WHITESTONE

CONTRACTING LIMITED

2014 ANNUAL REPORT

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The year in review

Financial Performance

The company achieved a $611,525 profit pre-tax and subventions. This is a significant improvement on the previous years $9,600 pre-tax and subventions result.

The majority of divisions within the organisation returned solid, profitable levels of performance.

The company has focussed on health and safety and environmental improvements with the appointment of a full time health and safety coordinator to ensure we meet the highest standards of safety in the work that we do.

Overall staff levels have now been reduced in line with expected revenue streams and the company has continued to adjust plant resources during the year.

The company sold its Clayton Road property during the period for a gain on sale and property values increased by $830,061 significantly adding value to the company.

The asphalt plant project has come to fruition with the plant producing more tonnage than was budgeted and this has allowed the company to be competitive in supplying and laying asphalt on a large number of projects.

The company has also continued to bring in expertise to continue to enhance the offering Whitestone is able to make to its clients. We have an asphalt technician who is assisting to set up asphalt plants around the world. We have increased sealing expertise and the company has increased its engineering and project management skill base. The company has on board a wide knowledge base for clients to access.

Outlook

We are pleased to report the company has a positive workload ahead for the start of 2014-15, having a significant project in Badhams bridge in the Timaru District however the company continues to actively pursue increased turnover.

Community

We continued to support the community through sponsorship of both Whitestone Contracting Stadium and the Oamaru Opera House.

Board

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

J D Walker Chairman

28 August 2014

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 (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

Civil works and property maintenance

- Earthworks
- Driveways and car parks
- Grading of driveways and tracks
- Street and car park sweeping
- Vegetation and weed control
- Property maintenance
- Vegetation Mulching
- Pavement construction
- Realignments
- Shape corrections
- Culverts
- Cattle underpasses
- Cowlanes
- Cable locations
- Gravel Sales
- Soil Sales
- Plant Hire with operator

Quarries

- White gravel sales
- Bulk sales of all gravel products

Sealing

- Bitumen Sealing
- Asphalt supply

Other Services

- Mechanics workshop
- Traffic Management Plans & Signs
- Project Management

Utilities

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

Landscape Services

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

Landfill and refuse operations

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

View our website

www.whitestone.co.nz

WHITESTONE CONTRACTING LIMITED DUNSTAN CONTRACTING DUNSTAN SPRAYERS CENTRAL ECO NURSERIES

Best Practice

Whitestone Contracting Limited prides itself on being the best it can be. We are focused on continual improvement of our systems and processes to improve the way we operate.

Whitestone Contracting Limited holds ACC tertiary accreditation. This means the company has safety systems in place of a very high standard. The company takes health and safety of its employees and the public very seriously.

The company is ISO 9001:2000 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 accredited. ISO14001 accreditation confirms we have environmental systems in place and we are continually improving our environmental performance.

The company has a tendering policy and the company has complied with its tendering policy during the period.

Whitestone Contracting Limited is a member of the following organisations:

Site Safe New Zealand
New Zealand Contractors Federation
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.
- Providing employment in the district and ensuring the community receives competitive prices for work done.

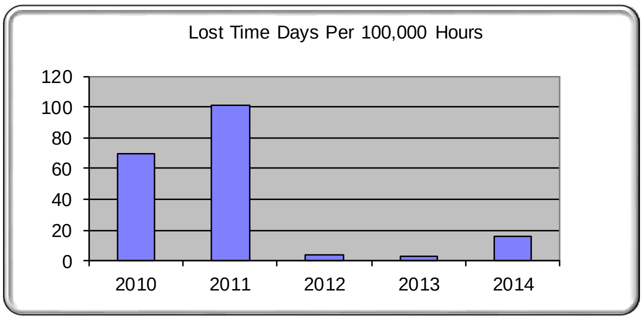
Our people and communities:

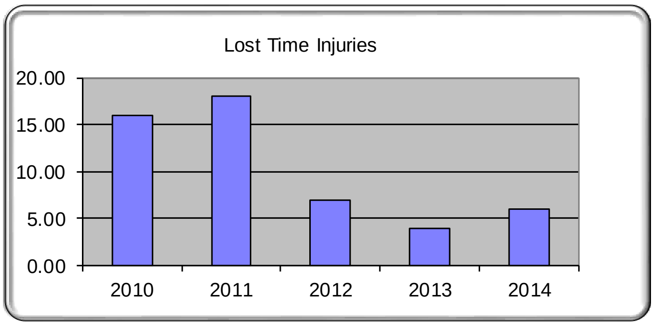
- We utilise a wide range of training schemes via the industry training organisation's to continuously extend the skills of our staff, and ensure that they are up to date with professional and technical current practice. Performance reviews are undertaken for all management and staff on an annual basis.
- We are committed to work together to ensure safe and sustainable working conditions for our employees. The company provides inoculations for employees and monitors hearing, eyesight, and lung functions to ensure we have a healthy staff.
- Protective equipment is issued and required to be worn by all staff.

MEASURING OUR PERFORMANCE

Employee safety and investment

	2014	2013
Number of full day time off workplace incidents	6	4
Number of incidents notifiable to Department of Labour	1	2
Number of Days lost	44	9
Training Expenditure	168,789	149,380
Number of Fulltime Equivalent Employees at 30 June	122	125
Sponsorships and donations		
Oamaru Opera House Charitable Trust	20,000	20,000
North Otago Rugby Union	33,564	33,000
Oamaru Xmas Parade	2,346	1,148
Anzac Parades	127	0
NZ National Rowing Champs	0	200
Tarras Dog Club Trials	0	235
Upper Clutha A&P	0	271
Alexandra Community House	0	37
North Otago Golf	0	338
Other	50	0
Total Donations & Sponsorships	56,087	55,229





OVER THE NEXT TWELVE MONTHS WE PLAN TO:

Work through the Health and Safety Committee to maintain safe working conditions, and ensure the company maintains focus on a healthy working environment. The company has set a target for 2014-15 to continue to reduce the lost time days and number of lost time incidents.
Continue to provide employment in the district and look to further opportunities.
Continue to ensure staff are trained to high standards of output and safety.
Continue to promote our zero harm philosophy.

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.
Meeting the targeted return on opening shareholder funds.

Our Finance and Risk Management Processes

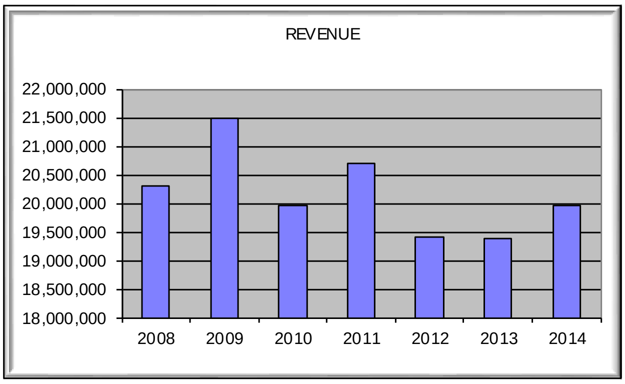
To ensure reliable and timely financial information, the company has an effective management information system in place and an organisational structure that provides an appropriate division of responsibility and an efficient reporting framework. Enhancement of this system is continuous to ensure we 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 group 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.

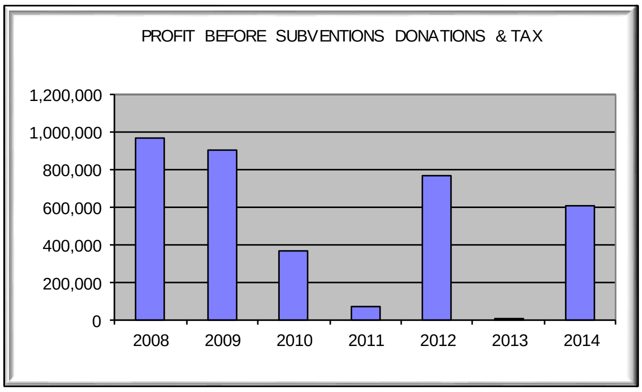
Highlights for 2014

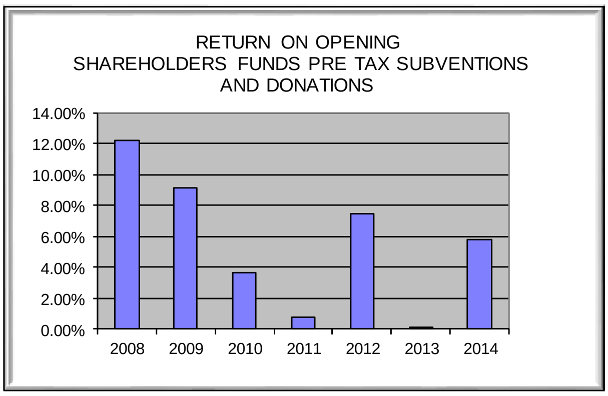
In overall terms, 2014 has been a year of improving project performance and profitability while targeting reduced cost. The company has made some good progress in all areas. With a profitable performance, an increasing asset base and an improved staff skill base.

Measuring our performance:

The trend statement on page 8 shows key indicators highlighting the company's performance. Further information on the financial results of the company is contained in the financial statements.







Over the next 12 months we plan to:

Increase earnings per share by continuing to improve contract performance, cost control measures and increasing turnover.
Continue to maintain a diversified portfolio of work and clients to ensure continuity of returns to the shareholder.
Continue developing staff to achieve positive contract outcomes.

Financial performance report (continued)

	2014 $	2013 $	2012	2011 $	2010 $
Financial Performance					
Operating Revenue	19,949,183	19,378,008	19,405,833	20,700,432	19,970,533
Surplus before income tax & subvention payments & donations	**611,525**	**9,600**	**770,325**	**75,415**	**366,059**
Donations & Sponsorships	(56,087)	(55,229)	(56,303)	(56,076)	(54,324)
Subvention Payments	(23,732)	(300,000)	0	(238,223)	0
Surplus/(Deficit) before income tax	531,706	(345,629)	714,022	(218,884)	311,735
Income tax	(412,536)	(81,494)	(142,273)	(59,450)	(388,496)
Net Surplus/(Deficit)	119,170	(427,123)	571,749	(278,334)	(76,761)
Financial Position					
Total Current Assets	4,896,027	4,543,906	4,120,820	4,113,745	4,525,043
Total Non-Current Assets	10,587,797	10,846,916	9,462,566	9,307,995	9,197,498
Total Assets	15,483,824	15,390,822	13,583,386	13,421,740	13,722,541
Total Current Liabilities	3,318,467	4,018,999	2,409,023	2,610,988	2,986,605
Total Non-current Liabilities	763,759	919,455	294,872	503,010	610,638
Total Liabilities	4,082,225	4,938,454	2,703,895	3,113,998	3,597,243
Total Equity	11,401,599	10,452,368	10,879,491	10,307,742	10,125,298
Statistics					
Earnings Per share	0.03	-0.09	0.12	-0.06	-0.02
Return on Equity	1.05%	-4.09%	5.26%	-2.70%	-0.76%
Liabilities to Equity	0.36	0.47	0.25	0.30	0.36
Return on shareholders funds pre tax and subvention payments	4.87%	-0.44%	6.56%	0.19%	3.08%
Return on opening shareholders funds pre tax subvention payments and donations	5.85%	0.09%	7.47%	0.74%	3.71%
Shareholders Funds to total assets	73.64%	67.91%	80.09%	76.80%	73.79%

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.

Environmental impact report

We are committed to:

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

Positive Impacts on the Environment

Whitestone Contracting Limited provides a range of services which provide environmental benefits to the community. We maintain local parks and gardens including the Oamaru public gardens and maintain water and waste water networks. We are also involved with stock control in outlying areas.

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

The company operates the Oamaru and Palmerston landfills on behalf of the Waitaki District Council and 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

Diesel Use

The company uses over 600,000 litres of Diesel and petrol a year

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

The company generates clean fill which is used as landfill cover at the Oamaru Landfill, 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.

OUR ENVIRONMENTAL MANAGEMENT POLICY

Rationale:

The Company supports the sustainable management of resources and the efficient use of natural resources.

Purpose:

This policy outlines how the company aims to minimise the impact on the environment from its operations.

Guidelines:

The company supports the following principles.

1. ***Reduction and disposal of waste***, by endeavouring to operate waste disposal operations through safe, responsible and economic methods. By recycling company waste, where possible, and therefore keeping waste going to landfill to a minimum.
2. ***Minimise use of paper*** and other office consumables by double-siding paper where possible, and identifying opportunities to reduce waste.
3. ***Recycling*** of computer supplies and redundant equipment.
4. ***Risk reduction***, by minimising any risk to staff and the community by being prepared for emergencies and utilisation of safe technology.
5. ***Repair,*** by responsibly restoring the environment where harm has been caused.
6. ***Disclosure*** by recording and disclosing any health and safety hazards which pose harm to staff and the community.
7. ***Compliance***, by making every effort to comply with all local, regional and government authority requirements.
8. ***Energy use*** by endeavouring to make the wisest economic use of energy resources.
9. ***Sustainable use of resources*** by supporting the sustainable use of resources.
10. ***Pollution*** by striving to minimise any pollutant that may cause harm to the air, water and earth.
11. ***Reduce the energy consumption*** of office equipment by purchasing energy efficient equipment and good housekeeping.
12. ***Purchase electricity*** from a supplier committed to renewable energy. Seek to maximise the proportion from renewable energy sources, whilst also supporting investment in new renewable energy schemes.

Environmental impact report

The majority of Whitestone Contracting Limited activities are carried out under contract to a third party.

The very nature of these contracts determines to a large extent the impact that these works have on the existing environment. In undertaking such works Whitestone Contracting Limited becomes a party to the environmental consequences that those works may have.

This policy does not consider such wider issues and is intended to focus only on the activities that are under the direct control of Whitestone Contracting Limited and the manner in which it undertakes these contract works.

To achieve these principles on contracts performed by Whitestone Contracting Limited the company will:

1. Protect the environment in which we are working from any adverse effects that are a direct consequence of our activities. (*This may include dust, noise, storm water contamination, oil spill, quarrying, public safety etc*.)
2. Use and manage resources in a responsible manner. Adopt waste minimisation strategies where appropriate to do so. (*Recycle and reuse, conserve electricity, consider alternative forms of heating balance the needs of an economic return with a longer term view of sustainability of a particular resource e.g.: gravel extraction.*)
3. Be a company that people are proud to work for and provide a safe and supportive work environment.
4. Support and be actively involved in our community.
5. Consider all aspects of the activities it undertakes to ensure compliance with statutes.
6. Monitor compliance with resource consents and report outcomes.
7. Endeavour to maintain a modern fleet of plant and equipment that is fuel efficient and does not contribute contaminants that are abnormal for that plant and equipment.
8. Set targets for environmental improvements.

Sustainability

Whitestone Contracting Limited is committed to promoting sustainability. Concern for the environment and promoting a broader sustainability agenda are integral to Whitestone's professional activities and the management of the organisation. We aim to follow and to promote good sustainability practice, to reduce the environmental impacts of all our activities and to help our clients do the same.

For Instance:

- We will endeavour to reduce the need to travel to meetings where alternatives are available such as teleconferencing and efficient timing of meetings to avoid multiple trips.
- We will create a safe, healthy and happy work environment that supports individual development, team-work and a positive work-life balance.
- Honour the Treaty of Waitangi, encourage Maori participation through active engagement with Maori.
- Embrace diversity, including different cultures, ethnicities and beliefs.

Environmental breaches

Number of breaches of resource consents 0

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.

OVER THE NEXT 12 MONTHS WE PLAN TO:

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

Directors responsibility statement

The 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 30 June 2014 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 2014

For and on behalf of the directors

J D Walker
Chairman

M de Buyzer
Director

28 August 2014

The Numbers

Whitestone Contracting Limited
Statement of Comprehensive Income
For the year ended 30 June 2014

	Note	2014	2013
		$	$
Operating Revenue	2	19,949,183	19,378,008
Operating Expenses	3	(19,248,002)	(19,296,094)
Finance Expense		(89,656)	(72,314)
Operating Profit Before Subvention Payments, Donations and Tax		611,525	9,600
Less Sponsorships and donations		(56,087)	(55,229)
Less Subvention Payments		(23,732)	(300,000)
Operating Profit/(Loss) Before tax		531,706	(345,629)
Less Taxation Expense	4	(412,536)	(81,494)
Net Profit/(Loss) After Tax		119,170	(427,123)
Other Comprehensive Income			
Movements that will not be reclassified to profit or loss in subsequent periods:			
Revaluation of property		830,061	0
Total Other Comprehensive Income		830,061	0
Total Comprehensive Income		**949,231**	**(427,123)**

Whitestone Contracting Limited
Statement of Changes in Equity
For the year ended 30 June 2014

	Note	2014	2013
		$	$
Equity at the beginning of the year		10,452,368	10,879,491
Total Comprehensive Income for the year		949,231	(427,123)
Equity at the end of the year	19	11,401,599	10,452,368

Whitestone Contracting Limited
Statement of Financial Position
As at 30 June 2014

	Note	2014	2013
		$	$
CURRENT ASSETS			
Cash & Cash equivalents	7	792,932	160
Trade & Other Receivables	8	3,316,080	2,572,507
Doubtful Debt Provision	8	(73,875)	(7,763)
Inventories	9	682,504	732,688
Work in progress	10	115,812	1,219,048
Prepayments	11	62,574	27,266
Total Current Assets		4,896,027	4,543,906
NON CURRENT ASSETS			
Plant, Property & Equipment	12	10,031,584	10,264,696
Advance removal of overburden	13	208,209	257,838
Goodwill	26	300,000	300,000
Easement		5,163	0
Mix Designs		18,824	0
Resource Consents		24,017	24,382
Total Non Current Assets		10,587,797	10,846,916
Total Assets		15,483,824	15,390,822
CURRENT LIABILITIES			
Bank overdraft	7	0	786,487
Trade payables	14	1,384,125	921,778
Provision for Goods and Services Tax		111,337	123,448
Accrued expenses		20,076	21,777
Accrued Employee Benefits - Current	16	1,028,287	1,060,938
Accrued Restoration costs	15	19,000	30,000
Prepaid income	17	170,993	111,904
Current tax Liability	4	246,490	77,379
Borrowings	18	338,159	885,288
Total Current Liabilities		3,318,467	4,018,999
NON CURRENT LIABILITIES			
Deferred tax liability	4	551,407	353,675
Accrued Employee Benefits - Non current	16	22,045	29,986
Borrowings	18	190,307	535,794
Total Non Current Liabilities		763,759	919,455
Total liabilities		4,082,225	4,938,454
Net Assets & Liabilities		11,401,599	10,452,368
EQUITY			
Share Capital	19	4,600,000	4,600,000
Retained Earnings	19	4,337,173	4,019,819
Property Revaluation Reserve	19	2,464,426	1,832,549
Total Equity		11,401,599	10,452,368

Whitestone Contracting Limited
Statement of Cashflows
For the year ended 30 June 2014

	Note	2014	2013
		$	$
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		19,194,630	19,088,219
Interest received		54,734	9,074
		19,249,364	19,097,293
Cash was applied to:			
Payments to suppliers & employees		(16,645,862)	19,622,034
Interest paid		(89,656)	(72,314)
Income Tax (paid)/refunded		(45,693)	144,628
		(16,781,211)	19,694,348
Net cashflows from operating activities	20	2,468,153	(597,055)
CASHFLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Proceeds from property, plant and equipment		816,497	219,510
		816,497	219,510
Cash was applied to:			
Property, plant and equipment purchased		(763,529)	(2,409,353)
Consents		0	(24,382)
Easements		(5,163)	0
Asphalt Mix Designs		(20,350)	0
Total cash applied		(789,042)	(2,433,735)
Net Cashflows to investing activities		27,455	(2,214,225)
CASHFLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings		0	1,421,082
		0	1,421,082
Cash was applied to:			
Subvention Payments made		(23,732)	(300,000)
Repayment of Borrowings		(892,617)	0
		(916,349)	(300,000)
Net cashflows from financing activities		(916,349)	1,121,082
Net increase/(decrease) in cash held		1,579,259	(1,690,198)
Cash held at the start of the year		(786,327)	903,871
Cash held at the end of the year		792,932	(786,327)
Made up of:			
BNZ current accounts		792,647	(786,487)
Petty cash		285	160
		792,932	(786,327)

Notes

Notes to the financial statements for the year ended 30 June 2014

Note 1: Accounting Policies

Reporting Entity

The financial statements of Whitestone Contracting Limited are for the year ended 30 June 2014 and were authorised for issue by Directors on 28 August 2014.

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 (NZ IFRS) and other applicable financial reporting standards, as appropriate for profit-oriented entities.

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 2016.

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:

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.
- Dividends are recognised when received.

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 financial performance.

  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 those that are designated as fair value through equity or are not classified in any of the other categories above.

  This category encompasses:
  - investments that the company intends to hold long-term but which may be realised before maturity; and

  - shareholdings that the company holds for strategic purposes. The company's investments in its subsidiary and associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

  After initial recognition these investments are measured at their fair value.

  Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the Statement of Comprehensive Income even though the asset has not been derecognised.

  On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income.

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.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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.

Whitestone Contracting Limited - Notes (continued)

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.

NEW FINANCIAL REPORTING STANDARDS EFFECTIVE IN THE REPORTING PERIOD

The accounting policies adopted are consistent with those of the previous financial year.

New standards effective in the period:

(a) NZ IFRS 13 Fair Value Measurement

NZ IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements used. The new standard does not impact when fair value measurement is required but has the potential to impact how the fair value is determined.

The scope of NZ IFRS 13 is broad; it applies to both financial instruments and non-financial instrument (ie: property, plant and equipment measured at fair value) where the standards require or permit fair value measurement and disclosure of fair values.

The application of the new standard in the current year has not significantly changed the basis for determining the carrying amounts of assets and liabilities measured at fair value. The impact of the standard has been limited to additional note disclosure.

(b) NZ IFRIC 20 Stripping Costs in the Production of a Surface Mine

This interpretation clarifies that the costs of removing mine waste materials to gain access to mineral ore deposits (“stripping costs”) during the production phase of a mine must be capitalised as:

- Inventories under NZ IAS 2 *Inventories* if the benefits from stripping activity is realised in the form of inventory produced.
- Otherwise, if stripping activity provides improved access to the ore, stripping costs must be capitalised as a non-current, stripping activity asset if certain recognition criteria are met.
- Costs incurred on dual purpose activities are allocated to different elements on a relevant production measure basis.

The interpretation is narrowly focused on surface mines, not underground mines, and on extracting mineral ore such as coal, not oil and gas.

The Company has reviewed its current policy for capitalisation of stripping costs and the adoption of NZ IFRIC 20 has not resulted in any differences in approach.

NEW NZ IFRS STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED

At the date of authorisation of these financial statements, certain new standards and interpretations to existing standards have been published but not yet effective, and have not been adopted early by the Company.

Management anticipates that all pronouncements will be adopted in the first accounting period beginning on or after the effective date of the new standard. Information on new standards, amendments and interpretations that are expected to be relevant to the company financial statements is provided below. Certain other new standards and interpretations issued but not yet effective, that are not expected to have a material impact on the company’s financial statements have not been disclosed.

(a) Offsetting financial assets and financial liabilities – amendments to NZ IAS 32 (effective for accounting periods commencing on or after 1 January 2014)

Amendments to IAS 32 added application guidance in applying the criteria for offsetting financial assets and financial liabilities. Two areas were addressed by the amendments:

- Clarification that a right of set-off is required to be legally enforceable in the normal course of business, in the event of default and in the event of insolvency or bankruptcy of the entity and all of the counterparties.

- The second amendment relates to gross settlement, such as clearing houses used by the banks and other financial institutions. The amendment included an example of a gross settlement system with characteristics that would satisfy the criterion for net settlement.

The adoption of the amendments will have no impact on the recognition or measurement of financial asset and liabilities, and changes will be limited to presentation adjustments.

(b) NZ IFRS 15 – Revenue from Contracts with Customers (effective date from 1 January 2017)

The new standard establishes principles for reporting about the nature, amount, timing and uncertainty of revenue arising from an entity's contracts with customers. It prescribes when an entity will recognise revenue, how much revenue to recognise, and what disclosures to make about revenue.

The core principle of the Standard is to recognise revenue for the amount of consideration due to an entity in exchange for the goods and services provided to the customer. This is done following a 5 step process:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract and

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation by transferring control of an asset to a customer. This may be at a point in time (typically for goods), or over time (typically for services).

Based on the short-period of the average revenue contract entered into by the Company, the new standard is not expected to have a significant impact on the timing of current revenue recognition. However, the Directors are still conducting further analysis of the impact of this new standard.

NOTE 2: OPERATING REVENUE

Includes;	2014	2013
	$	$
Other Revenue	13,167,441	13,450,803
Construction Contract Revenue	6,550,839	5,729,358
Rental Income	54,948	62,808
Interest	54,734	9,074
Dividends	22	103
Depreciation Recovered	90,265	112,515
Gain on Sale of property, plant and equipment	30,934	13,347
	19,949,183	19,378,008

NOTE 3: OPERATING EXPENDITURE

Included in operating expenses are the following items:	2014	2013
Remuneration of auditor	$	$
- audit fees	22,557	23,754
- taxation compliance services	8,060	9,255
Depreciation	1,122,528	1,188,334
Loss on sale of fixed assets	8,876	11,898
Directors' fees	117,860	141,094
Donations	2,523	2,229
Sponsorships	53,564	53,000
Rental and operating lease costs	209,832	194,948
Bad debts written off	1,496	2,709
Bad Debts Recovered	(118)	0
Employee Benefits	8,353,793	8,698,203
Changes in provision for doubtful debts	57,489	(8,855)
Amortised quarry development	49,629	55,505
Amortisation of Resource Consents	1,891	0
Materials	2,236,283	1,685,578

NOTE 4: TAX EXPENSE

	2014	2013
	$	$
Operating profit before income tax	531,706	(345,629)
Tax thereon at 28%	148,878	(96,776)
Plus/(less) taxation effect of differences:		
Tax effect of non assessable income	(3,640)	5,095
Tax effect of non deductible expense	260,653	89,175
Tax Effect of prior year subvention payment	6,645	84,000
Tax Effect of Differences	263,658	178,270
Tax Expense	412,536	81,494
Represented by		
Current tax provision	214,804	22,691
Deferred tax provision	197,732	58,803
Income Tax	412,536	81,494

	2014	2013
	$	$
Deferred Tax Balance		
Opening Balance	353,675	294,872
Transferred this year	197,732	58,803
Closing Balance	551,407	353,675

	2014	2013
	$	$
Imputation Credit Account		
Balance at the beginning of the year	1,652,418	1,648,697
Taxation payments/transfers made	45,693	3,721
Balance at the end of the year	1,698,111	1,652,418

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

2014	Opening balance sheet	Charged to equity	Charged to income	Closing balance sheet assets	Closing balance sheet liabilities	Closing balance sheet net
Property, plant and equipment	420,767	0	75,733	496,500	0	496,500
Employee benefits	(270,150)	0	28,805	0	(241,345)	(241,345)
Provisions	203,058	0	93,194	296,252	0	296,252
Balance at end of the year	353,675	0	197,732	792,752	(241,345)	551,407
2013						
Property, plant and equipment	443,194	0	(22,427)	420,767	0	420,767
Employee benefits	(316,397)	0	46,247	0	(270,150)	(270,150)
Provisions	168,074	0	34,983	203,058	0	203,058
Balance at end of the year	294,872	0	58,803	623,825	(270,150)	353,675

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

Whitestone Contracting Limited - Notes (continued)

NOTE 5: EMPLOYEE BENEFIT COSTS

	2014	2013
	$	$
Salaries and Wages	8,191,530	8,732,420
Severance Payments	12,251	45,732
Employer Contributions to superannuation schemes	190,604	107,896
Increase/(Decrease) in employee benefit liabilities	(40,592)	(187,845)
Total Employee Benefit Costs	8,353,793	8,698,203

Includes;

Key Management Personnel compensation	2014	2013
	$	$
Salaries and other short term benefits	668,083	872,398
Post Employment Benefits	0	0
Other long term benefits	0	0
Termination Benefits	0	0
Total key management personnel compensation	668,083	872,398

Key management personnel includes the Chief Executive and 3 members of the companys management team. 2013 Chief Executive and 5 members of the management team.

NOTE 6: FINANCE COSTS

	2014	2013
	$	$
Interest on borrowings	66,568	50,928
Interest on bank overdraft	23,088	21,386
Total Finance Costs	89,656	72,314

Whitestone Contracting Limited - Notes (continued)

NOTE 7: CASH AND CASH EQUIVALENTS

	2014	2013
	$	$
Cash at Bank	792,647	0
Petty Cash	285	160
Short term deposits maturing three months or less from date of acquisition	0	0
Total cash and equivalents	792,932	160
Bank overdrafts	0	(786,487)
Net cash equivalents and bank overdrafts for the purposes of the statement of cashflows	792,932	(786,327)

NOTE 8: TRADE AND OTHER RECEIVABLES

	2014	2013
	$	$
Gross trade and other receivables	2,439,422	1,905,541
Waitaki District Council	767,674	487,139
Waitaki District Council retentions	3,064	0
Contract Retentions other	105,920	179,827
	3,316,080	2,572,507
Less provision for impairment	(73,875)	(7,763)
Total trade and other receivables	3,242,205	2,564,744

As at 30 June 2014 all overdue receivables have been assessed for impairment and appropriate provisions applied, as detailed below:

	2014			2013		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	2,395,737	0	2,395,737	1,927,559	0	1,927,559
Past due 0 -30 days	186,346	0	186,346	319,128	0	319,128
Past due 31 - 60 days	131,779	0	131,779	64,910	0	64,910
Past due >61	602,218	(73,875)	528,343	260,910	(7,763)	253,147
Total	3,316,080	(73,875)	3,242,205	2,572,507	(7,763)	2,564,744

Movements in provision for impairment

	2014	2013
	$	$
Opening Balance	7,763	15,319
Additional provisions made during the year	66,112	(7,556)
Less Provision for Doubtful Debts written off	0	0
Balance at 30 June	73,875	7,763

NOTE 9: INVENTORIES

	2014	2013
	$	$
Metal and soil stocks	292,884	328,070
Other Supplies	389,620	404,618
Total Inventories	682,504	732,688

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

NOTE 10: WORK IN PROGRESS

	2014	2013
	$	$
Cost	1,259,485	2,539,418
Profit Recognised to Date	178,143	411,014
Gross Construction WIP	1,437,628	2,950,432
Progress billings	(1,378,298)	(1,902,528)
Net Construction Work in progress	59,329	1,047,904
Other Contracts	56,483	171,144
Total Work In Progress	115,812	1,219,048

NOTE 11: PREPAYMENTS

	2014	2013
	$	$
Prepaid Trade Creditors	62,574	27,266
Total Prepayments	62,574	27,266

NOTE 12: PLANT PROPERTY AND EQUIPMENT

Cost	Plant & Equipment	Motor Vehicles	F&F Office Equ	Land	Buildings	Total
Balance at 1 July 2012	14,350,570	2,065,960	733,424	2,490,800	1,671,814	21,312,568
Additions	2,093,701	212,661	54,712	0	7,589	2,368,662
Disposals at cost	(497,979)	(310,109)	(33,522)	0	(1,280)	(842,889)
Capital Work in Progress	29,576	0	0	0	11,115	40,691
Revaluations	0	0	0	0	0	0
Balance at 30 June 2013	15,975,868	1,968,512	754,614	2,490,800	1,689,238	22,879,032

Cost	Plant & Equipment	Motor Vehicles	F&F Office Equ	Land	Buildings	Total
Balance at 1 July 2013	15,975,868	1,968,512	754,614	2,490,800	1,689,238	22,879,032
Additions	740,961	0	19,010	1,209	765	761,944
Disposals at cost	(601,753)	0	0	(563,210)	(8,778)	(1,173,741)
Capital Work in Progress	1,585	0	0	0	0	1,585
Revaluations	0	0	0	708,201	121,860	830,061
Adjustment	(4,090)	0	0	0	(13,895)	(17,985)
Balance at 30 June 2014	16,112,571	1,968,512	773,624	2,637,000	1,789,190	23,280,897

Accumulated depreciation and impairment losses

Balance at 1 July 2012	9,810,531	1,562,466	673,526	0	116,822	12,163,345
Depreciation Expense	943,645	169,220	35,496	0	39,973	1,188,334
Accumulated depreciation reversal	(408,902)	(297,640)	(30,432)	0	(370)	(737,343)
Balance at 30 June 2013	10,345,274	1,434,046	678,590	0	156,426	12,614,336

Accumulated depreciation and impairment losses

Balance at 1 July 2013	10,345,274	1,434,046	678,590	0	156,426	12,614,336
Depreciation Expense	907,662	140,592	29,357	0	44,917	1,122,528
Adjustment	(4,090)	0	0	0	(13,895)	(17,985)
Accumulated depreciation reversal	(461,525)	0	0	0	(8,041)	(469,566)
Balance at 30 June 2014	10,787,321	1,574,638	707,947	0	179,406	13,249,312

Carrying Amounts

1 July 2012	4,540,039	503,494	59,898	2,490,800	1,554,992	9,149,223
30 June 2013	5,630,594	534,466	76,024	2,490,800	1,532,813	10,264,696

Carrying Amounts

1 July 2013	5,630,594	534,466	76,024	2,490,800	1,532,813	10,264,696
30 June 2014	5,325,250	393,874	65,677	2,637,000	1,609,783	10,031,584

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

	2013		2014	
	Freehold land	Freehold Buildings	Freehold land	Freehold Buildings
Cost excluding revaluation	2,193,488	1,525,770	910,721	1,529,032
Accumulated depreciation and impairment	0	156,426	0	548,051
Net Carrying Amount	2,193,488	1,369,345	910,721	980,981

The land and buildings were revalued effective 1 July 2013. 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 and in the case of Camerons Pit additional professional guidance was engaged. The next revaluation is July 2016

NOTE 13: ADVANCE REMOVAL OF OVERBURDEN & CAPITALISED QUARRY EXPENDITURE

	2014	2013
	$	$
Opening Balance of Long term capital costs	45,570	63,360
Amortisation	(17,790)	(17,790)
Carrying Amount	27,780	45,570
Opening Balance of Advance removal of Overburden and waste rock	212,268	249,983
Capitalised Development Expenditure	0	0
Amortisation	(31,839)	(37,715)
Carrying Amount	180,429	212,268
Total Capitalised Quarry Expenditure	208,209	257,838

NOTE 14: TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Waitaki District Council	6,556	27,474
Trade creditors	1,377,569	894,304
Total accounts payable	1,384,125	921,778

Whitestone Contracting Limited - Notes (continued)

NOTE 15: PROVISIONS

	2014	2013
	$	$
Opening Provision for restoration of land	30,000	27,500
Movement	(11,000)	2,500
Total Provisions	19,000	30,000

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

	2014	2013
Employee Entitlements	$	$
Accrued Pay	334,297	301,555
Annual Leave	678,074	740,013
Sick Leave	15,377	16,303
Long Service Leave	22,584	33,053
Total	1,050,332	1,090,924
Comprising		
Current	1,028,287	1,060,938
Non Current	22,045	29,986
	1,050,332	1,090,924

NOTE 17: PREPAID INCOME

	2014	2013
	$	$
Waitaki District Council	72,366	60,345
Other	98,627	51,559
Total prepaid income	170,993	111,904

NOTE 18: BORROWINGS

	2014	2013
	$	$
Bank Overdraft (Note 7)	0	786,487
Bank of New Zealand - Current	338,159	885,288
Bank of New Zealand - Term	190,307	535,794
Total borrowings	528,465	2,207,569

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

The group bank overdraft facility totals $1,200,000. (2013: $1,200,000)
The current interest rate on the overdraft facility is 5.9% (2013 5.48%)

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.

Maturity analysis and effective interest rates

	Loans
2014	
Less than one year	344,379
weighted average effective interest rate 5.58%	
Later than one year but no more than five years	210,435
weighted average effective interest rate 5.8%	
Later than 5 years	0
2013	
Less than one year	885,288
Later than one year but no more than five years	
weighted average effective interest rate 5.66%	535,794
Later than 5 years	0

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

NOTE 19: CAPITAL AND RESERVES

	2014	2013
	$	$
Opening Share Capital	4,600,000	4,600,000
Share Capital introduced	0	0
Closing Share Capital	4,600,000	4,600,000
Retained earnings		
Opening Balance	4,019,819	4,446,942
Net Surplus	119,170	(427,123)
Disposal of Revalued Plant, Property and Equipment	198,184	0
Dividend	0	0
Closing Retained Earnings	4,337,173	4,019,819
Opening Property Revaluation Reserve	1,832,549	1,832,549
Revaluation	830,061	0
Disposal of Revalued Plant, Property and Equipment	(198,184)	0
Closing Revaluation	2,464,426	1,832,549
Total Equity	11,401,599	10,452,368

The company has 4,600,000 shares issued. All shares carry equal voting rights in any surplus on winding up of

Capital Management

The company's capital includes share capital, reserves and retained earnings. The company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence. The Board of Directors' objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders.

The Company meets its objectives for managing capital through its investment decisions on the acquisition, disposal and development of assets and its distribution policy detailed in the Statement of Intent.

The company is required to comply with certain financial covenants in respect of external borrowings as follows:

Total Shareholders Funds for Whitestone Contracting Limited to be maintained in excess of 50% of total tangible assets on a consolidated basis. For this purpose: Shareholders Funds and Total Tangible Assets mean respectively the total amount of shareholders funds and the total book value of tangible assets (excluding any future revaluations) determined in accordance with generally accepted accounting practice as defined in section 3 of the Financial Reporting Act 1993, but in the case of Total Tangible Assets excludes loans to shareholders by the company.

Any change in the shareholding of Whitestone Contracting Limited is to be notified to the bank in writing and will result in an event of review at the banks discretion.

The company complied with required covenants and policies during the reporting period.

The Company's policies in respect of capital management are reviewed regularly by the Board of Directors. There have been no changes in the company's management of capital during the year.

NOTE 20: RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	$	$
Net surplus/(deficit) after Tax	119,170	(427,123)
Add/(less) non-cash items:		
Depreciation	1,122,528	1,188,334
Amortisation	51,520	55,505
Increase/(decrease) in Provision for doubtful debts	66,112	(7,556)
Increase/(decrease) in deferred Taxation	197,732	58,803
Total non cash	1,437,892	1,295,086
Depreciation recovered	(90,265)	(112,515)
Fixed assets loss/(gain)	(22,058)	(1,449)
	(112,323)	(113,964)
Add/(less) movements in		
Working capital items:		
(Increase)/decrease in taxation	169,111	22,691
(Increase)/decrease in receivables and prepayments	(778,882)	(229,693)
(Increase)/decrease in Inventories	50,184	(29,612)
Increase/(decrease) in Restoration costs	(11,000)	2,500
Increase/(decrease) in Payables	462,348	140,503
Increase/(decrease) Accruals	(42,293)	(197,477)
(Increase)/decrease Prepaid Income	59,089	32,372
(Increase)/decrease in work in progress	1,103,236	(1,059,937)
(Increase)/decrease in subvention payments	23,732	0
Increase/(decrease) in GST	(12,111)	(32,401)
Working capital movement - net	1,023,414	(1,351,054)
Net cash (outflow)/inflow		
From operating activities	2,468,153	(597,055)

Whitestone Contracting Limited - Notes (continued)

NOTE 21: COMMITMENTS

	2014	2013
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	$	$
One year or less	191,888	174,059
One to two years	56,587	136,013
Two to five years	5,893	35,186
	254,369	345,258

The company also has a photocopier contract for 694,000 copies. This is expected to be completed in 2016 at a total cost of $48,000

The company is committed to a naming rights contract with the North Otago Rugby Union for $34,075 per annum. This contract has 1 year remaining.

NOTE 22: CONTINGENT LIABILITIES & CONTINGENT ASSETS

	2014	2013
There are performance bonds as at 30 June 2014 in favour of:	$	$
Waitaki District Council	126,439	174,293
New Zealand Transport Agency	34,000	34,000
Mackenzie District Council	122,368	126,563
Timaru District Council	423,652	0
Clutha District Council	5,788	5,788
Oamaru Land Developments	445,777	445,777
Waimate District Council	25,000	50,241
	1,183,024	836,662

The company has no contingent assets. (2013 $nil)

Whitestone Contracting Limited - Notes (continued)

NOTE 23: RELATED PARTY TRANSACTIONS

	2014 $	2013 $
(a) Intergroup transactions and balances		
Waitaki District Council		
Services provided to Waitaki District Council	6,142,276	4,611,114
Services received from Waitaki District Council	68,623	66,296
Amounts owing to Council	6,556	27,474
Amount receivable from Council	767,674	487,139
Waitaki District Health Services		
Services provided to		
Services provided to Waitaki District Health Services	11,285	13,075
Services received from Waitaki District Health Services	0	0
Amounts owing to Waitaki District Health Services	0	0
Amount receivable from Waitaki District Health Services	1,071	1,071
Tourism Waitaki		
Services provided to		
Services provided to Tourism Waitaki	23,853	0
Services received from Tourism Waitaki	0	0
Amounts owing to Tourism Waitaki	0	0
Amount receivable from Tourism Waitaki	14,351	0

(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 de Buyzer	Director	7,708	1,519	Legal Services
Network Waitaki Contracting Ltd	J D Walker	Director	3,546	153	Contracting services
Hugh Perkins Registered Valuer	H Perkins	Deputy Mayor	2,875	0	Valuation Services

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	3,180	117	Fuel and contracting services
Berry & Co	M de Buyzer	Director	1,174	1,174	Contracting Services
M de Buyzer	M de Buyzer	Director	191	0	Contracting Services
L Clarke	L Clarke	Manager	9,366	5,001	Contracting services, Material supplies and workshop services
G E Campbell	G E Campbell	Chief Executive	1,324	119	Material supplies and Workshop services
T S Read	T S Read	Manager	2,261	152	Fuel & contracting services
J A Hardy	J A Hardy	Manager	5,289	0	Workshop supplies & Contracting services
Network Waitaki Ltd	J D Walker	Director	17,769	6,516	Contracting services and materials
Network Waitaki Contracting Ltd	J D Walker	Director	225,428	9,974	Contracting and Training Services
Alpine Energy Ltd	S Thompson	Chairman	710	0	Contracting services
Netcon Limited	S Thompson	Director	19,494	0	Contracting Services

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.

Mr Hugh Perkins supplies valuation services to the company and subsequent to his appointment as the companys valuer was elected as the Deputy Mayor of the Waitaki District Council.

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.

NOTE 24: CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

	2014	2013
	$	$
Cash, Loans & receivables		
Trade and other receivables	3,242,205	2,564,744
Cash & Cash equivalents	792,932	160
Total cash, loans and receivables	4,035,137	2,564,904
Financial liabilities measured at amortised cost		
Trade and other payables	1,384,125	921,778
Provision for Goods and Services Tax	111,337	123,448
Accrued expenses	20,076	21,777
Borrowings	528,465	2,207,569
Total financial liabilities measured at amortised costs	2,044,003	3,274,572

NOTE 25: FAIR VALUE MEASUREMENTS

Financial instrument risks

Whitestone Contracting Limited is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, investments, accounts receivable, trade creditors and borrowings.
The company has a series of policies providing risk management for interest rates and the concentration of credit which are reviewed annually by the board. These policies support the delivery of the company's financial targets while protecting future financial security.

The company has policies to manage the risks associated with financial instruments. The Company is risk averse and seeks to minimise exposure from its treasury activities. The Company has established borrowing and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Fair value of financial instruments

Fair value measurements recognized in the statement of financial position. The Following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 Fair value measurements are those derived quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $	Level 2 $	Level 3 $
Non Financial Assets	0	4,246,783	0
Financial Liabilities	0	0	0
	0	4,246,783	0

The land and buildings have been categorised as Level 2 fair value due to the valuations being derived from comparable open market sales with appropriate adjustment for location, standard of improvements and general conditions.

Market risk

Fair value interest rate risk
Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to fair value interest rate risk is limited to its borrowings and short-term bank deposits.

Cash flow interest rate risk
Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowing and investments issued at variable interest rates expose the Company to cash flow interest rate risk.

The Company's investment policy requires a spread of investment maturity dates to limit exposure to short-term interest rate movements.
The company makes borrowing decisions on a mix of fixed and variable rates dependant on prevailing market conditions, market outlook and future budgeted cashflow requirements.

Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The company has a foreign exchange policy allowing hedging where the company is required to make payments in foreign currency.

Credit risk
Credit risk is the risk that a third party will default on its obligation to the Company, causing the Company to incur a loss.

Due to the timing of its cash inflows and outflows, the Company invests surplus cash with registered banks. The Company's Investment policy limits the amount of credit exposure to any one institution.

The Company has processes in place to review the credit quality of customers prior to the granting of credit.

The Company's maximum credit exposure for each class of financial instrument is represented by the total carrying amount of cash equivalents, and trade receivables. There is no collateral held as security against these financial instruments, including those instruments that are overdue or impaired.

Whitestone Contracting Limited - Notes (continued)

Concentrations of credit risk with respect to accounts receivable are significant due to the reliance on the Waitaki District Council and Mackenzie District Council for a high percentage of group revenue. However, both entities are considered high quality credit entities.

The company maintains a policy requiring customers who wish to trade on credit are subject to credit verification procedures and consideration of past experience and industry reputation.

Percentage of revenue generated from Waitaki District Council 31%

Credit Risk	Externally Rated		Internally Rated		
	AA and above	below AA	Closely monitored	No default customers	Total
Year ended 30 June 2014					
Current Financial assets					
Cash and cash Equivalents	792,932	0	0	0	792,932
Trade and Other receivables	0	0	602,218	2,639,987	3,242,205
	792,932	0	602,218	2,639,987	4,035,137
Non current financial assets					
Trade and Other receivables	0	0	0	0	0
	0	0	0	0	0

Credit Risk	Externally Rated		Internally Rated		
	AA and above	below AA	Closely monitored	No default customers	Total
Year ended 30 June 2013					
Current Financial assets					
Cash and cash Equivalents	903,871	0	0	0	903,871
Trade and Other receivables	0	0	59,254	2,268,942	2,328,196
	903,871	0	59,254	2,268,942	3,232,067
Non current financial assets					
Trade and Other receivables	0	0	0	0	0
	0	0	0	0	0

External Ratings are the Standard and Poors Rating or equivalent

Internal Ratings Are:
Closely monitored - Those debts which are being closely monitored and pursued by the company.
No default customers - are those customers who are not significantly past due and are not currently regarded as at risk of default.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, the Company maintains a target level of investments that must mature within specified timeframes.

The Company manages its borrowings in accordance with its Borrowing policy.

Purchases and sales of financial assets are accounted for at trade date.

The company manages its liquidity risk by monitoring the cash inflows and outflows expected on a monthly basis.

Whitestone Contracting Limited - Notes (continued)

Liquidity Risk

	6 months	6 - 12 months	1 -5 years	Total
Year ended 30 June 2014				
Liquid financial assets				
Cash and cash Equivalents	792,932	0	0	792,932
Trade and Other receivables	3,242,205	0	0	3,242,205
	4,035,137	0	0	4,035,137
Financial liabilities				
Cash & Cash equivalents	0	0	0	0
Trade and other payables	1,384,125	0	0	1,384,125
Provision for Goods and Services Tax	111,337	0	0	111,337
Accrued Expenses	20,076	0	0	20,076
Borrowings	0	338,159	190,307	528,465
Total financial liabilities measured at amortised costs	1,515,538	338,159	190,307	2,044,003
Net Inflow/(Outflow)	2,519,599	(338,159)	(190,307)	1,991,134

Liquidity Risk

	6 months	6 - 12 months	1 -5 years	Total
Year ended 30 June 2013				
Liquid financial assets				
Cash and cash Equivalents	903,871	0	0	903,871
Trade and Other receivables	2,328,196	0	0	2,328,196
	3,232,067	0	0	3,232,067
Financial liabilities				
Cash & Cash equivalents	0	0	0	0
Trade and other payables	781,276	0	0	781,276
Provision for Goods and Services Tax	155,849	0	0	155,849
Accrued Expenses	17,925	0	0	17,925
Borrowings	0	0	0	0
Total financial liabilities measured at amortised costs	955,050	0	0	955,050
Net Inflow/(Outflow)	2,277,017	0	0	2,277,017

Sensitivity Analysis

It is estimated an increase of 1% in interest rates would decrease the company's profit by approximately $5,285. (2013: $22,000).

Whitestone Contracting Limited - Notes (continued)

NOTE 26: GOODWILL

	2014	2013
	$	$
Cost		
Balance at 1 July 2013	300,000	0
Acquisitions	0	300,000
	300,000	300,000
Amortisation and Impairment losses		
Amortisation	0	0
Impairment	0	0
Carrying Balance	300,000	300,000

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

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

NOTE 27: EVENTS AFTER BALANCE DATE

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

Statement of Service Performance Report

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

Achieve a before income tax return (prior to donations, sponsorships and subvention payments) on opening shareholders funds that exceeds 7% return on investment	The company achieved a 5.86% return 1.15% below the targeted return.
Continue to diversify the portfolio of work and clients.	The number of clients spending $10,000 or more increased by 30. The top 10 clients were to 78% of revenue in 2014, this percentage was 73% in 2013.
Increase the percentage of revenue obtained from sources other than the Waitaki District Council.	The % of revenue from the Waitaki District Council moved up slightly from 24% in 2013 to 31% in 2014 due to being successful in a number of open market tenders.
Maintain a high standard of health and safety in relation to the Company's employees and the public, as measured by achieving ACC Workplace Safety Management accreditation.	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
Maintain and grow market share in North Otago and surrounding areas	The company tender acceptance record has remained the same as the previous year. The company has achieved an increase in turnover of $571,175.
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 2014 is 73.64%

Statutory Information

Current Directors	**Appointed**
John David Walker, Chairman	1 January 2003
Michael John de Buyzer	1 July 2008
Peter John Rowell	7 September 2012
Stephen Richard Thompson	11 December 2012

DIRECTORS REMUNERATION

	Fees	Extra Fees	Travel
J D Walker	39,287	0	0
M De Buyzer	26,191	0	0
J Rowell	26,191	0	4,624
S Thompson	26,191	0	1,497
	117,860	0	6,121

Employees remuneration

The company had 6 employees who received remuneration of $100,000 or more per annum.

Total remuneration and other benefits $ (000)	Number of employees
100-110	1
110-120	1
130-140	1
150-160	2
210-220	1

Auditors Remuneration

The company audit is undertaken by P Sinclair, Crowe Horwath New Zealand Audit Partnership under contract to the Office of the Auditor general. The contract price is $26,536. Other services provided by Crowe Horwath totalled $8,060 ($9,255: 2013) for taxation services.

Recommended Dividend

The directors made a subvention of $23,732 during the period. No further distributions have been resolved as at 30 June 2014.

Donations

Donations totalled $56,087. ($55,229 : 2013)

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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

S Thompson

Alpine Energy Limited	Chairman
Best View Limited	Director
Cairnmuir Road Winery Limited	Director
Canterbury Aluminium Limited	Director
Deloitte	Partner
Deloitte Limited	Director
Ellisons Aluminium Limited	Director
Ellisons Aluminium Central Limited	Director
F S Investments Limited	Director
Infratec Renewables (Rarotonga) Limited	Director
Integrated Contract Solutions Limited	Director
Millenium Solutions Limited	Director
Minaret Resources Limited	Director
Netcon Limited	Director
Netcon International Limited	Director
Prospectus Nominees	Director
Prospectus Nominees Services Limited	Director
Southern Aluminium Joinery Limited	Director
Timaru Electricity Limited	Chairman
Thompson Bloodstock Limited	Chairman
Wanaka Bay Limited	Director
Westminster Resources Limited	Director

J Walker

Network Waitaki	Director
Network Waitaki Contracting Limited	Director
Mighty Mix Dog Food Limited	Director and Shareholder

Statutory Information

J Rowell	
Earthmoving Machinery Spares Pty Ltd	Director and Shareholder
Mining Equipment Limited	Director and Shareholder
Kinloch Machinery Ltd	Sole Director
Infracon	Director

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
Elderston Trustees Limited	Director/Shareholder
Mallinson Trustees Limited	Director
Friendly Bay Limited	Director/Shareholder
McPhail Investments Limited	Director
NZ Law Limited	Director

Relevant Directorships and have been disclosed in the Annual Report. A full listing is available in the companys interests register held at its head office.

Audit Report

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF WHITESTONE CONTRACTING LIMITED'S FINANCIAL STATEMENTS AND STATEMENT OF SERVICE PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2014

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 statement of service performance of the company on her behalf.

We have audited:

- the financial statements of the company on pages 13 to 45, that comprise the statement of financial position as at 30 June 2014, 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 statement of service performance of the company on page 46.

Opinion

Financial statements and statement of service performance

In our opinion,

- the financial statements of the company on pages 13 to 45:
  - comply with generally accepted accounting practice in New Zealand;
  - comply with International Financial Reporting Standards; and
  - give a true and fair view of the company's:
    - financial position as at 30 June 2014; and
    - financial performance and cash flows for the year ended on that date; and
- the statement of service performance of the company on page 46:
  - complies with generally accepted accounting practice in New Zealand; and
  - gives a true and fair view of the company's service performance achievements measured against the performance targets adopted for the year ended 30 June 2014.

Crowe Horwath New Zealand Audit Partnership is a member of Crowe Horwath International, a Swiss verein. Each member firm of Crowe Horwath is a separate and independent legal entity.

Crowe Horwath

Other legal requirements

In accordance with the Financial Reporting Act 1993 we report that, in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Our audit was completed on 28 August 2014. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and statement of service performance are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers overall understanding of the financial statements and statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and statement of service performance. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and statement of service performance whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the company's financial statements and statement of service performance that give a true and fair view of the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the adequacy of all disclosures in the financial statements and statement of service performance; and
- the overall presentation of the financial statements and statement of service performance.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and statement of service performance.

We report that we have obtained all the information and explanations we have required. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Crowe Horwath

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and a statement of service performance that:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the company's financial position, financial performance and cash flows; and
- give a true and fair view of its service performance.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and a statement of service performance that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and statement of service performance, whether in printed or electronic form.

The Board of Directors' responsibilities arise from the Local Government Act 2002 and the Financial Reporting Act 2013.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and statement of service performance and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 69 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

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, 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	**John David Walker** (Chairman) (Appointed 1 January 2003) **Michael John de Buyzer** LLB Notary Public (Appointed 1 July 2008) **Peter John Rowell** (Appointed 7 September 2012) **Stephen Richard Thompson** Bcom, C.A (Appointed 11 December 2012)
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
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