WHITESTONE
CONTRACTING LIMITED

# 2017
# ANNUAL
# REPORT

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# The year in review

**Financial Performance**

Total revenue for the year was $22,410,320 million, an 8.24% decrease from the previous year. This was the consequence of the expiry of two long standing maintenance contracts. Notwithstanding this the company profit remained positive.

The company achieved a $1,012,671 profit pre-tax and subventions. This is a positive result for the company and contributed towards an 8.18% return on investment for the shareholder pre tax donations and subventions.

**Projects**

The company has successfully completed a large number of projects In particular the company has been working on, Radius Healthcare (Timaru), The Cairns Subdivision (Tekapo), Lochinver Subdivision (Tekapo), The Big Fruit redevelopment (Cromwell), Smithfield Bridge (Timaru), Oamaru Bike Skills Park, Subdivisions in Dunedin and Mosgiel a number of Watermain renewal projects for local authorities, along with a large number of other local authority projects for Dunedin City, Clutha, Central Otago, Waitaki, Waimate and Timaru Districts.

**Safety Performance**

The company has continued to focus on health and safety and environmental improvements. The company again achieved a low lost time injury rate which is a credit to all the team members.

**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 $1.86 million in new capital during the financial year.

**Outlook**

Whitestone Contracting has a positive outlook, continuing to tender for a number of projects throughout the South Island of New Zealand. The company has significant forward workload contributing to a positive start to the 2017/18 financial year.

The company is also pleased to have partnered with Fulton Hogan on the Central Otago Network Outcomes Roading Contract for NZTA which began in October 2016. Whitestone Contracting will be a major subcontractor for this 7 year contract.

**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 a number of smaller projects with a grand total of $64,222 put back into our community.

The company paid a dividend of $150,000 during the period and made subvention payments of $640,000 resulting in $790,000 returned to the shareholder.

A total community benefit of $854,222

**Board**

I would like to thank my fellow directors for their dedication and commitment to the Company and to also express the boards gratitude to Glenn and his team for their efforts during what was a challenging but rewarding year.

M J de Buyzer
Chairman

28 August 2017

# 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

**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.

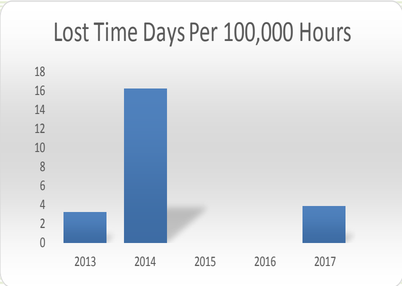
The company is ISO 9001:2008 accredited. The company has a management system in place which meets good practice and the company is audited every twelve months to verify compliance with the system.

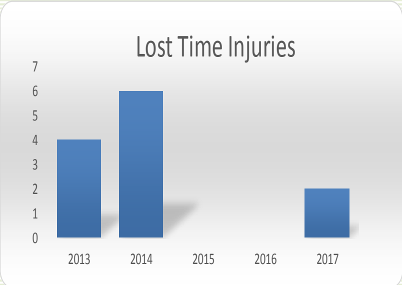
Whitestone Contracting Limited is ISO 14001:2004 accredited. ISO14001 accreditation confirms the company has environmental systems in place and is committed to continually improving our environmental performance.

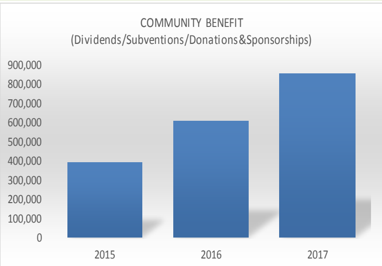
Whitestone Contracting Limited is a member of the following organisations:

Civil Contractors New Zealand
Site Safe New Zealand
Motor Trades Association

# 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, 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**

| | 2017 | 2016 |
|---|---|---|
| Number of full day time off workplace incidents | 2 | 0 |
| Number of Days lost | 10 | 0 |
| Training Expenditure | 181,289 | 143,780 |
| Number of Fulltime Equivalent Employees at 30 June | 114 | 131 |
| **Sponsorships and donations** | | |
| Oamaru Opera House Charitable Trust | 20,000 | 20,000 |
| North Otago Rugby Union | 35,000 | 34,419 |
| Oamaru Xmas Parade | 933 | 2,208 |
| Anzac/War Commemorations | 158 | 177 |
| Homelink | 195 | 0 |
| Tarras Golf Club | 250 | 250 |
| Tarras Collie Club | 150 | 150 |
| Wakatipu Rowing | 350 | 0 |
| Relay for Life | 100 | 87 |
| Kimbell parade | 314 | 0 |
| Literacy North Otago | 295 | 0 |
| Clarkes Mill | 485 | 0 |
| Mackenzie District Tree Removal | 4,853 | 0 |
| Alexandra Community Defribulator | 200 | 0 |
| North Otago Toy Library | 0 | 312 |
| Oamaru Rowing Club | 0 | 200 |
| Waitaki Boys High School | 0 | 400 |
| Timaru Girls High School | 0 | 150 |
| Oamaru on Fire | 0 | 194 |
| Dunstan Arm Regatta | 0 | 200 |
| Locharburn Bull Sale | 0 | 100 |
| Victorian Heritage Parade | 939 | 1,588 |
| Totara Estate Open Day | 0 | 423 |
| Total Donations & Sponsorships | 64,222 | 60,858 |

# Environmental impact report

Telarc. Registered TM

Quality ISO 9001

**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.

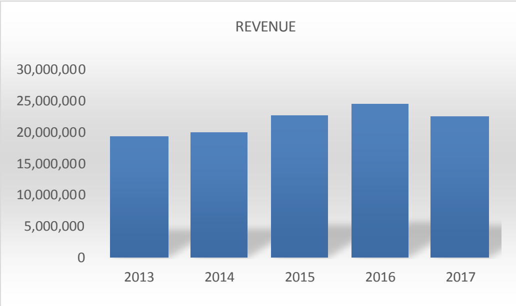
**This year's environmental activities**

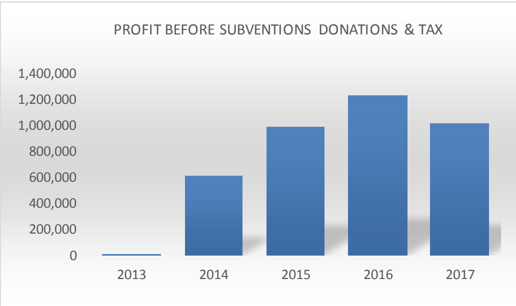
We continue to focus on maintaining our ISO 14001 accreditation and improving our focus on minimising work site environmental hazards through good job planning. A number of environmental operating procedures have been reviewed and updated during the period.

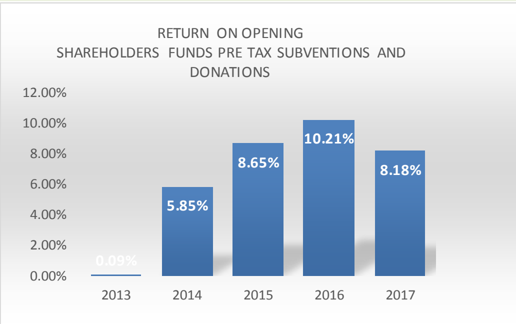
**Over the next twelve months we plan to:**

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 2017**

In overall terms, 2017 has been a year of refocusing efforts and delivering on projects for our variety of clients. The company has been successful at the tender box and looks forward to a positive 2017/18 year with a good level of forward work coming through from tendering efforts in the later half of the 2016/17 financial year.

**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)

| | 2017 $ | 2016 | 2015 $ | 2014 $ | 2013 $ |
|---|---|---|---|---|---|
| **Financial Performance** | | | | | |
| Revenue | 22,410,320 | 24,423,017 | 22,629,004 | 19,949,183 | 19,378,008 |
| **Surplus before income tax & subvention payments & donations** | **1,012,671** | **1,231,707** | **986,484** | **611,525** | **9,600** |
| Donations & Sponsorships | (64,222) | (60,858) | (394,468) | (56,087) | (55,229) |
| Subvention Payments | (640,000) | (273,833) | 0 | (23,732) | (300,000) |
| Surplus/(Deficit) before income tax | 308,449 | 897,016 | 592,016 | 531,706 | (345,629) |
| Income tax | (84,599) | (304,401) | 72,160 | (412,536) | (81,494) |
| Net Surplus/(Deficit) | 223,850 | 592,615 | 664,176 | 119,170 | (427,123) |
| **Financial Position** | | | | | |
| Total Current Assets | 4,800,393 | 5,366,672 | 5,044,002 | 4,896,027 | 4,543,906 |
| Total Non-Current Assets | 11,564,914 | 10,687,600 | 10,374,365 | 10,587,797 | 10,846,916 |
| Total Assets | 16,365,307 | 16,054,272 | 15,418,367 | 15,483,824 | 15,390,822 |
| Total Current Liabilities | 2,899,742 | 3,061,718 | 2,689,574 | 3,318,466 | 4,018,999 |
| Total Non-current Liabilities | 661,953 | 606,164 | 663,018 | 763,759 | 919,455 |
| Total Liabilities | 3,561,695 | 3,667,882 | 3,352,592 | 4,082,225 | 4,938,454 |
| Total Equity | 12,803,612 | 12,386,390 | 12,065,775 | 11,401,599 | 10,452,368 |
| **Statistics** | | | | | |
| Liabilities to Equity | 0.28 | 0.30 | 0.28 | 0.36 | 0.47 |
| Return on shareholders funds pre tax and subvention payments | 7.41% | 9.45% | 4.91% | 4.87% | -0.44% |
| Return on opening shareholders funds pre tax subvention payments and donations | 8.18% | 10.21% | 8.65% | 5.85% | 0.09% |
| Shareholders Funds to total assets | 78.24% | 77.15% | 78.26% | 73.64% | 67.91% |

A subvention payment is a payment made by a **profit company** (Whitestone Contracting Limited) to a loss company (Waitaki District Council) 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 the Waitaki District Council.

# 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 2017 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 2017**

**For and on behalf of the directors**

M J de Buyzer
Chairman

28 August 2017

R A Pickworth
Director

# The Numbers

# Whitestone Contracting Limited
# Statement of Comprehensive Income
# For the year ended 30 June 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| Operating Revenue | 2 | 22,387,367 | 24,398,368 |
| Operating Expenses | 3 | (21,386,887) | (23,190,066) |
| | | 1,000,480 | 1,208,302 |
| Finance Income | | 22,953 | 24,649 |
| Finance costs | | (10,762) | (1,244) |
| Net Financing profit | 6 | 12,191 | 23,405 |
| Operating Profit Before Subvention Payments, Donations and Tax | | 1,012,671 | 1,231,707 |
| Less Sponsorships and donations | | (64,222) | (60,858) |
| Less Subvention Payments | | (640,000) | (273,833) |
| Operating Profit/(Loss) Before tax | | 308,449 | 897,016 |
| Less Taxation Expense | 4 | (84,599) | (304,401) |
| Net Profit After Tax | | 223,850 | 592,615 |
| Other Comprehensive Income | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | |
| - Revaluation of property | | 372,142 | 0 |
| - Deferred tax effect on revaluation | | (28,770) | 0 |
| Other Comprehensive Income Net of Income Tax | | 343,372 | 0 |
| Total Comprehensive Income | | **567,222** | **592,615** |

# Whitestone Contracting Limited
# Statement of Changes in Equity
# For the year ended 30 June 2017

| | Notes | Retained Earnings | Share Capital | Asset Revaulation Reserve | Total Equity |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **2017** | | | | | |
| Balance 1 July 2016 | | 5,321,964 | 4,600,000 | 2,464,426 | 12,386,390 |
| Profit /(Loss) for the year | | 223,850 | | - | 223,850 |
| Other comprehensive Income movements | | - | | 343,372 | 343,372 |
| **Total Comprehensive Income for the year** | | 223,850 | | 343,372 | 567,222 |
| | | | | | - |
| Dividends to shareholders | | (150,000) | | | (150,000) |
| **Balance 30 June 2017** | | 5,395,814 | 4,600,000 | 2,807,798 | 12,803,612 |
| **2016** | | | | | |
| Balance 1 July 2015 | | 5,001,349 | 4,600,000 | 2,464,426 | 12,065,775 |
| Profit /(Loss) for the year | | 592,615 | | - | 592,615 |
| Other comprehensive Income movements | | - | | - | - |
| **Total Comprehensive Income for the year** | | 592,615 | | | 592,615 |
| Dividends to shareholders | | (272,000) | | | (272,000) |
| **Balance 30 June 2016** | | 5,321,964 | 4,600,000 | 2,464,426 | 12,386,390 |

# Whitestone Contracting Limited
# Statement of Financial Position
# As at 30 June 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash & Cash equivalents | 7 | 379,594 | 1,495,133 |
| Trade & Other Receivables | 8 | 3,376,437 | 3,201,374 |
| Doubtful Debt Provision | 8 | (3,705) | (121,333) |
| Inventories | 9 | 807,875 | 655,388 |
| Work in progress | 10 | 154,909 | 89,830 |
| Prepayments | 11 | 85,283 | 46,280 |
| Total Current Assets | | 4,800,393 | 5,366,672 |
| **NON CURRENT ASSETS** | | | |
| Plant, Property & Equipment | 12 | 11,212,936 | 10,313,608 |
| Advance removal of overburden | 13 | 109,131 | 128,382 |
| Goodwill | 23 | 200,000 | 200,000 |
| Easement | | 8,295 | 8,295 |
| Mix Designs | | 12,719 | 14,754 |
| Resource Consents | | 21,833 | 22,561 |
| Total Non Current Assets | | 11,564,914 | 10,687,600 |
| **Total Assets** | | 16,365,307 | 16,054,272 |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 14 | 1,313,988 | 995,318 |
| Provision for Goods and Services Tax | | 89,687 | 158,278 |
| Accrued expenses | | 294,401 | 97,506 |
| Accrued Employee Benefits - Current | 16 | 1,128,222 | 1,276,238 |
| Accrued Restoration costs | 15 | 10,946 | 19,000 |
| Prepaid income | 17 | 130,989 | 350,213 |
| Current tax Liability | 4 | (68,491) | 165,165 |
| Total Current Liabilities | | 2,899,742 | 3,061,718 |
| **NON CURRENT LIABILITIES** | | | |
| Deferred tax liability | 4 | 643,690 | 579,595 |
| Accrued Employee Benefits - Non current | 16 | 18,263 | 26,569 |
| Total Non Current Liabilities | | 661,953 | 606,164 |
| **Total liabilities** | | 3,561,695 | 3,667,882 |
| **Net Assets & Liabilities** | | 12,803,612 | 12,386,390 |
| **EQUITY** | | | |
| Share Capital | 18 | 4,600,000 | 4,600,000 |
| Retained Earnings | 18 | 5,395,814 | 5,321,964 |
| Property Revaluation Reserve | 18 | 2,807,798 | 2,464,426 |
| **Total Equity** | | 12,803,612 | 12,386,390 |

# Whitestone Contracting Limited
# Statement of Cashflows
# For the year ended 30 June 2017

| | Note | 2017 | 2016 |
|---|---|---|---|
| | | $ | $ |
| **CASHFLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash was provided from: | | | |
| Receipts from customers | | 21,758,646 | 24,867,669 |
| Interest received | | 22,953 | 24,649 |
| | | 21,781,599 | 24,892,318 |
| Cash was applied to: | | | |
| Payments to suppliers & employees | | (20,139,807) | (22,059,681) |
| Donations and Sponsorships | | (64,222) | (60,858) |
| Interest paid | | (10,762) | (1,244) |
| Subvention Payments made | | (640,000) | (273,833) |
| Income Tax (paid)/refunded | | (282,931) | (65,660) |
| | | (21,137,722) | (22,461,276) |
| Net cashflows from operating activities | | 643,877 | 2,431,042 |
| **CASHFLOWS FROM INVESTING ACTIVITIES** | | | |
| Cash was provided from: | | | |
| Proceeds from property, plant and equipment | | 252,168 | 257,235 |
| | | 252,168 | 257,235 |
| Cash was applied to: | | | |
| Property, plant and equipment purchased | | (1,861,584) | (1,747,357) |
| Total cash applied | | (1,861,584) | (1,747,357) |
| Net Cashflows to investing activities | | (1,609,416) | (1,490,122) |
| **CASHFLOWS FROM FINANCING ACTIVITIES** | | | |
| Cash was provided from: | | | |
| Proceeds from borrowings | | 0 | 0 |
| | | 0 | 0 |
| Cash was applied to: | | | |
| Dividends Paid | | (150,000) | (272,000) |
| Repayment of Borrowings | | 0 | 0 |
| | | (150,000) | (272,000) |
| Net cashflows from financing activities | | (150,000) | (272,000) |
| Net increase/(decrease) in cash held | | (1,115,539) | 668,920 |
| Cash held at the start of the year | | 1,495,133 | 826,213 |
| Cash held at the end of the year | | 379,594 | 1,495,133 |
| Made up of: | | | |
| BNZ current accounts | | 364,747 | 738,231 |
| ANZ current accounts | | 14,687 | 756,652 |
| Petty cash | | 160 | 250 |
| | | 379,594 | 1,495,133 |

# Notes

# Notes to the financial statements for the year ended 30 June 2017

## Note 1: Accounting Policies

### Reporting Entity

The financial statements of Whitestone Contracting Limited are for the year ended 30 June 2017 and were authorised for issue by Directors on 28 August 2017.

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).

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).

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 2017. 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.

## 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.

### 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.

- 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.

**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:

| Asset Category | Depreciation Method Diminishing Value |
|---|---|
| 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 arms 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.

### 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.

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.

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.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 2: OPERATING REVENUE

| | 2017 | 2016 |
|---|---|---|
| Includes; | $ | $ |
| Non construction contract revenue | 12,805,488 | 13,750,417 |
| Construction contract revenue | 9,357,779 | 10,441,621 |
| Rental Income | 55,606 | 54,881 |
| Dividends | 24 | 24 |
| Depreciation Recovered | 158,900 | 149,053 |
| Gain on Sale of property, plant and equipment | 9,570 | 2,372 |
| | 22,387,367 | 24,398,368 |

## NOTE 3: OPERATING EXPENDITURE

| Included in operating expenses are the following items: | 2017 | 2016 |
|---|---|---|
| Remuneration of auditor | $ | $ |
| - audit fees | 23,372 | 22,690 |
| - taxation compliance services | 7,385 | 11,569 |
| Depreciation | 1,224,756 | 1,139,205 |
| Loss on sale of fixed assets | 14,063 | 23,407 |
| Directors' fees | 165,000 | 150,000 |
| Donations & Sponsorships | 64,222 | 60,858 |
| Rental and operating lease costs | 140,963 | 154,836 |
| Bad debts written off | 106,561 | 3,452 |
| Bad Debts Recovered | 0 | 0 |
| Fringe Benefit Tax | 162,851 | 50,932 |
| Insurance Premiums | 199,367 | 214,423 |
| Accident Insurance | 115,159 | 97,945 |
| Employee Benefits | 8,738,164 | 9,216,410 |
| Changes in provision for doubtful debts | (139,785) | 41,591 |
| Amortised advance removal of overburden | 19,251 | 21,327 |
| Amortised quarry development | 0 | 9,990 |
| Stock obsolecence provision | 15,000 | 30,000 |
| Impairment Asphalt Mix Designs | 728 | 728 |
| Impairment of plant and machinery | 11,882 | 0 |
| Impairment of Goodwill | 0 | 100,000 |
| Amortisation of Resource Consents | 2,035 | 2,035 |
| Materials | 2,414,944 | 2,207,525 |

# Whitestone Contracting Limited - Notes (continued)

## NOTE 4: TAX EXPENSE

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Components of tax expense** | | |
| Current tax expense in respect of current year | 228,483 | 435,947 |
| Adjustments to current tax in respect of prior years | ( 179,209) | ( 77,539) |
| Deferred tax expense in respect of current year | 35,325 | ( 54,007) |
| Tax expense | 84,599 | 304,401 |
| | | |
| Operating profit before income tax | 308,449 | 897,016 |
| Tax thereon at 28% | 86,366 | 251,164 |
| *Plus/(less) taxation effect of differences:* | | |
| Tax effect of non assessable income | (3,268) | (664) |
| Tax effect of non deductible expense | 1,501 | 53,901 |
| Tax Effect of Differences | (1,767) | 53,237 |
| Tax Expense | 84,599 | 304,401 |

| | 2017 | 2016 |
|---|---|---|
| **Current tax balances** | $ | $ |
| Tax refund available | 68,491 | - |
| Current tax liability | - | (165,165) |
| | 68,491 | (165,165) |
| | | |
| **Deferred tax balance** | | |
| Deferred tax asset | 261,266 | 290,078 |
| Deferred tax liability | (904,956) | (869,673) |
| Net Deferred tax (liability) | (643,690) | (579,595) |

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Imputation Credit Account | | |
| Balance at the beginning of the year | 1,876,581 | 1,917,829 |
| IncomeTax payments | 282,929 | 65,660 |
| Credits attached to dividends paid | (58,334) | (105,779) |
| Refunds and transfers | - | (1,129) |
| Balance at the end of the year | 2,101,176 | 1,876,581 |

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

| 2017 | 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 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | (483,252) | (28,770) | (8,560) | 0 | (520,582) | (520,582) |
| Employee benefits | 212,050 | 0 | (13,654) | 198,396 | 0 | 198,396 |
| Provisions | (308,393) | 0 | (13,111) | 0 | (321,504) | (321,504) |
| | (579,595) | (28,770) | (35,325) | 198,396 | (842,085) | (643,690) |
| Tax losses | 0 | 0 | 0 | 0 | 0 | 0 |
| Balance at end of the year | (579,595) | (28,770) | (35,325) | 198,396 | (842,085) | (643,690) |
| | | | | | | |
| **2016** | | | | | | |
| Property, plant and equipment | (497,594) | 0 | 14,342 | 0 | (483,252) | (483,252) |
| Employee benefits | 239,059 | 0 | (27,009) | 212,050 | 0 | 212,050 |
| Provisions | 358,086 | 0 | 49,693 | 0 | (308,393) | (308,393) |
| Balance at end of the year | 99,551 | 0 | 37,026 | 212,050 | (791,645) | (579,595) |
| Tax losses | (16,981) | | 16,981 | 0 | 0 | 0 |
| Balance at end of the year | 82,570 | 0 | 54,007 | 212,050 | (791,645) | (579,595) |

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

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Salaries and Wages | 8,518,426 | 8,800,522 |
| Severance Payments | 98,418 | 53,582 |
| Employer Contributions to superannuation schemes | 214,382 | 213,827 |
| Increase/(Decrease) in employee benefit liabilities | (93,062) | 148,479 |
| Total Employee Benefit Costs | 8,738,164 | 9,216,410 |

**Includes;**

| Key Management Personnel compensation | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Total key management personnel compensation | 802,180 | 754,733 |

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

# Whitestone Contracting Limited - Notes (continued)

## NOTE 6: FINANCE INCOME AND COSTS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Financing Income: | | |
| Interest Income | 22,953 | 24,649 |
| Total finance Income | 22,953 | 24,649 |
| | | |
| Finance Expenditure: | | |
| Interest expense - borrowings | 12 | 1,244 |
| Interest Expense - Other | 10,750 | 0 |
| Total Interest expense on borrowings | 10,762 | 1,244 |
| Net finance profit | 12,191 | 23,405 |

## NOTE 7: CASH AND CASH EQUIVALENTS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Cash at Bank | 379,434 | 744,883 |
| Petty Cash | 160 | 250 |
| Short term deposits maturing three months or less from date of acquisition | 0 | 750,000 |
| Total cash and equivalents | 379,594 | 1,495,133 |
| Bank overdrafts | 0 | 0 |
| Net cash equivalents and bank overdrafts for the purposes of the statement of cashflows | 379,594 | 1,495,133 |

The group bank overdraft facility totals $1,000,000. (2016: $1,000,000)
The current interest rate on the overdraft facility is 5.00% (2016 4.95%)
In addittion the company has an undrawn Customised Average Rate loan facility of $1,390,078

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 the Asphalt Plant.

# Whitestone Contracting Limited - Notes (continued)

## NOTE 8: TRADE AND OTHER RECEIVABLES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Gross trade and other receivables | 2,467,320 | 2,447,116 |
| Waitaki District Council | 527,305 | 533,140 |
| Waitaki District Council retentions | 76,904 | 0 |
| Contract Retentions other | 304,908 | 221,118 |
| | 3,376,437 | 3,201,374 |
| Less provision for impairment | (3,705) | (121,333) |
| Total trade and other receivables | 3,372,732 | 3,080,041 |

Movements in provision for impairment

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Opening Balance | 121,333 | 77,473 |
| Additional provisions made during the year | (11,067) | 47,830 |
| Less Provision for Doubtful Debts written off | (106,561) | (3,970) |
| Balance at 30 June | 3,705 | 121,333 |

## NOTE 9: INVENTORIES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Metal and soil stocks | 514,581 | 334,582 |
| Other Supplies | 338,294 | 350,806 |
| Provision for obsolescene | (45,000) | (30,000) |
| Total Inventories | 807,875 | 655,388 |

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

## NOTE 10: WORK IN PROGRESS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Cost | 5,290,664 | 5,851,448 |
| Profit Recognised to Date | 949,609 | 1,257,555 |
| Gross Construction WIP | 6,240,273 | 7,109,003 |
| Progress billings | (6,196,187) | (7,336,840) |
| Net Construction Work in progress | 44,086 | (227,837) |
| | | |
| Represented as: | | |
| Prepaid Income | (129,323) | (227,837) |
| Work In progress | 102,842 | 0 |
| | | |
| Other Maintenance Contracts | 52,067 | 89,830 |
| Total Work In Progress | 154,909 | 89,830 |

## NOTE 11: PREPAYMENTS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Prepaid Trade Creditors | 85,283 | 46,280 |
| Total Prepayments | 85,283 | 46,280 |

## NOTE 12: PLANT PROPERTY AND EQUIPMENT

| Cost | Plant & Equipment | Motor Vehicles | F&F Office Equip | Land | Buildings | Total |
|---|---|---|---|---|---|---|
| Balance at 1 July 2016 | 17,349,181 | 2,182,968 | 807,393 | 2,637,000 | 1,665,415 | 24,641,958 |
| Revaluation | 0 | 0 | 0 | 270,500 | (9,419) | 261,081 |
| Additions | 1,285,266 | 320,972 | 10,098 | 0 | 13,053 | 1,629,389 |
| Capital Work in Progress | 232,197 | | | | | 232,197 |
| Disposals at cost | (908,627) | (298,671) | (208) | 0 | | (1,207,506) |
| Reclasification | (194,962) | 194,962 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2017 | 17,763,055 | 2,400,231 | 817,283 | 2,907,500 | 1,669,049 | 25,557,119 |
| **Accumulated depreciation and impairment losses** | | | | | | |
| Balance at 1 July 2016 | 11,744,517 | 1,733,719 | 734,677 | 0 | 115,436 | 14,328,349 |
| Depreciation Expense | 987,278 | 167,722 | 30,933 | 0 | 38,823 | 1,224,756 |
| Impairment losses | 11,882 | 0 | 0 | 0 | 0 | 11,882 |
| Accumulated depreciation reversal | (820,472) | (289,086) | (185) | | (111,061) | (1,220,804) |
| Reclasification | (49,098) | 49,098 | 0 | 0 | 0 | 0 |
| Balance at 30 June 2017 | 11,874,107 | 1,661,453 | 765,425 | 0 | 43,198 | 14,344,183 |
| **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

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Opening Balance of Advance removal of Overburden and waste rock | 128,382 | 149,709 |
| Amortisation | (19,251) | (21,327) |
| Total Capitalised Quarry Expenditure | 109,131 | 128,382 |

# Whitestone Contracting Limited - Notes (continued)

## NOTE 14: TRADE AND OTHER PAYABLES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Waitaki District Council | 1,170 | 45,054 |
| Trade creditors | 1,312,818 | 950,264 |
| Total accounts payable | 1,313,988 | 995,318 |

## NOTE 15: PROVISIONS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Opening Provision for restoration of land | 19,000 | 19,000 |
| Movement | (8,054) | 0 |
| Total Provisions | 10,946 | 19,000 |

*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 LIABILITES

| | 2017 | 2016 |
|---|---|---|
| **Employee Entitlements** | $ | $ |
| Accrued Pay | 492,991 | 600,735 |
| Annual Leave | 610,508 | 651,360 |
| Sick Leave | 12,422 | 18,082 |
| Long Service Leave | 30,564 | 32,630 |
| Total | 1,146,485 | 1,302,807 |

| | | |
|---|---|---|
| Comprising | | |
| Current | 1,128,222 | 1,276,238 |
| Non Current | 18,263 | 26,569 |
| | 1,146,485 | 1,302,807 |

## NOTE 17: PREPAID INCOME

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Waitaki District Council | 74,664 | 34,286 |
| Other | 56,325 | 315,927 |
| Total prepaid income | 130,989 | 350,213 |

*This is all current in nature*

## NOTE 18: CAPITAL AND RESERVES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| Opening Share Capital | 4,600,000 | 4,600,000 |
| Closing Share Capital | 4,600,000 | 4,600,000 |
| | | |
| Retained earnings | | |
| Opening Balance | 5,321,964 | 5,001,349 |
| Net Surplus | 223,850 | 592,615 |
| Dividend Paid | (150,000) | (272,000) |
| Closing Retained Earnings | 5,395,814 | 5,321,964 |
| | | |
| Opening Property Revaluation Reserve | 2,464,426 | 2,464,426 |
| Revaluation | 343,372 | 0 |
| Disposal of Revalued Plant, Property and Equipment | 0 | 0 |
| Closing Revaluation | 2,807,798 | 2,464,426 |
| | | |
| Total Equity | 12,803,612 | 12,386,390 |

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 $150,000. (2016 $272,000)

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

| | 2017 | 2016 |
|---|---|---|
| The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows: | $ | $ |
| One year or less | 100,329 | 124,981 |
| One to five years | 65,765 | 198,714 |
| Over five years | 0 | 1,221 |
| | 166,094 | 324,916 |

The company also has a photocopier contract based on a target number of copies over the contract term. This contract has 1,556,000 copies remaining.
This is expected to be completed in 2021 at a total cost of $59,594

The company had committed to purchase a bitumen sprayer valued at $675,000 plus GST with progress payments remaining to be made at balance date of $470,000.

## NOTE 20: CONTINGENT LIABILITIES & CONTINGENT ASSETS

| | 2017 | 2016 |
|---|---|---|
| There are performance bonds as at 30 June 2017 in favour of: | $ | $ |
| Waitaki District Council | 213,341 | 148,657 |
| New Zealand Transport Agency | 0 | 45,015 |
| Mackenzie District Council | 248,272 | 288,470 |
| Timaru District Council | 105,794 | 105,794 |
| Clutha District Council | 22,486 | 22,486 |
| Oamaru Land Developments | 0 | 222,888 |
| Elloughton Grange | 61,641 | 61,641 |
| Radius Residential Care | 139,084 | 139,084 |
| Dunedin City Council | 73,579 | 45,739 |
| Waimate District Council | 150,000 | 100,000 |
| Central Otago District Council | 100,000 | 0 |
| Alliance Group Ltd | 28,387 | 0 |
| Kim Taylor of AKGO Ltd | 54,642 | 0 |
| | 1,197,226 | 1,179,774 |

Bonds are held guaranteeing fulfulment of obligations under particular contracts.
The company is released from the oligations when the performance criteria under the contract are met.

The company has no contingent assets (2016 $nil).

# Whitestone Contracting Limited - Notes (continued)

## NOTE 21: RELATED PARTY TRANSACTIONS

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **(a) Intergroup transactions and balances** | | |
| **Waitaki District Council** | | |
| Services provided to Waitaki District Council | 3,604,744 | 5,851,472 |
| Services received from Waitaki District Council | 50,793 | 89,389 |
| Amounts owing to Council | 1,170 | 45,054 |
| Amounts receivable from Council | 604,209 | 533,140 |
| **Waitaki District Health Services** | | |
| Services provided to | | |
| Services provided to Waitaki District Health Services | 11,174 | 11,174 |
| Services received from Waitaki District Health Services | 0 | 0 |
| Amounts owing to Waitaki District Health Services | 0 | 0 |
| Amounts receivable from Waitaki District Health Services | 1,071 | 1,071 |
| **Tourism Waitaki** | | |
| Services provided to | | |
| Services provided to Tourism Waitaki | 13,508 | 69,033 |
| Services received from Tourism Waitaki | 0 | 0 |
| Amounts owing to Tourism Waitaki | 0 | 0 |
| Amounts receivable from Tourism Waitaki | 0 | 1,610 |

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 | 7,319 | 6,321 | Legal Services |
| Deloitte | S Thompson | Consultant | 10,698 | 8,819 | Consulting Services |
| Network Waitaki Ltd | J D Walker | Director | 4,446 | 268 | Contracting services |
| Delta Utility Services Limited | S Thompson | Director | 390 | 0 | Contracting services |
| Hugh Perkins - Registered Valuer | Hugh Perkins | Sole Trader | 1,794 | 0 | Valuation Services |
| Steel & Tube | R A Pickworth | GM Infrastructure and Shareholder | 6,303 | 0 | Material supplies |
| Fulton Hogan Limited | S W Grave | Shareholder | 740,049 | 63,730 | Material supplies and Contracting Services |
| North Otago Motor Group | C Wollstein | Director | 164,461 | 1,815 | 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 |
|---|---|---|---|---|---|
| J D Walker | J D Walker | Director | 18,388 | 77 | Fuel and contracting services |
| Berry & Co | M J de Buyzer | Director | 1,104 | 0 | Contracting Services |
| M J de Buyzer | M J de Buyzer | Director | 76,633 | 0 | Contracting Services |
| L Clarke | L Clarke | Manager | 1,036 | 49 | Material supplies and workshop services |
| G E Campbell | G E Campbell | Chief Executive | 6,182 | 0 | Contracting and Workshop Services |
| T S Read | T S Read | Manager | 1,515 | 0 | Fuel & contracting services |
| J A Hardy | J A Hardy | Manager | 2,389 | 0 | Material supplies, Workshop & Contracting services |
| S Thompson | S Thompson | Director | 3,000 | 347 | Fuel Supplies |
| Network Waitaki Ltd | J D Walker | Director | 497,977 | 45,875 | Contracting services and materials |
| Netcon Limited | S Thompson | Chairman | 5,992 | 0 | Contracting Services |
| C Wollstein | Waitaki DC | Councillor | 15,516 | 0 | Contracting Services |
| T Cloete | Waitaki DC | Council Manager | 967 | 0 | Contracting Services |
| Delta Utility Services | S Thompson | Director | 705 | 705 | Contracting Services |
| S Grave | S Grave | Director | 499 | 309 | Fuel Supplies |
| Alpine Energy Limited | S R Thiompson | Chairperson | 4,768 | 4,559 | Contracting Services |
| Fulton Hogan Limited | S W Grave | Shareholder | 654,671 | 126,991 | Contracting Services |

## NOTE 22: CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Loans & receivables** | | |
| Trade and other receivables | 3,372,732 | 3,080,041 |
| Cash & Cash equivalents | 379,594 | 1,495,133 |
| Total loans and receivables | 3,752,326 | 4,575,174 |
| **Financial liabilities measured at amortised cost** | | |
| Trade and other payables | 1,313,988 | 995,318 |
| Provision for Goods and Services Tax | 89,687 | 158,278 |
| Accrued expenses | 294,401 | 97,506 |
| Borrowings | 0 | 0 |
| Total financial liabilities measured at amortised costs | 1,698,076 | 1,251,102 |

# Whitestone Contracting Limited - Notes (continued)

## NOTE 23: GOODWILL

| | 2017 | 2016 |
|---|---|---|
| | $ | $ |
| **Cost** | | |
| Balance at 1 July 2016 | 200,000 | 300,000 |
| Acquisitions | 0 | 0 |
| | 200,000 | 300,000 |
| **Amortisation and Impairment losses** | | |
| Amortisation | 0 | 0 |
| Impairment | 0 | 100,000 |
| Carrying Balance 30 June 2017 | 200,000 | 200,000 |

**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.

Oamaru Bike Skills park during construction

# 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% | The company achieved an 8.18% return, 0.18% above the targeted return. |
| Continue to diversify the WCL portfolio of sectors work, geographical spread and client mix. | The number of clients spending $10,000 or more increased by 1.7% indicating the diversity of clients was maintained during the period.<br><br>The company competed work from Invercargill in the South to Timaru District to the North.<br><br>The top 10 clients were to 68% of revenue in 2017, this percentage was 75% in 2016. |
| Increase the percentage of revenue obtained from sources other than the Waitaki District Council. | The % of revenue from the Waitaki District Council was 16% in 2017. (24% in 2016) |
| Maintain a high standard of health and safety in relation to the Company's employees, customers, suppliers, subcontractors and the public, as measured by achieving ACC Workplace Safety Management accreditation and other HS KPI's. | Maintained |
| Maintain ISO 9001 registration and related quality assurance programs. | Maintained |
| Maintain ISO 14001 standard to ensure we have systems in place to environmental legislative and regulatory requirements. | Maintained |
| Increase revenue and grow market share in North Otago and other areas of operation | The company revenue decreased by $2 million during the period. |
| In quarter 4 of each year agree on KPI targets for the following year. | Key performance indicators were agreed and reported on during the year. The company meets regularly with the Shareholder group to update performance. |
| Maintain a ratio of consolidated shareholder funds to total Assets in the range of 60% - 80% | The ratio at 30 June 2017 is 78.23% |

# Statutory Information

| **Current Directors** | **Appointed** |
|---|---|
| Michael John de Buyzer | 1 July 2008 |
| Peter John Rowell | 7 September 2012 |
| Stephen Richard Thompson | 11 December 2012 |
| Ross Anthony Pickworth | 1 January 2016 |
| Steve William Grave | 1 January 2017 |

**DIRECTORS REMUNERATION**

| | Fees | Extra Fees | Travel |
|---|---|---|---|
| J D Walker | 22,500 | 0 | 0 |
| M de Buyzer | 37,500 | 0 | 0 |
| J Rowell | 30,000 | 0 | 9,228 |
| S Thompson | 30,000 | 0 | 1,901 |
| R Pickworth | 30,000 | 0 | 3,862 |
| S Grave | 15,000 | 0 | 2,045 |
| | 165,000 | 0 | 17,036 |

**Employees remuneration**
The company had 13 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 | 4 |
| 120-130 | 4 |
| 130-140 | 1 |
| 160-170 | 1 |
| 170-180 | 2 |
| 280-290 | 1 |

**Recommended Dividend**
No further distributions have been resolved as at 30 June 2017.

**Sponsorships and Donations**
Sponsorships and donations totalled $64,222 ($60,858 : 2016).

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# 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 (2017) Limited | Director/Shareholder |
| BCO Trustees (Robertson) Limited | Director/Shareholder |
| Camp Street Properties Limited | Director/Shareholder |
| Elderston Trustees 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 |

**S Thompson**

| | |
|---|---|
| Alpine Energy Limited | Chairman |
| Aurora Energy Limited | Chairman |
| Cairnmuir Road Winery Limited | Director |
| Delta Utility Services Limited | Chairman |
| F S Investments Limited | Director |
| Infratec Renewables (Rarotonga) Limited | Chairman |
| Infratec Limited | Chairman |
| Integrated Contract Solutions Limited | Director |
| Keanos Trustee Company Limited | Director |
| Kingsgate Properties Limited | Shareholder |
| Millenium Solutions Limited | Director |
| Netcon Limited | Chairman |
| NT Partnership | Partner |

# Statutory Information

| | |
|---|---|
| Infratec Renewables Limited | Chairman |
| Owhiro River Limited | Shareholder |
| Passmore Consulting Services Limited | Director |
| Queensberry Partnership | Partner |
| Sarita Holdings Limited | Director/Shareholder |
| Timaru Electricity Limited | Chairman |
| Thompson Bloodstock Limited | Chairman |
| Wanaka Bay Limited | Director |
| Westminster Resources Limited | Director |

**J Rowell**

| | |
|---|---|
| Mining Equipment Limited | Director and Shareholder |
| Kinloch Machinery Ltd | Sole Director |

**R Pickworth**

| | |
|---|---|
| Steel & Tube Holdings Limited | General Manager Infrastructure and Shareholder |

**S Grave**

| | |
|---|---|
| Fulton Hogan Ltd | Shareholder |
| Fulton Hogan Ltd | K M & S W Grave Family Trust Shareholder |
| Blakely Construction Ltd | Director |
| Steve Grave Consulting Limited | Principal |

**J Walker**

| | |
|---|---|
| Network Waitaki Limited | Director |
| Mighty Mix Dog Food Limited | Director and Shareholder |

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.

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Crowe Horwath
New Zealand Audit Partnership
Member Crowe Horwath International

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# INDEPENDENT AUDITOR'S REPORT

## TO THE READERS OF WHITESTONE CONTRACTING LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2017

The Auditor-General is the auditor of Whitestone Contracting Limited (the company). The Auditor-General has appointed me, Philip Sinclair, using the staff and resources of Crowe Horwath 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 12 to 37, that comprise the statement of financial position as at 30 June 2017, 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 2017; 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 2017.

Our audit was completed on 28 August 2017. 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.

### Basis for 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

Crowe Horwath.
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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:

- 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.

Crowe Horwath.
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- 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.

**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.

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In addition to the audit we have carried out assignments in the area of taxation compliance, which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the company.

**Philip Sinclair**
**Crowe Horwath New Zealand Audit Partnership**
On behalf of the Auditor-General
Dunedin, 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), CFIinstD (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)

**John David Walker**
CFInstD (Retired from the board 31 December 2016)

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

**Auditors**
P Sinclair, 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