



# WHITESTONE CONTRACTING LIMITED

www.whitestone.co.nz



Health &  
Safety  
AS/NZS  
4801



Quality ISO  
9001



Environment  
ISO 14001

31 August 2018

Mr F Power  
Waitaki District Council  
18 Thames Street  
**OAMARU 9400**

Dear Fergus,

Please find enclosed the Whitestone Contracting Limited 2018 Annual Report.  
We look forward to arranging a date with you for the presentation of the report to the Council.  
We have emailed a copy to Paul Hope and Ian Wells.

Yours faithfully,

Tony S Read  
**Corporate Services Manager**  
TR/BM

---

**Head office:**

State Highway One,  
Deborah  
P.O. Box 108  
Oamaru 9444  
Phone (03) 433-0240  
Fax (03) 434-1270

**Central Otago:**

28 Eclipse Street  
Alexandra 9320  
Phone (03) 448 8239

**Fairlie Depot:**

Allandale Road  
P.O. Box 24  
Fairlie 7949  
Phone (03) 685-9023  
Fax (03) 685-8506

**Waimate Depot**

57 Wilkin Street  
Waimate 7924  
Phone (03) 689-1017



**WHITESTONE**  
CONTRACTING LIMITED

2018  
ANNUAL  
REPORT



# Contents

The year in review	2
Ownership & vision	3
Services	4
Best practice	5
Social performance report	6
Environmental impact report	7
Financial performance report	8-9
Directors responsibility statement	10
The numbers	11
Statement of comprehensive income	12
Statement of changes in equity	13
Statement of financial position	14
Statement of cash flows	15
Notes to the financial statements	16
1. Accounting policies	17-24
2. Operating revenue	25
3. Operating expenditure	25
4. Tax expense	26-27
5. Employee benefit costs	27
6. Finance income and costs	28
7. Cash & cash equivalents	28
8. Trade and other receivables	29
9. Inventories	29
10. Work in progress	30
11. Prepayments	30
12. Property plant & equipment	31
13. Advance removal of overburden & capitalised quarry expenses	31
14. Trade and other payables	32
15. Provisions	32
16. Employee benefit liabilities	32
17. Prepaid income	33
18. Capital and reserves	33
19. Commitments	34
20. Contingent liabilities and contingent assets	34
21. Related party transactions	35-36
22. Categories of financial assets and liabilities	36
23. Goodwill	37
24. Events after balance date	37
Statement of service performance	38
Statutory information	39 – 41
Auditors report	42 – 45
Directory	46

# The year in review

## Financial Performance

Total revenue for the year was \$26.6 million, up 19% on the previous year.

The company achieved a \$1,365,363 profit pre-tax, donations and subventions up 34.8% from the previous year. This is the best profit performance the company has achieved since its inception and resulted in an 10.66% return on investment for the shareholder pre-tax, donations and subventions.

Over the last 5 years the average company profit pre-tax subventions and donations per annum exceeds \$1 million.

## Projects

The company has successfully completed a large number of projects, in particular the company has been working on:

- Hampden to Wainakarua Water Upgrade (North Otago)
- Oamaru Watermain Upgrade (Oamaru)
- Water Upgrade (Tapanui)
- Abbeyfield Subdivision (Mosgiel)
- Observatory Village Landscaping (Oamaru)
- Lake Tekapo Enterprises Subdivision (Tekapo)
- Shotover Subdivision Landscaping (Queenstown)
- Hanleys Farm Subdivision Landscaping (Queenstown)
- Waikouaiti Watermain upgrades (Waikouaiti)

The company has completed several other Watermain renewal projects for local authorities, along with a large number of other local authority projects.

The company also continues to successfully deliver on a number of local authority maintenance contracts for the Mackenzie and Waimate District Councils.

The company exceeded the budgeted throughput of asphalt product this year, with the company benefiting from owning a Terex asphalt plant capable of producing 80 tonnes an hour to service the local market in particular.

## Plant and Machinery

The company continues to invest in plant and equipment and to ensure we have a modern fleet able to perform the work to a high standard. The company reinvested approximately \$2.07 million in new capital during the financial year. The company made a significant investment in a new state of the art 12,000 litre bitumen sprayer to enable our sealing division to continue to deliver a high quality product for our clients and expanding the company's ability to respond to demand.

## Safety Performance

The company continues to focus on health and safety and environmental performance. The company achieved a zero lost time injury rate and zero serious harm incidents which is a credit to all the team members.

## Outlook

Whitestone Contracting has a positive outlook, continuing to tender for projects throughout the South Island of New Zealand. The company has significant forward workload contributing to a positive start to the 2018/19 financial year.

## Community

We continued to support the community through sponsorship of both Whitestone Contracting Stadium and the Oamaru Opera House during the period as well as several smaller projects with a grand total of \$74,187 put back into our community.

The company paid a dividend of \$503,549 during the period and made subvention payments of \$36,795 resulting in \$540,344 returned to the shareholder.

The company is proud to have delivered a total cash benefit back to the community of \$614,531.

Over \$4 million in benefits have been provided back to the shareholder and our community in the last 10 years.

## Board

I would like to thank my fellow directors for their dedication and commitment to the Company and to also express the board's gratitude to Glenn and his team for their efforts during what was in the end a rewarding year.



  
M J de Buyzer  
Chairman

# Company Ownership and Vision

**Whitestone Contracting Limited** is a Council controlled trading organisation (CCTO) being 100% owned by the Waitaki District Council. Whitestone Contracting Limited is controlled by directors appointed by its shareholder the Waitaki District Council.

The company retains three non-trading subsidiaries  
Whitestone Quarries & Landfill Limited (company number 2075953)  
Dunstan Sprayers Limited (company number 3932218)  
Dunstan Contracting Limited (company number 5081881)

Waitaki District Council (Parent Entity)

Whitestone Contracting Limited (CCTO)



## Vision

- To be a reputable and trusted contractor

## Mission

- To maximise shareholder returns whilst supporting the local community.



# Services



[www.whitestone.co.nz](http://www.whitestone.co.nz)

## **Civil works and property maintenance**

Earthworks  
Pavement construction  
Bridge construction and maintenance  
Road Realignments  
Road Shape corrections  
Driveways and car parks  
Cattle underpasses  
Culverts  
Property maintenance  
Cable locations  
Gravel and soil sales  
Plant Hire with operator

## **Utilities**

Reticulation installation and maintenance  
Intakes, Pumping stations  
Treatment Plants  
Service connections  
Drainage systems  
Camera Inspection

## **Landscape Services**

Landscaping  
Parks and Reserves maintenance  
Mowing  
Landscape supplies  
Turf Maintenance  
Garden Maintenance  
Branch Chipper

## **Landfill and refuse operations**

Maintenance of landfills  
Solid waste disposal facilities  
Refuse collection  
Solid fill disposal site

## **Quarries**

Gravel sales  
Bulk sales of all gravel products

## **Sealing**

Bitumen Surfacing  
Asphalt supply and lay

## **Spraying**

Agricultural spraying  
Vegetation and Weed control

## **Other Services**

Mechanics workshop  
Traffic Management Plans & Signs  
Project Management  
Pavement Design

# Best Practice



**Whitestone Contracting Limited** prides itself on being the best it can be. The company is focused on continual improvement of systems and processes to improve the way we operate.

Whitestone Contracting Limited holds ACC tertiary accreditation and is AS/NZS4801:2001 accredited. This means the company has safety systems in place of a very high standard. The company employs a full time Health, Safety and Environmental Coordinator.

The company is ISO 9001:2015 accredited. The company has a management system in place which meets good practice and the company is audited every twelve months to verify compliance with the system.

Whitestone Contracting Limited is ISO 14001:2015 accredited. ISO14001 accreditation confirms the company has environmental systems in place and is committed to continually improving our environmental performance.

Whitestone Contracting holds Green level (highest level) Sitewise accreditation.

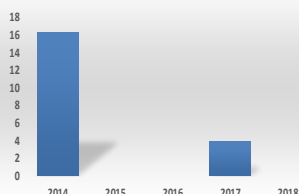
Whitestone Contracting Limited is a member of the following organisations:

Civil Contractors New Zealand  
Site Safe New Zealand  
Motor Trades Association

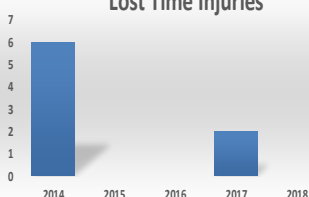


# Social performance report

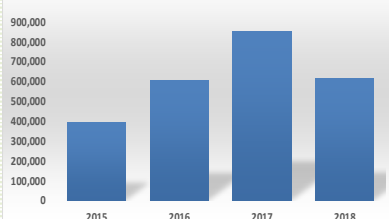
Lost Time Days Per 100,000 Hours



Lost Time Injuries



COMMUNITY BENEFIT  
(Dividends/Subventions/Donations&Sponsorships)



## We are committed to:

Attracting and retaining the best people for our organisation.

Maintaining a high level of transparent and effective communication with our shareholder.

Being an asset to the community through returns to the Shareholder, Waitaki District Council.

Being an asset to the community by supporting local community initiatives.

Providing employment in the district and ensuring the community receives competitive prices for work done.

## Our people and communities:

We utilise a wide range of training schemes via the industry training organisation's to continuously extend the skills of our staff and ensure that they are up to date with professional and technical current practice.

Performance reviews are undertaken for all management and staff on an annual basis.

We are committed to work together to ensure safe and sustainable working conditions for our employees.

An employee assistance programme is in place to support our employees.

## MEASURING OUR PERFORMANCE

### Employee safety and investment

	2018	2017
Number of full day time off workplace incidents	0	2
Number of Days lost	0	10

Training Expenditure	163,238	181,289
----------------------	---------	---------

Number of Fulltime Equivalent Employees at 30 June	115	114
--	-----	-----

### Sponsorships and donations

Oamaru Opera House Charitable Trust	20,000	20,000
North Otago Rugby Union	35,000	35,000
Oamaru Xmas Parade	2,241	933
Anzac/War Commemorations	0	158
Homelink	0	195
Tarras Golf Club	250	250
Tarras Collie Club	150	150
Wakatipu Rowing	0	350
Relay for Life	0	100
Mackenzie District Parades	1,291	314
Literacy North Otago	0	295
Clarkes Mill	0	485
Mackenzie District Tree Removal	0	4,853
Alexandra Community Defibrillator	0	200
Central Otago Fodder Beet Competition	436	0
Observatory Village Memorial Garden	2,395	0
Football Waitaki	350	0
Tekapo School	435	0
Hockey South Canterbury	130	0
Waimate Christmas in the Square	500	0
Roncalli College	300	0
Fire And Steam	5,000	0
Victorian Heritage Parade	154	939
Waimate Anzac Commemorations	555	0
Fairlie Community Board	5,000	0
Total Donations & Sponsorships	74,187	64,222



# Environmental impact report



## **We are committed to:**

- Enhancing environmental management systems.
- Ensuring the company's impact on the environment is consistent with the company's environmental policy.

## **Positive Impacts on the Environment**

Whitestone Contracting Limited provides a range of services which provide environmental benefits to the community. We provide tree care and landscaping services as well as vegetation and weed control services. We maintained parks and reserves for some Council clients as well as water and waste water networks during the period.

The company is committed to economically sustainable waste minimisation initiatives.

The company has had no breaches of consents or environmental breaches during the year.

## **Areas of Negative Effects Include**

The company uses significant quantities of gravel and ensures it has the necessary approvals from the Regional Council before extraction.

The company operates a modern asphalt plant which is consented and meets emission standards.

## **Waste Material Produced includes Green Waste, Hardfill, Cover Material.**

The company generates clean fill which is used to rehabilitate previously excavated land or deposited at our clean fill site in Beach Road Oamaru.

The Company operates chippers to reuse material from tree removal activities.

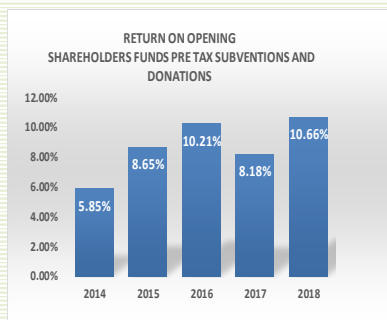
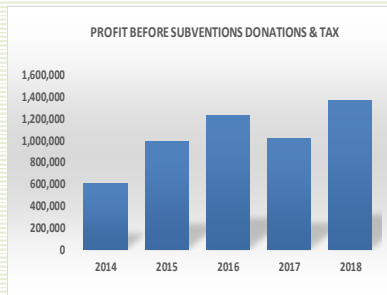
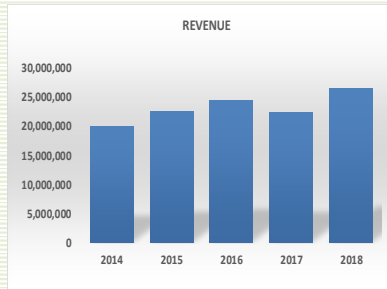
## **This year's environmental activities**

We continue to focus on maintaining our ISO 14001 accreditation and improving our focus on minimising work site environmental hazards through good job planning.

## **Over the next twelve months we plan to:**

Continue to promote our Environmental training programme to staff.  
Continue to consider the environment in all that we do.

# Financial performance report



## We are committed to:

Increasing shareholder returns through both distributions and capital growth.  
Maintaining the company with a risk averse approach while targeting sustainable long-term growth.  
Exceed the targeted return on opening shareholder funds.

## Our Finance and Risk Management Processes

To ensure reliable and timely financial information, the company has an effective management information system in place and an organisational structure that provides an appropriate division of responsibility and an efficient reporting framework. Enhancement of this system is continuous to ensure we meet or exceed market requirements. The company's Audit and Risk Committee provides the Board with additional assurance regarding the accuracy of reported financial information and is responsible for ensuring the Company has an effective internal control system in place. More information on policies and procedures the company has in place can be found in the Statement of Intent.

## Highlights for 2018

In overall terms, 2018 has been a year of increased turnover and a move to more construction contracts. The company has delivered successfully on a number of significant projects for a wide variety of clients. The company has posted its best pretax profit and has a positive outlook for 2019.

## Measuring our performance:

The trend statement on page 9 shows key indicators highlighting the company's performance. Further information on the financial results of the company are contained in the financial statements.

## Over the next 12 months we plan to:

Target increased turnover to in turn increase earnings per share by continuing to improve contract performance and ensuring effective cost control measures.  
Continue to maintain a diversified portfolio of work and clients to ensure continuity of returns to the shareholder.  
Continue developing staff to achieve ongoing positive contract outcomes.

# Financial performance report (continued)

	2018 \$	2017	2016	2015 \$	2014 \$
<b>Financial Performance</b>					
Revenue	26,662,130	22,410,320	24,423,017	22,629,004	19,949,183
<b>Surplus before income tax &amp; subvention payments &amp; donations</b>	<b>1,365,363</b>	<b>1,012,671</b>	<b>1,231,707</b>	<b>986,484</b>	<b>611,525</b>
Donations & Sponsorships	(74,187)	(64,222)	(60,858)	(394,468)	(56,087)
Subvention Payments	(36,795)	(640,000)	(273,833)	0	(23,732)
Surplus/(Deficit) before income tax	1,254,381	308,449	897,016	592,016	531,706
Income tax	(291,442)	(84,599)	(304,401)	72,160	(412,536)
Net Surplus/(Deficit)	962,939	223,850	592,615	664,176	119,170
<b>Financial Position</b>					
Total Current Assets	4,915,110	4,800,393	5,366,672	5,044,002	4,896,027
Total Non-Current Assets	12,206,809	11,564,914	10,687,600	10,374,365	10,587,797
Total Assets	17,121,919	16,365,307	16,054,272	15,418,367	15,483,824
Total Current Liabilities	3,293,892	2,899,742	3,061,718	2,689,574	3,318,466
Total Non-current Liabilities	565,025	661,953	606,164	663,018	763,759
Total Liabilities	3,858,917	3,561,695	3,667,882	3,352,592	4,082,225
Total Equity	13,263,002	12,803,612	12,386,390	12,065,775	11,401,599
<b>Statistics</b>					
Total Liabilities to Equity	0.29	0.28	0.30	0.28	0.36
Return on shareholders funds pre tax and subvention payments	9.74%	7.41%	9.45%	4.91%	4.87%
Return on opening shareholders funds pre tax subvention payments and donations	10.66%	8.18%	10.21%	8.65%	5.85%
Shareholders Funds to total assets	77.46%	78.24%	77.15%	78.26%	73.64%

A subvention payment is a payment made by a **profit company** (Whitestone Contracting Limited) to a loss company within the Group and is offset against the profit company's net income and reduces the loss company's available net losses. A subvention payment involves a real movement of money from Whitestone Contracting to another Waitaki District Council group company.

# Directors responsibility statement

The Directors are responsible for preparing the financial statements and ensuring that they comply with generally accepted accounting practice and present fairly the financial position of the company as at 30 June 2018 and the results of the operations and cash flows for the year ended on that date.

The Directors consider the financial statements of the company have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates and that relevant financial reporting and accounting standards have been followed.

The Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the company and facilitate compliance of the financial statements with the Financial Reporting Act 2013.

The Directors consider they have taken adequate steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities. Internal control procedures are also considered reasonable assurance as to the integrity and reliability of the financial statements.

**The Directors are pleased to present the financial statements of Whitestone Contracting Limited for the year ended 30 June 2018**

**For and on behalf of the directors**



**M J de Buyzer**  
Chairman



**R A Pickworth**  
Director

**Date 28 August 2018**

# The Numbers

# Whitestone Contracting Limited

## Statement of Comprehensive Income

### For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Operating Revenue	2	26,651,567	22,387,367
Operating Expenses	3	(25,288,580)	(21,386,887)
		1,362,987	1,000,480
Finance Income		10,563	22,953
Finance costs		(8,187)	(10,762)
Net Financing profit	6	2,376	12,191
Operating Profit Before Subvention Payments, Donations and Tax		1,365,363	1,012,671
Less Sponsorships and donations		(74,187)	(64,222)
Less Subvention Payments		(36,795)	(640,000)
Operating Profit/(Loss) Before tax		1,254,381	308,449
Less Taxation Expense	4	(291,442)	(84,599)
Net Profit After Tax		962,939	223,850
<u>Other Comprehensive Income</u>			
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation of property		-	372,142
- Deferred tax effect on revaluation		-	(28,770)
Other Comprehensive Income Net of Income Tax		-	343,372
Total Comprehensive Income		962,939	567,222



# Whitestone Contracting Limited

## Statement of Changes in Equity

### For the year ended 30 June 2018

#### 2018

Balance 1 July 2017

Profit/(Loss) for the year

Other comprehensive Income movements

**Total Comprehensive Income for the year**

Dividends to shareholders

**Balance 30 June 2018**

#### 2017

Balance 1 July 2016

Profit/(Loss) for the year

Other comprehensive Income movements

**Total Comprehensive Income for the year**

Dividends to shareholders

**Balance 30 June 2017**

Notes	Retained Earnings	Share Capital	Asset Revaluation Reserve	Total Equity
	\$	\$	\$	\$
	5,395,814	4,600,000	2,807,798	12,803,612
	962,939	-	-	962,939
	-	-	-	-
	962,939	-	-	962,939
	(503,549)			(503,549)
	5,855,204	4,600,000	2,807,798	13,263,002
	5,321,964	4,600,000	2,464,426	12,386,390
	223,850	-	-	223,850
	-	-	343,372	343,372
	223,850	-	343,372	567,222
	(150,000)			(150,000)
	5,395,814	4,600,000	2,807,798	12,803,612



# Whitestone Contracting Limited

## Statement of Financial Position

### As at 30 June 2018

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash & Cash equivalents	7	489,047	379,594
Trade & Other Receivables	8	3,439,459	3,376,437
Doubtful Debt Provision	8	(11,373)	(3,705)
Inventories	9	654,529	807,875
Work in progress	10	292,608	154,909
Prepayments	11	50,840	85,283
Total Current Assets		4,915,110	4,800,393
<b>NON CURRENT ASSETS</b>			
Plant, Property & Equipment	12	11,879,071	11,212,936
Advance removal of overburden	13	86,784	109,131
Goodwill	23	200,000	200,000
Easement		8,295	8,295
Mix Designs		10,684	12,719
Resource Consents		21,975	21,833
Total Non Current Assets		12,206,809	11,564,914
<b>Total Assets</b>		17,121,919	16,365,307
<b>CURRENT LIABILITIES</b>			
Trade payables	14	1,219,763	1,313,988
Provision for Goods and Services Tax		239,144	89,687
Accrued expenses		183,632	294,401
Accrued Employee Benefits - Current	16	1,131,867	1,128,222
Accrued Restoration costs	15	17,002	10,946
Prepaid income	17	336,615	130,989
Current tax Liability	4	165,869	(68,491)
Total Current Liabilities		3,293,892	2,899,742
<b>NON CURRENT LIABILITIES</b>			
Deferred tax liability	4	536,029	643,690
Accrued Employee Benefits - Non current	16	28,996	18,263
Total Non Current Liabilities		565,025	661,953
<b>Total liabilities</b>		3,858,917	3,561,695
<b>Net Assets &amp; Liabilities</b>		13,263,002	12,803,612
<b>EQUITY</b>			
Share Capital	18	4,600,000	4,600,000
Retained Earnings	18	5,855,204	5,395,814
Property Revaluation Reserve	18	2,807,798	2,807,798
<b>Total Equity</b>		13,263,002	12,803,612

# Whitestone Contracting Limited

## Statement of Cashflows

### For the year ended 30 June 2018

	Note	2018 \$	2017 \$
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Receipts from customers		26,564,040	21,758,646
Interest received		10,563	22,953
		<u>26,574,603</u>	<u>21,781,599</u>
Cash was applied to:			
Payments to suppliers & employees		(23,902,771)	(20,139,807)
Donations and Sponsorships		(74,187)	(64,222)
Interest paid		(8,187)	(10,762)
Subvention Payments made		(36,795)	(640,000)
Income Tax (paid)/refunded		(164,743)	(282,931)
		<u>(24,186,683)</u>	<u>(21,137,722)</u>
Net cashflows from operating activities		2,387,920	643,877
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from property, plant and equipment		296,047	252,168
		<u>296,047</u>	<u>252,168</u>
Cash was applied to:			
Property, plant and equipment purchased		(2,070,965)	(1,861,584)
Total cash applied		<u>(2,070,965)</u>	<u>(1,861,584)</u>
Net Cashflows to investing activities		(1,774,918)	(1,609,416)
<b>CASHFLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from borrowings		-	-
		<u>-</u>	<u>-</u>
Cash was applied to:			
Dividends Paid		(503,549)	(150,000)
Repayment of Borrowings		0	0
		<u>(503,549)</u>	<u>(150,000)</u>
Net cashflows from financing activities		(503,549)	(150,000)
Net increase/(decrease) in cash held		109,453	(1,115,539)
Cash held at the start of the year		379,594	1,495,133
Cash held at the end of the year		<u>489,047</u>	<u>379,594</u>
<u>Made up of:</u>			
BNZ current accounts		474,065	364,747
ANZ current accounts		14,722	14,687
Petty cash		260	160
		<u>489,047</u>	<u>379,594</u>

# Notes

# Notes to the financial statements for the year ended 30 June 2018

## **Note 1: Accounting Policies**

### **Reporting Entity**

The financial statements of Whitestone Contracting Limited are for the year ended 30 June 2018 and were authorised for issue by Directors on 28 August 2018.

The group consists of Whitestone Contracting Limited and its non-trading subsidiaries Whitestone Quarries and Landfill Limited (100% owned) and Dunstan Sprayers Limited (100% owned), Dunstan Contracting Limited (100% owned)

The parent company is itself a wholly-owned subsidiary of the Waitaki District Council and they have been informed about, and do not object to, the parent not presenting consolidated financial statements;

The financial statements comply with the Financial Reporting Act 2013, the Companies Act 1993, the Local Government Act 2002 and comprise statements of the following:

- Statement of Comprehensive Income
- Statement of Changes in Equity
- Statement of Financial Position
- Statement of Cash flows
- Significant accounting policies
- Notes to the financial statements in this annual report.

### **Basis of Preparation**

Whitestone Contracting Limited is a Council Controlled Organisation (as defined in Section 5 of the Local Government Act 2002) incorporated in New Zealand and is registered under the provisions of the Companies Act 1993. The company is wholly owned by the Waitaki District Council.

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). For the purposes of complying with NZ GAAP, the company is a for profit entity. These general purpose financial statements comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS (RDR)) and other applicable financial reporting standards, as appropriate for profit-oriented entities.

XRB A1 sets out which suite of accounting standards entities must follow. The company is eligible for and has elected to report in accordance with Tier 2 NZ IFRS (RDR) for the year ended 30 June 2018. The company has taken advantage of a number of disclosure concessions; however there was no recognition or measurement impact on adoption of NZ IFRS (RDR).

The financial statements have been prepared on an historical cost basis except for land and buildings which are revalued every three years. Next review is due 1 July 2019.

The financial statements are presented in New Zealand dollars, which is the company's functional currency.

The financial statements are prepared based on the reliance that the company is a going concern.

### **Specific Accounting Policies**

The following specific accounting policies that significantly affect the measurement of operating results, cash flows and financial position have been applied:

- Dividends are recognised when received.

# Whitestone Contracting Limited - Notes (continued)

## Income Recognition

- Operating revenues represent the gross revenue from commercial operations in the ordinary course of business and are recognised when earned.
- Interest income is recognised using the effective interest method.

## Construction Contracts

Profits on contracts are recognised progressively over the period of each contract. The amount included in the Statement of Comprehensive Income and the value of contract work in progress are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on a contract are recognised immediately. The method used to determine the proportion of work completed is the proportion of the contract cost incurred for work performed to date in relation to the estimated total contract costs.

If payments received from customers exceed the income recognised, then the difference is presented as prepaid income in the Statement of Financial Position.

## Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

## Leases

### Finance Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee whether or not the title is eventually transferred. The leased assets and corresponding liabilities are recognised and the leased assets are depreciated over the period benefit is expected from their use.

### Operating Leases

Operating leases are all other leases. These are charged on a straight-line basis over the term of the lease.

## Goods and Services Tax

These financial statements have been prepared on a GST exclusive basis and any net GST due or owing at balance date is included in debtors or creditors (as appropriate). Accounts receivable and accounts payable are stated inclusive of GST. Where GST is not recoverable as an input tax then it is recognised as part of the related asset and expensed.

## Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date. Current tax and deferred tax is charged or credited to the Statement of Comprehensive Income, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.



# Whitestone Contracting Limited - Notes (continued)

## Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

## Trade and Other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Bad debts are written off against the provision for doubtful debts in the period in which it is determined that the debts are uncollectible. If those debts are subsequently collected a gain is recognised in the Statement of Comprehensive Income.

## Inventories

Inventories, comprising materials and work-in-progress, are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis.

The write down from cost to net realisable value is recognised in the Statement of Comprehensive Income.

## Work in progress

Work-in-progress includes materials and labour accumulated against jobs, but not invoiced as at balance date.

## Financial Assets

The company classified its financial assets into the following four categories described below. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the Statement of Comprehensive Income.

Purchases and sales of assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used is the current bid price. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss.  
This category has two sub-categories; financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the Statement of Financial Position date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive income.

Currently the company does not hold any financial assets in this category.

# Whitestone Contracting Limited - Notes (continued)

- **Loans and receivables.**  
These are financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Income. Loans and receivables are classified as 'trade and other receivables' in the Statement of Financial Position.
- **Held to maturity investments.**  
Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the company has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Income.

Currently, the company does not hold any financial assets in this category.

- **Financial assets available for sale**  
Financial assets which are available for sale are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any other category. Currently the company does not hold any financial assets in this category.

## **Impairment of Financial Assets**

At each Statement of Financial Position date the company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Comprehensive Income.

## **Non-current Assets held for Sale**

Non-current assets held for sale are separately recognised as a current asset when the sale of an asset is highly probable and management are committed to a plan to sell the asset, which is expected to occur within one year. Non-current assets held for sale are valued at lower of the carrying value and the fair value less disposal costs.

## **Property, Plant and Equipment**

Property, plant and equipment are shown at cost, less accumulated depreciation and impairment losses. With the exception of land and buildings which is carried at fair value as detailed below.

### **Additions:**

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.



# Whitestone Contracting Limited - Notes (continued)

## Disposals:

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income.

## Subsequent costs:

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

## Depreciation

### General

Unless otherwise stated, all fixed assets are depreciated on a diminishing value basis at rates that will write-off their cost or valuation, less any estimated residual value, over their expected useful lives.

### Land

Land is not depreciated.

### Buildings

Buildings are depreciated at rates from 2% to 100% dependent on the method of construction.

### Other Assets

Small tools and equipment are not depreciated but replacements are expensed. All other assets are depreciated over their expected useful lives:

<u>Asset Category</u>	<u>Depreciation Method Diminishing Value</u>
Plant & Equipment	2.40% - 80.40%
Motor vehicles	12.00% - 36.00%
Office equipment	11.40% - 67.00%
Office furniture and fittings	11.40% - 80.40%
Computer software	40.00% - 60.00%
Computer Hardware	31.20% - 50.00%

The Asphalt plant is depreciated on a straight line basis at 5% per annum

The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

## Revaluations

Land and buildings are revalued to fair value with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

After recognition as an asset, an item of property, assets subject to revaluation whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a willing buyer and a willing seller in an arm's length transaction as at the valuation date.

Any revaluation surplus is recognised in other comprehensive income and credited to the asset revaluation reserve in equity, unless the increase relates to a revaluation decrease of the same asset previously recognised in the profit and loss.

Any revaluation deficit is recognised in other comprehensive income and credited to the asset revaluation reserve in equity to the extent of the revaluation reserve balance accumulated from previous year gains. When no revaluation reserve balance is available to offset a revaluation loss the revaluation deficit is reported within profit or loss for that year.

Revaluations are completed on an asset basis and movements are evaluated on an asset class basis.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to retained earnings.

# Whitestone Contracting Limited - Notes (continued)

## **Advance removal of overburden and waste rock unsold**

Advance removal of overburden and waste rock is amortised over the current year and succeeding income years in line with the expected benefit provided by the removal.

## **Capitalised quarry development expenditure**

Quarry development expenditure is amortised at a rate of 20% per annum.

## **Intangible Assets**

### **Software**

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring into use. Costs associated with maintaining computer software are recognised as an expense when incurred. The useful life of software is amortised on a diminishing value basis at a rate of 40-60%.

Costs associated with the development and maintenance of the company's website are recognised as an expense when incurred.

### **Goodwill**

Goodwill that arises as part of a business combination is recognised as an intangible asset. Goodwill is recognised on acquisition date as:

- The fair value of consideration transferred; less
- The fair value of assets acquired and liabilities assumed.

Goodwill is subsequently measured at cost less accumulated impairment losses.

Goodwill is tested for impairment annually

### **Resource Consents**

Resource consents acquired by the company have finite lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

### **Easements**

Easements acquired by the company are regarded as having infinite lives. They are not amortised but tested annually for impairment.

### **Asphalt Mix Designs**

Asphalt Mix designs developed by the company are regarded as having infinite lives. They are not amortised but tested annually for impairment.

## **Impairment of Non-financial Assets**

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service.

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For re-valued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the Statement of Comprehensive Income.

For assets not carried at a re-valued amount, the total impairment loss is recognised in the Statement of Comprehensive Income.

# Whitestone Contracting Limited - Notes (continued)

The reversal of an impairment loss on a re-valued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Comprehensive Income, a reversal of the impairment loss is also recognised in the Statement of Comprehensive Income.

For assets not carried at a re-valued amount (other than goodwill) the reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

## Employee Entitlements

### Short-term benefits

Employee benefits that the company expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

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

The company recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that the company anticipates it will be used by staff to cover those future absences.

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

### Long service leave

Entitlements that are payable beyond 12 months, such as long service leave; have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements and;
- the present value of the estimated future cash flows. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is applied on the expected long term increase in remuneration for employees.

## Superannuation schemes:

### *Defined contribution schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income in periods during which the services are rendered by employees.

## Provisions

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

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

## Financial Instruments

The Group is party to financial instrument arrangements as part of everyday operations. These financial instruments include bank overdraft facilities and draw-down facilities, short-term deposits, investments, accounts receivable and accounts payable.

# Whitestone Contracting Limited - Notes (continued)

All financial instruments are recognised in the Statement of Financial Position. Income and expenditures in relation to all financial instruments are recognised in the Statement of Comprehensive Income. Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

## Equity

Equity is the Shareholders interest in the Company as measured by total assets less total liabilities.

The components of equity are:

- Share Capital.
- Retained Earnings
- Revaluation Reserve

## Critical Accounting Estimates and Assumptions

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

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## Construction work in progress

Construction work in progress is the significant area where estimates have been made. This has been calculated in accordance with the construction work in progress policy.

## Revaluation of property, plant and equipment

The Company carries its land and buildings (classified as property, plant and equipment) at revalued amounts.

Land and buildings were valued by reference to market based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of property.

## Estimated Impairment of goodwill

Goodwill is tested annually for impairment, in accordance with accounting policies disclosed. The recoverable amount of cash generating units have been determined based on value in use calculations, the inputs to these includes a fair value amount of estimation and judgement.



Big Fruit Redevelopment Cromwell



# Whitestone Contracting Limited - Notes (continued)

## NOTE 2: OPERATING REVENUE

Includes;

Non construction contract revenue

Construction contract revenue

Rental Income

Dividends

Depreciation Recovered

Gain on Sale of property, plant and equipment

2018	2017
\$	\$
13,058,311	12,805,488
13,357,851	9,357,779
64,167	55,606
24	24
169,028	158,900
2,186	9,570
26,651,567	22,387,367

## NOTE 3: OPERATING EXPENDITURE

Included in operating expenses are the following items:

Remuneration of auditor

- audit fees

- taxation compliance services

Depreciation

Loss on sale of fixed assets

Directors' fees

Donations & Sponsorships

Rental and operating lease costs

Changes in provision for doubtful debts

Bad debts written off

Bad Debts Recovered

Fringe Benefit Tax

Insurance Premiums

Accident Insurance

Employee Benefits

Amortised advance removal of overburden

Stock obsolescence provision

Impairment Resource Consents

Impairment Asphalt Mix Designs

Impairment of plant and machinery

Materials

2018	2017
\$	\$
23,790	23,372
6,572	7,385
1,271,941	1,224,756
7,186	14,063
196,000	165,000
74,187	64,222
125,170	140,963
7,549	(139,785)
881	106,561
-	-
87,174	162,851
213,799	199,367
119,865	115,159
8,550,502	8,738,164
22,347	19,251
(45,000)	15,000
728	728
2,035	2,035
-	11,882
3,949,364	2,414,944

# Whitestone Contracting Limited - Notes (continued)

## NOTE 4: TAX EXPENSE

	2018	2017
	\$	\$
<b>Components of tax expense</b>		
Current tax expense in respect of current year	354,129	228,483
Adjustments to current tax in respect of prior years	44,975	( 179,209)
Deferred tax expense in respect of current year	7,546	35,325
Deferred tax expense in respect of prior year	( 115,208)	-
Tax expense	291,442	84,599

Operating profit before income tax	1,254,381	308,449
Tax thereon at 28%	351,227	86,366
<i>Plus/(less) taxation effect of differences:</i>		
Tax effect of non assessable income	(612)	(3,268)
Tax effect of non deductible expense	757	1,501
Tax effect of prior year adjustment	(33,438)	-
Tax effect of Subvention payment	(26,492)	-
Tax Effect of Differences	(59,785)	(1,767)
Tax Expense	291,442	84,599

	2018	2017
	\$	\$
<b>Current tax balances</b>		
Tax refund available	-	68,491
Current tax liability	(165,869)	-
	(165,869)	68,491
<b>Deferred tax balance</b>		
Deferred tax asset	281,204	261,266
Deferred tax liability	(817,233)	(904,956)
Net Deferred tax (liability)	(536,029)	(643,690)

	2018	2017
	\$	\$
Imputation Credit Account		
Balance at the beginning of the year	2,101,176	1,876,581
Income Tax payments	189,998	282,929
Credits attached to dividends paid	(195,826)	(58,334)
Refunds and transfers	( 25,248)	-
Balance at the end of the year	2,070,100	2,101,176

The balance of the imputation account is not recorded in the financial statements

# Whitestone Contracting Limited - Notes (continued)

## DEFERRED TAX

	Opening balance sheet	Recognised in other comprehensive Income	Recognised in profit or loss	Closing balance sheet assets	Closing balance sheet liabilities	Closing balance sheet net
<b>2018</b>						
Property, plant and equipment	(520,582)	0	40,365	0	(480,217)	(480,217)
Employee benefits	198,396	0	(10,764)	187,632	0	187,632
Provisions	(321,504)	0	78,060	0	(243,444)	(243,444)
Balance at end of the year	(643,690)	0	107,661	187,632	(723,661)	(536,029)

## 2017

Property, plant and equipment	(483,252)	(28,770)	(8,560)	0	(520,582)	(520,582)
Employee benefits	212,050	0	(13,684)	198,396	0	198,396
Provisions	(308,393)	0	(13,111)	0	(321,504)	(321,504)
Balance at end of the year	(579,595)	(28,770)	(35,355)	198,396	(842,086)	(643,690)

The tax rate used in the above reconciliation is the corporate tax rate of 28% payable on taxable profits under New Zealand tax law.

## NOTE 5: EMPLOYEE BENEFIT COSTS

	2018	2017
	\$	\$
Salaries and Wages	8,324,517	8,518,426
Severance Payments	1,614	98,418
Employer Contributions to superannuation schemes	209,993	214,382
Increase/(Decrease) in employee benefit liabilities	14,378	(93,062)
Total Employee Benefit Costs	8,550,502	8,738,164

## Includes;

	2018	2017
	\$	\$
Key Management Personnel compensation	807,050	802,180

Key management personnel includes the Chief Executive and 3 members of the company's management team.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 6: FINANCE INCOME AND COSTS

### Financing Income:

Interest Income

Total finance Income

2018	2017
\$	\$
10,563	22,953
10,563	22,953

### Finance Expenditure:

Interest expense - borrowings

Interest Expense - Other

Total Interest expense on borrowings

Net finance profit/loss

8,187	12
-	10,750
8,187	10,762
2,376	12,191

## NOTE 7: CASH AND CASH EQUIVALENTS

Cash at Bank

Petty Cash

Short term deposits maturing three months or less  
from date of acquisition

Total cash and equivalents

Bank overdrafts

Net cash equivalents and bank overdrafts for the  
purposes of the statement of cashflows

2018	2017
\$	\$
488,787	379,434
260	160
-	-
489,047	379,594
-	-
489,047	379,594

The group bank overdraft facility totals \$1,000,000. (2017: \$1,000,000)

The current interest rate on the overdraft facility is 5.10% (2017 5.00%)

In addition the company has an undrawn Customised Average Rate loan facility of \$1,500,000

### Security

Loans from the Bank of New Zealand are secured by debenture over the company assets and undertakings including a registered first mortgage against the Deborah Depot, the Allandale Road depot, Camerons Pit, 460 Palmerston Dunback Road and a Security interest in specified plant and machinery.



# Whitestone Contracting Limited - Notes (continued)

## NOTE 8: TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Gross trade and other receivables	2,674,509	2,467,320
Waitaki District Council	514,614	527,305
Waitaki District Council retentions	197,981	76,904
Contract Retentions other	52,355	304,908
	3,439,459	3,376,437
Less provision for impairment	(11,373)	(3,705)
Total trade and other receivables	3,428,086	3,372,732

### Movements in provision for impairment

	2018	2017
	\$	\$
Opening Balance	3,705	121,333
Additional provisions made during the year	8,681	(11,067)
Less Provision for Doubtful Debts written off	(1,013)	(106,561)
Balance at 30 June	11,373	3,705

## NOTE 9: INVENTORIES

	2018	2017
	\$	\$
Metal and soil stocks	355,308	514,581
Other Supplies	299,221	338,294
Provision for obsolescence	-	(45,000)
Total Inventories	654,529	807,875

No inventories are pledged as security for liabilities; however some inventories are subject to retention of title clauses.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 10: WORK IN PROGRESS

	2018	2017
	\$	\$
Cost	6,951,712	5,290,664
Profit Recognised to Date	837,606	949,609
Gross Construction WIP	7,789,318	6,240,273
Progress billings	(7,746,417)	(6,196,187)
Net Construction Work in progress	42,902	44,086
Represented as:		
Prepaid Income	(334,949)	(129,323)
Work In progress	177,184	102,842
Other Maintenance Contracts	115,424	52,067
Total Work In Progress	292,608	154,909

## NOTE 11: PREPAYMENTS

	2018	2017
	\$	\$
Prepaid Trade Creditors	50,840	85,283
Total Prepayments	50,840	85,283





# Whitestone Contracting Limited - Notes (continued)

## NOTE 12: PLANT PROPERTY AND EQUIPMENT

### Cost

	Plant & Equipment	Motor Vehicles	F&F Office Equip	Land	Buildings	Total
Balance at 1 July 2017	17,763,055	2,400,231	817,283	2,907,500	1,669,049	25,557,119
Revaluation	0	0	0	0	-	0
Additions	1,698,395	342,864	37,429	121,183	79,383	2,279,254
Capital Work in Progress	(209,161)					(209,161)
Disposals at cost	(960,360)	(281,181)	(48,625)	0		(1,290,166)
Reclasification	0	0	0	0	0	0
Balance at 30 June 2018	18,291,929	2,461,914	806,087	3,028,683	1,748,432	26,337,046

### Accumulated depreciation and impairment losses

Balance at 1 July 2017	11,874,107	1,661,453	765,425	0	43,198	14,344,183
Depreciation Expense	1,000,164	202,709	29,901	0	39,166	1,271,940
Impairment losses	0	0	0	0	0	0
Accumulated depreciation reversal	(847,613)	(262,877)	(47,658)		0	(1,158,148)
Reclasification	0	0	0	0	0	0
Balance at 30 June 2018	12,026,658	1,601,285	747,668	0	82,364	14,457,975

### Carrying Amounts

30 June 2018	6,265,271	860,629	58,419	3,028,683	1,666,069	11,879,071
--------------	-----------	---------	--------	-----------	-----------	------------

### Carrying Amounts

30 June 2017	5,888,948	738,778	51,858	2,907,500	1,625,852	11,212,936
--------------	-----------	---------	--------	-----------	-----------	------------

The land and buildings were revalued effective 1 July 2016. At that time the company engaged the services of Mr Hugh Perkins Registered valuer. It is noted our valuer Mr Perkins is a Waitaki District Councillor. Mr Perkins has estimated the amount for which the asset should exchange on the date of valuation between a willing buyer and a willing seller. The valuations were based on open market sales with appropriate adjustment for location, standard of improvements and general conditions. The next revaluation is July 2019.

## NOTE 13: ADVANCE REMOVAL OF OVERBURDEN & CAPITALISED QUARRY EXPENDITURE

	2018	2017
	\$	\$
Opening Balance of Advance removal of Overburden and waste rock	109,131	128,382
Amortisation	(22,347)	(19,251)
Total Capitalised Quarry Expenditure	86,784	109,131



# Whitestone Contracting Limited - Notes (continued)

## NOTE 14: TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
Waitaki District Council	43,781	1,170
Trade creditors	1,175,983	1,312,818
Total accounts payable	1,219,763	1,313,988

## NOTE 15: PROVISIONS

	2018	2017
	\$	\$
Opening Provision for restoration of land	10,946	19,000
Movement	6,056	(8,054)
Total Provisions	17,002	10,946

*This is all current in nature*

This provision is for the restoration of gravel sites back to their agricultural use once gravel extraction activities have ceased.

## NOTE 16: EMPLOYEE BENEFIT LIABILITIES

	2018	2017
	\$	\$
<b>Employee Entitlements</b>		
Accrued Pay	535,562	492,991
Annual Leave	575,795	610,508
Sick Leave	22,306	12,422
Long Service Leave	27,200	30,564
Total	1,160,863	1,146,485

Comprising

Current	1,131,867	1,128,222
Non Current	28,996	18,263
	1,160,863	1,146,485

# Whitestone Contracting Limited - Notes (continued)

## NOTE 17: PREPAID INCOME

	2018	2017
	\$	\$
Waitaki District Council	114,689	74,664
Other	221,926	56,325
Total prepaid income	336,615	130,989

*This is all current in nature*

## NOTE 18: CAPITAL AND RESERVES

	2018	2017
	\$	\$
Opening Share Capital	4,600,000	4,600,000
Closing Share Capital	4,600,000	4,600,000
Retained earnings		
Opening Balance	5,395,814	5,321,964
Net Surplus	962,939	223,850
Dividend Paid	(503,549)	(150,000)
Closing Retained Earnings	5,855,204	5,395,814
Opening Property Revaluation Reserve	2,807,798	2,464,426
Revaluation	-	343,372
Closing Revaluation	2,807,798	2,807,798
Total Equity	13,263,002	12,803,612

The company has 4,600,000 shares issued. All shares carry equal voting rights in any surplus on winding up of the company. None of the shares carry fixed dividend rights nor have any par value. All shares are fully paid up.

Dividends declared and paid equates to \$503,549. (2017 \$150,000)

The property revaluation reserve arises in the revaluation of land and buildings. When revalued land and buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to the profit and loss

# Whitestone Contracting Limited - Notes (continued)

## NOTE 19: COMMITMENTS

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2018	2017
	\$	\$
One year or less	136,355	100,329
One to five years	189,061	65,765
Over five years	-	-
	325,416	166,094

The company also has a photocopier contract based on a target number of copies over the contract term. This contract has 1,178,000 copies remaining.

This is expected to be completed in 2020 at a total cost of \$41,284

The company was committed to the purchase of the following items at balance date:

Underbody gravel spreader	\$108,900
Dust suppression unit	\$19,402
Chain Spreader	\$13,750

## NOTE 20: CONTINGENT LIABILITIES & CONTINGENT ASSETS

There are performance bonds as at 30 June 2018 in favour of:

	2018	2017
	\$	\$
Waitaki District Council	383,157	213,341
Mackenzie District Council	195,000	248,272
Timaru District Council	-	105,794
Clutha District Council	18,038	22,486
Elloughton Grange	61,641	61,641
Radius Residential Care	151,873	139,084
Dunedin City Council	72,938	73,579
Waimate District Council	157,500	150,000
Central Otago District Council	115,000	100,000
Alliance Group Ltd	-	28,387
Kim Taylor of AKGO Ltd	62,838	54,642
RCL Henley Downs Ltd	218,128	-
Homestead Bay Peak Development	63,404	-
	1,499,517	1,197,226

Bonds are held guaranteeing fulfilment of obligations under particular contracts.

The company is released from the obligations when the performance criteria under the contract are met.

The company has no contingent assets (2017 \$nil).

# Whitestone Contracting Limited - Notes (continued)

## NOTE 21: RELATED PARTY TRANSACTIONS

2018	2017
\$	\$

### (a) Intergroup transactions and balances

#### Waitaki District Council

Services provided to Waitaki District Council	5,502,908	3,604,744
Services received from Waitaki District Council	89,289	50,793
Amounts owing to Council	43,781	1,170
Amounts receivable from Council	712,595	604,209

#### Waitaki District Health Services

Services provided to Waitaki District Health Services	11,174	11,174
Amounts receivable from Waitaki District Health Services	1,071	1,071

#### Tourism Waitaki

Services provided to Tourism Waitaki	4,496	13,508
Amounts receivable from Tourism Waitaki	614	0

The company supplies civil construction and maintenance contracting services to the Waitaki District Council. The company also leases facilities to the Waitaki District Council.

The Company is related to other council owned enterprises such as Tourism Waitaki, Waitaki District Health Services and Omarama Airfield Ltd.

The amounts included in this note exclude goods and services tax. All services supplied were on normal commercial terms.

Except for these transactions no other directors have entered into related party transactions with the group. The amounts outstanding at year end are payable on normal trading terms. No related party debts have been written off or forgiven during the year.



# Whitestone Contracting Limited - Notes (continued)

## (b) Key Management and Directors

### Sales to Whitestone Contracting Limited

Supplying Entity	Related Party Name	Nature of related party	Amount for the year	Owing at balance date	Description of transactions
Berry & Co	M J de Buyzer	Director	13,846	0	Legal Services
Deloitte	S Thompson	Consultant	32,356	2,565	Consulting Services
Delta Utility Services Limited	S Grave	Director	210	0	Contracting services
		GM Infrastructure and			
Steel & Tube	R A Pickworth	Shareholder	3,792	0	Material supplies
Fulton Hogan Limited	S W Grave	Shareholder	838,497	92,414	Material supplies and Contracting Services
North Otago Motor Group	C Wollstein	Director	412,005	9,212	Parts, Mechanical Repairs and Vehicle supplies

### Purchases from Whitestone Contracting Limited

Receiving Entity	Related Party Name	Nature of related party	Amount for the year	Owing at balance date	Description of transactions
Berry & Co	M J de Buyzer	Director	0	0	Contracting Services
M J de Buyzer	M J de Buyzer	Director	1,113	0	Contracting Services
L Clarke	L Clarke	Manager	6,832	826	Material supplies and workshop services
G E Campbell	G E Campbell	Chief Executive	4,840	0	Contracting and Workshop Services
T S Read	T S Read	Manager	1,341	0	Fuel & contracting services
J A Hardy	J A Hardy	Manager	655	0	Material supplies, Workshop & Contracting services
S Thompson	S Thompson	Director	3,301	94	Fuel Supplies
Netcon Limited	S Thompson	Chairman	20,143	0	Contracting Services
Delta Utility Services	S Grave	Director	1,612	0	Contracting Services
S Grave	S Grave	Director	1,990	309	Fuel Supplies
Alpine Energy Limited	S R Thompson	Chairperson	4,673	0	Contracting Services
Fulton Hogan Limited	S W Grave	Shareholder	1,140,062	186,361	Contracting Services

## NOTE 22: CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

2018	2017
\$	\$

### Loans & receivables

Trade and other receivables  
Cash & Cash equivalents  
Total loans and receivables

3,428,086	3,372,732
489,047	379,594
3,917,133	3,752,326

### Financial liabilities measured at amortised cost

Trade and other payables  
Provision for Goods and Services Tax  
Accrued expenses  
Total financial liabilities measured at amortised costs

1,219,763	1,313,988
239,144	89,687
183,632	294,401
1,642,539	1,698,076

# Whitestone Contracting Limited - Notes (continued)

## NOTE 23: GOODWILL

	2018	2017
	\$	\$
<b>Cost</b>		
Balance at 1 July 2017	200,000	200,000
Acquisitions	-	-
	200,000	200,000
<b>Amortisation and Impairment losses</b>		
Amortisation	-	-
Impairment	-	-
Carrying Balance 30 June 2018	200,000	200,000

The company purchased the business of Dunstan Sprayers from Harrex Contracting Limited on 1 September 2012. The acquisition included plant, machinery and stock, forward contracts and remaining management expertise.

The board have assessed the Goodwill and are satisfied no impairment in Goodwill has occurred.

### Dunstan Contracting

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial estimates covering a five-year period and a discount rate of 19% per annum. Cash flow projections during the estimate period are based on the same expected gross margins and raw materials price inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 2.5% per annum growth rate.

The directors believe that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

## NOTE 24: EVENTS AFTER BALANCE DATE

No adjusting or significant non adjusting events have occurred between the reporting date and the date of authorisation of these financial statements.



# Statement of Service Performance Report

The Statement of Intent which is agreed between the directors of Whitestone Contracting Limited and the Ultimate Controlling entity The Waitaki District Council provides for the following performance targets:

Achieve a before income tax return (prior to donations, sponsorships and subvention payments) on opening Shareholders funds that exceeds 8%	Achieved
Shareholders funds to total assets >40%	Achieved
Maintain ISO9001 registration and related Quality Assurance programmes	Maintained
Maintain a high standard of health and safety in relation to WCL's employees, customers, suppliers, subcontractors and the public, as measured by maintaining NZS4801 safety management systems accreditation.	Maintained
Maintain a total injury frequency rate of <7 per 200,000 hours worked or 35 per million hours worked.	Maintained
Maintain ISO 14001 standard to ensure the company has systems in place to environmental legislative and regulatory requirements.	Maintained
Compliance with the Resource Management Act – no reported breaches	Compliance Achieved
Support community initiatives with over \$50,000 of sponsorship per annum.	Achieved





# Statutory Information

## Current Directors

Michael John de Buyzer  
 Peter John Rowell  
 Stephen Richard Thompson  
 Ross Anthony Pickworth  
 Steven William Grave

## Appointed

1 July 2008  
 7 September 2012  
 11 December 2012  
 1 January 2016  
 1 January 2017

## DIRECTORS REMUNERATION

	Fees	Extra Fees	Travel
M de Buyzer	56,000	0	0
J Rowell	35,000	0	7,558
S Thompson	35,000	0	1,295
R Pickworth	35,000	0	3,505
S Grave	35,000	0	3,807
	196,000	0	16,164

## Employees remuneration

The company had 16 employees who received remuneration of \$100,000 or more per annum.

Total remuneration and other benefits  
 \$ (000)

Number of employees

### Personnel over 100,000

100-110	5
120-130	4
130-140	2
140-150	1
160-170	0
170-180	3
280-290	1

## Recommended Dividend

No further distributions have been resolved as at 30 June 2018.

## Sponsorships and Donations

Sponsorships and donations totalled \$74,187 (\$64,222 : 2017).

# Statutory Information

## Entries made in the interests register

- **Interests in transactions**  
No transactions have taken place between the directors and the company which are not in the ordinary course of the company's business and on its usual terms and conditions.
- **Use of Company Information by Directors**  
During the year the board received no notices from directors of the company requesting to use Company information received in their capacity as directors which would not otherwise have been available to them.
- **Shareholding by Directors**  
No directors hold shares in the Company.
- **Indemnity and insurance**  
During the year the company paid premiums insuring all directors of Whitestone Contracting Limited in respect of liability and costs permitted to be insured against by legislation.

## Directors Interests Disclosed

### M de Buyzer

Berry & Co	Partner
Banco Trustees Limited	Director/Shareholder
BCO Trustees (2011) Limited	Director/Shareholder
BCO Trustees (2012) Limited	Director/Shareholder
BCO Trustees (2013) Limited	Director/Shareholder
BCO Trustees (2014) Limited	Director/Shareholder
BCO Trustees (Mertha) Limited	Director/Shareholder
BCO Trustees (2015) Limited	Director/Shareholder
BCO Trustees (2016) Limited	Director/Shareholder
BCO Trustees (Robertson) Limited	Director/Shareholder
Camp Street Properties Limited	Director/Shareholder
Friendly Bay Limited	Director/Shareholder
Mallinson Trustees Limited	Director
McBride Street Queenstown Limited	Director
McPhail Investments Limited	Director
NZ Law Limited	Director
Observatory Village Charitable Trust	Trustee

### J Rowell

Mining Equipment Limited	Director and Shareholder
Kinloch Machinery Ltd	Sole Director

### R Pickworth

Steel & Tube Holdings Limited – Infrastructure	General Manager and Shareholder
WestRoads Limited	Director

### S Grave

Delta Utility Services Limited	Director
Blakely Construction Limited	Director
Fulton Hogan Ltd	Shareholder
Fulton Hogan Ltd	K M & S W Grave Family Trust Shareholder
Steve Grave Consulting Limited	Principal

# Statutory Information

## **S Thompson**

Alpine Energy Limited	Chairman
Aurora Energy Limited	Chairman
Cairnmuir Road Winery Limited	Director
F S Investments Limited	Director
Integrated Contract Solutions Limited	Director
Keanos Trustee Company Limited	Director
Millennium Solutions Limited	Director
Netcon Limited	Chairman
NT Partnership	Director
Owhiro River Limited	Shareholder
Passmore Consulting Services Limited	Director
Prospectus Nominees	Shareholder/Director
Queensberry Partnership	Director
Sarita Holdings Limited	Director
Timaru Electricity Limited	Chairman
Thompson Bloodstock Limited	Chairman
Wanaka Bay Limited	Director
Westminster Resources Limited	Director

Relevant Directorships and interests during the period have been disclosed in the Annual Report. A full listing is available in the company's interests register held at its head office.



# Audit Report



**Crowe Horwath**  
**New Zealand Audit Partnership**  
Member Crowe Horwath International

173 Spey Street  
Invercargill 9810 New Zealand  
Private Bag 90106  
Invercargill 9840 New Zealand  
Tel +64 3 211 3355  
Fax +64 3 218 2581  
[www.crowehorwath.co.nz](http://www.crowehorwath.co.nz)  
[audit.invercargill@crowehorwath.co.nz](mailto:audit.invercargill@crowehorwath.co.nz)

## INDEPENDENT AUDITOR'S REPORT

### TO THE READERS OF WHITESTONE CONTRACTING LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2018

The Auditor-General is the auditor of Whitestone Contracting Limited (the company). The Auditor-General has appointed me, Michael Lee, using the staff and resources of Crowe Horwath Audit Partnership, to carry out the audit of the financial statements and performance information of the company on his behalf.

#### Opinion

We have audited:

- the financial statements of the company on pages 12 to 37, that comprise the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on pages 38.

In our opinion:

- the financial statements of the company on pages 12 to 37:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime.
- the performance information of the company on pages 38 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2018.

Our audit was completed on 28 August 2018. This is the date at which our opinion is expressed.

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

# Audit Report



## **Basis for our opinion**

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

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

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

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

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

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

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

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

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

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

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

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

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

# Audit Report



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

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

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 to 9 and pages 39 to 41, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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



# Audit Report



## **Independence**

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

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

A handwritten signature in blue ink, appearing to read "Michael Lee", with a long horizontal flourish extending to the right.

**Michael Lee**

Crowe Horwath New Zealand Audit Partnership  
On behalf of the Auditor-General  
Invercargill, New Zealand

# Directory

## Directors

### **Michael John de Buyzer**

LLB Notary Public (Appointed 1 July 2008)

### **Peter John Rowell**

(Appointed 7 September 2012)

### **Stephen Richard Thompson**

Bcom, F.C.A (PP), CFInstD (Appointed 11 December 2012)

### **Ross Anthony Pickworth**

M.B.A, B.Eng (Electrical), NZCE (Electrical)  
(Appointed 1 January 2016)

### **Steven William Grave**

B.E(Hons)Civil, NZCE (Civil)  
(Appointed 1 January 2017)



## Postal Address

P O Box 108, Oamaru  
Phone (03) 433 0240  
Fax (03) 434 1270

## Auditors

M Lee, Crowe Horwath New Zealand Audit Partnership  
On behalf of the Controller and Auditor  
General Wellington

## Bankers

Bank of New Zealand  
ANZ

## Solicitors

Hope & Associates, Oamaru  
Berry & Co, Oamaru

## Authorised Capital

4,600,000 Ordinary Shares

## Company Number

DN 549270

## Country of Incorporation

New Zealand

## Registered Office

State Highway One, Deborah, Oamaru

## Insurer

Marsh Ltd (Brokers)

## Managers

Chief Executive	Glenn Campbell
Operations Manager	Julian Hardy
Corporate Services Manager	Tony Read
Business Development Manager	Linton Clarke

## Web address

[www.whitestone.co.nz](http://www.whitestone.co.nz)