WHITESTONE
CONTRACTING LIMITED

Interim Report
For the six months ended
31 December 2021

www.whitestone.co.nz

Contents

Period in Review

Financial Performance
The company recorded a $151,376 surplus prior to donations and tax for the six months to 31 December 2021. This compares to a loss of $146,227 at the same time last year.

The six months was impacted by a two week Covid lockdown in August of 2021.

The company's forward outlook is positive, with a number of projects being secured now that will lead ensure a positive workload through 2022. The company continues to tender for projects throughout its regions of operation.

Projects
The company has undertaken a number of projects in the period including:
Hanleys Farm Landscaping (Queenstown)
Oamaru Reservoir
Weston and Oamaru footpaths
Palmerston Watermain upgrades
Camp St Dunedin intersection upgrade
Sawyers Bay Subdivision (Dunedin)
McBrimar Subdivision (Homes Hill)
Landslip Repairs (Waitaki)
Apes Road Water Upgrade (Karitane)
Terrace School Drainage (Alexandra)

The company continues to provide maintenance services to Mackenzie District Council Utilities and Township Maintenance as well as providing services to Fulton Hogan on the Central Otago State Highway Road Network contract and Dunedin City Road Maintenance Contract.

Plant and Machinery
Due to the loss of two roading maintenance projects in the last 6 months the company has required limited capital expenditure and is well resourced for additional projects.

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 embedded this year. An upgrade of Financials systems will also take place in the first half of 2022.

Property
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 2022 year.

Safety Performance
The company places high importance on both health and safety performance. The company reported 1 Lost time injury during the six months.

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. The company has also recently teamed up with Mates in Construction

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 $28,562.

Governance
Our CEO Glenn Campbell left Whitestone Contracting in December after 11 years at the helm.
The resignation of Glenn was accepted by the Board in November with regret. Mr Campbell has accepted a senior managerial position with Higgins in the North Island. During Mr Campbells tenure the company produced excellent results.
Interim Chairman Steve Grave says the company has been a strong performer under Mr Campbells leadership. In the interim Mr Paul Bisset is Acting CEO, while the company completes its recruitment process.
In addition, there has been change around the Board Table with the Chairman Mr Michael de Buyzer retiring from the board after 13 and a half years' service, Mr Steve Thompson after 9 years service and Mr Ross Pickworth 6 years service.
Remaining Directors Mr Steve Grave and George Kelcher are joined by Sina Cotter-Tait, Craig Wyatt, and Jonathan Kay.
The company is in good heart operating profitably and has positive forward workload.

S Grave (Chair)

Company Ownership

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	Mission	Values
• To be an excellent tier 2 contractor	• Our team delivers with pride and care	• We are Respectful • We Take Ownership • Safety starts with me • We Celebrate Success

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 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
Landscape supplies
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
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.

Safety
Whitestone Contracting Limited is ISO 45001:2018 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.

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.

Sustainability
The company joined the Toitũ 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:

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 permanent 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 a wellbeing programme that encourages physical and mental wellbeing.

The company maintains ISO 45001 safety standard.

MEASURING OUR PERFORMANCE
Employee safety and investment

	December 2021	December 2020	June 2021
Closing Fulltime Equivalent Employees	96	120	110
Training Expenditure	98,571	133,099	260,838

Sponsorships and donations for the six months to December 2021

Oamaru Opera House	10,000
North Otago Rugby Union	17,500
Oamaru Christmas Parade	87
North Otago Basketball	125
Tarras Golf Club	250
Awamoa Bowling Club	500
Fairlie Golf Club	100
	$28,562

Environmental Performance Report

We are committed to:

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

Positive Impacts on the Environment

Whitestone Contracting Limited provides a range of services which provide environmental benefits to the community. We provide tree care and landscaping services as well as vegetation and weed control services. We maintained parks and reserves for some Council clients as well as water and 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_2e
2019/20 2,200 Tonne CO_2e
2020/21 2,083 Tonne CO_2e

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

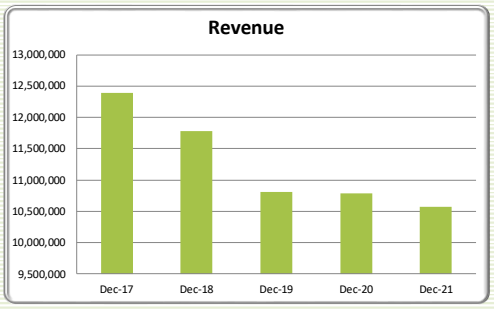
With the government legislative moves to promoting Hybrid and EV vehicles including a penalty imposed on the purchase of Diesel Utes the company is looking at the move to the most effective option as suitable vehicles come on the market.

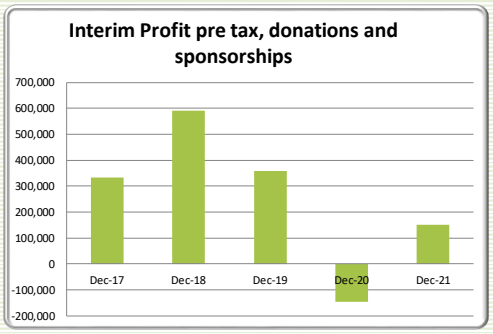
There is a risk if the company doesn't move with the changing landscape the market for our current fleet may decrease. A short-term increase in value may also be an outcome of the government's changes. Readers of the financial statements should be aware of this risk and consider what may occur in the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

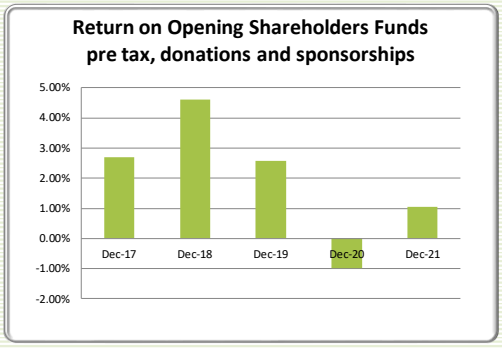
Over the next six months we plan to:

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 companys emissions management and reduction plan.

Financial Performance Report







We are committed to:

Increasing shareholder returns through both distributions and capital growth.
Maintaining the company with a risk based management approach while targeting sustainable long term growth.
Meeting 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 the first six months

The company has achieved a profit in spite of a two week Covid lockdown in August and provided a quality service and outcome for a large number of clients.

Measuring our performance:

The company is profitable and making progress towards its stated target for the year of 8% return on opening shareholders' funds. Further information on the financial results of the company are contained in the financial statements.

Over the next six months we plan to:

Increase turnover and earnings per share by continuing positive 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 performance.

Directors Responsibility

Directors are responsible for preparing the financial statements and ensuring that they comply with generally accepted accounting practice and give a true and fair view of the financial position of the company as at 31 December 2021 and the results of the operations and cash flows for the six months 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 interim financial statements of Whitestone Contracting Limited for the six months to 31 December 2021

S Grave (Chair)

G Kelcher (Director)

16 February 2022

Statement of Comprehensive Income
For the six months ended 31 December 2021

	Note	December 2021 $	December 2020 $	June 2021 $
Operating Revenue		10,184,508	10,651,736	24,777,882
Other Revenue		385,216	141,053	339,586
Total Revenue	2	10,569,724	10,792,789	25,117,468
Operating Expenses	3	(10,403,768)	(10,917,170)	(24,885,483)
		165,956	(124,381)	231,985
Finance Income		2,651	47	9,537
Finance Expense		(17,231)	(21,893)	(56,847)
		(14,580)	(21,846)	(47,310)
Operating Profit Before Donations Sponsorship and Tax		***151,376***	***(146,227)***	***184,675***
Less Sponsorships & Donations		(28,562)	(32,162)	(68,002)
Operating Profit/(Loss) Before Tax		122,814	(178,389)	116,673
Taxation	4	(20,663)	65,251	67,899
Net Profit/(Loss) After Tax		102,151	(113,138)	184,572
Revaluation of property		-	-	-
Deferred tax effect on revaluation		-	-	40,077
Other Comprehensive Income		-	-	40,077
Total Comprehensive Income		102,151	(113,138)	224,649

Statement of Movements in Equity
For the six months ended 31 December 2021

	Notes	Retained Earnings	Share Capital	Asset Revaulation Reserve	Total Equity
		$	$	$	$
31 December 2021					
Balance 1 July 2021		6,286,367	4,600,000	3,297,352	14,183,719
Profit for the six months		102,151			102,151
Other comprehensive Income movements		-		-	-
Total Comprehensive Income for the six months		102,151		-	102,151
Dividends to shareholders		-			-
Balance 31 December 2021		6,388,518	4,600,000	3,297,352	14,285,870
31 December 2020					
Balance 1 July 2020		6,453,622	4,600,000	3,535,966	14,589,588
Profit for the six months		(113,138)			(113,138)
Other comprehensive Income movements		-		-	-
Total Comprehensive Income for the six months		(113,138)		-	(113,138)
Dividends to shareholders		-			-
Balance 31 December 2020		6,340,484	4,600,000	3,535,966	14,476,450
30 June 2021					
Balance 1 July 2020		6,453,622	4,600,000	3,535,966	14,589,588
Profit for the year		184,572			184,572
Other comprehensive Income movements		-	-	40,077	40,077
Total Comprehensive Income for the year		184,572	-	40,077	224,649
Dividends to shareholders		(630,518)	-	-	(630,518)
Realisation of revaluation on sale of property		278,691		(278,691)	-
Balance 30 June 2021		6,286,367	4,600,000	3,297,352	14,183,719

Statement of Financial Position
As at 31 December 2021

	Note	December 2021 $	December 2020 $	June 2021 $
CURRENT ASSETS				
Cash & Cash equivalents	6	612,932	14,639	2,287
Trade & Other Receivables		2,111,051	2,419,245	4,065,433
Doubtful Debt Provision		(7,511)	(4,826)	(7,829)
Inventories		362,486	652,376	526,969
Work in progress		551,180	433,657	216,158
Right-of-use - Leased Assets		52,032	44,636	47,339
Prepayments		192,923	183,495	132,802
Total Current Assets		3,875,093	3,743,222	4,983,159
NON CURRENT ASSETS				
Plant, Property & Equipment	5	14,646,953	15,667,460	15,257,912
Advance removal of overburden		38,504	50,805	43,942
Right-of-use - Leased Assets		43,573	14,683	-
Mix Designs		3,561	5,596	4,579
Resource Consents		19,428	20,156	19,792
Total Non current assets		14,752,019	15,758,700	15,326,225
Total assets		18,627,112	19,501,922	20,309,384
CURRENT LIABILITIES				
Trade payables		759,860	1,241,879	1,448,134
Bank Overdraft	6 & 11	-	301,389	527,389
Borrowings	11	64,320	61,730	63,120
Provision for Goods and Services Tax		316,689	238,002	78,706
Lease Liability		60,953	46,084	382,642
Accrued expenses		64,086	63,871	82,656
Accrued Employee Benefits - Current		953,397	1,098,645	1,129,223
Accrued Restoration costs		10,000	7,338	10,000
Prepaid income		377,851	212,176	634,105
Current Tax Liability	4	153,694	155,939	180,856
Total current liabilites		2,760,850	3,427,053	4,536,831
NON CURRENT LIABILITIES				
Deferred tax liability	4	489,701	509,517	441,875
Term Borrowings	11	981,400	1,045,720	1,014,040
Lease Liability		78,596	15,292	101,756
Accrued Employee Benefits - Non current		30,695	27,890	31,163
Total non current liablities		1,580,392	1,598,419	1,588,834
Total liabilities		4,341,242	5,025,472	6,125,665
Net Assets & Liabilities		14,285,870	14,476,450	14,183,719
EQUITY				
Share Capital	7	4,600,000	4,600,000	4,600,000
Asset Revaluation Reserve		3,297,352	3,535,966	3,297,352
Retained Earnings	7	6,388,518	6,340,484	6,286,367
Total Equity		14,285,870	14,476,450	14,183,719

Statement of Cashflows
For the six months ended 31 December 2021

	Note	December 2021 $	December 2020 $	June 2021 $
CASHFLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		11,165,841	10,587,293	23,656,069
Receipts from other Income		385,216	141,053	339,586
Interest received		2,651	47	9,537
		11,553,708	10,728,393	24,005,192
Cash was applied to:				
Payments to suppliers & employees		(10,384,706)	(10,609,891)	(23,056,791)
Donations and Sponsorships		(28,562)	(32,162)	(68,002)
Interest paid		(17,231)	(21,893)	(56,847)
Taxation (paid)/refunded		-	(46,667)	(46,667)
		(10,430,499)	(10,710,613)	(23,228,307)
Net cashflows from operating activities		1,123,209	17,780	776,885
CASHFLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of fixed assets		303,985	211,940	769,231
		303,985	211,940	769,231
Cash was applied to:				
Fixed assets purchased		(211,975)	(1,353,671)	(2,184,003)
Total cash applied		(211,975)	(1,353,671)	(2,184,003)
Net Cashflows to investing activities		92,010	(1,141,731)	(1,414,772)
CASHFLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings		-	-	-
		-	-	-
Cash was applied to:				
Dividends Paid		-	-	(630,518)
Lease Payments		(45,745)	-	(63,608)
Repayment of borrowings		(31,440)	(30,060)	(60,350)
		(77,185)	(30,060)	(754,476)
Net cashflows to financing activities		(77,185)	(30,060)	(754,476)
Net increase/(decrease) in cash held		1,138,034	(1,154,011)	(1,392,363)
Cash Held at beginning of the period		(525,102)	867,261	867,261
Cash Held at the end of the period		612,932	(286,750)	(525,102)
Made up of:				
BNZ current accounts		610,829	(301,389)	(527,389)
ANZ current accounts		1,899	14,479	2,037
Petty cash		204	160	250
		612,932	(286,750)	(525,102)

Notes to the financial statements for the six months ended 31 December 2021

Note 1: Accounting Policies

Reporting Entity

The unaudited financial statements of Whitestone Contracting Limited are for the six months ended 31 December 2021 and were authorised for issue by Directors on 16 February 2022.

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 Trading 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 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 recognized.

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 recognized 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 contact 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:

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 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 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.

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

Notes to the financial statements for the six months ended 31 December 2021

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.

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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.

Notes to the financial statements for the six months ended 31 December 2021

NOTE 2: OPERATING REVENUE

	December 2021	December 2020	June 2021
	$	$	$
Includes;			
Operating Income			
Maintenance Contract Revenue	3,079,521	4,604,249	11,139,625
Installation and Construction Contract Revenue	4,328,073	4,242,098	8,964,153
Non Contract Work	2,747,189	1,767,166	4,621,608
Rental Income	29,725	38,223	52,496
	10,184,508	10,651,736	24,777,882
Other Income			
Government Subsidies	148,768	-	700
Dividends	14	14	14
Depreciation Recovered	219,012	132,657	229,299
Gain on Sale plant property and equipment	17,422	8,382	109,573
Total Other Income	385,216	141,053	339,586
Total Income	10,569,724	10,792,789	25,117,468

NOTE 3: OPERATING EXPENDITURE

	December 2021	December 2020	June 2021
Included in operating expenses are the following items:	$	$	$
Remuneration of auditor	14,436	15,692	28,128
Depreciation	752,893	770,744	1,650,405
Loss on sale of fixed assets	2,490	4,283	5,043
Right-of-use Assets - Amortisation	3,840	14,266	66,095
Directors' fees	108,605	98,000	202,738
Donations & Sponsorships	28,562	32,162	68,002
Rental and Service agreement costs	46,089	47,147	96,223
Bad debts written off	-	-	-
Fringe Benefit Tax	65,818	66,275	140,295
Insurance Premiums	135,201	132,105	272,311
Accident Insurance	71,791	71,734	128,540
Employee Benefits	4,442,727	4,739,634	9,800,733
Changes in provision for doubtful debts	(277)	(33,991)	(31,380)
Amortised advance removal of overburden	5,438	6,415	13,278
Impairment Asphalt Mix Designs	1018	1,018	2,035
Amortisation of Resource Consents	364	364	728
Stock Obsolecence	-	-	(30,000)
Materials	842,217	986,695	2,060,439

NOTE 4: TAX EXPENSE

	December 2021	December 2020	June 2021
	$	$	$
Components of tax expense			
Current tax expense in respect of current year	(24,698)	-	487
Adjustments to current tax in respect of prior years	1,343	-	24,430
Tax Effect of change to tax base of buildings	-	-	2,155
Deferred Tax effect of tax loss	-	(102,786)	0
Deferred tax expense in respect of current year	44,018	37,535	(70,451)
Deferred tax expense other	0	0	(24,520)
Tax expense/(benefit)	20,663	(65,251)	(67,899)
Operating profit/(loss) before income tax	122,815	(178,389)	116,673
Tax thereon at 28%	34,388	(49,949)	32,668
Plus/(less) taxation effect of differences:			
Tax effect on non assessable income	(14,963)		(104,994)
Tax effect of non deductible expense	(56)	(11,093)	2,362
Tax effect of prior year adjustment	1,294		(90)
Tax Effect of change to tax base of buildings	-	(4,209)	2,155
Tax effect of tax loss			
Tax effect of Differences	(13,725)	(15,302)	(100,567)
	20,663	(65,251)	(67,899)
Current tax balances			
Tax refund available	-	-	-
Current tax liability	(153,694)	(155,939)	(180,856)
	(153,694)	(155,939)	(180,856)
Deferred tax balance			
Deferred tax asset	264,714	362,391	294,556
Deferred tax (liability)	(754,415)	(871,908)	(736,431)
	(489,701)	(509,517)	(441,875)

NOTE 5: PROPERTY PLANT AND EQUIPMENT

	December 2021	December 2020	June 2021
	$	$	$
During the period the company:			
acquired assets with a cost of	211,975	1,353,671	2,184,003
disposed of assets with a carrying value of	70,041	75,183	435,402
This resulted in a net (loss)/gain on sale for the period of	14,932	4,100	104,530
and depreciation recovered of	219,012	132,657	229,299
Net gain on revaluation of Land and Buildings	-	-	-

NOTE 6: CASH AND CASH EQUIVALENTS

	December 2021	December 2020	June 2021
	$	$	$
Cash at Bank	612,728	14,479	2,037
Petty Cash	204	160	250
Total cash and equivalents	612,932	14,639	2,287
Bank overdrafts	-	(301,389)	(527,389)
Net cash equivalents and bank overdrafts for the purposes of the statement of cashflows	612,932	(286,750)	(525,102)

NOTE 7: CAPITAL AND RESERVES

	December 2021	December 2020	June 2021
	$	$	$
Share capital	4,600,000	4,600,000	4,600,000
Closing Share Capital	4,600,000	4,600,000	4,600,000
Retained earnings			
Opening Balance	6,286,367	6,453,622	6,453,622
Net Surplus	102,151	(113,138)	184,572
Dividend	-	-	(630,518)
Revaluation Reserve Realised			278,691
Closing Retained Earnings	6,388,518	6,340,484	6,286,367
Opening Property Revaluation Reserve	3,297,352	3,535,966	3,535,966
Movements in Revaluation Reserve	-	-	(238,614)
Deferred tax on Revaluation	-	-	-
Total Property Revaluation Reserve	3,297,352	3,535,966	3,297,352
Total Equity	14,285,870	14,476,450	14,183,719

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.

The property revaluation reserve arises in the revaluation of land and buidings. When revalued land and buildings are sold, the proportion 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.

NOTE 8: COMMITMENTS

	December 2021	December 2020	June 2021
	$	$	$
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:			
One year or less	183,634	82,321	161,288
One to two years	162,870	25,321	234,452
Two to five years	59,397	12,352	-
	405,901	119,994	395,740

The company is committed to a naming rights contract with the North Otago Rugby Union for $35,000 per annum. This contract expires 30 June 2022.

The company is committed to a naming rights contract with the the Oamaru Opera House for $20,000 per annum.

NOTE 9: CONTINGENT LIABILITIES & CONTINGENT ASSETS

	December 2021	December 2020	June 2021
There are performance bonds in favour of:	$	$	$
Waitaki District Council	522,690	502,043	591,364
Mackenzie District Council	115,000	245,000	256,500
Clutha District Council	126,742	126,742	126,742
Waimate District Council	100,000	100,000	100,000
Queenstown Lake District Council	241,896	487,825	463,091
Dunedin City Council	19,006	-	-
Roading Company Limited Hanley Downs	271,738	79,754	193,986
K&L Enterprises	88,959	-	88,959
	1,486,031	1,541,363	1,820,642

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

The company has no contingent assets.

NOTE 10: RELATED PARTY TRANSACTIONS

	December 2021	December 2020	June 2021
	$	$	$
(a) Intergroup transactions and balances			
Services provided to			
Waitaki District Council	1,029,338	974,413	3,272,122
Amount receivable from Council	47,791	356,798	1,081,026
Services received from			
Waitaki District Council	30,298	11,888	43,189
Amounts owing to Council	388	1,445	1,797
Services provided to Observatory Village	-	-	30,828
Amount receivable from Observatory Village	-	-	-

NOTE 11: BORROWINGS

	December 2021	December 2020	June 2020
	$	$	$
Bank Overdraft (Note 7)	-	301,389	527,389
Bank of New Zealand - Current	64,320	61,730	63,120
Bank of New Zealand - Term	981,400	1,045,720	1,014,040
Total borrowings	1,045,720	1,408,839	1,604,549

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 3.90% (2020: 3.5%)
In addition the company has an undrawn Credit Plus facility of $3,353,734
The company has a customised average rate loan facility of 1,045,720 at 3.52% (2020: 3.29%)

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, 28-30 Ree Crescent Cromwell and a Security interest in specified plant and equipment.

NOTE 12: FINANCIAL INSTRUMENTS

During the six months to 31 December 2021 no changes were made to the groups financial risk management policies. Our policies and objectives are consistent with our consolidated financial statements to the year ended 30 June 2021.

NOTE 13: EVENTS AFTER BALANCE DATE

No material events occurred after balance date.

NOTE 14: COVID-19

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 is unlikely to 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
- The company has mandated vaccination of staff early in 2022 to ensure the safety of our people

Directory

Directors	**Michael John de Buyzer** LLB Notary Public (Appointedd 1 July 2008 – 31 December 2021) **Stephen Richard Thompson** Bcom, F.C.A (PP), CFInstD (11 December 2012 – 31 December 2021) **Ross Anthony Pickworth** M.B.A, B.Eng (Electrical), NZCE (Electrical) (1 January 2016- 31 December 2021) **Steven William Grave** B.E(Hons)Civil, NZCE (Civil) (Appointed 1 January 2017) **Edward George Kelcher** (Appointed 1 January 2020) **Sina Kitiona Cotter-Tait** CP Eng, CMEngNZ, FEngNZ MInstD M.B.A, B.E (Hons) Civil (Appointed 23 November 2021) **Alistair Craig Wyatt** Bcom, F.C.A (PP), CMInstD, FNZIM (Appointed 1 January 2022) **Jonathan Anthony Kay** M.E, Dip(Bus), CMInstD (Appointed 1 January 2022)
Postal Address	**,**P O Box 108, Oamaru Phone (03) 433 0240 Fax (03) 434 1270
Auditors	M Lee, Crowe 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)
Executive Managers	Chief Executive — Glenn Campbell (until 17 December 2021) Executive Manager Central Otago — Paul Bisset (Acting CEO from 18 December 2021) Executive Manager Construction & Surfacing — Julian Hardy Executive Manager Corporate Services — Tony Read Executive Manager Business Development & Maintenance — Linton Clarke
Web address	www.whitestone.co.nz