WHITESTONE
CONTRACTING LIMITED

Interim Report
For the six months ended
31 December 2023

www.whitestone.co.nz

Contents

Period in Review

Financial Performance
The company recorded a $524,674 profit prior to donations and tax for the six months to 31 December 2023. This compares to a profit of $284,178 at the same time last year.

Outlook
The company's forward outlook is positive, with positive workload through 2024. The company continues to tender for projects throughout its regions of operation.

Projects
Work has occurred on a number of projects including: Kakanui watermain replacement and starting Mill Creek Flood Mitigation Works on State Highway One at Maheno. The Central Otago Team has completed the Lake McKay Subdivision Luggate and continues to deliver on landscaping projects such as Landscaping at Hanleys Farm, Hanleys Farm Community Garden, and Hanleys farm café landscaping.

The company has a suite of Maintenance Contracts in Waitaki, Mackenzie, Central Otago and Dunedin City making up 47% of the company's Revenue to 31 December 2023.

Plant and Machinery
The company continues to replace and purchase new plant to support its operations, $1.1 million in new plant has been purchased in the first 6 months. With a new Loader, Nissan 460 Truck and a Bitumen Tank to feed the Asphalt plant improving efficiency at the plant.

Safety Performance
The company places high importance on both health and safety performance. The company reported no Lost time injuries during the year.
The company had no serious harm incidents during the period.

Environment
The company has continued its efforts in the environmental space with now 3 PHEV/Hybrid vehicles in the fleet.

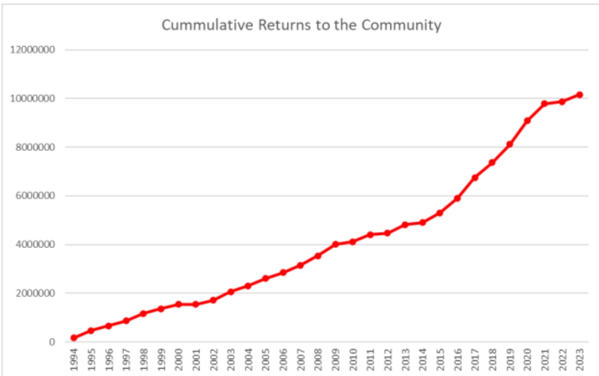
Staff Care
The company has continued to focus this year on employee wellbeing ensuring we have a well-supported staff. Examples include wellness survey; free flu jabs and full health checks, a significant investment in training as well as the company being a partner with MATES in Construction with a view to ensuring our staff remain well supported in difficult times.

MATES engage with our people through on-site training and providing those identified as at risk with case management support that connects them to suitable professional support. The company also has OCP Counselling services available to support the team.

Community
Our support to our community includes sponsorship of both Whitestone Contracting Stadium and the Oamaru Opera House as well as several small projects totaling $43,511 year to date.

The company continues to invest in upskilling our people having spent $200,688 on training for the 6 months.

Distributions since inception now total over 10 million dollars back into our local community.



We are proud of our contribution we make to our local community and meeting the shareholders objectives of

- a Prosperous District
- Strong Communities
- Quality Services
- A Valued Environment

S Grave (Chair)

COMPANY OWNERSHIP

Waitaki District Council
(Parent Entity)

Whitestone Contracting Limited
(CCTO)

Whitestone Contracting Limited is a Council Controlled Trading Organisation (CCTO) being 100% owned by the Waitaki District Council. Whitestone Contracting Limited is controlled by directors appointed by its shareholder the Waitaki District Council.

OUR VISION

VISION

- To be an excellent Tier 2 Contractor

MISSION

- Our team delivers with pride and care

VALUES

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

SERVICES

CIVIL WORKS AND PROPERTY MAINTENANCE

Earthworks
Pavement Construction
Bridge Construction and Maintenance
Road Realignments
Road Shape Corrections
Driveways and Car Parks
Cattle Underpasses
Culverts
Property Maintenance
Cable Locations
Gravel Sales
Plant Hire with Operator
Hydro Excavation.

UTILITIES

Reticulation Installation and Maintenance
Intakes, Pumping Stations
Treatment Plants
Service Connections
Drainage Systems.

LANDSCAPE SERVICES

Landscaping
Parks and Reserves Maintenance
Mowing
Landscape Supplies
Turf Maintenance
Garden Maintenance.

LANDFILL AND REFUSE OPERATIONS

Maintenance of Landfills
Solid Waste Disposal Facility
Refuse Collection.

QUARRIES

Gravel Sales
Bulk Sales of all Gravel Products.

SEALING

Bitumen Surfacing
Asphalt supply and Lay.

SPRAYING

Agricultural Spraying
Vegetation and Weed Control.

OTHER SERVICES

Mechanics Workshop
Traffic Management
Project Management.

BEST PRACTICE

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

QUALITY
ISO 9001

QUALITY

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

ENVIRONMENT
ISO 14001

ENVIRONMENTAL

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

HEALTH & SAFETY
ISO 45001

SAFETY

Whitestone Contracting Limited is ISO45001:2018 accredited. This means the company has safety systems in place of a very high standard. The company employs a full time Health, Safety and Environmental Coordinator.

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

SUSTAINABILITY

The company is a participant in the Toitū Envirocare accreditation scheme for carbon emissions. The company has a carbon emissions reduction plan in place.

Whitestone Contracting Limited is a member of the following organisations:

- Civil Contractors New Zealand
- Site Safe New Zealand

SOCIAL
PERFORMANCE REPORT

We are committed to:

Attracting and retaining the best people for our organisation.
Maintaining a high level of transparent and effective communication with our shareholder.
Being an asset to the community through returns to the Shareholder, Waitaki District Council.
Being an asset to the community by supporting local community initiatives.
Providing employment in the district and ensuring the community receives competitive prices for work done.

Our people and communities:

We utilise a wide range of training schemes via the industry training organisation's to continuously extend the skills of our staff and ensure that they are up to date with professional and technical current practice.
Performance reviews are undertaken for all management and permanent staff on an annual basis.
We are committed to work together to ensure safe and sustainable working conditions for our employees.
An employee assistance programme is in place to support our employees. We have a wellbeing programme that encourages physical and mental wellbeing.
We engage with regional mana whenua.

The company maintains ISO 45001 safety standard.

MEASURING OUR PERFORMANCE
Employee safety and investment

	December 2023	December 2022	June 2023
Closing Fulltime Equivalent Employees	129	110	124
Training Expenditure	$200,688	$182,372	$401,511

Sponsorships and donations for the six months to December 2023

Oamaru Opera House	10,000
North Otago Rugby Union	20,000
Oamaru Christmas Parade	8,568
Oamaru Christmas Tree	990
Oamaru Matariki Event	143
Tarras Golf Club	250
Awamoa Bowling Club	500
Orwell St Church	500
Take a Kid Fishing	500
Waitaki Wahine Rugby	500
Other	1560
	$43,511

ENVIRONMENTAL IMPACT REPORT

We are committed to:

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

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

The company is committed to economically sustainable waste minimisation initiatives.
The company has had no breaches of consents or environmental breaches during the year.

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

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

Carbon reduction programme
The company has measured its carbon output and had this confirmed by Toitū Envirocare.
The company carbon output was
2018/19 2,393 Tonne CO2e
2019/20 2,200 Tonne CO2e
2020/21 2,083 Tonne CO2e
2021/22 1,495 Tonne CO2e
2022/23 1,753 Tonne CO2e

This year's environmental activities

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

Over the next six months we plan to:
Continue to consider the environment in all that we do.
Continue to develop and implement sustainable practices that protect the environment in which we work.
Implement the objectives in the company's emissions management and reduction plan.

TOITŪ CARBON REDUCE

Telarc. Registered Environment ISO 14001

FINANCIAL PERFORMANCE REPORT

We are committed to:

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

Our Finance and Risk Management Processes

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

Highlights for the first six months

The company has achieved a profit of over ½ a million pre tax and sponsorships and has secured positive forward workload.

Measuring our performance:

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

Over the next six months we plan to:

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

DIRECTORS RESPONSIBILITY STATEMENT

Directors are responsible for preparing the financial statements and ensuring that they comply with generally accepted accounting practice and give a true and fair view of the financial position of the company as at 31 December 2023 and the results of the operations and cash flows for the six months ended on that date.

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

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

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

The Directors are pleased to present the interim financial statements of Whitestone Contracting Limited for the six months to 31 December 2023

S W Grave	A C Wyatt
Chairman	*Director*

20 February 2024

Statement of Comprehensive Income
For the six months ended 31 December 2023

	Note	December 2023 $	December 2022 $	June 2023 $
Operating Revenue		13,251,804	11,694,493	26,822,145
Other Revenue		35,343	82,701	334,394
Total Revenue	2	13,287,147	11,777,194	27,156,539
Operating Expenses	3	(12,712,278)	(11,465,532)	(26,445,063)
		574,869	311,662	711,476
Finance Income		1,727	5,272	5,598
Finance Expense		(51,922)	(32,756)	(98,365)
		(50,195)	(27,484)	(92,767)
Operating Profit Before Donations Sponsorship and Tax		***524,674***	***284,178***	***618,709***
Less Sponsorships & Donations		(43,511)	(36,097)	(71,335)
Operating Profit/(Loss) Before Tax		481,163	248,081	547,374
Taxation	4	(183,036)	(60,702)	(174,481)
Net Profit/(Loss) After Tax		298,127	187,379	372,893
Revaluation of property		-	-	-
Deferred tax effect on revaluation		-	-	-
Other Comprehensive Income		-	-	-
Total Comprehensive Income		298,127	187,379	372,893

Statement of Movements in Equity
For the six months ended 31 December 2023

	Notes	Retained Earnings $	Share Capital $	Asset Revaluation Reserve $	Total Equity $
31 December 2023					
Balance 1 July 2023		6,990,969	4,600,000	5,169,604	16,760,573
Profit for the six months		298,127			298,127
Other comprehensive Income movements		-		-	-
Total Comprehensive Income for the six months		298,127		-	298,127
Dividends to shareholders		-			-
Balance 31 December 2023		7,289,096	4,600,000	5,169,604	17,058,700
31 December 2022					
Balance 1 July 2022		6,761,886	4,600,000	5,251,325	16,613,211
Profit for the six months		187,379			187,379
Other comprehensive Income movements		-		-	-
Total Comprehensive Income for the six months		187,379		-	187,379
Dividends to shareholders		-			-
Balance 31 December 2022		6,949,265	4,600,000	5,251,325	16,800,590
30 June 2023					
Balance 1 July 2022		6,761,886	4,600,000	5,251,325	16,613,211
Profit for the year		372,893			372,893
Other comprehensive Income movements		-	-	-	-
Total Comprehensive Income for the year		372,893	-	-	372,893
Dividends to shareholders		(225,531)	-	-	(225,531)
					-
Realisation of Revaluation on sale of property		81,721		(81,721)	-
Balance 30 June 2023		6,990,969	4,600,000	5,169,604	16,760,573

Statement of Financial Position
As at 31 December 2023

	Note	December 2023 $	December 2022 $	June 2023 $
CURRENT ASSETS				
Cash & Cash equivalents	6	1,119,224	459,369	69,060
Trade & Other Receivables		1,600,235	1,760,544	2,998,088
Doubtful Debt Provision		(6,412)	(9,081)	(6,122)
Inventories		400,088	326,892	423,178
Work in progress		739,100	1,401,562	761,452
Right-of-use - Leased Assets		22,251	91,652	56,952
Prepayments		320,662	291,738	65,903
Property held for sale		316,528	465,000	312,001
Total Current Assets		4,511,676	4,787,676	4,680,512
NON CURRENT ASSETS				
Plant, Property & Equipment	5	17,394,019	17,072,262	17,306,884
Advance removal of overburden		14,086	24,726	18,727
Right-of-use - Leased Assets		-	-	-
Mix Designs		20,965	14,670	12,979
Resource Consents		73,397	36,109	62,618
Total Non current assets		17,502,467	17,147,767	17,401,208
Total assets		22,014,143	21,935,443	22,081,720
CURRENT LIABILITIES				
Trade payables		1,066,818	1,548,831	1,840,228
Borrowings	11	68,760	67,260	68,670
Provision for Goods and Services Tax		449,033	265,229	319,735
Lease Liability		15,629	80,415	70,610
Accrued expenses		161,630	55,311	124,873
Accrued Employee Benefits - Current		1,241,878	1,114,007	1,211,805
Remediation Provisions		26,777	13,933	95,775
Prepaid income		237,921	398,229	63,418
Current Tax Liability	4	195,972	(105)	-
Total current liabilites		3,464,418	3,543,110	3,795,114
NON CURRENT LIABILITIES				
Deferred tax liability	4	554,046	597,553	566,984
Term Borrowings	11	844,890	913,900	879,360
Lease Liability		34,970	46,913	21,508
Accrued Employee Benefits - Non current		57,119	33,377	58,181
Total non current liablities		1,491,025	1,591,743	1,526,033
Total liabilities		4,955,443	5,134,853	5,321,147
Net Assets & Liabilities		17,058,700	16,800,590	16,760,573
EQUITY				
Share Capital	7	4,600,000	4,600,000	4,600,000
Asset Revaluation Reserve		5,169,604	5,251,325	5,169,604
Retained Earnings	7	7,289,096	6,949,265	6,990,969
Total Equity		17,058,700	16,800,590	16,760,573

Statement of Cashflows
For the six months ended 31 December 2023

	Note	December 2023 $	December 2022 $	June 2023 $
CASHFLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from customers		14,602,187	11,361,848	25,517,335
Receipts from other Income		35,343	82,701	25,121
Interest received		1,727	5,272	5,598
		14,639,257	11,449,821	25,548,054
Cash was applied to:				
Payments to suppliers & employees		(12,448,345)	(10,457,405)	(23,676,275)
Donations and Sponsorships		(43,511)	(36,097)	(71,335)
Interest paid		(51,922)	(32,756)	(98,365)
Taxation (paid)/refunded		(2)	(696)	(144,939)
		(12,543,780)	(10,526,954)	(23,990,914)
Net cashflows from operating activities		2,095,477	922,867	1,557,140
CASHFLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of fixed assets		202,077	104,488	718,643
		202,077	104,488	718,643
Cash was applied to:				
Fixed assets purchased		(1,170,090)	(2,123,507)	(3,417,151)
Total cash applied		(1,170,090)	(2,123,507)	(3,417,151)
Net Cashflows to investing activities		(968,013)	(2,019,019)	(2,698,508)
CASHFLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings		-	-	-
		-	-	-
Cash was applied to:				
Dividends Paid		-	-	(225,531)
Lease Payments		(42,920)	-	(86,432)
Repayment of borrowings		(34,380)	(32,880)	(66,010)
		(77,300)	(32,880)	(377,973)
Net cashflows to financing activities		(77,300)	(32,880)	(377,973)
Net increase/(decrease) in cash held		1,050,164	(1,129,032)	(1,519,341)
Cash Held at beginning of the period		69,060	1,588,401	1,588,401
Cash Held at the end of the period		1,119,224	459,369	69,060
Made up of:				
BNZ current accounts		1,117,339	457,425	1,757
ANZ current accounts		1,725	1,794	67,143
Petty cash		160	150	160
		1,119,224	459,369	69,060

Note 1: Accounting Policies

Reporting Entity

The unaudited financial statements of Whitestone Contracting Limited are for the six months ended 31 December 2023 and were authorised for issue by Directors on 20 February 2024.

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

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

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

Basis of Preparation

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

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

XRB A1 sets out which suite of accounting standards entities must follow. The company is eligible for and has elected to report in accordance with Tier 2 NZ IFRS (RDR) for the year ended 30 June 2023. The company has taken advantage of a number of disclosure concessions; however there was no recognition or measurement impact on adoption of NZ IFRS (RDR).

The financial statements have been prepared on an historical cost basis except for land and buildings which are revalued every three years. Next review is due 30 June 2025.

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

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

Changes in Accounting Policies:

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

Specific Accounting Policies

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

- Dividends are recognised when received.

Revenue Recognition

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

General Revenue recognition criterion

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

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

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

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

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

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

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

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

Borrowing Costs

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

Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight -line bases over the term of the lease unless another systematic basis is more representative of the time pattern which economic benefits from the leased assets are consumed.

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

The Company as a lessor

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

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

Goods and Services Tax

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

Income Tax

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

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

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

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

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

Cash and Cash Equivalents

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

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

Inventories

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

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

Work in progress

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

Financial Instruments

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

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

Financial Assets

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

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

Impairment of financial assets at amortised cost:
The following financial assets are subject to the impairment requirements:

Trade receivables – simplified model

Simplified model impairment policy:
The Company applies the simplified approach to providing for expected credit losses prescribed by NZ IFRS9, which permits the lifetime expected loss provision for all trade receivables. The allowance for doubtful debts on trade receivables that are individually significant are determined by an evaluation of the exposures on a line by line basis. For trade receivables which are not significant on an individual basis, collective impairment is assessed on a portfolio basis based on number of days overdue and taking into account the historical loss experience in portfolios with a similar number of days overdue. The expected credit losses incorporate forward looking information and relevant macroeconomic factors.

Property, Plant and Equipment

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

Additions:

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the company and the cost of the item can be measured reliably.
In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals:

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

Subsequent costs:

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

Depreciation

General

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

Land

Land is not depreciated.

Buildings

Buildings are depreciated at rates from 2% to 80% 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:

The Asphalt plant is depreciated on a straight-line basis at 5% per annum
The residual value and useful life of an asset is reviewed and adjusted if applicable at each financial year end.

Revaluations

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

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

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

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

Revaluations are completed on an asset basis and movements are evaluated on an asset class basis.
Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to retained earnings.

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

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

Intangible Assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The discount rates is based on the weighted average of government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is applied on the expected long-term increase in remuneration for employees.

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

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

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

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

The components of equity are:

- Share Capital.
- Retained Earnings
- Revaluation Reserve

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

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

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

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

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

NOTE 2: OPERATING REVENUE

	December 2023	December 2022	June 2023
	$	$	$
Includes;			
Operating Income			
Maintenance Contract Revenue	6,196,865	3,737,451	10,427,873
Installation and Construction Contract Revenue	3,826,856	4,650,716	10,571,921
Non Contract Work	3,186,886	3,268,551	5,742,121
Rental Income	41,197	37,775	80,230
	13,251,804	11,694,493	26,822,145
Other Income			
Government Subsidies	6,000	12,822	23,000
Dividends	17	2,120	2,121
Depreciation Recovered	29,326	67,727	306,213
Gain on Sale plant property and equipment	0	32	3,060
Total Other Income	35,343	82,701	334,394
Total Income	13,287,147	11,777,194	27,156,539

NOTE 3: OPERATING EXPENDITURE

	December 2023	December 2022	June 2023
Included in operating expenses are the following items:	$	$	$
Remuneration of auditor	25,727	23,381	55,725
Depreciation	867,514	769,960	1,718,731
Loss on sale of fixed assets	23,396	5,143	15,406
Right-of-use Assets - Amortisation	34,701	34,701	69,401
Directors' fees	104,738	104,738	209,475
Donations & Sponsorships	43,511	36,097	71,335
Rental and Operating lease costs	61,035	50,693	108,238
Bad debts written off	10,297	-	-
Fringe Benefit Tax	103,945	68,368	151,700
Insurance Premiums	165,724	130,956	309,391
Accident Insurance	96,681	63,939	142,257
Employee Benefits	5,680,308	4,528,707	9,972,380
Changes in provision for doubtful debts	252	-	2,748
Amortised advance removal of overburden	4,641	5,245	11,243
Impairment Asphalt Mix Designs	1337	1,341	3,032
Amortisation of Resource Consents	1,134	364	728
Materials	891,192	812,980	1,673,053

NOTE 4: TAX EXPENSE

	December 2023	December 2022	June 2023
	$	$	$
Components of tax expense			
Current tax expense in respect of current year	195,974	(263,117)	141,882
Adjustments to current tax in respect of prior years	-	-	3,058
Tax Effect of change to tax base of buildings	-	-	-
Deferred Tax effect of tax loss	-	-	-
Deferred tax expense in respect of current year	(12,937)	323,819	53,351
Deferred tax expense other	-	-	(23,810)
Tax expense/(benefit)	183,037	60,702	174,481
Operating profit/(loss) before income tax	481,163	248,081	547,374
Tax thereon at 28%	134,726	69,463	153,265
Plus/(less) taxation effect of differences:			
Tax effect on non assessable income	46,510	(9,944)	(7,297)
Tax effect of non deductible expense	1,801	1,183	50,638
Tax effect of prior year adjustment	-	-	(22,125)
Tax Effect of change to tax base of buildings	-	-	-
Tax effect of tax loss			
Tax effect of Differences	48,311	(8,761)	21,216
	183,037	60,702	174,481
Current tax balances			
Tax refund available	-	105	-
Current tax liability	(195,972)	-	-
	(195,972)	105	-
Deferred tax balance			
Deferred tax asset	338,298	532,805	352,473
Deferred tax (liability)	(892,344)	(1,130,358)	(919,457)
	(554,046)	(597,553)	(566,984)

NOTE 5: PROPERTY PLANT AND EQUIPMENT

	December 2023	December 2022	June 2023
	$	$	$
During the period the company:			
acquired assets with a cost of	1,148,854	2,123,507	3,417,151
disposed of assets with a carrying value of	196,146	41,872	718,643
This resulted in a net (loss)/gain on sale for the period of	(23,395)	(5,111)	(12,346)
and depreciation recovered of	29,326	67,727	306,213
Net gain on revaluation of Land and Buildings	-	-	-

NOTE 6: CASH AND CASH EQUIVALENTS

	December 2023	December 2022	June 2023
	$	$	$
Cash at Bank	1,119,064	459,219	68,900
Petty Cash	160	150	160
Total cash and equivalents	1,119,224	459,369	69,060
Net cash equivalents and bank overdrafts for the purposes of the statement of cashflows	1,119,224	459,369	69,060

NOTE 7: CAPITAL AND RESERVES

	December 2023	December 2022	June 2023
	$	$	$
Share capital	4,600,000	4,600,000	4,600,000
Closing Share Capital	4,600,000	4,600,000	4,600,000
Retained earnings			
Opening Balance	6,990,969	6,761,886	6,761,886
Net Surplus	298,127	187,379	372,893
Dividend	-	-	(225,531)
Revaluation Reserve Realised			81,721
Closing Retained Earnings	7,289,096	6,949,265	6,990,969
Opening Property Revaluation Reserve	5,169,604	5,251,325	5,251,325
Movements in Revaluation Reserve	-	-	(81,721)
Deferred tax on Revaluation	-	-	-
Total Property Revaluation Reserve	5,169,604	5,251,325	5,169,604
Total Equity	17,058,700	16,800,590	16,760,573

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

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

NOTE 8: COMMITMENTS

	December 2023	December 2022	June 2023
The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:	$	$	$
One year or less	157,651	200,727	136,671
One to two years	26,627	73,094	10,272
Two to five years	11,037	10,470	-
	195,315	284,291	146,943

The company is committed to a naming rights contract with the North Otago Rugby Union for $35,000 per annum. This contract expires 30 June 2024.

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

NOTE 9: CONTINGENT LIABILITIES & CONTINGENT ASSETS

	December 2023	December 2022	June 2023
There are performance bonds	$	$	$
in favour of:			
Waitaki District Council	1,238,071	1,159,020	1,145,815
Mackenzie District Council	115,000	159,164	142,820
Clutha District Council	-	29,759	29,759
Queenstown Lake District Council	11,269	82,894	11,269
Dunedin City Council	19,006	19,006	19,006
Waka Kotahi	120,613	32,181	32,181
RCL Henley Downs Limted	649,268	472,091	369,426
Waimate District Council	-	-	26,851
K&L Accomodation Ltd	-	88,959	88,959
Oceana Gold (New Zealand) Ltd	26,851	-	-
	2,180,078	2,043,074	1,866,086

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

The company has no contingent assets.

NOTE 10: RELATED PARTY TRANSACTIONS

	December 2023	December 2022	June 2023
	$	$	$
(a) Intergroup transactions and balances			
Services provided to			
Waitaki District Council	4,871,683	2,651,008	8,076,830
Amount receivable from			
Council	218,304	83,531	900,200
Services received from			
Waitaki District Council	88,027	90,277	178,015
Amounts owing to Council	13,690	1,380	44,439

The company provides civil construction and maintenance services to the Waitaki District Council.

The amounts included in this note exclude goods and services tax.
All services were provided on commercial terms.
No related party debts have been written off during the period.

NOTE 11: BORROWINGS

	December 2023	December 2022	June 2023
	$	$	$
Bank of New Zealand - Current	68,760	67,260	68,760
Bank of New Zealand - Term	844,890	913,900	879,270
Total borrowings	913,650	981,160	948,030

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

The group bank overdraft facility totals $1,000,000. (2022: $1,000,000)
The current interest rate on the overdraft facility is 9.04% (2022: 7.64%)
In addition the company has an undrawn Credit Plus facility of $2,575,858
The company has a customised average rate loan facility of $913,650 at 8.60% (2022: 7.25%)

Security
Loans from the Bank of New Zealand are secured by debenture over the company assets and undertakings including a registered first mortgage against the Deborah Depot, the Allandale Road Depot, Camerons Pit, 460 Palmerston Dunback Road, 28-30 Ree Crescent Cromwell and a Security interest in specified plant and equipment.

NOTE 12: FINANCIAL INSTRUMENTS
During the six months to 31 December 2023 no changes were made to the groups financial risk management policies. Our policies and objectives are consistent with our consolidated financial statements to the year ended 30 June 2023.

NOTE 13: EVENTS AFTER BALANCE DATE
No material events occurred after balance date.

Directors

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

Sina Kitiona Cotter-Tait
CP Eng, CMEngNZ, FEngNZ MInstD M.B.A, B.E (Hons) Civil
(Appointed 23 November 2021)

Edward George Kelcher
(Appointed 1 January 2020)

Alistair Craig Wyatt
Bcom, F.C.A (PP), CMInstD, FNZIM
(Appointed 1 January 2022)

Jonathan Anthony Kay
M.E, Dip(Bus), CMInstD
(Appointed 1 January 2022)

DIRECTORY

Postal Address	PO Box 108, Oamaru
Phone	(03) 433 0240
Fax	(03) 434 1270
Auditors	M Lee, Crowe New Zealand Audit Partnership on behalf of the Controller and Auditor General, Wellington
Bankers	Bank of New Zealand ANZ
Solicitors	Berry & Co, Oamaru
Authorised Capital	4,600,000 Ordinary Shares
Company Number	DN 549270
Country of Incorporation	New Zealand
Registered Office	State Highway One, Deborah, Oamaru
Insurer	Marsh Ltd (Brokers)

EXECUTIVE MANAGERS

Chief Executive	Paul Bisset *NZCE (Civil), MInstD*
Executive Manager Construction & Surfacing	Julian Hardy *DipEng (Civil)*
Executive Manager Corporate Services	Tony Read *B.Com, ACIS, C.A*
Executive Manager Maintenance	Cameron Bullin

Web address	www.whitestone.co.nz

WHITESTONE CONTRACTING LIMITED