other key developments include: ongoing labour shortages, in terms of the quality and quantum and the heightened reliance on casual labour hire and contractors (both at higher unit prices) as well as limiting the business' ability to process additional work. To a lesser degree, the impact of the higher interest rate environment and inflationary pressures (including a higher average fuel price than the longer term trend) were evident.

The Asphalt Joint Venture's PBT contribution was higher than expected, due to significant improvements in its value proposition in terms of plant reliability and customer service.

## Growth and Transformation

The Group's direct investment in Growth via acquisitions, consistent with our transformation strategy, remains paused with an emphasis on rationalising the business' portfolio of assets and an increased focus on organic growth. In this regard, Citywide was successful in gaining two significant long-term municipal contracts in late FY24.

Despite these gains, organic growth opportunities are expected to remain subdued in the short-term in some Local Government markets due to market conditions (such as inflationary pressures and ongoing labour challenges), and the absence of any apparent larger scale municipal contract opportunities.

## Other Matters

More broadly, Citywide's Digital Transformation, and specifically the ongoing investment in our systems, continues to represent a sound proposition for customers who continue to seek more sophisticated digital systems to track asset management activities.

## Significant Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group that occurred during the financial year other than the sale of Citywide's Waste Management business and the closure/partial sale of Ultegra.

## Likely Developments in the State of Affairs

Each year, Citywide undertakes a detailed Business Planning process, preceded by a Strategic Review (in the context of annually reviewing progress to achieving Citywide's Vision 2025).

The Strategic Pillars for the Citywide Group were refreshed in FY2024 in an effort to improve the alignment of Strategy to our Vision and to remain relevant with changes in the market. The pillars to achieving our strategy remain: **Culture & People; Growth and Transformation; Sustainability and Innovation; Partnering and Alliances; and Technology and Systems of Work.**

A strong focus on Safety, and seeking continuous improvement in our Safety Culture, continued to be a critical focus. Our safety culture underpins the company's operations and is embedded in our Culture.

Despite the pause on acquisitions, and relatively subdued organic growth opportunities in the short term, the Group has an effective strategic planning process that underpins the corporate Strategy which defines our areas of focus for future growth of the Group, which is supported by a strong Balance Sheet.

Further information about likely developments in the operations of the Group, and the expected results of those operations in future financial years, has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the entity.

### **Directors' Benefits**

No Director of the Company has received, since the end of the previous financial year and up to the date of this report, or become entitled to receive a benefit (other than a benefit included in the total amount of emoluments received or due and receivable by Directors shown in the financial report) by reason of a contract made by the Group or a related body corporate with the Director or with a firm of which the Director is a member, or with an entity in which the Director has a substantial financial interest.

Mr Paul Hardy, a director of the Group; and Mr Peter Lamell, a director of the Group are both directors of Pitt and Sherry Pty Ltd. At various stages throughout the year, Pitt and Sherry Pty Ltd provided services to the Group in the form of engineering consultancy services (disclosed in note 9.2 of the Financial Statements).

John Grouios, is a former partner of PwC and received partner retirement benefits from PwC. Until November 2023, PwC were the internal auditors of the Company, but this function is now performed by an independent party.

### **Corporate Governance**

The Board recognises and embraces the need for the highest standards of corporate behaviour and accountability in order to fulfil its responsibilities to the Group's stakeholders, who include its Owner, customers, suppliers, employees, the communities in which we operate, and the environment where we operate.

The Board's responsibilities include: determining and reviewing the Group's strategic direction and operational policies, establishing targets for Management then monitoring the achievement of these targets, reviewing and approving the Group's annual Business Plan, monitoring the Chief Executive Officer, endorsing the appointment and remuneration of Executives, approving significant business transactions, monitoring risk exposures and risk management systems, including those relating to Occupational Health and Safety, and monitoring appropriate reporting to the Owner. The Group also operates in accordance with Governance Protocols established by the Owner, which covers, amongst other things, the function, composition, nomination, performance and remuneration processes of Directors, together with the reporting obligations of the Group and Board performance.

The Board consisted of seven Directors at the end of the financial year (following the appointment of two directors on 25<sup>th</sup> June 2024), 5 of whom are independent non-executive Directors, including the Chairman, and two Directors appointed by the Shareholder. The Directors bring a balance of skills, experience and diversity to assist the Group to meet its strategic objectives. Non-executive Directors meet periodically, in line with good governance, without the Chief Executive Officer or other Management present. In accordance with the Company's Constitution, one third of the Directors must retire each year, although if eligible, may offer themselves for re-election.

The Board is involved in setting the strategic direction of the Group, as well as reviewing the current performance on a regular basis, with the overall aim of achieving growth in the performance of the Group.

As part of this process, the Board has a number of Committees, with current Committees comprising: Remuneration & Nominations; Audit and Finance; Safety, Risk and Environment; and Business Growth. Each Committee have their own charter setting out the role, responsibilities, and the manner in which the Committee is to operate. Each is comprised entirely of non-executive Directors who provide support to the full Board by giving a professional and experienced focus in each of the above areas. All matters considered by Committees are reported to the full Board and, where appropriate, recommendations are put to the full Board for decision. The Chief Executive Officer is an *ex officio* attendee of all Board

Committees. Other Executive representatives, regularly attend Board Committee meetings.

The Board has agreed policies and procedures in the event that actual or potential conflicts arise between the interests of a Director and those of the Group. Generally, this means that the Director will disclose their interest and, if appropriate, will not take part in, and may in some instances absent themselves during, any discussions and not vote on that matter.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman of the Board, which will not be unreasonably withheld. Any information so obtained must be shared with all Directors if appropriate.

Under Group governance protocols, the independent External Auditor does not provide any other services to the Group. In addition to the statutory audit, the Group also has a comprehensive internal audit programme, which it outsources, and an external safety, quality and environmental audit regime.

## Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under Instrument 2016/191. The Company (and the Group) is an entity to which the Class Order applies.

## Directors' Meetings

The number of Directors' meetings, and meetings of Committees of Directors, held in the period each Director held office during the financial year ended 30 June 2024, and the number of meetings attended by each Director, are set out below:

	Board of Directors		Audit & Finance Committee		Remuneration & Nomination Committee		Safety, Risk & Sustainability Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
<b>J Brumby</b>	11	11	5	5	3	3		
<b>A Waters</b>	11	11	5	5				
<b>P Hardy</b>	11	10					3	3
<b>P Lamell</b>	11	10			3	3	3	3
<b>J Grouios</b>	11	11	5	5				
<b>A Leighton *</b>								
<b>L Tong *</b>								

	Business Growth Committee		Special Projects Committee	
	Held	Attended	Held	Attended
<b>J Brumby</b>				
<b>A Waters</b>	3	2		
<b>P Hardy</b>	3	3	19	14
<b>P Lamell</b>	3	2	19	14
<b>J Grouios</b>	3	3	19	17
<b>A Leighton *</b>				
<b>L Tong *</b>				

\* Alison Leighton and Lincoln Tong were appointed on 25th June 2024 as Directors after all meetings had concluded for the year

## Indemnification and Insurance of Officers and Directors

During the financial year, the Company continued with previously disclosed agreements to indemnify all Directors of the Company and Group named in this report, and current (and former) Executive Officers of the Company, against liabilities to persons (other than the Company or a related body corporate) which arise out of the performance of their normal duties as a Director or an Executive Officer, unless the liability relates to conduct involving a lack of good faith. This policy also covers Directors and Officers in the performance of their duties as Directors or Officers of associated companies. The Company has agreed to indemnify the Directors and Executive Officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

In consideration of each of the Directors acting as both a Director and Officer of the Company or Group Company, the Company has agreed to indemnify the Directors in accordance with Sections 241 (2) and (3) of the *Corporations Act 2001*

and this continues for a period of seven years from the date from which the director ceases to be an Officer of the Company or Group Company.

The Directors and Officers liability insurance provides cover against all costs and expenses involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or a related body corporate) incurred in their position as Director or Executive Officer unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage.

### **Events Occurring After Reporting Date**

There were no matters or circumstances not mentioned within this Report, which have arisen between 30<sup>th</sup> June 2024 and the date of this report that have significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial periods.

### **Auditor's independence declaration**

The auditor's independence declaration is included as an attachment at the end of this report.

This report is made in accordance with a resolution of the Directors.



**J Brumby (Chairman)**



**A Waters (Director)**  
**9 September 2024**

Consolidated Financial Report for  
Citywide Service Solutions Pty Ltd  
for the year ended 30 June 2024

**Consolidated Financial Report**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6

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**Notes to the Consolidated Financial Statements**

<b>1. ABOUT THIS REPORT</b>	<b>7</b>
1.1. Basis of preparation	7
1.2. Material accounting policies	7
1.3. Comparatives	9
1.4. Critical accounting judgements and estimates	10
<b>2. OUR REVENUE</b>	<b>11</b>
2.1. Revenue from customers	11
2.2. Other income	12
<b>3. THE COST OF OUR OPERATIONS</b>	<b>13</b>
3.1. Employee benefits and employee provisions	13
3.2. Contractor costs	14
3.3. Materials and services	15
3.4. Other expenses	15
<b>4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS</b>	<b>16</b>
4.1. Property, plant and equipment	16
4.2. Cash and cash equivalents	18
4.3. Intangible assets	19
4.4. Right-of-use assets	22
<b>5. OTHER ASSETS AND LIABILITIES</b>	<b>23</b>
5.1. Trade and other receivables	23
5.2. Inventories	24
5.3. Other financial assets	24
5.4. Other assets	24
5.5. Trade and other payables	25
5.6. Contract liabilities	25
5.7. Lease liabilities	26
5.8. Loans and borrowings	27
5.9. Provisions	28
<b>6. OUR CAPITAL STRUCTURE</b>	<b>29</b>
6.1. Equity and reserves	29
6.2. Parent entity information	31
6.3. Subsidiaries and joint operations	32
6.4. Dividends	35
<b>7. TAXATION</b>	<b>35</b>
7.1. Income tax	35
7.2. Deferred tax	36
<b>8. MANAGING RISK AND UNCERTAINTY</b>	<b>37</b>
8.1. Financial instruments	37
8.2. Fair value – financial and non-financial assets and liabilities	40
8.3. Contingencies	42
<b>9. OTHER DISCLOSURES</b>	<b>43</b>
9.1. Key management personnel compensation	43
9.2. Related party disclosures	44
9.3. Commitments	45
9.4. Discontinued operations	46
9.5. Events after reporting date	49
9.6. New accounting standards and interpretations	49
<b>Directors' declaration</b>	<b>50</b>



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

	Notes	2024 \$'000	2023 \$'000
<b>Revenue from continuing operations</b>			
Revenue from customers	2.1	232,602	248,852
Other income	2.2	899	1,800
<b>Total revenue from continuing operations</b>		<u>233,501</u>	<u>250,652</u>
<b>Expenses from continuing operations</b>			
Employee benefits	3.1	105,058	107,148
Contractor costs	3.2	48,295	58,208
Materials and services	3.3	47,995	54,412
Depreciation	4.1	7,239	7,514
Amortisation - Intangible assets	4.3	139	465
Amortisation - Right-of-use assets	4.4	4,228	3,301
Finance costs - Leases	5.7	404	317
Other expenses	3.4	22,730	22,088
<b>Total expenses from continuing operations</b>		<u>236,088</u>	<u>253,453</u>
<b>Loss before income tax equivalents from continuing operations</b>		<u>(2,587)</u>	<u>(2,801)</u>
Income tax equivalents (benefit)/expense	7.1	(770)	(834)
<b>Loss after income tax equivalents from continuing operations</b>		<u>(1,817)</u>	<u>(1,967)</u>
<b>Discontinued operations</b>			
(Loss)/profit after tax for the year from discontinued operations, net of tax	9.4	(5,966)	68
<b>Loss after income tax equivalents</b>		<u>(7,783)</u>	<u>(1,899)</u>
<b>Items that will not be reclassified subsequently to profit or loss (net of tax):</b>			
Gain on revaluation of property	6.1	-	32,410
<b>Other comprehensive income for the year, net of tax</b>		<u>-</u>	<u>32,410</u>
<b>Total comprehensive (loss)/income for the year, net of tax</b>		<u>(7,783)</u>	<u>30,511</u>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024**

	Notes	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.2	18,481	10,220
Trade and other receivables	5.1	42,189	56,429
Inventories	5.2	1,257	1,995
Other financial assets	5.3	1,500	1,500
Other assets	5.4	6,799	11,987
Assets held for sale	9.4	26,883	-
<b>Total current assets</b>		<b>97,109</b>	<b>82,131</b>
<b>Non-current assets</b>			
Property, plant and equipment	4.1	130,580	148,553
Right-of-use assets	4.4	9,108	10,539
Deferred tax assets	7.2	10,526	10,326
Intangible assets	4.3	26,114	31,492
<b>Total non-current assets</b>		<b>176,328</b>	<b>200,910</b>
<b>TOTAL ASSETS</b>		<b>273,437</b>	<b>283,041</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	5.5	31,067	41,400
Contract liabilities	5.6	3,375	5,695
Employee provisions	3.1	11,647	14,961
Lease liabilities	5.7	2,569	3,221
Other provisions	5.9	2,634	1,624
Liabilities directly associated with the assets held for sale	9.4	14,419	-
<b>Total current liabilities</b>		<b>65,711</b>	<b>66,901</b>
<b>Non-current liabilities</b>			
Employee provisions	3.1	654	761
Lease liabilities	5.7	6,961	7,769
Loans and borrowings	5.8	26,500	25,000
Deferred tax liabilities	7.2	34,244	35,460
<b>Total non-current liabilities</b>		<b>68,359</b>	<b>68,990</b>
<b>TOTAL LIABILITIES</b>		<b>134,070</b>	<b>135,891</b>
<b>NET ASSETS</b>		<b>139,367</b>	<b>147,150</b>
<b>EQUITY</b>			
Contributed equity	6.1	18,406	18,406
Retained earnings	6.1	51,779	59,562
Asset revaluation reserve	6.1	69,182	69,182
<b>TOTAL EQUITY</b>		<b>139,367</b>	<b>147,150</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

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

	Contributed equity \$'000	Retained earnings \$'000	Asset revaluation reserve \$'000	Total \$'000
<b>Balance at 1 July 2022</b>	18,406	61,461	36,772	116,639
<b>Loss after income tax equivalents</b>	-	(1,899)	-	(1,899)
<b>Other comprehensive income for the year, net of tax</b>	-	-	32,410	32,410
<b>Total comprehensive income for the year, net of tax</b>	<u>-</u>	<u>(1,899)</u>	<u>32,410</u>	<u>30,511</u>
<b>Balance at 30 June 2023</b>	<u>18,406</u>	<u>59,562</u>	<u>69,182</u>	<u>147,150</u>
<b>Balance at 1 July 2023</b>	18,406	59,562	69,182	147,150
<b>Loss after income tax equivalents</b>	-	(7,783)	-	(7,783)
<b>Other comprehensive income for the year, net of tax</b>	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<u>-</u>	<u>(7,783)</u>	<u>-</u>	<u>(7,783)</u>
<b>Balance at 30 June 2024</b>	<u>18,406</u>	<u>51,779</u>	<u>69,182</u>	<u>139,367</u>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		368,625	361,677
Payments to suppliers and employees (inclusive of GST)		(345,747)	(354,297)
Interest received - Continuing Operations	2.2	276	175
Interest received - Discontinued Operations		78	37
Interest paid - Continuing Operations	3.4	(1,316)	(1,004)
Interest paid - Discontinued Operations		(119)	-
Income tax equivalents paid		-	(1,221)
<b>Net cash flows from operating activities</b>		<u>21,797</u>	<u>5,367</u>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		1,205	2,596
Purchase of property, plant and equipment	4.1	(10,832)	(7,247)
Payment to new business vendors as part of acquisition		-	(1,087)
Proceeds from sale of discontinued operations, net of cash disposed		962	-
<b>Net cash flows used in investing activities</b>		<u>(8,665)</u>	<u>(5,738)</u>
<b>Cash flows from financing activities</b>			
Investment in term deposit	5.3	-	(1,500)
Proceeds from borrowings		18,100	26,500
Repayment of borrowings		(16,600)	(14,700)
Repayment of lease liabilities	5.7	(5,800)	(4,481)
Interest paid - lease liabilities	5.7	(571)	(394)
Dividends paid	6.4	-	(4,000)
<b>Net cash flows (used in)/from financing activities</b>		<u>(4,871)</u>	<u>1,425</u>
<b>Net increase in cash and cash equivalents</b>		<u>8,261</u>	<u>1,054</u>
Cash and cash equivalents at beginning of year		<u>10,220</u>	9,166
<b>Cash and cash equivalents at end of year</b>	4.2	<u>18,481</u>	<u>10,220</u>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024**

### **1. ABOUT THIS REPORT**

The financial statements comprise the Consolidated Financial Statements of Citywide Service Solutions Pty Ltd and its subsidiaries. Citywide Service Solutions Pty Ltd (the "Company" or "Parent Entity") and its subsidiaries are referred to in this financial report as the "Group" or "Consolidated Entity".

The Company is a proprietary company incorporated under the *Corporations Act 2001*, and is domiciled in Australia. The Company's registered office and principal place of business is 294 Arden Street, North Melbourne VIC 3051.

The Group's principal activities are to meet the service needs of local government, other government and private and public sector corporations and the community by providing a comprehensive range of physical services and quality Asphalt products.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 9 September 2024.

#### **1.1. Basis of preparation**

These Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements comply with International Financial Reporting Standards issued by the International Accounting Standards Board. The Group is a for-profit entity for the purpose of preparing the financial statements.

The Consolidated Financial Statements have been prepared on an accruals basis, except for the Statement of Cash Flows, and are based on historical costs and therefore do not reflect changes in the purchasing power of money or current valuations of non-monetary assets, except where indicated. Certain non-current assets are measured at revalued amounts or fair values, as discussed in relevant sections of the notes.

The functional and presentation currency of the Group is Australian Dollars, with all amounts rounded to the nearest thousand dollars, unless otherwise stated, in accordance with the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191.

#### **1.2. Material accounting policies**

The material accounting policies adopted in the preparation of the financial statements are included below and in sections where the related financial statement line item is disclosed. These policies have been consistently applied to all years presented, unless otherwise stated.

Details of the Group's accounting policies and changes to significant accounting policies are described in the financial statements.

#### **Finance Costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

#### **Discontinued operations**

A discontinued operation is a component of the consolidated entity that has been disposed of or is 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, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**1. ABOUT THIS REPORT (continued)**

**Current and Non-current classification**

Assets and liabilities are presented in the Consolidated Statement of Financial Position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Goods and Services Tax ("GST") and other similar taxes**

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables, or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, 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 assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2024

### 1. ABOUT THIS REPORT (continued)

#### Going concern basis of accounting

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, Citywide Service Solutions Pty Ltd incurred a loss of \$7.8m for the year ended 30 June 2024.

This comprises a loss from continuing operations of \$1.8m and loss from discontinued operations of \$6.0m. The aggregate FY24 loss includes material losses incurred by the Ultegra utilities business (including a \$4.5m loss of goodwill on sale) which was partially sold in late FY24 with the remaining business substantially closed by year end. The aggregate loss also includes profits generated by the Waste business which is expected to be divested during FY25 when the conditions precedent to the sale transaction are satisfied. Until that transaction is settled, Citywide will continue to derive revenue and profits from its Waste business. Following settlement, Citywide anticipates being in a position to substantially repay its external borrowings.

The aggregate loss for FY24 and the reported loss from continuing operations would ordinarily indicate a degree of uncertainty over the ability of Citywide Service Solutions Pty Ltd to continue as a going concern and its ability to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that Citywide Service Solutions Pty Ltd will be able to continue as a going concern, after considering the following factors:

- Citywide Service Solutions Pty Ltd is budgeted to return to profitable trading in FY25 and more importantly, the continuing operations (excluding the Ultegra and Waste businesses) are budgeted to return to profitability in FY25;
- The Directors have considered projected cash flow information for twelve months from the date of approval of these financial statements;
- The Group's divestment of its Waste business is highly likely to be settled in FY25;
- The likely repayment of substantial borrowings when the sale of the Waste business is settled, reducing ongoing interest costs;
- Citywide has a long standing relationship with its banking partner. The banking facility, which is due to expire on 27 July 2025, was first established in 2006 and on each expiry date has been renewed. Citywide will look to renew the banking facility, subject to the timing of sale of the waste business;
- The partial sale and closure of the remaining Ultegra business during FY24 following a period of financial underperformance and an expectation that there will be no material financial impact from Ultegra in FY25.

Citywide's forecasts indicate that barring any unforeseen circumstances, the Consolidated entity is expected to continue operating within available bank facilities and generate positive cashflows from operations, irrespective of the settlement date of the Waste business sale.

Accordingly, the Directors believe that Citywide Service Solutions Pty Ltd will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if Citywide Service Solutions Pty Ltd does not continue as a going concern.

#### 1.3. Comparatives

The tax balances for 2022-23 have been restated with the Current Tax balance now forming part of the Deferred Tax Asset balance. This has had no impact on Total Assets or Net Assets in 2022-23 but the split between Current and Non-Current Assets has changed from the figures previously reported.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**1. ABOUT THIS REPORT (continued)**

**1.4. Critical accounting judgements and estimates**

In application of the Groups' accounting policies, the Group is required to make judgements, estimates and assumptions on the financial statements based on historical assumptions, experience and other factors that are considered to be relevant. Actual results may differ from these estimates. Revisions to estimates are recognised prospectively.

Information about critical assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are discussed in the following notes:

Accounting estimates and judgements	Note
Revenue recognition	2.1
Long-term employee benefits	3.1.2
Depreciation methods, useful lives and residual values of property, plant and equipment	4.1
Impairment of assets and amortisation policy	4.3
Right-of-use assets	4.4
Inventories	5.2
Provisions	5.9
Recovery of deferred tax assets	7.2
Fair value assets and liabilities	8.2
Discontinued operations	9.4



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**2. OUR REVENUE**

**2.1. Revenue from customers**

**From continuing operations**

The following disaggregates revenue through service and nature of goods sold, geographical location and type of contract.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Rendering of services	<b>207,224</b>	226,892
Sale of goods	<b>25,378</b>	21,960
	<b><u>232,602</u></b>	<b><u>248,852</u></b>
 <b>Disaggregation of revenue</b>		
<i>Type of service</i>		
Infrastructure	<b>57,027</b>	73,402
Street sweeping	<b>5,842</b>	5,627
Open space	<b>78,931</b>	81,636
Utilities	<b>59,872</b>	61,186
Other	<b>5,552</b>	5,041
	<b><u>207,224</u></b>	<b><u>226,892</u></b>
 <i>Type of goods</i>		
Asphalt	<b>25,378</b>	21,960
	<b><u>25,378</u></b>	<b><u>21,960</u></b>
 <i>Geographical region</i>		
VIC	<b>196,887</b>	210,957
NSW	<b>3,366</b>	3,121
QLD	<b>8,411</b>	8,413
ACT	<b>5,649</b>	4,787
TAS	<b>18,289</b>	21,574
	<b><u>232,602</u></b>	<b><u>248,852</u></b>
 <i>Timing of revenue recognition</i>		
Products and services transferred over time	<b>207,224</b>	226,892
Products transferred at a point in time	<b>25,378</b>	21,960
	<b><u>232,602</u></b>	<b><u>248,852</u></b>
 <i>Type of revenue</i>		
Contract Revenue	<b>115,043</b>	110,106
Non-Contract Revenue	<b>117,559</b>	138,746
	<b><u>232,602</u></b>	<b><u>248,852</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**2. OUR REVENUE (continued)**

Contract liabilities (deferred revenue) 3,375 5,695

The Group recognised \$5.5m of revenue in 2023-24, which was deferred revenue as at 30 June 2023, following the satisfaction of specific performance obligations during the year.

**Remaining performance obligations from continuing operations**

	FY2025 \$'000	FY2026 to FY2029 \$'000	>FY2029 \$'000
Expected contract revenue from existing contracts	131,390	277,818	118,336

**Recognition and measurement**

Rendering of services refers to revenue from service contracts and is recognised over time as the services are provided. Invoices are issued according to contractual terms and are usually payable within 30 days. The Group determines its progress in satisfying these related performance obligations with reference to the proportion of costs incurred to date compared to the estimated total costs of the contract. Administrative overheads are not included in the costs of the contract.

Revenue from work performed other than under a service contract is recognised when the services have been provided. Invoices are raised at that point in time and usually payable within 30 days.

Revenue from the sale of goods is recognised when the goods have been accepted by customers at our premises. Invoices are generated at that point in time and are usually payable within 30 days.

Contract liabilities include income paid in advance where no performance obligation is met.

**Critical accounting estimates and judgement**

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as and when expenses are incurred and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

**2.2. Other income**

**From continuing operations**

	2024 \$'000	2023 \$'000
Gain on disposal of property, plant and equipment, net of costs	623	1,625
Interest received	276	175
	899	1,800

The gain on disposal of property, plant and equipment was derived in the normal course of business.

**Recognition and measurement**

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**3. THE COST OF OUR OPERATIONS**

**3.1. Employee benefits and employee provisions**

**3.1.1. Employee benefits expenses**

**From continuing operations**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits	<u>105,058</u>	<u>107,148</u>
	<b>105,058</b>	<b>107,148</b>

Employee benefits predominantly relate to salaries and wages and related on-costs.

**Recognition and measurement**

Employee benefits are expensed as the related service is provided.

**Superannuation**

**Accumulation funds**

Citywide Service Solutions Pty Ltd makes employer superannuation contributions for its employees to complying accumulation superannuation funds. The accumulation funds, (including the Local Authorities Superannuation Fund's accumulation category, Vision Super Saver), receive employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (2024: 11.0% and 2023: 10.5% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of each individual fund.

**Defined benefits plan**

The Company participates in a multi-employer defined benefits plan for which sufficient information is not available to use defined benefits accounting. As such, it accounts for contributions to those plans as if they were defined contributions plans rather than defined benefits plan accounting as allowed under AASB 119 Employee Benefits.

The Fund's defined benefit plan is not open to new members. As the plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119 Employee Benefits, Citywide Service Solutions Pty Ltd does not use defined benefit accounting for these contributions.

Citywide Service Solutions Pty Ltd makes employer contributions to the defined benefits category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. The most recent full actuarial investigation conducted by the Fund's Actuary is at 30 June 2024 with the Group making the following contributions, in line with the City of Melbourne:

- a contribution holiday commenced on 1 July 2023; and
- top-up payments for exiting members equal to the benefit payment less the vested benefit adjusted for the vested benefit index (VBI), where the VBI is less than 100%. At 30 June 2024, the Fund's Actuary estimated the VBI to be 146.1%.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Employer contributions to complying superannuation funds	<b>7,999</b>	7,855
Employer contributions payable to complying superannuation funds at reporting date	<b>756</b>	946

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**3. THE COST OF OUR OPERATIONS (continued)**

**3.1.2. Employee benefits provisions**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current expected to be settled within 12 months</b>		
Annual leave	7,445	9,526
Long service leave	498	393
	<u>7,943</u>	<u>9,919</u>
<b>Current expected to be settled after 12 months</b>		
Long service leave	3,704	5,042
	<u>3,704</u>	<u>5,042</u>
<b>Total current balance</b>	<u>11,647</u>	<u>14,961</u>
<b>Non-current</b>		
Long service leave	654	761
	<u>654</u>	<u>761</u>

**Recognition and measurement**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and other employee benefits when it is probable that settlement will be required and they are capable of being measured reliably through the below method:

- Short-term employee benefits - measured at their nominal values using the remuneration rate expected to apply at the time of settlement plus related on costs in respect of employees' services up to reporting date.
- Long-term employee benefits - measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date. Re-measurements are recognised in profit or loss in the period in which they arise.

**Critical accounting estimates and judgement**

For long-term employee benefits, the calculation of the present value of the estimated future cash outflows requires the following key assumptions:

	<b>2024</b>	<b>2023</b>
Discount rate	4.1% - 4.4%	4.0% - 4.4%
Wage inflation rate	3.50%	3.25%
Settlement period	7 years	7 years

**3.2. Contractor costs**

**From continuing operations**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Civil services	28,346	37,260
Open space services	15,976	17,249
Environmental services	555	538
Utilities services	3,391	3,104
Other services	27	57
	<u>48,295</u>	<u>58,208</u>

**Recognition and measurement**

Contractor costs are recognised when the services have been provided.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**3. THE COST OF OUR OPERATIONS (continued)**

**3.3. Materials and services**

**From continuing operations**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials and consumables used	<b>38,210</b>	44,393
Fleet costs	<b>9,499</b>	9,580
Waste tipping	<b>286</b>	439
	<b>47,995</b>	<b>54,412</b>

**Recognition and measurement**

Raw materials and consumables used relate to inventories that were consumed as part of services provided and are recognised as an expense during the period when consumed. Costs associated with fleet and waste tipping services are recognised when the services have been received.

**3.4. Other expenses**

**From continuing operations**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Occupancy costs	<b>3,033</b>	3,136
Finance cost – interest charges paid	<b>1,316</b>	1,004
Auditors' remuneration:		
Audit of financial statements - Victorian Auditor-General's Office	<b>133</b>	117
Internal audit services - Scyne Advisory	<b>193</b>	245
Consultancy	<b>1,809</b>	2,240
IT maintenance & subscriptions	<b>4,145</b>	3,199
Administrative related expenses	<b>1,106</b>	1,432
Insurance	<b>2,355</b>	1,791
Legal costs	<b>607</b>	368
Equipment repair, maintenance & tools	<b>4,147</b>	3,588
Equipment hire	<b>1,284</b>	1,538
Training	<b>574</b>	667
Other expenses	<b>2,028</b>	2,763
	<b>22,730</b>	<b>22,088</b>

**Recognition and measurement**

Occupancy costs include rates, utilities and facility maintenance costs. Occupancy costs are recognised when the benefits are consumed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS**

**4.1. Property, plant and equipment**

	Land	Buildings	Work in progress	Plant and equipment	Motor vehicles	Leasehold improvements	Total
		Portables: 5-10 years Other: 40 years	Not applicable	1 - 15 years	3 - 10 years	Various <sup>(1)</sup>	
<b>Critical accounting estimates and judgement</b>	Not applicable		Not applicable				
Depreciation policy							
<b>2024</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost or fair value</b>							
Opening balance	103,200	4,894	3,164	43,421	82,555	9,220	246,454
Additions	-	-	1,774	410	8,537	111	10,832
Disposals	-	-	-	(1,170)	(6,141)	(142)	(7,453)
Reclassification to assets held for sale (Note 9.4)	-	(196)	(2,298)	(12,953)	(30,427)	(3,590)	(49,464)
Transfers of assets	-	-	(1,437)	15	1,224	198	-
<b>Closing balance</b>	<b>103,200</b>	<b>4,698</b>	<b>1,203</b>	<b>29,723</b>	<b>55,748</b>	<b>5,797</b>	<b>200,369</b>
<b>Accumulated depreciation and impairment</b>							
Opening balance	-	(2,904)	-	(32,525)	(57,355)	(5,117)	(97,901)
Depreciation - Continuing Operations	-	(75)	-	(1,817)	(4,572)	(775)	(7,239)
Depreciation - Discontinued Operations	-	(4)	-	(514)	(2,995)	(352)	(3,865)
Disposals	-	-	-	1,042	5,003	66	6,111
Reclassification to assets held for sale (Note 9.4)	-	196	-	11,735	18,984	2,190	33,105
Transfers of assets	-	-	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>(2,787)</b>	<b>-</b>	<b>(22,079)</b>	<b>(40,935)</b>	<b>(3,988)</b>	<b>(69,789)</b>
<b>Carrying value 30 June 2024</b>	<b>103,200</b>	<b>1,911</b>	<b>1,203</b>	<b>7,644</b>	<b>14,813</b>	<b>1,809</b>	<b>130,580</b>
<b>2023</b>							
<b>Cost or fair value</b>							
Opening balance	56,900	4,894	2,410	43,135	84,172	7,856	199,367
Additions	-	-	1,339	818	3,679	1,411	7,247
Disposals	-	-	(58)	(948)	(5,407)	(47)	(6,460)
Revaluation adjustment	46,300	-	-	-	-	-	46,300
Transfers of assets	-	-	(527)	416	111	-	-
<b>Closing balance</b>	<b>103,200</b>	<b>4,894</b>	<b>3,164</b>	<b>43,421</b>	<b>82,555</b>	<b>9,220</b>	<b>246,454</b>
<b>Accumulated depreciation and impairment</b>							
Opening balance	-	(2,734)	-	(30,578)	(55,145)	(4,216)	(92,673)
Depreciation - Continuing Operations	-	(170)	-	(2,215)	(4,516)	(613)	(7,514)
Depreciation - Discontinued Operations	-	-	-	(615)	(2,759)	(299)	(3,673)
Disposals	-	-	-	883	5,065	11	5,959
<b>Closing balance</b>	<b>-</b>	<b>(2,904)</b>	<b>-</b>	<b>(32,525)</b>	<b>(57,355)</b>	<b>(5,117)</b>	<b>(97,901)</b>
<b>Carrying value 30 June 2023</b>	<b>103,200</b>	<b>1,990</b>	<b>3,164</b>	<b>10,896</b>	<b>25,200</b>	<b>4,103</b>	<b>148,553</b>

<sup>1)</sup> The cost of improvements to or on leasehold properties is depreciated over the shorter of the unexpired period of the lease or the estimated useful life of the improvement to the Group. The ranges of expected useful lives to the Group are unchanged from last year, with the majority of these assets being depreciated over 5 years.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.1. Property, plant and equipment (continued)**

**Recognition and measurement**

**Buildings, plant and equipment and motor vehicles**

Buildings, plant and equipment and motor vehicles are stated at historical cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item and subsequent costs incurred to replace parts that are eligible for capitalisation. When each major inspection is performed, its cost is recognised on the carrying amount of the plant and equipment as a replacement only if eligible for capitalisation. All other repairs and maintenance costs are recognised in the statement of profit or loss and other comprehensive income as incurred. Depreciation is calculated on a straight-line basis and recognised to write off the cost of assets over their useful lives.

**Land**

The revalued land is located in Australia and is stated at fair value based on periodic but at least triennial valuations by external independent valuers. Fair value of land was determined using:

- a) The direct sales comparison approach (on a rate per square meter of land area basis) that reflects recent transaction prices for similar properties. Sales evidence utilised by the valuer comprise improvements, and to ensure a consistent analytical methodology, deductions for demolition improvements were not considered; and
- b) Part of the land is leased to a long term tenant. This portion of the land has been valued using a combination of the present value of the direct sales comparison approach and the income approach.

The land exists in the Arden precinct which is subject to future planning conditions. A Planning Scheme Amendment for the Arden Structure Plan was gazetted on 28th July 2022.

The most recent revaluation was completed on 30 June 2023 and performed by Charter Keck Cramer, a licensed estate agent and an accredited independent valuer who has appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The highest and best use of the freehold land is redevelopment and continued industrial and commercial use.

In 2024, Charter Keck Cramer provided further property advice for the properties owned by the Group. The summarised advice is as follows:

- a) There have been no transactions, which fall within the North Melbourne precinct, that have occurred since the last valuation; and
- b) There is no indication of market movement.

Based on this advice, the fair value of land will remain unchanged at 30 June 2024.

The fair value of land is categorised as Level 2 and Level 3 within the fair value hierarchy (refer to Note 8.2) and the fair value of land is \$103,200,000 (2023: \$103,200,000). The historical cost of land is \$5,741,000.

For details relating to the revaluation of land reserve recorded within equity refer to Note 6.1.

**De-recognition of property, plant and equipment**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use.

**Critical accounting estimates and judgement**

Depreciation methods, estimated residual values and useful lives are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.2. Cash and cash equivalents**

	2024 \$'000	2023 \$'000
<b>Current</b>		
Cash and cash equivalents	18,481	10,220
	<u>18,481</u>	<u>10,220</u>

Cash at bank attracts interest rates of 2024: 4.45% - 4.70% (2023: 1.70 - 4.45%).

Cash and cash equivalents comprise cash at bank and on hand. For the purpose of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts.

**Banking Facilities**

Banking Facilities are comprised of a \$38.7m Multi Option Facility with interchangeable limits between a Revolving Asset Finance Facility (2024: \$0.0m (2023: \$0.0m)), Cash Advance Facility (2024: \$36.2m (2023: \$36.2m)) and an Overdraft Facility (2024: \$2.5m (2023: \$2.5m)). The facilities are secured with a 1st ranking fixed and floating charge over the net assets of the Group. There was \$26.5m of borrowings drawn at 30 June 2024 (2023: \$25.0m). Subject to the continuance of satisfactory covenants achievement, the banking facilities may be drawn at any time. The banking facilities may be terminated by the bank if the Group defaults under the loan agreement. The facilities expire on 27 July 2025.

The Group's Banking Facilities are subject to Banking Covenants being an Interest Cover Ratio, Gearing Ratio and an Equity Ratio. During FY24, the Group breached a Banking Covenant and as the bank is supportive of the business an interim waiver was put in place. Subsequently, there was an agreed change to the calculation methodology of the Banking Covenant which was put in place prior to 30 June 2024. At 30 June 2024, the Group was not in breach of any Banking Covenant.

	2024 \$'000	2023 \$'000
<b>Reconciliation of net cash provided by operating activities to net profit after income tax equivalents</b>		
Reconciliation of net profit after tax to net cash flows from operations:		
Loss after income tax equivalents	(7,783)	(1,899)
Non-cash items in operating profit:		
Depreciation / amortisation of non-current assets	17,908	16,892
Net (gain) / loss on disposal of non-current assets	(1,077)	(1,756)
Loss of goodwill on sale	4,460	-
Gain on disposal of discontinued operations	(150)	-
Provision for doubtful debts	955	(96)
Interest paid - lease liabilities	571	394
Changes in operating assets and liabilities:		
(Increase)/decrease in prepayments, trade and other receivables	14,112	(422)
(Increase)/decrease in amounts owing by ultimate parent entity	5,316	(4,544)
(Increase)/decrease in inventories	738	678
(Increase)/decrease in deferred tax equivalent assets	591	779
Increase/(decrease) in trade and other payables	(10,332)	(3,365)
Increase/(decrease) in employee entitlements	(3,422)	(542)
Increase/(decrease) in current tax equivalent liabilities	(792)	(2,385)
Increase/(decrease) in other liabilities	(3,531)	9
Increase/(decrease) in other provisions	1,010	1,624
Increase/(decrease) in operating assets and liabilities of Discontinued Operations	3,223	-
<b>Net cash flows from operating activities</b>	<u>21,797</u>	<u>5,367</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.3. Intangible assets**

	Goodwill	Software	Customer relationships	Total
<b>Critical accounting estimates and judgement</b>				
Amortisation policy	Not applicable	3 - 5 years	5 years	
<b>2024</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>				
Opening balance	39,891	1,469	4,567	45,927
Loss of goodwill on sale	(4,460)	-	-	(4,460)
Disposals	-	(17)	(4,567)	(4,584)
Reclassification to assets held for sale (Note 9.4)	-	(488)	-	(488)
<b>Closing balance</b>	<b>35,431</b>	<b>964</b>	<b>-</b>	<b>36,395</b>
<b>Accumulated amortisation and impairment</b>				
Opening balance	(9,339)	(1,253)	(3,843)	(14,435)
Amortisation - Continuing Operations	-	(139)	-	(139)
Amortisation - Discontinued Operations	-	(34)	(724)	(758)
Disposals	-	-	4,567	4,567
Reclassification to assets held for sale (Note 9.4)	-	484	-	484
<b>Closing balance</b>	<b>(9,339)</b>	<b>(942)</b>	<b>-</b>	<b>(10,281)</b>
<b>Carrying value 30 June 2024</b>	<b>26,092</b>	<b>22</b>	<b>-</b>	<b>26,114</b>
<b>2023</b>				
<b>Cost</b>				
Opening balance	39,891	1,497	4,567	45,955
Disposals	-	(28)	-	(28)
<b>Closing balance</b>	<b>39,891</b>	<b>1,469</b>	<b>4,567</b>	<b>45,927</b>
<b>Accumulated amortisation and impairment</b>				
Opening balance	(9,339)	(1,035)	(2,961)	(13,335)
Amortisation - Continuing Operations	-	(163)	(302)	(465)
Amortisation - Discontinued Operations	-	(72)	(580)	(652)
Disposals	-	17	-	17
<b>Closing balance</b>	<b>(9,339)</b>	<b>(1,253)</b>	<b>(3,843)</b>	<b>(14,435)</b>
<b>Carrying value 30 June 2023</b>	<b>30,552</b>	<b>216</b>	<b>724</b>	<b>31,492</b>

**Recognition and measurement**

**Software research and development**

Expenditure on research activities is recognised in the profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.3. Intangible assets (continued)**

**Goodwill**

Goodwill acquired in a business combination is measured at cost as established at the date of the business combination and subsequently measured at cost less any accumulated impairment losses. The cost represents the excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired.

**Customer relationship assets**

Customer relationships acquired as part of a business combination are recognised separately from goodwill and carried at fair value at the date of acquisition less accumulated amortisation and any accumulated impairment losses. Any deferred tax liabilities related to customer relationships are calculated and recorded as a part of goodwill. Customer relationships are amortised on a straight-line basis over their useful economic life.

**Impairment of assets**

The Group tests assets to ensure that they are not carried above their recoverable amounts:

- annually, or more frequently if events or changes in circumstances indicate that the assets may be impaired, for goodwill and intangible assets that have an indefinite useful life; and
- for all other assets whenever an indication of impairment may exist.

An impairment loss is recognised in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGUs).

The recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and fair value in use, is compared to the asset's carrying value. The excess of the asset's carrying value over its recoverable amount is expensed to other comprehensive income.

Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. When an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU). A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**Allocation of goodwill to CGUs**

For the purposes of the annual impairment testing, goodwill is allocated to the consolidated entity's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Victoria operations	<b>9,588</b>	9,588
NSW/ACT operations	<b>3,325</b>	3,325
Technigro	<b>6,188</b>	6,188
Gordon McKay	<b>4,104</b>	4,104
Frontline Electrical	<b>2,887</b>	2,887
Ultegra	-	4,460
	<b>26,092</b>	<b>30,552</b>

The recoverable amount of each CGU has been determined based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.3. Intangible assets (continued)**

Following a Management review of the Ultegra business, a decision was made by the Group to part sell and shutter the remaining part of the Ultegra business which has resulted in a loss of the goodwill on sale of \$4,460,000 related to the Ultegra CGU recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

The recoverable amount for each other CGU was determined to be in excess of the carrying value and therefore no impairment was recognised.

**Key assumptions used in the discounted cash flow projections**

Future cash flows have been based on the board approved financial year 2025 budget and overlaid with appropriate discount and growth rates. The discount and growth rate assumptions are as follows:

	<b>2024</b>	<b>2023</b>
Discount rate (WACC) - Victoria operations	<b>7.00%</b>	6.80%
Discount rate (WACC) - NSW/ACT operations	<b>7.00%</b>	6.80%
Discount rate (WACC) - Technigro	<b>7.00%</b>	6.80%
Discount rate (WACC) - Gordon McKay	<b>8.30%</b>	7.90%
Discount rate (WACC) - Frontline Electrical	<b>8.30%</b>	7.90%
Discount rate (WACC) - Ultegra	<b>-%</b>	7.90%
Discount rate (WACC) - Asphalt Group	<b>8.30%</b>	7.90%
Discount rate (WACC) - Group	<b>7.60%</b>	7.30%
Budgeted EBITDA growth rate	<b>2.64%</b>	2.80%

The discount rate used is a post-tax measure based on the company's weighted average cost of capital (WACC). The WACC has been determined in conjunction with professional valuation advice received from an independent consulting firm.

Each CGU has five years of cash flows included in its discounted cash flow model and a terminal growth rate thereafter. The discounted cash flow models the first year cash flow which is based on the financial year 2025 budget. For the purposes of calculating a terminal value after 5 years' management has estimated a long term growth rate based on past experience and expectations for the future.

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	<b>2024</b>	<b>2023</b>
Discount rate (WACC)	<b>0.88%</b>	0.73%
Budgeted EBITDA growth rate	<b>(0.91)%</b>	(0.77)%

**Derecognition of intangible assets**

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is de-recognised.

**Critical accounting estimates and judgement**

***Estimation of recoverable amount***

The recoverable amounts of CGUs have been determined based on value in use calculations using discounted cash flow projections based on the budget approved by the Board for the next financial year and management's forecasts covering a five-year period. These calculations require the use of assumptions as outlined above.

***Fair value calculation***

The fair value of customer relationships acquired is calculated considering the estimated future recurring revenues from existing customers in the acquired operations at the date of the acquisition. The calculation involves the development of expected cash flows discounted at an appropriate discount rate. Projecting the expected cash flows involves estimating the likelihood of existing customers extending and renewing long-term contracts based on historical observations. The estimated useful life for amortisation is determined based on that assessment.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.4. Right-of-use assets**

The Group leases many assets including building and vehicles. Information about leases for which the Group is a lessee is presented below.

	Buildings	Motor vehicles	Total
	\$'000	\$'000	\$'000
<b>2024</b>			
Opening balance	9,904	635	10,539
Additions	2,102	2,896	4,998
Amortisation – Continuing Operations	(2,938)	(1,290)	(4,228)
Amortisation – Discontinued Operations	(1,390)	(288)	(1,678)
Leases terminated	(370)	(6)	(376)
Lease modification	1,807	853	2,660
Reclassification to assets held for sale (Note 9.4)	(1,021)	(1,786)	(2,807)
<b>Closing balance</b>	<b>8,094</b>	<b>1,014</b>	<b>9,108</b>

**Total as at 30 June 2024 represented by**

Cost	18,024	6,480	24,504
Accumulated Depreciation	(9,930)	(5,466)	(15,396)
<b>Total</b>	<b>8,094</b>	<b>1,014</b>	<b>9,108</b>

**2023**

Opening balance	12,610	809	13,419
Additions	-	194	194
Amortisation – Continuing Operations	(2,066)	(1,235)	(3,301)
Amortisation - Discontinued Operations	(1,223)	(64)	(1,287)
Leases terminated	(55)	(2)	(57)
Lease modification	638	933	1,571
<b>Closing balance</b>	<b>9,904</b>	<b>635</b>	<b>10,539</b>

**Total as at 30 June 2023 represented by**

Cost	20,862	5,491	26,353
Accumulated Depreciation	(10,958)	(4,856)	(15,814)
<b>Total</b>	<b>9,904</b>	<b>635</b>	<b>10,539</b>

**Critical accounting estimates and judgement**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end date of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the Statement of Financial Position.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**4. ASSETS AVAILABLE TO SUPPORT OUR FUNCTIONS (continued)**

**4.4. Right-of-use assets (continued)**

Right-of-use asset	No of assets leased	Range of remaining term	No of leases with renewal options	No of leases with termination options
Buildings	23	1 - 8 years	7	0
Motor vehicles	258	1 - 6 years	0	0

**5. OTHER ASSETS AND LIABILITIES**

**5.1. Trade and other receivables**

	2024 \$'000	2023 \$'000
<b>Current</b>		
Trade receivables	31,866	40,895
Less: Allowance for expected credit losses	(1,071)	(287)
	<b>30,795</b>	<b>40,608</b>
Amounts owing from ultimate parent entity	10,295	15,611
Other debtors	1,099	210
	<b>42,189</b>	<b>56,429</b>

**Classification of financial assets**

AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

**Recognition and measurement**

Receivables are recognised at the amounts due for settlement and are usually collected within 30 days of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for expected credit losses is raised when there is evidence that the Group may not be able to collect the debt.

	2024 \$'000	2023 \$'000
<b>Movement in allowance for expected credit losses</b>		
Opening balance	(287)	(383)
Net remeasurement of loss allowance	(955)	96
Amounts written-off	171	-
Closing balance	<b>(1,071)</b>	<b>(287)</b>

**Impaired trade and other receivable**

The Group has recognised \$955,000 loss (gain in 2023: \$96,000) in the Statement of Profit or Loss and Other Comprehensive Income in respect of bad and doubtful trade receivables.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**5. OTHER ASSETS AND LIABILITIES (continued)**

**5.2. Inventories**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Inventories	1,257	1,995
	<u>1,257</u>	<u>1,995</u>

**Recognition and measurement**

Impairment losses on Inventories are presented under 'other expenses', similar to the presentation under AASB 139, and not presented separately in the Statement of Profit or Loss and Other Comprehensive Income due to materiality considerations.

Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Stores and raw materials are stated at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at reporting date using the weighted average cost method. The cost of purchase comprises the purchase price including taxes (other than those subsequently recoverable by the entity from the taxing authorities) transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

**5.3. Other financial assets**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Term deposit	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

**5.4. Other assets**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Accrued revenue - Unbilled services	2,305	6,529
Prepayments	4,494	5,432
Other current assets	-	26
	<u>6,799</u>	<u>11,987</u>

**Recognition and measurement**

**Accrued revenue**

Accrued revenue relates to services for which revenue has been recognised during the period but the services have not yet been billed to the customer at the end of the reporting period. Accrued revenue is recognised at the time the service is provided.

**Prepayments**

Payments for goods and services which are to be provided in future years are recognised as prepayments.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 30 JUNE 2024**

**5. OTHER ASSETS AND LIABILITIES (continued)**

**5.5. Trade and other payables**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade and other payables	<b>31,019</b>	41,397
Amount owing to ultimate parent entity	<b>48</b>	-
Security Deposits	-	3
	<u><b>31,067</b></u>	<u><b>41,400</b></u>

**Trade and other payables**

Payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**5.6. Contract liabilities**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Contract liabilities	<u><b>3,375</b></u>	<u>5,695</u>
	<u><b>3,375</b></u>	<u><b>5,695</b></u>

**Contract liabilities**

Contract liabilities includes income paid in advance but not brought to account as performance obligations are yet to be met.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**5. OTHER ASSETS AND LIABILITIES (continued)**

**5.7. Lease liabilities**

The Group has leases for Buildings and Motor Vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease agreement that falls under AASB 16 Leases is reflected on the Statement of Financial Position as a right-of-use asset and a lease liability. The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 4.4).

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group uses a discount rate of 3.0% - 6.58% (2023: 3%).

Lease payments included in the measurement of the lease liability comprise of the following:

- Fixed payments, including in-substance fixed payments; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**Lease payments not recognised as a liability**

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets considered under \$10,000. Payments made under such leases are expensed on a straight-line basis.

The undiscounted contractual cash flows below do not include lease payments under renewal/extension options that the Group is reasonably certain to exercise. The payments under these renewal/extension options are included in lease liabilities recognised in the Statement of Financial Position.

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts recognised in the Statement of Profit or Loss and Other Comprehensive Income</b>		
Interest on lease liabilities - Continuing Operations	404	317
Interest on lease liabilities - Discontinued Operations	167	77
Expenses relating to short-term leases	100	100
	<u>671</u>	<u>494</u>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Maturity analysis - undiscounted contractual cash flows</b>		
Less than one year	3,791	3,682
One to five years	7,102	6,057
More than five years	3,627	7,581
Total undiscounted contractual cash flows	<u>14,520</u>	<u>17,320</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
 FOR THE YEAR ENDED 30 JUNE 2024**

**5. OTHER ASSETS AND LIABILITIES (continued)**

**5.7. Lease liabilities (continued)**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Lease liabilities recognised in the Statement of Financial Position</b>		
Current	2,569	3,221
Non-current	6,961	7,769
	<u>9,530</u>	<u>10,990</u>
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Amounts recognised in Statement of Cash Flows</b>		
<b>Total cash outflow for leases</b>	<b>(6,371)</b>	<b>(4,875)</b>
Represented by:		
Repayment of lease liabilities	(5,800)	(4,481)
Interest paid - lease liabilities	(571)	(394)

**5.8. Loans and borrowings**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current</b>		
Secured bank loan	26,500	25,000
	<u>26,500</u>	<u>25,000</u>

Refer to Note 4.2 for further details on the Banking Facility terms and Covenants.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**5. OTHER ASSETS AND LIABILITIES (continued)**

**5.9. Provisions**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Restructuring costs	1,119	356
Onerous contracts	1,515	1,268
	<u>2,634</u>	<u>1,624</u>

**Movements in provisions**

Movements in each class of provisions during the current financial year are set out below:

	<b>Restructuring</b>	<b>Onerous</b>	<b>Total</b>
	<b>\$'000</b>	<b>contracts</b>	<b>\$'000</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 1 July 2023</b>	<b>356</b>	<b>1,268</b>	<b>1,624</b>
Arising during the year	1,119	1,515	2,634
Utilised	(356)	(1,268)	(1,624)
<b>At 30 June 2024</b>	<u><b>1,119</b></u>	<u><b>1,515</b></u>	<u><b>2,634</b></u>

**Recognition and measurement**

**Restructuring costs**

During 2024, a decision was made by the Group to part sell and part shutter the Ultegra business and implement an organisational restructure. As a result of these decisions, a provision of \$1,118,895 was raised to cover the costs associated with the restructuring programme. Steps have been taken to implement a detailed plan and discussions with affected personnel have created a valid expectation that the restructuring is being carried out. The provision recognised comprises the expected severance payments and employee entitlements (including notice period) based on the employee's years of service. The restructuring is expected to be completed in FY25.

During 2023, a provision of \$356,246 was made to cover the costs associated with a restructuring programme in a measure to reduce costs and to enable the Group to adapt its size to current market conditions by reducing the Group's workforce. Steps had been taken to implement a detailed plan and discussions with affected personnel have created a valid expectation that the restructuring is being carried out. The provision recognised comprises the expected severance payments and employee entitlements (including notice period) based on the employee's years of service. The restructuring was completed in financial year 2024.

**Onerous contracts**

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under the contract and an allocation of other costs directly related to fulfilling the contract.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE**

**6.1. Equity and reserves**

**Contributed equity**

	2024 \$'000	2023 \$'000
Ordinary shares - fully paid	18,406	18,406

**Movement in ordinary share capital**

	2024		2023	
	No.	\$'000	No.	\$'000
<b>Balance at start of year</b>	<b>18,405,629</b>	<b>18,406</b>	<b>18,405,629</b>	<b>18,406</b>
Shares issued	-	-	-	-
<b>Balance at end of year</b>	<b>18,405,629</b>	<b>18,406</b>	<b>18,405,629</b>	<b>18,406</b>

**Recognition and measurement**

**Ordinary shares**

Ordinary shares are classified as equity. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

The Group regards total equity, being issued capital, asset revaluation reserve and retained profits, as capital. The objective of the Group is to provide a strong capital base so as to maintain shareholders' confidence and to sustain future development of the business. The Board of Directors monitors the return of capital as the level of dividends to shareholders.

The Group seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The weighted average interest expense on interest bearing borrowings during the period was 5.53% (2023: 4.53%). The Group's net debt (total borrowings less cash and cash equivalents) to total equity was 0.06 (2023: 0.08). There were no changes in the Group's approach to capital management during the year.

	2024 \$'000	2023 \$'000
<b>Retained earnings and reserves</b>		
Retained profits at the beginning of the financial year	59,562	61,461
Net (loss)/profit attributable to members of the company	<u>(7,783)</u>	<u>(1,899)</u>
<b>Total available for appropriation</b>	<b>51,779</b>	<b>59,562</b>
Dividends provided for or paid (Note 6.4)	-	-
<b>Retained profits at the end of the financial year</b>	<b>51,779</b>	<b>59,562</b>
<b>Earnings per share for profit attributable to the ordinary equity owners of the Company</b>	<b>(42.3)</b>	<b>(10.3)</b>
<b>Asset revaluation reserve</b>		
Opening balance	69,182	36,772
Movement	-	32,410
<b>Closing balance</b>	<b>69,182</b>	<b>69,182</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE (continued)**

**6.1. Equity and reserves (continued)**

**Recognition and measurement**

The asset revaluation reserve records the revaluation, (net of tax, refer to note 7.2) of the Group's land which is carried at fair value. Any revaluation increase arising on the revaluation of land is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount is recognised 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 revalued land, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE (continued)**

**6.2. Parent entity information**

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except for investments in subsidiaries, associates and joint venture entities which are accounted for at cost in the financial statements of the parent entity.

**6.2.1. Summary financial information**

The individual financial statements of the parent entity show the following aggregate amounts:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Profit or (loss) for the year	606	(2,170)
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>606</b>	<b>(2,170)</b>
<b>Statement of Financial Position</b>		
<b>ASSETS</b>		
Current assets	111,334	94,349
Non-Current assets	147,548	207,924
<b>Total Assets</b>	<b>258,882</b>	<b>302,273</b>
<b>LIABILITIES</b>		
Current liabilities	64,753	95,893
Non-Current liabilities	66,274	79,131
<b>Total Liabilities</b>	<b>131,027</b>	<b>175,024</b>
<b>Net Assets</b>	<b>127,855</b>	<b>127,249</b>
<b>EQUITY</b>		
Contributed equity	18,406	18,406
Retained profit	40,267	39,661
Asset revaluation reserve	69,182	69,182
<b>Total Equity</b>	<b>127,855</b>	<b>127,249</b>

**6.2.2. Guarantees**

Refer to Note 8.3 for Guarantees issued by the Bank in respect of contracts secured relating to the Company. All Guarantees stated in Note 8.3 relate to the Company.

**Parent entity guarantees in respect of the debts of its subsidiaries**

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 6.3.1.

**6.2.3. Capital expenditure commitments**

Refer to Note 9.3 for capital expenditure contracted at balance sheet date but not recognised as liabilities in the financial report. All capital expenditure commitments stated in Note 9.3 relate to the Company.

**6.2.4. Contingent liabilities**

The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE (continued)**

**6.3. Subsidiaries and joint operations**

**Principles of consolidation**

The Consolidated Financial Statements incorporate the assets, liabilities and results of the Company and the entities controlled by the Company (its subsidiaries) and joint operations.

Control is achieved where the Company a) has power over the investee; b) is exposed, or has rights, to variable returns from its involvement with the investee; and c) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

**Recognition and measurement**

**Subsidiaries and Joint Operations**

The Consolidated Financial Statements of the Group include:

Name of Subsidiary/Joint Operation	Principal activity	Date of Acquisition	Country of incorporation	% Equity interest	
				30 June 2024	30 June 2023
Sterling Group Services Pty Ltd	Open Space Management	1 January 2011	Australia	100%	100%
A.W.D. Earthmoving Pty Ltd	Infrastructure	31 May 2012	Australia	100%	100%
Technigro Australia Pty Ltd	Holding Company	1 October 2013	Australia	100%	100%
Technigro Pty Ltd	Open Space Management	1 October 2013	Australia	100%	100%
Citywide Utilities Pty Ltd	Utilities	29 June 2020	Australia	100%	100%
Citywide Asphalt Group (Aus) Pty Ltd	Asphalt Manufacturing	15 January 2016	Australia	50%	50%

**Joint Operations**

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

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses in accordance with the AASB's applicable to the particular assets, liabilities, revenue and expenses. These have been incorporated in the financial statements under the appropriate headings.

When the Group transacts with a joint operation in which Citywide Service Solutions Pty Ltd is a joint operator (such as a sale or contribution of assets), any gains or losses are recognised in the financial statements only to the extent of the other party's interests.

**Citywide Asphalt Group (Aus) Pty Ltd**

The Group has a 50% interest in a joint arrangement called Citywide Asphalt Group (Aus) Pty Ltd which was set up as a partnership together with Fulton Hogan Industries Pty Ltd for the manufacture and sale of asphalt products. The principal place of business of the joint operation is in Australia.

The joint arrangement agreement requires unanimous consent from all parties for all relevant activities. The two participants own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. Therefore, it is classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenue and expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE (continued)**

**6.3. Subsidiaries and joint operations (continued)**

**6.3.1. Deed of cross guarantee**

Pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785 the wholly-owned subsidiaries listed below are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' reports. It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- Citywide Utilities Pty Ltd
- Technigro Australia Pty Ltd
- Technigro Pty Ltd

The Wholly Owned subsidiaries of Sterling Group Services Pty Ltd and A.W.D. Earthmoving Pty Ltd are not subject to the Deed as they are dormant.

A Consolidated Statement of Profit or Loss and Other Comprehensive Income, summary of movements in Consolidated Retained Earnings and Consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 June 2024 is set out as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from operations		
Revenue from customers	<b>334,715</b>	346,220
Other income	<b>1,396</b>	1,945
<b>Total revenue</b>	<b><u>336,111</u></b>	<b><u>348,165</u></b>
Expenses from operations		
Employee benefits	<b>134,316</b>	132,534
Contractor costs	<b>88,107</b>	100,638
Materials and services	<b>74,327</b>	76,876
Depreciation	<b>10,453</b>	10,493
Amortisation - Intangible assets	<b>898</b>	1,117
Amortisation - Right-of-use assets	<b>5,943</b>	4,554
Finance costs - Leases	<b>479</b>	294
Other expenses	<b>32,956</b>	25,930
<b>Total expenses from operations</b>	<b><u>347,479</u></b>	<b><u>352,436</u></b>
Loss before income tax equivalents	<b>(11,369)</b>	(4,271)
Income tax equivalents (benefit)/expense	<b>(2,054)</b>	(1,263)
<b>Loss after income tax equivalents</b>	<b><u>(9,315)</u></b>	<b><u>(3,008)</u></b>
Items that will not be reclassified subsequently to profit or loss (net of tax):		
Gain on revaluation of property	-	32,410
<b>Other comprehensive income for the year, net of tax</b>	<b><u>-</u></b>	<b><u>32,410</u></b>
<b>Total comprehensive income for the year, net of tax</b>	<b><u>(9,315)</u></b>	<b><u>29,402</u></b>
<b>Summary of movements in retained earnings</b>		
<b>Retained earnings at the beginning of the financial year</b>	<b>42,891</b>	45,898
Loss for the year	<b>(9,314)</b>	(3,007)
<b>Retained earnings at the end of the financial year</b>	<b><u>33,577</u></b>	<b><u>42,891</u></b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE (continued)**

**6.3. Subsidiaries and joint operations (continued)**

**6.3.1. Deed of cross guarantee (continued)**

	2024 \$'000	2023 \$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	17,491	8,868
Trade and other receivables	30,785	48,011
Inventories	793	1,517
Other financial assets	1,500	1,500
Other assets	6,388	11,840
Assets held for sale	26,885	-
<b>Total current assets</b>	<b>83,842</b>	<b>71,736</b>
<b>Non-current assets</b>		
Deferred tax assets	11,338	10,501
Property, plant and equipment	125,532	142,897
Intangible assets	26,113	31,483
Right-of-use assets	4,706	6,056
<b>Total non-current assets</b>	<b>167,689</b>	<b>190,937</b>
<b>TOTAL ASSETS</b>	<b>251,531</b>	<b>262,673</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	32,880	43,212
Contract liabilities	3,375	5,695
Employee provisions	10,913	14,243
Lease liabilities	2,510	3,153
Other provisions	2,634	1,624
Liabilities directly associated with the assets held for sale	14,419	-
<b>Total current liabilities</b>	<b>66,731</b>	<b>67,927</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	34,242	35,458
Employee provisions	582	699
Lease liabilities	2,308	3,107
Loans and borrowings	26,500	25,000
<b>Total non-current liabilities</b>	<b>63,632</b>	<b>64,264</b>
<b>TOTAL LIABILITIES</b>	<b>130,363</b>	<b>132,191</b>
<b>NET ASSETS</b>	<b>121,168</b>	<b>130,482</b>
<b>EQUITY</b>		
Contributed equity	18,409	18,409
Retained earnings	33,577	42,891
Asset revaluation reserve	69,182	69,182
<b>TOTAL EQUITY</b>	<b>121,168</b>	<b>130,482</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**6. OUR CAPITAL STRUCTURE (continued)**

**6.4. Dividends**

The Board did not declare a dividend for the 2024 reporting year (2023: \$0).

**Recognition and measurement**

Provision is made for the amount of any dividend determined, being appropriately authorised on or before the end of the financial year but not distributed by the year end date.

**7. TAXATION**

**7.1. Income tax**

The Income tax equivalents differ from the amount of prima facie tax equivalents payable on that profit as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Prima facie income tax equivalents on the (loss)/profit from continuing operations at 30.0% (2023: 30.0%)	<b>(776)</b>	(840)
Income tax equivalents payable due to:		
Other non-deductible expenses	<u>6</u>	<u>6</u>
Income tax equivalents attributed to (loss)/profit from continuing operations	<b>(770)</b>	(834)
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Prima facie income tax equivalents on the (loss)/profit from discontinued operations at 30.0% (2023: 30.0%)	<b>(1,983)</b>	30
Income tax equivalents payable due to:		
Loss of goodwill on sale	<u>1,338</u>	<u>-</u>
Income tax equivalents attributed to (loss)/profit from discontinued operations	<b>(645)</b>	30
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Income tax equivalents attributable to (loss)/profit comprise:		
Deferred income tax liability	<b>(1,216)</b>	(406)
Deferred income tax asset	<b>(199)</b>	(398)
	<b>(1,415)</b>	<b>(804)</b>

**Recognition and measurement**

The Group is exempt from income tax under section 50-25 of the Income Tax Assessment Act 1997, due to it being wholly owned by the Melbourne City Council, a local government authority.

The Group is subject to paying income tax equivalents to Melbourne City Council, equal to the amount of income tax otherwise payable under the Income Tax Assessment Act 1997. The Group has adopted the provisions of AASB 112 Income Tax to account for these income tax equivalents.

Income tax equivalents expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**7. TAXATION (continued)**

**7.1. Income tax (continued)**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date. Taxable profit differs from profit before tax as reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

**7.2. Deferred tax**

	Balance at 1 July	Charge to Income Statement	Charged to Asset Revaluation	Current Year Recognition	Balance at 30 June	Deferred tax assets	Deferred tax liabilities
2024	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits	4,832	(52)	-	-	4,780	4,780	-
Accruals	544	245	-	-	789	789	-
Other	675	352	-	-	1,027	1,027	-
Depreciation	(2,619)	915	-	-	(1,704)	-	(1,704)
Revaluation of land	(29,647)	-	-	-	(29,647)	-	(29,647)
Customer relationships	(217)	217	-	-	-	-	-
Right-of-use asset	(2,977)	84	-	-	(2,893)	-	(2,893)
Lease liability	3,111	(773)	-	-	2,338	2,338	-
Tax losses carried forward	1,164	-	-	428	1,592	1,592	-
<b>Tax assets / liabilities</b>	<b>(25,134)</b>	<b>988</b>	<b>-</b>	<b>428</b>	<b>(23,718)</b>	<b>10,526</b>	<b>(34,244)</b>

	Balance at 1 July	Charge to Income Statement	Charged to Asset Revaluation	Current Year Recognition	Balance at 30 June	Deferred tax assets	Deferred tax liabilities
2023	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefits	4,732	100	-	-	4,832	4,832	-
Accruals	764	(220)	-	-	544	544	-
Other	294	381	-	-	675	675	-
Depreciation	(1,727)	(892)	-	-	(2,619)	-	(2,619)
Revaluation of land	(15,757)	-	(13,890)	-	(29,647)	-	(29,647)
Customer relationships	(482)	265	-	-	(217)	-	(217)
Right-of-use asset	(4,025)	1,048	-	-	(2,977)	-	(2,977)
Lease liability	4,151	(1,040)	-	-	3,111	3,111	-
Tax losses carried forward	-	-	-	1,164	1,164	1,164	-
<b>Tax assets / liabilities</b>	<b>(12,050)</b>	<b>(358)</b>	<b>(13,890)</b>	<b>1,164</b>	<b>(25,134)</b>	<b>10,326</b>	<b>(35,460)</b>

**Recognition and measurement**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used in the computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised based on laws that have been enacted or substantively enacted at reporting date.

**Critical accounting estimates and judgement**

Deferred tax assets are recognised for all deductible temporary differences only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**8. MANAGING RISK AND UNCERTAINTY**

**8.1. Financial instruments**

**Objectives and policies**

The Group's principal financial instruments comprise cash assets, receivables, accrued revenue, payables, borrowings, lease liabilities and security deposits. 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 is disclosed in the sections where the related financial statement line item is disclosed. Risk management is carried out by senior management under policies approved by the Group. These policies include identification and analysis of the risk exposure to the Group and appropriate procedures, controls and risk minimisation.

**Market risk**

Market risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices. The Group's exposures to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

**Credit risk**

The credit risk on financial assets of the Group, is generally the carrying amount net of any allowance for expected credit losses. Debtors risk is managed by ongoing follow up on debts as they fall due.

**Interest rate risk**

The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability as at 30 June 2024 is set out below. Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Group intends to hold fixed rate assets and liabilities to maturity.

	Note	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
<b>2024</b>				
<b>Financial assets</b>				
Cash and cash equivalents	4.2	18,481	-	18,481
Trade and other receivables	5.1	-	42,189	42,189
Accrued revenue	5.4	-	2,305	2,305
Term deposit	5.3	1,500	-	1,500
		19,981	44,494	64,475
Weighted average interest rate		4.58%		
<b>Financial liabilities</b>				
Trade and other payables	5.5	-	31,067	31,067
Security deposits	5.5	-	-	-
Loans and borrowings	5.8	26,500	-	26,500
Lease liabilities	5.7	-	9,530	9,530
		26,500	40,597	67,097
Weighted average interest rate		5.53%		
<b>Net financial (liabilities) / assets</b>		<b>(6,519)</b>	<b>3,897</b>	<b>(2,622)</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**8. MANAGING RISK AND UNCERTAINTY (continued)**

**8.1. Financial instruments (continued)**

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group has a bank loan facility that it uses to cover working capital requirements as needed (available funds at 30 June 2024 were \$12.2m (2023: \$13.7m)).

<b>Year ended 30 June 2024</b>	<b>6 months or less</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual maturities</b>					
<b>Liquid financial assets</b>					
Cash and cash equivalents	18,481	-	-	-	18,481
Trade and other receivables	42,142	47	-	-	42,189
Accrued revenue	2,305	-	-	-	2,305
Term deposit	-	1,500	-	-	1,500
	<u>62,928</u>	<u>1,547</u>	<u>-</u>	<u>-</u>	<u>64,475</u>
<b>Financial liabilities</b>					
Trade and other payables	31,067	-	-	-	31,067
Security deposits	-	-	-	-	-
Loans and borrowings	-	-	26,500	-	26,500
Lease liabilities	-	3,791	7,102	3,627	14,520
	<u>31,067</u>	<u>3,791</u>	<u>33,602</u>	<u>3,627</u>	<u>72,087</u>
<b>Net inflow/(outflow)</b>	<u>31,861</u>	<u>(2,244)</u>	<u>(33,602)</u>	<u>(3,627)</u>	<u>(7,612)</u>
<b>Year ended 30 June 2023</b>	<b>6 months or less</b>	<b>6 to 12 months</b>	<b>1 to 5 years</b>	<b>&gt; 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Contractual maturities</b>					
<b>Liquid financial assets</b>					
Cash and cash equivalents	10,220	-	-	-	10,220
Trade and other receivables	56,429	-	-	-	56,429
Accrued revenue	6,529	-	-	-	6,529
Term deposit	-	1,500	-	-	1,500
	<u>73,178</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>74,678</u>
<b>Financial liabilities</b>					
Trade and other payables	41,397	-	-	-	41,397
Security deposits	3	-	-	-	3
Loans and borrowings	-	-	25,000	-	25,000
Lease liabilities	-	3,682	6,057	7,581	17,320
	<u>41,400</u>	<u>3,682</u>	<u>31,057</u>	<u>7,581</u>	<u>83,720</u>
<b>Net inflow/(outflow)</b>	<u>31,778</u>	<u>(2,182)</u>	<u>(31,057)</u>	<u>(7,581)</u>	<u>(9,042)</u>

**Recognition and measurement**

The carrying amounts of financial assets and liabilities are a reasonable approximation of fair value due to their short-term maturity.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**8. MANAGING RISK AND UNCERTAINTY (continued)**

**8.1. Financial instruments (continued)**

**Interest rate sensitivity analysis**

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience in the financial markets, the Group believes that a movement of 50 basis points higher or lower (2023: 75 basis points higher or lower) is reasonably possible.

At reporting date, if interest rates had been 50 basis points higher or lower (2023: 75 basis points higher or lower) and all other variables were held constant, the Group's net profit would decrease by \$130,000 and increase by \$130,000 respectively (2023: decrease by \$166,000 and increase by \$166,000). This is attributable to the Group's exposure to interest rates on its variable rate borrowings.

**8.2. Fair value – financial and non-financial assets and liabilities**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values are included in the relevant note.

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value); and
- which level of the fair value hierarchy was used to determine the fair value.

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

**Fair value of financial instruments measured at amortised cost**

The Group considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Citywide's contractual financial assets and liabilities are measured at amortised cost; none of the classes of financial assets and liabilities are readily traded on organised markets in standardised form.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**8. MANAGING RISK AND UNCERTAINTY (continued)**

**8.2. Fair value – financial and non-financial assets and liabilities (continued)**

	2024		2023	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
<b>Financial assets</b>				
Cash and cash equivalents	18,481	18,481	10,220	10,220
Trade and other receivables	42,189	42,189	56,429	56,429
Accrued revenue	2,305	2,305	6,529	6,529
Term deposit	1,500	1,500	1,500	1,500
	<b>64,475</b>	<b>64,475</b>	<b>74,678</b>	<b>74,678</b>
<b>Financial liabilities</b>				
Loans and borrowings	26,500	26,500	25,000	25,000
Lease liability	9,530	9,530	10,990	10,990
Trade and other payables	31,067	31,067	41,397	41,397
Security deposits	-	-	3	3
	<b>67,097</b>	<b>67,097</b>	<b>77,390</b>	<b>77,390</b>

**Fair value determination of non-financial physical assets**

	Carrying amount as at 30 June 2024 \$'000	Fair value measurement at end of reporting period using		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value	103,200	-	80,600	22,600
	<b>103,200</b>	<b>-</b>	<b>80,600</b>	<b>22,600</b>
	Carrying amount as at 30 June 2023 \$'000	Fair value measurement at end of reporting period using		
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Land at fair value	103,200	-	80,600	22,600
	<b>103,200</b>	<b>-</b>	<b>80,600</b>	<b>22,600</b>

There have been no transfers between levels during the period.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value.

**Land** is valued using a combination of the direct sales comparison approach; whereby assets are compared to recent comparable sales of comparable assets that are considered to have a nominal value and the income approach.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**8. MANAGING RISK AND UNCERTAINTY (continued)**

**8.3. Contingencies**

**Contingent liabilities**

Guarantees issued by the Bank in respect of contracts secured of \$16,347,043 (2023: \$18,428,930).

**Recognition and measurement**

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed by way of a note and, if quantifiable, are measured at nominal value.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES**

**9.1. Key management personnel compensation**

Details of persons holding executive positions or other Key Management Personnel positions are:

Position	Name	Comments
Chairman	John Brumby	
Director	Andrea Waters	
Director	Paul Hardy	
Director	Peter Lamell	
Director	John Grouios	
Director	Alison Leighton	Commenced on 25 June 2024
Director	Lincoln Tong	Commenced on 25 June 2024
Chief Executive Officer	Chris Campbell	
Chief Financial Officer	Paul Hudson	
Executive - Operations	Duncan Reid	Retired on 28 September 2023
Executive - Operations	Matthew Williams	Commenced on 2 October 2023
Executive - Customer Experience & Engagement	Sarah Hewitt	Commenced on 2 October 2023, Retired on 28 June 2024
Executive General Manager – Energy and Utilities	Mario Bavaro	Retired on 28 June 2024
Executive - Assurance, Risk & Governance	Karla Ryan	
Executive - People, Safety & Wellness	Andrea Collins	Commenced on 8 April 2024

The number of key management personnel whose total remuneration fall within the following bands are as follows:

	2024	2023
\$0	2	-
\$30,000 - \$39,999	-	1
\$60,000 - \$69,999	1	-
\$90,000 - \$99,999	1	1
\$100,000 - \$109,999	2	2
\$110,000 - \$119,999	1	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	1	-
\$200,000 - \$209,999	1	-
\$220,000 - \$229,999	1	-
\$230,000 - \$239,999	-	1
\$300,000 - \$309,999	-	1
\$320,000 - \$329,999	1	-
\$400,000 - \$409,999	1	-
\$420,000 - \$429,999	-	1
\$430,000 - \$439,999	1	-
\$440,000 - \$449,999	-	1
\$460,000 - \$469,999	-	1
\$730,000 - \$739,999	1	-
\$800,000 - \$809,999	-	1
	<b>15</b>	<b>12</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES (continued)**

**9.1. Key management personnel compensation (continued)**

	2024	2023
	\$'000	\$'000
<b>Total remuneration for the financial year included above</b>	<b>3,169</b>	<b>3,293</b>

Key management personnel compensation comprised the following:

	2024	2023
	\$'000	\$'000
Short-term employee benefits	2,889	3,025
Post-employment benefits	221	204
Other long-term benefits	59	64
	<b>3,169</b>	<b>3,293</b>

Director's fees are reviewed annually by the shareholders to ensure that they are in line with current business standards.

**Other key management personnel transactions**

For details of other transactions with key management personnel, refer to Note 9.2 Related party disclosures.

**9.2. Related party disclosures**

**Controlling entity**

The immediate parent entity and ultimate parent entity is the Melbourne City Council (100% of shares held).

**Key management personnel**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly, including any Director (whether Executive or otherwise) of the Company is considered key management personnel. Refer to Note 9.1 for the details of the key management personnel remuneration during the financial year.

**Transactions with the ultimate parent entity**

Transactions with the ultimate parent entity during the financial year were based on a contract for the provision of services comprising vehicle rental, provision of administration services, property rental, contract sales, purchases of raw materials and plant and equipment, and in accordance with the Tax Equivalent Policy, the payment of charges (tax equivalents), which includes income tax and payroll tax. All transactions were made on commercial terms and conditions and at market rates.

Revenue transactions from continuing operations with the ultimate parent entity amounted to \$47,034,967 (2023: \$57,572,526) during the financial year. Revenue transactions from discontinued operations with the ultimate parent entity amounted to \$25,167,022 (2023: \$23,031,936) during the financial year. The amount receivable at reporting date is detailed in Note 5.1.

Expense transactions from continuing operations with the ultimate parent entity amounted to \$115,000 (2023: \$0) during the financial year. Expense transactions from discontinued operations with the ultimate parent entity amounted to \$511,000 (2023: \$523,000) during the financial year. The amount owing at reporting date is detailed in Note 5.5.

Refer to Note 7.1 for the income tax equivalent charges and Note 6.4 for the dividends payable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES (continued)**

**9.2. Related party disclosures (continued)**

**Transactions with subsidiaries**

Transactions with subsidiaries during the financial year were based on the provision of services comprising contract sales. All transactions were made on commercial terms and conditions and at market rates.

Transactions with subsidiaries during the financial year were as follows:

	<b>2024</b>	<b>2023</b>
<b>Name of subsidiary</b>	<b>\$'000</b>	<b>\$'000</b>
Citywide Utilities Pty Ltd	280	5

**Transactions with other related parties**

Mr Paul Hardy, a director of the Group; and Mr Peter Lamell, a director of the Group are both directors of Pitt and Sherry Pty Ltd. At various stages throughout the year, Pitt and Sherry Pty Ltd provided services to the Group in the form of engineering consultancy services. During the FY2024 period the Group paid Pitt and Sherry Pty Ltd \$5,486 for these services.

Transactions between the Group and Citywide Asphalt Group (Aus) Pty Ltd were to the value of \$4,208,812 of which \$3,160,106 relates to the purchase of asphalt and \$1,048,706 relates to occupancy cost on-charges. \$470,914 is still unpaid at 30 June 2024 (2023: \$688,684). Payment terms between the two entities are 45 days from invoice date.

**9.3. Commitments**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Capital expenditure commitments</b>		
Capital expenditure planned at the reporting date but not recognised as liabilities in the financial report:		
Payable within one year	1,686	8,668
	<u>1,686</u>	<u>8,668</u>

The Group has entered into non-cancellable leases in respect to administrative premises and various items of plant and fleet.

**Operating lease commitments**

The Group leases out a property under a non-cancellable operating lease. The lease payments are subject to regular CPI and market reviews.

Future minimum lease receivable under the non-cancellable operating lease is, as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Within one year	166	159
After one year but not more than five years	664	638
More than five years	3,577	3,595
	<u>4,407</u>	<u>4,392</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES (continued)**

**9.4. Discontinued operations**

**Recognition and measurement**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operation.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

A Disposal Group is measured at the lower of its carrying amount and fair value less costs to sell. Where fair value is lower than the carrying amount, the difference is recognised as an impairment loss within the Income Statement. The results of discontinued operations are presented separately in the Income Statement and Statement of Comprehensive Income.

**Ultegra business**

Management committed to a plan to shutter the Ultegra business in February 2024, following a strategic decision, resulting from financial underperformance of this business. In June 2024, the Group sold part of the Ultegra business and the remaining part will be shuttered in FY25.

The Ultegra business was not previously classified as held for sale or as a discontinued operation. The comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

The results of the discontinued operations representing the Ultegra business are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from discontinued operation		
Revenue from customers	<b>47,882</b>	57,629
Other income	<b>427</b>	144
<b>Total revenue from discontinued operation</b>	<b>48,309</b>	<b>57,773</b>
<b>Expenses from discontinued operation</b>		
Employee benefits	<b>10,923</b>	11,214
Contractor costs	<b>26,703</b>	32,025
Materials and services	<b>11,261</b>	11,327
Depreciation	<b>326</b>	500
Amortisation - Intangible assets	<b>724</b>	580
Loss of goodwill on sale	<b>4,460</b>	-
Amortisation - Right-of-use assets	<b>886</b>	748
Finance costs - Leases	<b>22</b>	25
Other expenses	<b>6,797</b>	5,552
<b>Total expenses from discontinued operation</b>	<b>62,102</b>	61,971
<b>(Loss) before tax from a discontinued operations</b>	<b>(13,793)</b>	<b>(4,198)</b>
Income tax equivalents (benefit)/expense	<b>(2,800)</b>	(1,260)
<b>(Loss) for the year from discontinued operations</b>	<b>(10,993)</b>	<b>(2,938)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES (continued)**

**9.4. Discontinued operations (continued)**

The major classes of assets and liabilities sold are as follows:

	2024 \$'000	2023 \$'000
<b>Assets</b>		
Property, plant and equipment (Note 4.1)	863	-
Trade and other receivables	95	-
Inventories	284	-
Right-of-use assets	337	-
Assets disposed	<u>1,579</u>	<u>-</u>
<b>Liabilities</b>		
Provisions	238	-
Lease liabilities	346	-
Liabilities disposed	<u>584</u>	<u>-</u>
<b>Net assets directly associated with disposal group</b>	<u>995</u>	<u>-</u>

Details of the disposal are as follows:

	2024 \$'000	2023 \$'000
Total sale consideration	1,210	-
Carrying amount of net assets disposed	<u>(995)</u>	<u>-</u>
<b>Gain on disposal before income tax</b>	215	-
Income tax equivalents expense	<u>(65)</u>	<u>-</u>
<b>Gain on disposal after income tax</b>	<u>150</u>	<u>-</u>

The major classes of assets and liabilities held for sale at 30 June 2024 are as follows:

	2024 \$'000	2023 \$'000
<b>Assets</b>		
Property, plant and equipment (Note 4.1)	125	-
Assets held for sale	<u>125</u>	<u>-</u>

The net cash flows for discontinued operations are as follows:

	2024 \$'000	2023 \$'000
Net cash flows used in operating activities	(4,587)	(3,145)
Net cash flows from/(used in) investing activities	1,197	(913)
Net cash flows from financing activities	<u>4,528</u>	<u>4,100</u>
<b>Net cash inflow</b>	<u>1,138</u>	<u>42</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES (continued)**

**9.4. Discontinued operations (continued)**

**Waste business**

In June 2024, a decision was made by the Citywide Board to divest the Waste business following a strategic decision to place greater focus on the Group's key competencies. In June 2024, a Business Sale Agreement has been signed by Citywide and Cleanaway, with settlement to take place in FY25 after conditions precedent are met.

Management believe that conditions precedent are highly probable to be met in FY25. As the Waste business is immediately available for sale, has a plan for sale and has shareholder approval, the Waste business has been classified as held for sale.

The Waste business was not previously classified as held for sale or as a discontinued operation. The comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been re-presented to show the discontinued operation separately from continuing operations.

The results of the discontinued operations representing the Waste business are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from discontinued operation		
Revenue from customers	<b>79,443</b>	61,551
Other income	<b>105</b>	23
<b>Total revenue from discontinued operation</b>	<b>79,548</b>	<b>61,574</b>
<b>Expenses from discontinued operation</b>		
Employee benefits	<b>19,512</b>	15,149
Contractor costs	<b>13,188</b>	10,587
Materials and services	<b>31,488</b>	25,571
Depreciation	<b>3,539</b>	3,173
Amortisation - Intangible assets	<b>35</b>	72
Amortisation - Right-of-use assets	<b>792</b>	538
Finance costs - Leases	<b>145</b>	52
Other expenses	<b>3,667</b>	2,135
<b>Total expenses from discontinued operation</b>	<b>72,366</b>	<b>57,277</b>
<b>Profit before tax from a discontinued operations</b>	<b>7,182</b>	<b>4,297</b>
Income tax equivalents (benefit)/expense	<b>2,155</b>	1,289
<b>Profit for the year from discontinued operations</b>	<b>5,027</b>	<b>3,008</b>

The major classes of assets and liabilities held for sale at 30 June 2024 are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Property, plant and equipment (Note 4.1)	<b>16,234</b>	-
Intangible assets (Note 4.3)	<b>4</b>	-
Trade and other receivables	<b>5,525</b>	-
Inventories	<b>21</b>	-
Prepayments	<b>6</b>	-
Accrued Income	<b>2,161</b>	-
Right-of-use assets	<b>2,807</b>	-
<b>Assets held for sale</b>	<b>26,758</b>	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 30 JUNE 2024**

**9. OTHER DISCLOSURES (continued)**

**9.4. Discontinued operations (continued)**

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Liabilities</b>		
Trade and other payables	2,540	-
Lease liabilities	2,836	-
Accruals	6,079	-
Employee provisions	2,959	-
Income in advance	5	-
Liabilities directly associated with assets held for sale	<u>14,419</u>	-
<b>Net assets directly associated with disposal group</b>	<u>12,339</u>	-

The net cash flows for discontinued operations are as follows:

	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
Net cash flows from operating activities	11,694	8,132
Net cash flows used in investing activities	(7,332)	(125)
Net cash flows used in financing activities	(145)	(52)
<b>Net cash inflow</b>	<u>4,217</u>	<u>7,955</u>

**9.5. Events after reporting date**

There were no material matters or circumstances which have arisen subsequent to balance sheet date that have significantly affected or may significantly affect the operations of the Group, the result of those operations or the state of affairs of the Group.

**9.6. New accounting standards and interpretations**

At the date of this financial report there are no standards and interpretations which are applicable to the Group, which have been issued but are not yet effective.

The AASB has issued a list of other amending standards that are not effective for the 2023-24 reporting period. In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on the Group's reporting.

# Directors' declaration

In the Director's opinion:

- (a) The financial statements are in accordance with the Corporations Act 2001, including:
  - (i) Complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) Giving a true and fair view of the Group's consolidated financial position as at 30 June 2024 and of its performance for the financial year ended on that date.
- (b) The financial statements also comply with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in the relevant notes; and
- (c) There are reasonable grounds to believe that the Company and the group entities identified in Note 6.3.1 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Corporations (Wholly owned Companies) Instrument 2016/785.

This declaration is made in accordance with a resolution of the Directors.



John Brumby  
Chairman



Andrea Waters  
9 September 2024



# Independent Auditor's Report

## To the Directors of Citywide Service Solutions Pty Ltd

<b>Opinion</b>	<p>I have audited the consolidated financial report of Citywide Service Solutions Pty Ltd (the company) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>consolidated entity statement of financial position as at 30 June 2024</li> <li>consolidated entity statement of profit or loss and other comprehensive income for the year then ended</li> <li>consolidated entity statement of changes in equity for the year then ended</li> <li>consolidated entity statement of cash flows for the year then ended</li> <li>notes to the financial statements, including material accounting policies</li> <li>directors' declaration.</li> </ul> <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> <li>giving a true and fair view of the financial position of the consolidated entity as at 30 June 2024 and of the consolidated entity's financial performance and cash flows for the year then ended</li> <li>complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.</li> </ul>
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<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the company and the consolidated entity in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
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<b>Other Information</b>	<p>The Directors of the company are responsible for the Other Information, which comprises the information in the company's annual report for the period ended 30 June 2024, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
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**Directors' responsibilities for the financial report** The Directors of the company are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the company and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

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**Auditor's responsibilities for the audit of the financial report** As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, 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 my 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
- 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 and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- conclude on the appropriateness of the Directors' use of the going concern basis of accounting 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 and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation

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**Auditor's responsibilities for the audit of the financial report (continued)**

- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the company and the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the company and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the 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 I identify during my audit.

I also provide the Directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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MELBOURNE  
16 September 2024



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

## Auditor-General's Independence Declaration

### To the Board of Directors, Citywide Service Solutions Pty Ltd

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

### *Independence Declaration*

As auditor for Citywide Service Solutions Pty Ltd for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.



MELBOURNE  
16 September 2024

Travis Derricott  
*as delegate for the Auditor-General of Victoria*