



**WHITESTONE**  
CONTRACTING LIMITED



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**ANNUAL REPORT**  
**2021**

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**THE YEAR  
IN REVIEW**

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# THE YEAR IN REVIEW

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## FINANCIAL PERFORMANCE

The company recorded a \$184,675 surplus for the year to 30 June 2021. This compares to \$1,045,389 profit last year.

The 2021 result is due to a slow start to the financial year as New Zealand came out of Covid-19 lockdown. Limited opportunities were available for our Civil team in the early part of the year and many of the opportunities that did present took some time to commence due to a variety of reasons including consenting delays and material supply delays.

The company secured a 10-year vegetation control contract in Dunedin which began on 1 May 2020. This has taken some heavy resource to get established but will provide long term benefit.

The company has continued its investment in the Central Otago region with the acquisition of plant and machinery in that region. This investment is beginning to show dividends as the workload has increased over the past year.

The company's forward outlook is positive, with a number of projects being secured now that will lead the company well into the new financial year which should assist the company in returning to its previous profitability.

## PROJECTS

Work has occurred on a number of projects – including:

Cemetery Road Subdivision Mosgiel, Oamaru Reservoir upgrade works, McBrimar Holmes Hill Subdivision, Derwent St Water and Sewer upgrade, Bennett's Bluff Carpark, Waitaki District Minor Safety Improvements, Hanley Farms Subdivision Landscaping Works, Derwent and Reed St Roundabout, Palmerston watermain replacements, Aubrey Road Wanaka Shared pathway and Waitaki District Footpath upgrades.

The company has a suite of Maintenance Contracts in Mackenzie District, Central Otago and Dunedin City making up 44% of the Revenue to 30 June 2020.

The company was unsuccessful in retaining the Waimate Road Maintenance Contract and completed this contract on 30 June 2021.

The company has restructured both its Maintenance and Civil Divisions to adjust for these changes and to ensure the company's profitability moving forward.

## PLANT AND MACHINERY

The company's commitment to investment in plant and equipment to ensure we have a modern fleet resulted in an investment over \$2.18 million during the financial year.

## INFORMATION TECHNOLOGY

The company is forging ahead with an IT plan with good quality infrastructure and a move to paperless online systems. An electronic app for prestart checks of vehicles and plant has been introduced this year. With online timesheets and purchase orders scheduled to be introduced in 2021/22.

## PROPERTY

The company's Beach Road Landfill site and its Palmerston depot have been sold as these were surplus to requirements.

The company purchased land at 28-30 Ree Crescent, Cromwell in May 2019. This site is to be developed as our Central Otago depot, however this has been delayed due to the uncertainty generated by Covid-19. The company expects to begin this build during the 2021/22 year.

## SAFETY PERFORMANCE

The company places high importance on both health and safety performance. The company reported 1 lost time injury during the year.

The company had one serious harm incident during the last 12 months.

## ENVIRONMENT

The company has implemented a working group to look at environmental initiatives. We have analysed our carbon use and developed a plan for reduction. Installation of LED lighting and a focus on idle times has resulted in a reduction of carbon output.

The company has reduced from 2200 tonne CO<sub>2</sub> last year to 2083 tonne CO<sub>2</sub> this year.

## STAFF CARE

The company has continued to focus this year on employee wellbeing ensuring we have a well-supported staff. Examples include wellness survey; financial wellness seminars, free flu jabs and full health checks, workstation checks, a significant investment in training as well as providing an occupational counselling service.

## COMMUNITY

Our support to our community includes sponsorship of both Whitestone Contracting Stadium and the Oamaru Opera House as well as several small projects totaling \$68,002.

The company paid a dividend of \$630,518 related to the 2019/20 year and is proud to have delivered such significant benefits back to the community.

Over \$3.8 million in benefits have been returned to the shareholder/ our community in the last 5 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 a difficult year.



**M J de Buyzer**  
*Chairman*

# OUR VISION

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## VISION

- To be an excellent Tier 2 Contractor

## MISSION



- Our team delivers with pride and care



## VALUES

- We are respectful
- We take ownership
- Safety starts with me
- We celebrate success



## COMPANY OWNERSHIP

**Waitaki District Council**  
(Parent Entity)



**Whitestone Contracting  
Limited**  
(CCTO)

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).

# SERVICES

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## 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 sales  
Plant hire with operator  
Hydro Excavation  
Guard rail installation.

## UTILITIES

Reticulation installation and maintenance  
Intakes, pumping stations  
Treatment plants  
Service connections  
Drainage systems.

## LANDSCAPE SERVICES

Landscaping  
Parks and reserves maintenance  
Mowing  
Turf maintenance  
Garden maintenance.

## LANDFILL AND REFUSE OPERATIONS

Maintenance of landfills  
Solid waste disposal facility  
Refuse collection.

## 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.



QUALITY  
ISO 9001

## QUALITY

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.



ENVIRONMENT  
ISO 14001

## ENVIRONMENTAL

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.



HEALTH & SAFETY  
ISO 45001

## SAFETY

Whitestone Contracting Limited is ISO45001:2018 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.

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



## SUSTAINABILITY

The company joined the Toitū Envirocare accreditation scheme for carbon emissions and was audited in September 2021. The company has developed an Emissions management and reduction plan.

Whitestone Contracting Limited is a member of the following organisations:

- Civil Contractors New Zealand
- Site Safe New Zealand
- Motor Trades Association.



**WE ARE  
COMMITTED**

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# SOCIAL PERFORMANCE REPORT

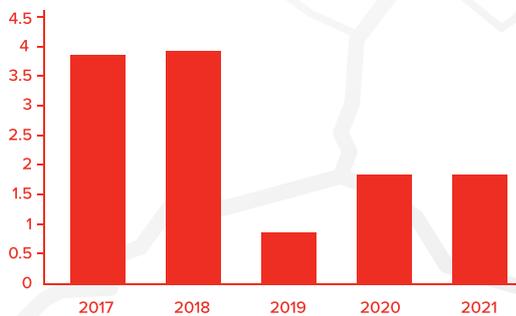
## WE ARE COMMITTED TO:

- 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
- 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.

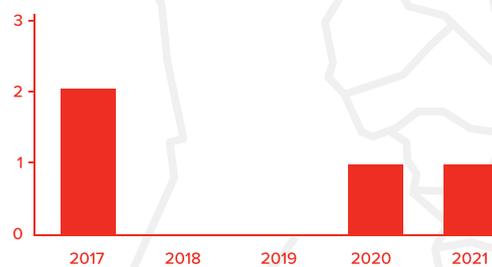
## OUR PEOPLE AND COMMUNITIES:

- We utilise a wide range of training schemes via the industry training organisation's to continuously extend the skills of our staff
- 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
- We have an employee wellness program that encourages physical and mental wellbeing.

**TOTAL RECORDABLE INJURY RATE PER 200,000 HOURS**



**LOST TIME INJURIES**



## MEASURING OUR PERFORMANCE

### Employee safety and investment

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Number of full day time off workplace incidents	1	1
Lost time injury frequency rate per 200,000 hours	0.8	0.91
Training Expenditure	260,838	203,494
Number of Fulltime Equivalent Employees at 30 June	110	113
<b>Sponsorships And Donations</b>		
Oamaru Opera House Charitable Trust	20,000	20,000
North Otago Rugby Union	35,000	35,000
Oamaru Xmas Parade	2,662	1,545
Tarras Golf Club	250	250
Mackenzie District Parades	595	905
Cromwell Rowing Club	168	321
Cromwell Senior Netball	0	197
Football Waitaki	0	348
House of Breakthrough - Christmas in the Park	0	615
Tekapo School	0	500
Waimate Christmas in the Square	250	500
Victorian Heritage Parade	0	1,851
Waimate Golf Club	0	100
Cancer Society	100	46
Waitaki Boys High School	0	200
Twizel Community Board	5,000	0
Awamoa Bowling Club	500	0
Waitaki Student Trust	2,000	0
Waimate Anzac parade	862	0
North Otago Wahine Rugby	615	0
<b>Total Donations &amp; Sponsorships</b>	<b>68,002</b>	<b>62,378</b>



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

# ENVIRONMENTAL IMPACT REPORT

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## 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 wastewater 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.

## Carbon Reduce Programme

The company has measured its carbon output and had this confirmed by Toitū Envirocare.

The company carbon output was:

- 2018/19 2,393 Tonne CO<sub>2</sub>e (audited)
- 2019/20 2,200 Tonne CO<sub>2</sub>e (audited)
- 2020/21 2,083 Tonne CO<sub>2</sub>e (unaudited).

## 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.

## Climate Change Risk

With the government legislative moves to promoting Hybrid and EV vehicles including a penalty imposed on the purchase of Diesel Utes the company is looking at the move to EV vehicles as suitable vehicles come on the market.

There is a risk if the company doesn't move with the changing landscape the market for our current fleet may decrease. A short-term increase in value may also be an outcome of the government's changes. Readers of the financial statements should be aware of this risk and consider what may occur in the fleet valuation space.

## 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
- Continue to develop and implement sustainable practices that protect the environment in which we work
- Implement the objectives in the company's emissions management and reduction plan.



*The company's impact on the environment is consistent with the company's environmental policy.*

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# FINANCIAL PERFORMANCE REPORT

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## 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.
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## 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 2021

In overall terms, 2021 has been a difficult year however the company:

- Delivered high quality outcomes for its clients
- Moved forward with Online software
- Set a positive base to move forward after the initial impact of Covid-19.

## Measuring our Performance

The trend statement on page 18 shows key indicators highlighting the company's performance. Further information on the financial results of the company are contained in the financial statements.

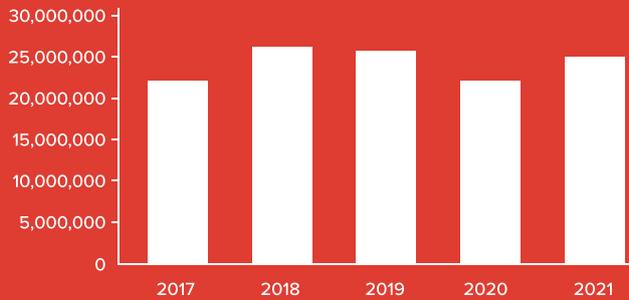
## Over the next 12 months we plan to:

- 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.

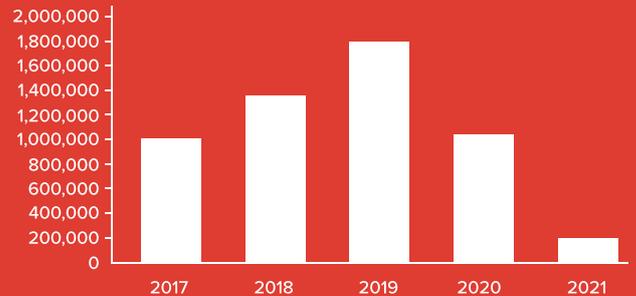


# FINANCIAL PERFORMANCE CHARTS

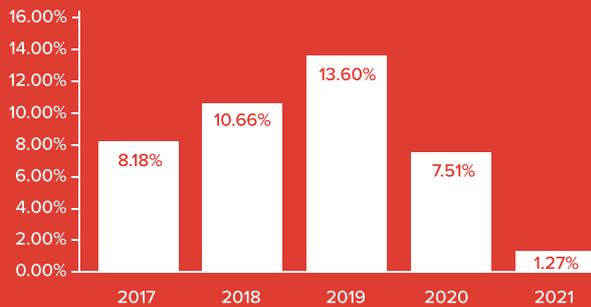
**REVENUE**



**PROFIT BEFORE DONATIONS & TAX**



**RETURN ON OPENING SHAREHOLDERS FUNDS PRE TAX AND DONATIONS**



## FINANCIAL PERFORMANCE

### Trend Statement

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Revenue	25,127,005	22,116,081	25,884,599	26,662,130	22,410,320
<b>Surplus Before Income Tax &amp; Subvention Payments &amp; Donations</b>	<b>184,675</b>	<b>1,045,389</b>	<b>1,803,695</b>	<b>1,365,363</b>	<b>1,012,671</b>
Donations & Sponsorships	(68,002)	(62,378)	(73,598)	(74,187)	(64,222)
Subvention Payments	-	-	-	(36,795)	(640,000)
Surplus/(Deficit) before Income Tax	116,673	983,011	1,730,097	1,254,381	308,449
Income Tax	67,899	(142,321)	(396,520)	(291,442)	(84,599)
Net Surplus/(Deficit)	184,572	840,690	1,333,577	962,939	223,850
<b>Financial Position</b>					
Total Current Assets	4,983,159	4,536,318	5,043,751	4,915,110	4,800,393
Total Non-Current Assets	15,326,225	15,244,070	14,125,379	12,206,809	11,564,914
Total Assets	20,309,384	19,780,388	19,169,130	17,121,919	16,365,307
Total Current Liabilities	4,536,831	3,512,710	3,688,653	3,293,892	2,899,742
Total Non-current Liabilities	1,588,834	1,678,090	1,555,754	565,025	661,953
Total Liabilities	6,125,665	5,190,800	5,244,407	3,858,917	3,561,695
<b>Total Equity</b>	<b>14,183,719</b>	<b>14,589,588</b>	<b>13,924,723</b>	<b>13,263,002</b>	<b>12,803,612</b>
<b>Statistics</b>					
Total Liabilities to Equity	43%	36%	38%	29%	28%
Return on shareholders funds pre tax and subvention payments	0.82%	6.74%	12.42%	9.74%	7.41%
Return on opening shareholders funds pre tax subvention payments and donations	1.27%	7.51%	13.60%	10.66%	8.18%
Shareholders Funds to total assets	69.84%	73.76%	72.64%	77.46%	78.24%

# DIRECTORS RESPONSIBILITY STATEMENT

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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 2021 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 2021.**

For and on behalf of the directors.



**M J de Buyzer**  
*Chairman*



**R A Pickworth**  
*Director*

31 August 2021

# THE NUMBERS

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**Whitestone Contracting Limited**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2021**

<b>NZ\$</b>	<b>Note</b>	<b>2021</b>	<b>2020</b>
Operating Revenue	2	24,777,882	21,147,166
Other Revenue	2	339,586	968,073
<b>Total Revenue</b>		<b>25,117,468</b>	<b>22,115,239</b>
Operating Expenses	3	(24,885,483)	(21,014,619)
		<b>231,985</b>	<b>1,100,620</b>
Finance Income		9,537	842
Finance costs		(56,847)	(56,073)
<b>Net Financing Profit</b>	<b>6</b>	<b>(47,310)</b>	<b>(55,231)</b>
Operating profit before Donations and tax		<b>184,675</b>	<b>1,045,389</b>
Sponsorships and Donations		(68,002)	(62,378)
<b>Operating Profit/(Loss) Before tax</b>		<b>116,673</b>	<b>983,011</b>
Taxation Expense	4	67,899	(142,321)
<b>Net Profit After Tax</b>		<b>184,572</b>	<b>840,690</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation of property		-	892,222
- Deferred tax effect on sale of revalued items		40,077	-
- Deferred tax effect on revaluation		-	(164,054)
Other Comprehensive Income Net of Income Tax		40,077	728,168
<b>Total Comprehensive Income</b>		<b>224,649</b>	<b>1,568,858</b>

**Whitestone Contracting Limited**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2021**

<b>\$NZD</b>	<b>Note</b>	<b>Retained Earnings</b>	<b>Share Capital</b>	<b>Asset Revaluation Reserve</b>	<b>Total Equity</b>
<b>2021</b>					
<b>Balance 1 July 2020</b>		<b>6,453,622</b>	<b>4,600,000</b>	<b>3,535,966</b>	<b>14,589,588</b>
Profit for the Year		184,572	-	-	184,572
Other Comprehensive Income Movements		40,077	-	-	40,077
<b>Total Comprehensive Income for the Year</b>		<b>224,649</b>	<b>-</b>	<b>-</b>	<b>224,649</b>
Dividends to Shareholders		(630,518)			(630,518)
Realisation of Revaluation on Sale of Property		278,691	-	(278,691)	-
<b>Balance 30 June 2021</b>	<b>19</b>	<b>6,326,444</b>	<b>4,600,000</b>	<b>3,257,275</b>	<b>14,183,719</b>
<b>2020</b>					
<b>Balance 1 July 2019</b>		<b>6,516,925</b>	<b>4,600,000</b>	<b>2,807,798</b>	<b>13,924,723</b>
Profit for the Year		840,690	-	-	840,690
Other Comprehensive Income Movements		-	-	728,168	728,168
<b>Total Comprehensive Income for the Year</b>		<b>840,690</b>	<b>-</b>	<b>728,168</b>	<b>1,568,858</b>
Dividends to Shareholders		(903,993)			(903,993)
<b>Balance 30 June 2020</b>	<b>19</b>	<b>6,453,622</b>	<b>4,600,000</b>	<b>3,535,966</b>	<b>14,589,588</b>



## Whitestone Contracting Limited

### Statement of Financial Position

#### As at 30 June 2021

\$NZD	Note	2021	2020
<b>Current Assets</b>			
Cash & Cash Equivalents	7	2,287	867,261
Trade & Other Receivables	8	4,065,433	2,323,245
Doubtful Debt Provision	8	(7,829)	(43,916)
Inventories	9	526,969	760,047
Work in Progress	10	216,158	566,263
Prepayments	11	47,339	33,880
Right of use Leased Assets	25	132,802	29,538
<b>Total Current Assets</b>		<b>4,983,159</b>	<b>4,536,318</b>
<b>Non-Current Assets</b>			
Plant, Property & Equipment	12	15,257,912	15,159,716
Advance removal of overburden	13	43,942	57,220
Mix Designs		4,579	6,614
Resource Consents		19,792	20,520
<b>Total Non-Current Assets</b>		<b>15,326,225</b>	<b>15,244,070</b>
<b>Total Assets</b>		<b>20,309,384</b>	<b>19,780,388</b>
<b>Current Liabilities</b>			
Trade Payables	14	1,448,134	1,494,976
Bank Overdraft	7, 18	527,389	-
Borrowings	18	63,120	60,350
Lease Liabilities	25	78,706	4,419
Provision for Goods and Services Tax		382,642	141,148
Accrued Expenses		82,656	86,938
Accrued Employee Benefits - Current	16	1,129,223	1,361,678
Accrued Restoration costs	15	10,000	7,338
Prepaid Income	17	634,105	123,399
Current Tax Liability	4	180,856	202,606
<b>Total Current Liabilities</b>		<b>4,536,831</b>	<b>3,482,852</b>
<b>Non-Current Liabilities</b>			
Deferred Tax Liability	4	441,875	574,768
Term Borrowings	18	1,014,040	1,077,160
Lease Liabilities - Non-Current	25	101,756	29,858
Accrued Employee Benefits - Non-Current	16	31,163	26,162
<b>Total Non-Current Liabilities</b>		<b>1,588,834</b>	<b>1,707,948</b>
<b>Total Liabilities</b>		<b>6,125,665</b>	<b>5,190,800</b>
<b>Net Assets &amp; Liabilities</b>		<b>14,183,719</b>	<b>14,589,588</b>
<b>Equity</b>			
Share Capital	19	4,600,000	4,600,000
Retained Earnings	19	6,326,444	6,453,622
Property Revaluation Reserve	19	3,257,275	3,535,966
<b>Total Equity</b>		<b>14,183,719</b>	<b>14,589,588</b>

**Whitestone Contracting Limited**  
**Statement of Cashflows**  
**For the year ended 30 June 2021**

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
<b>Cashflows From Operating Activities</b>		
<b>Cash was provided from:</b>		
Receipts from customers	23,656,069	22,126,264
Receipts from other Income	339,586	968,073
Interest received	9,537	842
	<b>24,005,192</b>	<b>23,095,179</b>
<b>Cash was applied to:</b>		
Payments to suppliers & employees	(23,056,791)	(19,181,622)
Donations and Sponsorships	(68,002)	(62,378)
Interest paid	(56,847)	(56,073)
Income Tax (paid)/refunded	(46,667)	(245,785)
	<b>(23,228,307)</b>	<b>(19,545,858)</b>
<b>Net cashflows from Operating Activities</b>	<b>776,885</b>	<b>3,549,321</b>
<b>Cashflows From Investing Activities</b>		
Cash was provided from:		
Proceeds from property, plant and equipment	769,231	313,063
	<b>769,231</b>	<b>313,063</b>
<b>Cash was applied to:</b>		
Property, plant and equipment purchased	(2,184,003)	(1,919,346)
<b>Total cash applied</b>	<b>(2,184,003)</b>	<b>(1,919,346)</b>
<b>Net Cashflows to Investing Activities</b>	<b>(1,414,772)</b>	<b>(1,606,283)</b>
<b>Cashflows From Financing Activities</b>		
<b>Cash was provided from:</b>	-	-
Proceeds from Borrowings	-	-
	-	-
<b>Cash was applied to:</b>		
Dividends Paid	(630,518)	(903,993)
Lease Payments	(63,608)	(62,091)
Repayment of Borrowings	(60,350)	(57,700)
	<b>(754,476)</b>	<b>(1,023,784)</b>
<b>Net cashflows from Financing Activities</b>	<b>(754,476)</b>	<b>(1,023,784)</b>
Net increase/(decrease) in cash held	(1,392,363)	919,254
Cash held at the start of the year	867,261	(51,993)
<b>Cash held at the end of the year</b>	<b>(525,102)</b>	<b>867,261</b>
<b>Made up of:</b>		
BNZ current accounts	(527,389)	852,502
ANZ current accounts	2,037	14,599
Petty cash	250	160
	<b>(525,102)</b>	<b>867,261</b>



# THE NOTES

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# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

## Note 1: Accounting Policies

### REPORTING ENTITY

The financial statements of Whitestone Contracting Limited are for the year ended 30 June 2021 and were authorised for issue by Directors on 31 August 2021.

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 2021. 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 2022.

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.

### CHANGES IN ACCOUNTING POLICIES

#### Changes to previous accounting policies

The Company has made no changes to accounting policies during the period.

### 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.

### REVENUE 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.

### General Revenue Recognition Criterion

The first step for revenue recognition purposes is to identify the contracts and the performance obligations contained therein. The number of performance obligations that a contract has will depend on the type of contract.

In general the performance obligations in the contracts Whitestone Contracting Limited engages in are satisfied over time and not a specific point in time since Whitestone creates or enhances an asset that the customer controls as the asset is created or enhanced.

With respect to the method for recognising revenue over time Whitestone has established certain criteria that are consistently applied for similar performance obligations.

In this regard Whitestone's chosen method for measuring progress towards complete satisfaction of a service obligation under an Installation Construction contract is the input method.

Under this method the entity recognises revenue based on the proportion that costs incurred to date bear to the total costs expected to be incurred to complete the work, taking into account the expected margins of the whole project per the latest updated budget. This method involves measuring the proportion of the costs envisaged, and recognising revenue in proportion to the total expected revenue.

Under this method the proportion that the contract costs bear to the estimated total costs is used to determine the revenue to be recognised.

Also, in routine or recurring service contracts (in which the services are substantially the same) such as maintenance services which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract in such a way as the customer receives and consumes the benefits of the services as the entity provides them. The method to recognise the revenue is the output method. Under this method revenue is recognized on a straight-line basis over the term of the contract and costs are recognised on an accrual basis.

As a general rule a single performance obligation is identified for construction contracts owing to the high degree of integration and customization of the various goods and services to provide a combined output that is transferred to the customer over time.

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

### BORROWING COSTS

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

### LEASES

#### The Company as Lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Company recognises the lease payments as an operating expense on a straight-line bases over the term of the lease unless another systematic basis is more representative of the time pattern which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Company uses its incremental borrowing rate.

#### The Company as a Lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee the contract is classified as a finance lease. All other leases are classified as operating leases. The Company does not have any finance leases.

Rental income from operating leases are recognised on a straight-line basis over the term of the relevant leases.





## 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.

## CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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.

## 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 INSTRUMENTS

Financial assets and liabilities are contracts that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments comprise cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables. The carrying value of the financial instruments approximates fair value.

## FINANCIAL ASSETS

Financial assets are classified and subsequently measured at amortised cost or fair value.

### Financial assets at amortised cost:

These assets, mainly trade and other receivables including amount due from related parties, cash and cash equivalents, are subsequently measured at amortised costs using the effective interest rate method, which is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

### Impairment of financial assets at amortised cost:

The following financial assets are subject to the impairment requirements:

- Trade receivables – simplified model.

### Simplified Model Impairment Policy:

The Company applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS9, which permits the lifetime expected loss provision for all trade receivables.

The allowance for doubtful debts on trade receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue and taking into account the historical loss experience in portfolios with a similar number of days overdue. The expected credit losses incorporate forward looking information and relevant macroeconomic factors.

## 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.

**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:

<b>Asset Category</b>	<b>Depreciation Method Diminishing Value</b>
Plant & Equipment	5% - 67%
Motor vehicles	20% - 26.4%
Office equipment	8% - 67%
Office furniture and fittings	11.40% - 80.40%
Computer software	40% - 50%
Computer hardware	30% - 50%

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 every three years 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.

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.

**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.

### Resource Consents

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

### 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 asset's 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.

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.

### 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.



## NOTE 2 OPERATING REVENUE

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
<b>Includes:</b>		
Operating Income		
Maintenance Contract Revenue	11,139,625	9,577,165
Installation and Construction Revenue	8,964,153	8,641,374
Non Contract work	4,621,608	2,851,231
Rental Income	52,496	77,396
	<b>24,777,882</b>	<b>21,147,166</b>
<b>Other Income</b>		
Government Subsidies	700	812,028
Dividends	14	22
Depreciation Recovered	229,299	132,172
Gain on Sale of property, plant and equipment	109,573	23,851
Total Other Income	339,586	968,073
<b>Total Income</b>	<b>25,117,468</b>	<b>22,115,239</b>

## NOTE 3 OPERATING EXPENSES

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
<b>Included in operating expenses are the following items:</b>		
Remuneration of the auditor	28,128	35,911
Depreciation	1,650,405	1,514,690
Loss on sale of fixed assets	5,043	5,125
Depreciation of Right-of-use assets	66,095	61,792
Directors' fees	202,738	193,739
Donations & Sponsorships	68,002	62,378
Rental and operating lease costs	96,223	82,947
Changes in provision for doubtful debts	(31,380)	35,299
Bad debts written off	-	2,220
Fringe Benefit Tax	140,295	130,222
Insurance Premiums	272,311	252,505
Accident Insurance	128,540	138,285
Employee Benefits	9,800,733	8,843,009
Amortised advance removal of overburden	13,278	13,261
Stock obsolescence provision	(30,000)	30,000
Impairment Resource Consents	728	728
Impairment Asphalt Mix Designs	2,035	2,035
Materials	2,060,439	2,260,637

## NOTE 4 TAX EXPENSE

\$NZD	2021	2020
<b>Components of tax expense</b>		
Current tax expense in respect of current year	487	85,497
Adjustments to current tax in respect of prior years	24,430	34,339
Tax Effect of change to tax base of buildings	2,155	(73,104)
Deferred tax expense in respect of current year	(70,451)	127,978
Deferred tax expense in respect of prior year	(24,520)	(32,389)
<b>Tax expense</b>	<b>(67,899)</b>	<b>142,321</b>
Operating profit before income tax	116,673	983,011
Tax thereon at 28%	32,668	275,243
<i>Plus/(less) taxation effect of differences:</i>		
Tax effect of non assessable income	(104,994)	(289,928)
Tax effect of non deductible expense	2,362	228,160
Tax effect of prior year adjustment	(90)	1,950
Tax effect of change to tax base of buildings	2,155	(73,104)
Tax Effect of Differences	(100,567)	(132,922)
<b>Tax Expense</b>	<b>(67,899)</b>	<b>142,321</b>
<b>Current Tax Balances</b>		
Tax refund available	-	-
Current tax liability	(180,856)	(202,606)
	<b>(180,856)</b>	<b>(202,606)</b>
<b>Deferred Tax Balance</b>		
Deferred tax asset	294,556	264,605
Deferred tax liability	(736,431)	(839,373)
<b>Net Deferred tax (liability)</b>	<b>(441,875)</b>	<b>(574,768)</b>
<b>Imputation Credit Account</b>		
Balance at the beginning of the year	2,345,968	2,450,634
Income Tax Payments	46,667	263,519
Credits attached to dividends paid	(245,201)	(351,553)
Refunds and transfers	-	(16,632)
<b>Balance at the end of the year</b>	<b>2,147,434</b>	<b>2,345,968</b>

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

## NOTE 4 TAX EXPENSE - CONTINUED

Deferred Tax	Opening Balance Sheet	Recognised In Other Comprehensive Income	Deferred Tax On Change In Building Tax Depreciation Recognition	Recognised In Profit Or Loss	Closing Balance Sheet Assets	Closing Balance Sheet Liabilities	Closing Balance Sheet Net
<b>2021</b>							
Property, Plant and Equipment	(525,412)	(40,077)	(2,012)	14,055	-	(473,292)	(473,292)
Employee Benefits	207,739	-	-	7,957	215,696	-	215,696
Provisions	(257,095)	-	-	72,816	-	(184,279)	(184,279)
<b>Balance at end of the year</b>	<b>(574,768)</b>	<b>(40,077)</b>	<b>(2,012)</b>	<b>94,828</b>	<b>215,696</b>	<b>(657,571)</b>	<b>(441,875)</b>
<b>2020</b>							
Property, Plant and Equipment	(470,900)	(164,054)	73,104	36,438	-	(525,412)	(525,412)
Employee Benefits	192,693	-	-	15,046	207,739	-	207,739
Provisions	(110,023)	-	-	(147,072)	-	(257,095)	(257,095)
<b>Balance at end of the year</b>	<b>(388,230)</b>	<b>(164,054)</b>	<b>73,104</b>	<b>(95,588)</b>	<b>207,739</b>	<b>(782,507)</b>	<b>(574,768)</b>

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

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Salaries and Wages	9,566,895	8,512,461
Severance Payments	47,485	47,948
Employer Contributions to Superannuation Schemes	238,567	215,370
Increase/(Decrease) in Employee Benefit Liabilities	(52,215)	67,230
<b>Total Employee Benefit Costs</b>	<b>9,800,732</b>	<b>8,843,009</b>
<b>Includes:</b>		
Key Management Personnel Compensation		
Total Key Management Personnel Compensation	1,100,738	1,110,012

Key management personnel includes the Chief Executive and 4 members of the company's management team.

## NOTE 6 FINANCE INCOME AND COSTS

\$NZD	2021	2020
<b>Financing Income:</b>		
Interest Income	9,537	842
<b>Total Finance Income</b>	<b>9,537</b>	<b>842</b>
<b>Finance Expenditure:</b>		
Interest Expense - Borrowings	49,954	51,034
Interest Expense - Lease Liabilities	6,893	5,039
Total Interest Expense on Borrowings	56,847	56,073
Net Finance Profit/Loss	(47,310)	(55,231)

## NOTE 7 CASH AND CASH EQUIVALENTS

\$NZD	2021	2020
Cash at Bank	2,037	867,101
Petty Cash	250	160
<b>Total Cash and Equivalents</b>	<b>2,287</b>	<b>867,261</b>
Bank Overdrafts	(527,389)	-
<b>Net Cash Equivalents and Bank Overdrafts for the purposes of the Statement of Cashflows</b>	<b>(525,102)</b>	<b>867,261</b>



## NOTE 8 TRADE AND OTHER RECEIVABLES

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Gross trade and other receivables	2,864,292	1,763,179
Waitaki District Council	1,064,384	480,304
Waitaki District Council retentions	16,642	27,785
Contract Retentions other	120,115	51,977
	<b>4,065,433</b>	<b>2,323,245</b>
Less provision for impairment	(7,829)	(43,916)
<b>Total trade and other receivables</b>	<b>4,057,604</b>	<b>2,279,329</b>

As at 30 June 2021 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

<b>\$NZD</b>	<b>2021</b>			<b>2020</b>		
	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
Not past due	3,439,412	0	3,439,412	2,233,700	0	2,233,700
Past due 0 - 30 days	585,505	0	585,505	55,918	(10,289)	45,629
Past due 31 - 60 days	23,442	0	23,442	164	(164)	0
Past due >61	17,074	(7,829)	9,245	33,463	(33,463)	0
<b>Total</b>	<b>4,065,433</b>	<b>(7,829)</b>	<b>4,057,604</b>	<b>2,323,245</b>	<b>(43,916)</b>	<b>2,279,329</b>

### Movements in provision for impairment

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Opening Balance	43,916	5,875
Additional provisions made during the year	(36,087)	40,594
Less Provision for Doubtful Debts written off	-	(2,553)
<b>Balance at 30 June</b>	<b>7,829</b>	<b>43,916</b>

## NOTE 9 INVENTORIES

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Metal and soil stocks	267,454	525,378
Other Supplies	259,515	264,669
Provision for obsolescence	-	(30,000)
<b>Total Inventories</b>	<b>526,969</b>	<b>760,047</b>

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

## NOTE 10 WORK IN PROGRESS

\$NZD	2021	2020
Cost	6,654,683	2,441,252
Profit Recognised to Date	1,295,969	579,826
<b>Gross Construction WIP</b>	<b>7,950,652</b>	<b>3,021,078</b>
Progress billings	(8,382,446)	(2,656,333)
<b>Net Construction Work in progress</b>	<b>(431,794)</b>	<b>364,745</b>
<b>Represented as:</b>		
Prepaid Income	(607,015)	(13,319)
Work In progress	175,221	378,064
Other Maintenance Contracts	40,937	188,199
Prepaid Income Other Contracts	(25,423)	(108,413)
<b>Total Work In Progress</b>	<b>216,158</b>	<b>566,263</b>

## NOTE 11 PREPAYMENTS

\$NZD	2021	2020
Prepaid Trade Creditors	47,339	33,880
<b>Total Prepayments</b>	<b>47,339</b>	<b>33,880</b>



## NOTE 12 PLANT PROPERTY AND EQUIPMENT

\$NZD	Plant & Equipment	Motor Vehicles	F&F Office Equip	Land	Buildings	Total
Balance at 1 July 2020	19,999,209	2,821,101	594,464	4,600,207	2,380,313	30,395,294
Revaluation	0	0	0	(135,559)	(143,133)	(278,692)
Additions	1,856,259	344,978	68,475	0	99,665	2,369,377
Capital Work in Progress	(185,376)	0	0	0	0	(185,376)
Disposals at cost	(842,989)	(312,495)	(76,048)	(39,441)	(16,238)	(1,287,211)
<b>Balance at 30 June 2021</b>	<b>20,827,103</b>	<b>2,853,584</b>	<b>586,891</b>	<b>4,425,207</b>	<b>2,320,607</b>	<b>31,013,392</b>

### Accumulated Depreciation and Impairment losses

Balance at 1 July 2020	12,836,911	1,817,801	508,854	0	72,012	15,235,578
Depreciation Expense	1,257,488	256,717	46,172	0	90,028	1,650,405
Impairment Losses	0	0	0	0	0	0
Accumulated Depreciation Reversal	(768,040)	(280,016)	(74,439)	-	(8,008)	(1,130,503)
Reclassification	0	0	0	0	0	0
<b>Balance at 30 June 2021</b>	<b>13,326,359</b>	<b>1,794,502</b>	<b>480,587</b>	<b>0</b>	<b>154,032</b>	<b>15,755,480</b>

### Carrying Amounts

30 June 2021	7,500,744	1,059,082	106,304	4,425,207	2,166,575	15,257,912
<b>Carrying Amounts</b>						
30 June 2021	7,162,298	1,003,300	85,610	4,600,207	2,308,301	15,159,716

	2021	2021	2020	2020
\$NZD	Freehold Land	Freehold Buildings	Freehold Land	Freehold Buildings
Cost excluding Revaluation	2,257,388	1,848,069	2,297,111	1,795,044
Accumulated Depreciation and Impairment	0	750,497	0	711,553
Net Carrying Amount	2,257,388	1,097,572	2,297,111	1,083,491

Carrying amounts if land and buildings were measured at cost less accumulated depreciation and impairment.

The land and buildings were revalued effective 1 July 2019. At that time the company engaged the services of Telfer Young. Telfer Young 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 2022.

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

\$NZD	2021	2020
Opening Balance of Advance Removal of Overburden and Waste Rock	57,220	70,481
Amortisation	(13,278)	(13,261)
<b>Total Capitalised Quarry Expenditure</b>	<b>43,942</b>	<b>57,220</b>

### NOTE 14 TRADE AND OTHER PAYABLES

\$NZD	2021	2020
Waitaki District Council	1,797	36,744
Trade Creditors	1,446,337	1,458,232
<b>Total Accounts Payable</b>	<b>1,448,134</b>	<b>1,494,976</b>

### NOTE 15 PROVISIONS

\$NZD	2021	2020
Opening Provision for Restoration of Land	7,338	23,000
Movement	2,662	(15,662)
<b>Total Provisions</b>	<b>10,000</b>	<b>7,338</b>

*This provision 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**

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
<b>Employee Entitlements</b>		
Accrued Pay	437,015	679,253
Annual Leave	676,674	652,240
Sick Leave	20,502	17,266
Long Service Leave	26,195	39,081
<b>Total</b>	<b>1,160,386</b>	<b>1,387,840</b>
<b>Comprising</b>		
Current	1,129,223	1,361,678
Non-Current	31,163	26,162
	<b>1,160,386</b>	<b>1,387,840</b>

**NOTE 17**  
**PREPAID INCOME**

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Waitaki District Council	289,160	13,319
Other	344,945	110,080
<b>Total Prepaid Income</b>	<b>634,105</b>	<b>123,399</b>

*This prepaid income is all current in nature.*

## NOTE 18 BORROWING

\$NZD	2021	2020
Bank Overdraft (Note 7)	527,389	0
Bank of New Zealand - Current	63,120	60,350
Bank of New Zealand - Term	1,014,040	1,077,160
<b>Total Borrowings</b>	<b>1,604,549</b>	<b>1,137,510</b>

The carrying value of borrowings repayable within one year approximate their fair value.

The group bank overdraft facility totals \$1,000,000. (2020: \$1,000,000).

The current interest rate on the overdraft facility is 3.37% (2020: 3.95%).

The company has a Customised Average Rate Loan facility of \$1,077,160 Interest rate 3.00% (2020: 3.66%).

The company has a Credit Plus Facility of \$1,641,773 Interest rate 3.91% (2020: 4.45%).

### 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, 98 Geraldine-Fairlie Highway, Camerons Pit, 460 Palmerston Dunback Road, 28-30 Ree Crescent, Cromwell and a Security interest in specified plant and machinery.



## NOTE 19 CAPITAL AND RESERVES

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
Opening Share Capital	4,600,000	4,600,000
Closing Share Capital	4,600,000	4,600,000
<b>Retained Earnings</b>		
Opening Balance	6,453,622	6,516,925
Net Surplus	184,572	840,690
Dividend Paid	(630,518)	(903,993)
Revaluation Reserve Realised	278,691	0
<b>Closing Retained Earnings</b>	<b>6,286,367</b>	<b>6,453,622</b>
Opening Property Revaluation Reserve	3,535,966	2,807,798
Movement in Revaluation Reserve	(238,614)	728,168
<b>Closing Revaluation</b>	<b>3,297,352</b>	<b>3,535,966</b>
<b>Total Equity</b>	<b>14,183,719</b>	<b>14,589,588</b>

The company has 4,600,000 shares issued. All shares carry equal voting rights in any surplus on winding up of Dividends declared and paid equates to \$630,518. (2020 \$903,993).

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 property revaluation reserve will not be reclassified subsequently to the profit and loss.

## NOTE 20 COMMITMENTS

<b>\$NZD</b>	<b>2021</b>	<b>2020</b>
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:		
One year or less	161,288	73,089
One to five years	234,452	13,998
Over five years	-	6,072
<b>Total</b>	<b>395,740</b>	<b>93,159</b>

The company was committed to the purchase of the following items at balance date: Plant and Equipment - \$107,900



## NOTE 21 CONTINGENT LIABILITIES & CONTINGENT ASSETS

\$NZD	2021	2020
<b>There are performance bonds as at 30 June 21 in favour of:</b>		
Clutha District Council	126,742	126,742
K&L Accommodation Ltd	88,959	0
Lake Tekepo Enterprises	0	61,826
Mackenzie District Council	256,500	235,860
Network Waitaki	0	17,225
Pukeko Developments	0	42,253
Queenstown Lakes District Council	463,091	24,734
RCL Henley Downs Ltd	193,986	79,754
Waimate District Council	100,000	100,000
Waitaki District Council	591,364	553,184
<b>Total</b>	<b>1,820,642</b>	<b>1,241,578</b>

Bonds are held guaranteeing fulfillment 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 (2020 \$nil).

## NOTE 22 RELATED PARTY TRANSACTIONS

### A: INTERGROUP TRANSACTIONS AND BALANCES

\$NZD	2021	2020
<b>(a) Intergroup transactions and balances</b>		
<b>Waitaki District Council</b>		
Services Provided to Waitaki District Council	3,272,122	4,327,639
Services Received from Waitaki District Council	43,189	177,980
Amounts Owing to Council	1,797	36,744
Amounts Receivable from Council	1,081,026	508,089
<b>Waitaki District Health Services</b>		
Services Provided to Waitaki District Health Services	0	11,174
Amounts Receivable from Waitaki District Health Services	0	1,071
<b>Tourism Waitaki</b>		
Services Provided to Tourism Waitaki	0	1,654
Amounts Receivable from Tourism Waitaki	0	0
<b>Observatory Village Lifecare Limited</b>		
Services Provided to Observatory Village	30,828	14,299
Amounts Receivable from Observatory Village	0	816

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 Observatory Village Lifecare Limited.

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

### B: KEY MANAGEMENT AND DIRECTORS

#### SALES TO WHITESTONE CONTRACTING LIMITED

Supplying Entity	Related Party	Nature of related party	Amount for the year	Owning at balance date	Description of transactions
Berry & Co	M de Buyzer	Director	3,258	0	Legal Services
Deloitte	S Thompson	Consultant	16,671	1,696	Consulting Services
Ashburton Contracting Limited	R Pickworth	Director	2,911	0	Contracting & Mechanical Services
Delta Utility Services Limited	S Grave	Director	923	0	Contracting services
Fulton Hogan Limited	S Grave	Shareholder	955,656	90,009	Material supplies & Contracting Services
North Otago Motor Group	C Wollstein	Director	43,387	330	Parts, Mechanical Repairs and Vehicle supplies
Network Waitaki Limited	M de Buyzer	Director	4,231	0	Contracting Services
Road Metals Limited	G Kelcher	Employee	992,531	73,199	Gravel supplies
Kiwi Concrete Limited	G Kelcher	Special Projects Manager	7,724	0	Concrete supplies

## KEY MANAGEMENT AND DIRECTORS

### PURCHASES FROM WHITESTONE CONTRACTING LIMITED

Supplying Entity	Related Party	Nature of Related Party	Amount for the Year	Owing at Balance Date	Description of Transactions
L Clarke	L Clarke	Executive Manager	2,669	468	Material supplies and workshop services
G Campbell	G Campbell	Chief Executive	1,073	82	Contracting and Workshop Services
T Read	T Read	Executive Manager	3,049	140	Fuel, workshop and contracting services
J Hardy	J Hardy	Executive Manager	7,558	2,749	Material supplies, Workshop & Contracting services
S Thompson	S Thompson	Director	3,686	286	Fuel Supplies
Netcon Limited	S Thompson	Director	231,257	13,043	Contracting Services
Delta Utility Services	S Grave	Director	13,656	0	Contracting Services
S Grave	S Grave	Director	3,956	273	Fuel Supplies
Alpine Energy Limited	S Thompson	Chairperson	2,439	0	Contracting Services
Fulton Hogan Limited	S Grave	Shareholder	2,911,614	265,782	Contracting Services
Network Waitaki Limited	M de Buyzer	Director	558,196	65,151	Contracting Services
Road Metals Limited	G Kelcher	Special Projects Manager	1,662	0	Contracting Services

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.

## NOTE 23 CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

\$NZD	2021	2020
<b>Financial assets measured at amortised cost</b>		
Trade and other Receivables	4,057,604	2,279,329
Cash & Cash Equivalents	2,287	867,261
<b>Total Loans and Receivables</b>	<b>4,059,891</b>	<b>3,146,590</b>
<b>Financial liabilities measured at amortised cost</b>		
Trade and Other Payables	1,448,134	1,494,976
Bank Overdraft	527,389	0
Provision for Goods and Services Tax	382,642	141,148
Accrued Expenses	82,656	86,938
<b>Total financial liabilities measured at amortised costs</b>	<b>2,440,821</b>	<b>1,723,062</b>

## NOTE 24 GOING CONCERN - COVID-19

The Directors are aware of the current Covid-19 emergency and the New Zealand Government's decision that all non-essential businesses are to close effective 17 August 2021. This matter is being addressed with business continuity planning and the Directors have considered that this is a "non-adjusting" subsequent event and there is no impact on the 2021 financial year.

The Directors have assessed the likely impact of Covid-19 on Whitestone Contracting Limited and have concluded that, for the 12 months from the date of signing the financial statements, Covid-19 will not impact the ability of the company to continue operating. That conclusion has been reached because:

- the Company has the ability to draw upon bank facilities
- the Company has a number of maintenance and Civil contracts going forward
- vaccines are being rolled out throughout the country
- Government subsidies are available if a 40% loss of revenue is experienced.

## NOTE 25 LEASES

The company leases buildings and office equipment. The average lease terms is 4 years.

At the end of the lease the Company is required to return the lease assets to the Lessor.

Right-of-use Assets	Buildings	Office Equipment	Total
<b>Net carrying value</b>			
30 June 2021	128,962	3,840	132,802
30 June 2020	-	29,538	29,538
<b>Depreciation Expense for the Year</b>			
30 June 2021	41,815	10,561	52,376
30 June 2020	29,006	32,786	61,792

New leases for Property and Office Equipment were entered into during the period ended 30 June 2021.

Amounts Recognised in Profit and Loss	2021	2020
Depreciation Expense on Right-of-use Assets	52,376	61,792
Interest Expense on Lease Liabilities	6,893	5,039
Expenses relating to Short-term Leases	38,274	32,595
Expenses relating to Leases of Low Value Assets	1,005	950

At 30 June 2021, the Company was committed to \$2,900 (2020-\$3,056) for short term leases.

<b>Lease Liabilities</b>	<b>2021</b>	<b>2020</b>
Amounts Due for Settlement within 12 months (shown under Current Liabilities)	78,706	29,858
Amounts Due for Settlement after 12 months	101,756	4,419
<b>Maturity Analysis</b>		
Not later than 1 year	78,706	29,858
Later than 1 year and not later than 5 years	101,756	4,419
Later than 5 years	-	-
	<b>180,462</b>	<b>34,277</b>

### Operating Leases Arrangements

Operating leases in which the Company is the lessor, relate to properties owned by the Company with lease terms of between 3 and 10 years with 2 year extension options. Operating leases contracts contain the right to review rates on renewal.

The main purpose for holding Property is part of its normal activities. Leasing is incidental to the main activity.

#### Maturity analysis of operating lease payments:

Year 1	37,717
Year 2	34,050
Year 3	34,050
Year 4	34,050
Year 5	1,333
Year 6 and onwards	1,417

### NOTE 26 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

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## WHO ARE WE?

The nature of WCL's activities will include those of a contractor and those activities of a trading organisation that the directors consider are profitable, appropriate and in the best long term interests of WCL and the Shareholder.

The scope of activities undertaken by WCL includes, but is not limited to, physical works for maintenance and construction including roading works, reticulation construction and maintenance, landscaping services, private sector contracting including mechanics workshop, quarry and landfill operations and equipment hire.

## WHY DO WE EXIST?

The principal goal of council-controlled organisations (CCTO) is to operate as a successful long-term business with the prime objective of managing the company's assets on an economic, environmental and socially sustainable basis.

Shareholder objectives for continued ownership and control include:

- Stimulating a competitive contracting sector in our district;
- Supporting local opportunities for a diverse labour market;
- Obtaining a good return on investment commensurate with the business risks of WCL and the risk appetite of the Shareholder.



## WHAT DO WE AIM TO DO?

The principal objective of WCL is to operate as a successful business and grow shareholder wealth. WCL has a vision to be an excellent Tier 2 contractor thereby providing a financial return on investment to its Shareholder commensurate with risk; and thereby benefiting the region.

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:

Performance Measure	2020/21	2019/20
Achieve a before income tax return (prior to donations, sponsorships and subvention payments) on opening Shareholders funds that exceeds 8%	Not Achieved due to impact of Covid-19 Actual 1.27%	Not Achieved due to impact of Covid-19 Actual 7.51%
Shareholders funds to total assets >40%	Achieved	Achieved
Maintain ISO9001 registration and related Quality Assurance programmes	Maintained	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	This standard was replaced by ISO45001. Achieved.	Maintained
Maintain a total injury frequency rate of <7 per 200,000 hours worked or 35 per million hours worked	Maintained	Maintained
Maintain ISO 14001 standard to ensure the company has systems in place to environmental legislative and regulatory requirements	Maintained	Maintained
Compliance with the Resource Management Act – no reported breaches	Compliance Achieved	Compliance Achieved
Support community initiatives with over \$50,000 of sponsorship per annum	Achieved	Achieved



# STATUTORY INFORMATION

## CURRENT DIRECTORS

Michael John de Buyzer  
Stephen Richard Thompson  
Ross Anthony Pickworth  
Steven William Grave  
Edward George Kelcher

## APPOINTED

1 July 2008  
11 December 2012  
1 January 2016  
1 January 2017  
1 January 2020

## DIRECTORS REMUNERATION

	Fees	Extra Fees	Travel
M de Buyzer	59,238	0	0
S Thompson	35,875	0	1,728
R Pickworth	35,875	0	2,221
S Grave	35,875	0	2,660
G Kelcher	35,875	0	0
<b>Total</b>	<b>202,738</b>	<b>0</b>	<b>6,609</b>

## EMPLOYEES REMUNERATION

The company had 19 employees who received remuneration of \$100,000 or more per annum.

\$NZD 000s	Number of employees
100-110	2
110-120	2
120-130	5
130-140	2
140-150	1
150-160	1
170-180	1
180-190	2
190-200	1
230-240	1
290-300	1

## RECOMMENDED DIVIDEND

No further distributions have been resolved as at 30 June 2021.

## SPONSORSHIPS AND DONATIONS

Sponsorships and donations totalled \$68,002 (\$62,378: 2020).

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## 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	BCO Trustees (Schofield) Ltd	Director/Shareholder
Banco Trustees Limited	Director/Shareholder	Camp Street Properties Ltd	Director/Shareholder
BCO Trustees (2011) Ltd	Director/Shareholder	Dunstan Contracting Ltd	Director
BCO Trustees (2012) Ltd	Director/Shareholder	Dunstan Sprayers Ltd	Director
BCO Trustees (2013) Ltd	Director/Shareholder	Friendly Bay Limited	Director/Shareholder
BCO Trustees (2014) Ltd	Director/Shareholder	Law Support Services Ltd	Shareholder
BCO Trustees (Mertha) Ltd	Director/Shareholder	Mallinson Trustees Ltd	Director
BCO Trustees (2015) Ltd	Director/Shareholder	McBride Street Queenstown Ltd	Director/Shareholder
BCO Trustees (2016) Ltd	Shareholder	McPhail Investments Ltd	Director
BCO Trustees (2017) Ltd	Director/Shareholder	Network Waitaki Ltd	Director
BCO Trustees (2018) Ltd	Shareholder	Observatory Village Charitable Trust	Trustee
BCO Trustees (2019) Ltd	Director/Shareholder	Onelaw Ltd	Shareholder
BCO Trustees (2020) Ltd	Director/Shareholder	Onelaw IP Holdings Ltd	Shareholder
BCO Trustees (2021) Ltd	Director/Shareholder	PW Crum Trustees Ltd	Director
BCO Trustees (Robertson) Ltd	Director/Shareholder	Ridge Road Irrigation Company Ltd	Shareholder
		Whitestone Quarries and Landfill Ltd	Director

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### S Grave

Buller Recreation Ltd	Director
Buller Holdings Ltd	Director
Delta Utility Services Ltd	Director
Fulton Hogan Ltd	Shareholder
Steve Grave Consulting Ltd	Principal
Sicon Ltd	Director/Chairman
WestReef Services Ltd	Director

## S Thompson

Airtime New Zealand Ltd	Shareholder	Owhiro River Ltd	Shareholder
Anreca Investments Ltd	Shareholder	Passmore Consulting Services Ltd	Director
Aurora Energy Ltd	Chairman	Prospectus Nominees	Director/Shareholder
Best View Ltd	Director/Shareholder	Queensberry Partnership	Director
Cairnmuir Road Winery Ltd	Director	Renaissance Holdings (NZ) Ltd	Shareholder
Cerise Orchard Ltd	Shareholder	Richard E Shackleton Architects Ltd	Shareholder
Deloitte	Consultant	Ripponvale Irrigation Company Ltd	Shareholder
F S Investments Ltd	Director	Sarita Holdings Limited	Director
Integrated Contract Solutions Ltd	Director	Thompson Bloodstock Ltd	Chairman
Keanos Trustee Company Ltd	Director	Waikato Property Investments Ltd	Shareholder
Lake McKay GP Ltd	Shareholder	Wanaka Bay Limited	Director
Lakes Realty Ltd	Director/Shareholder	Whangamata Water 2 Ltd	Shareholder
Logistics Property Ltd	Director/Shareholder	Westminster Resources Ltd	Director
Millennium Solutions Ltd	Director		
McKenzie Architects Ltd	Shareholder		
OB Horn Company Ltd	Shareholder		

## R Pickworth

Ashburton Contracting Limited	Director	Transwaste Canterbury Ltd	Director
Burwood Resource Recovery Park Ltd	Director	West Oak Trading	Director/Shareholder
ElectroNet Services Limited	Director	WestRoads Limited	Director
ElectroNet Technology Limited	Director	Westpower Limited	Director
ElectroNet Transmission Limited	Director		
McLenaghan Contracting Limited	Director/Chairman		
Mitton ElectroNet Limited	Director		
Pipeline Group Limited	Director		
Pipeline and Civil Limited	Director		
PLC Plant Limited	Director		

## G Kelcher

Reservoir Views Company Ltd	Director/Shareholder
Reservoir Views Holding Company Ltd	Director/Shareholder
Road Metals	Employee

*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

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**Crowe New Zealand Audit Partnership**  
44 York Place  
Dunedin  
PO Box 188  
Dunedin 9054, New Zealand  
Main +64 (03) 477 5790  
Fax +64 (03) 474 1564  
[www.crowe.nz](http://www.crowe.nz)

## INDEPENDENT AUDITOR'S REPORT

### TO THE *READERS* OF WHITESTONE CONTRACTING LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2021

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 New Zealand 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 21 to 49, that comprise the statement of financial position as at 30 June 2021, 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 50 to 51.

In our opinion:

- the financial statements of the company on pages 21 to 49:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2021; 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; and
- the performance information of the company on pages 50 to 51 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 2021.

Our audit was completed on 31 August 2021. 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 and the performance information, *we comment on other information*, and we explain our independence.

### **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.

### **Emphasis of Matter**

We draw attention to Note 24 on page 48 of the financial statements, which describes the effects of the COVID-19 on the company. Our opinion is not modified in respect of this matter.

### **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:

- 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 4 to 19 and 53 to 55, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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



## Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* 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".

**Michael Lee**

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

# DIRECTORY

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# Directors

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**Michael John de Buyzer**  
*LLB Notary Public*  
(Appointed 1 July 2008)



**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)



**Edward George Kelcher**  
(Appointed 1 January 2020)

# Directory

<b>Postal Address</b>	PO Box 108, Oamaru
<b>Phone</b>	(03) 433 0240
<b>Fax</b>	(03) 434 1270
<b>Auditors</b>	M Lee, Crowe New Zealand Audit Partnership on behalf of the Controller and Auditor General, Wellington
<b>Bankers</b>	Bank of New Zealand ANZ
<b>Solicitors</b>	Berry & Co, Oamaru
<b>Authorised Capital</b>	4,600,000 Ordinary Shares
<b>Company Number</b>	DN 549270
<b>Country of Incorporation</b>	New Zealand
<b>Registered Office</b>	State Highway One, Deborah, Oamaru
<b>Insurer</b>	Marsh Ltd (Brokers)
<b>EXECUTIVE MANAGERS</b>	
<b>Chief Executive</b>	Glenn Campbell
<b>Executive Manager Central Otago &amp; Deputy CEO</b>	Paul Bisset
<b>Executive Manager Construction &amp; Surfacing</b>	Julian Hardy
<b>Executive Manager Corporate Services Manager</b>	Tony Read
<b>Executive Manager Business Development &amp; Maintenance</b>	Linton Clarke
<b>Web address</b>	<a href="http://www.whitestone.co.nz">www.whitestone.co.nz</a>





PO Box 108  
Oamaru 9444

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State Highway 1  
Deborah  
Oamaru

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(03) 433 0240  
info@whitestone.co.nz

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