



UPL DEVELOPMENTS LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2019



Parkview – Avalon Park Development

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CHAIRMAN'S REPORT

I am pleased to report on the performance of UPL Developments Limited (UPLDL), previously known as Fairfield Waters Limited, for the 2018/19 financial year.

This was UPLDL's second year of operation. UPLDL continued to act as the General Partner providing property development management services for UPL Limited Partnership (UPLLP, previously known as Fairfield Limited Partnership).

During 2018/19, UPLDL as General Partner, supported the Limited Partnership in the completion of its first significant residential development at 'Fairfield Waters' with the settlements of the remaining six two-bedroom townhouses. The second large scale development project, 'Parkview' in Avalon, saw completion of the civils, roading and infrastructure components in early 2019. Construction of the dwellings continued throughout the financial year on eighteen of the twenty four sites. Six of these properties were completed and settled within the financial year, with several to follow in early 2019/20 financial year.

Further, UPLDL assisted the Partnership by obtaining Resource Consent approval for 'Central Park on Copeland' and 'The Lane' development projects as well as implementing the tender process for the civils and construction components of these projects. The civils, roading and infrastructure aspects are halfway through its programme and are on track to be completed in late August 2019. Building Consent has already been lodged for Central Park, as well as the tender process being well underway.

Sales at Central Park have been extremely positive with over 80% already unconditionally 'sold' off the plans. Marketing for The Lane was released in March and to date the project is one third 'sold'. The initial civils components are underway on site, with construction planned to occur in the second half of next financial year.

The Board and Management of UPLDL successfully fulfilled their General Partner obligations during the year through providing the following management services;

- 1.1 Keeping proper books of account and records for UPLDL and UPLLP in accordance with Accounting Standards.
- 1.2 Tendering, negotiating and executing on behalf of the Partnership, contracts for the Parkview and other UPLLP developments.
- 1.3 Facilitating the payment of contract progress claims, and payments to other suppliers engaged to provide services or goods to Fairfield Waters, Parkview and other UPLLP development projects.
- 1.4 Organising UPLDL and UPLLP monthly board meetings, including preparation of agendas and management reports, and recording of meeting minutes.

Financial Performance

In accordance with budget UPLDL reflected a nil result for the 2018/19 financial year on revenues of \$200,175 and expenses of \$200,175.



Brian Walshe
Chairman

INTEREST REGISTER

Urban Plus Limited	Interests
Brian Joseph Walshe (Chair)	Adelaide Commercial Limited, Director Burdan's Gate Properties Limited, Director Chan Fung Buildings Limited City Stay Apartments, Advisory Board Domet Investments Limited Gary Baker Trustees Limited, Director Kensway Property Consultants, Advisory Board Laura Fergusson New Zealand Limited Laura Fergusson Trust Pointhree Limited Scratch Design (NZ) Limited Seaview Marina Limited Te Omanga Hospice Trust The Integral Group Limited, Advisory Board UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director
David Bassett	BJB Forestry Partnership Guildford Pastoral Limited, Director H ₂ O New Zealand Limited, Director Hutt City Auto Services Limited Hutt City Council, Deputy Mayor The Terrace - Martinborough Limited, Director UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director Wellington Water Governance Committee, Chair
Hugh Nicholas Mackenzie	Christchurch Justice & Emergency Services Precinct's Disputes, Advisory Board HMAC Consulting Limited, Director Kensway Property Group, Advisory Board Medallion Trading Limited St Pauls Apartments Body Corporate, Advisory Board Shandon Golf Club, Board Member <i>(Removed November 2018)</i> UPL Developments Limited, Director UPL Limited Partnership, Director Urban Plus Limited, Director

STATEMENT OF SERVICE PERFORMANCE

	Target 2019	Achievement 2018	Achievement 2018
Act as General Partner to UPLLP and provide management services.	Undertake, negotiate and execute tender processes for and on behalf of the Partnership and 'parent' company as required.	<p>Achieved: <u>Parkview:</u> Contracts negotiated and executed in 2017/18, continued to be managed during 2018/19.</p> <p>Contracts for other suppliers are being negotiated and executed as and when required.</p>	<p>Achieved: <u>Fairfield Waters:</u> Contracts negotiated and executed in 2016/17, continued to be managed during 2017/18.</p> <p><u>Parkview:</u> House construction prices for the Parkview development were tendered and negotiated in 2017/18. House construction contracts are being executed on a lot by lot basis with one lot executed by 30 June 2018.</p> <p>Contracts for other suppliers are being negotiated and executed as and when required.</p>
	Facilitate civil and construction contracts for and on behalf of the Partnership and 'parent' company as required.	<p>Achieved: <u>Central Park & The Lane:</u> The contract for civil works were tendered and negotiated in 2018/19.</p>	<p>Achieved: <u>Parkview:</u> The contract for civil works was tendered and negotiated in 2017/18 and executed in early 2018/19.</p>
	Facilitate the payment of contract progress claims for Board approved contracts and payments to other suppliers engaged to provide services or goods to defined development projects.	<p>Achieved: Facilitated the payment of contract progress claims for Parkview, Central Park and The Lane developments, as well as payments to other suppliers engaged to provide services or goods on these property development projects.</p>	<p>Achieved: Facilitated the payment of contract progress claims for Fairfield Waters and Parkview developments, as well as payments to other suppliers engaged to provide services or goods on these property development projects.</p>
	Should UPL DL be used for future developments, the same performance measures apply as for Property Development.	<p>N/A UPL DL was not used for development projects in 2018/19</p>	<p>N/A New measure in 2018/19</p>
	Act as general partner when a Limited Partnership structure is utilised for development projects	<p>Achieved</p>	<p>N/A New measure in 2018/19</p>

Independent Auditor's Report**To the readers of UPL Developments Limited's financial statements and performance information for the year ended 30 June 2019**

The Auditor-General is the auditor of UPL Developments Limited (the company). The Auditor-General has appointed me, Andrew Clark, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and performance information of the company on his behalf.

Opinion

We have audited:

- the financial statements of the company on pages 10 to 18, that comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the company on page 4.

In our opinion:

- the financial statements of the company on pages 10 to 18:
 - present fairly, in all material respects:
 - its financial position as at 30 June 2019; and
 - its financial performance and cash flows for the year then ended; and
 - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the performance information of the company on page 4 presents fairly, in all material respects, the company's actual performance compared against the performance targets and other measures by which performance was judged in relation to the company's objectives for the year ended 30 June 2019.

Our audit was completed on 19 September 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the company for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Directors is also responsible for preparing the performance information for the company.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the company for assessing the company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless the Board of Directors intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the company's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included on pages 2 and 3, but does not include the financial statements and the performance information, and our auditor's report thereon.

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

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

Independence

We are independent of the company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1(Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the company.



Andrew Clark
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand



FINANCIAL STATEMENTS

Statement of Compliance and Responsibility

The Board and management of UPL Developments Limited (the Company) confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Directors and management of the Company accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance and the judgements used in them.

The Directors have authority to sign these financial statements.

The Directors and management of the Company accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Directors and management of the Company, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2019 fairly reflect the financial position and operations of the Company.



Brian Walshe
Chairman

19 September 2019



David Bassett
Director

19 September 2019



Statement of Comprehensive Income for the Year Ended 30 June 2019

	Notes	Actual 2019	Budget 2019	Actual 2018
Revenue				
Interest revenue		3	-	1
Other revenue		-	8,284	-
Recovery of management fees	4	200,172	18,000	31,031
Total revenue		200,175	26,284	31,032
Expenses				
Fees for the audit of the financial statements	5	4,544	8,234	8,234
Other specialist services		2,917	-	-
Payment of management fees	4	192,680	18,000	14,513
Finance expenses	4	34	50	47
Total expenses		200,175	26,284	22,794
Profit / (Loss) before tax		-	-	8,238
Income tax expense / (benefit)	2	-	-	2,307
Profit / (Loss) after tax		-	-	5,931
Total comprehensive income		-	-	5,931

Explanations of the major variances against budget are provided in note 8. The accompanying notes form part of these statements.

Statement of Changes in Equity for the Year Ended 30 June 2019

	Actual 2019	Budget 2019	Actual 2018
Balance at 1 July	-	-	(5,931)
Total comprehensive income for the year	-	-	5,931
Balance at 30 June	-	-	-

Explanations of the major variances against budget are provided in note 8. The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2019

	Notes	Actual 2019	Budget 2019	Actual 2018
Current assets				
Cash & cash equivalents	5	2,015	8,280	3,863
Debtors and other receivables	5	27,537	-	17,871
Total current assets		29,552	8,280	21,734
Total Assets		29,552	8,280	21,734
Current liabilities				
Trade & other payables	5	4,544	-	8,234
Other liabilities	4	25,008	8,280	13,500
Total current liabilities		29,552	8,280	21,734
Total liabilities		29,552	8,280	21,734
Net assets		-	-	-
Equity				
Accumulated funds		-	-	-
Total equity		-	-	-

Explanations of the major variances against budget are provided in note 8. The accompanying notes form part of these statements.

Statement of Cash Flows for the Year Ended 30 June 2019

	Actual 2019	Budget 2019	Actual 2018
Cash flows from operating activities			
<i>Cash was provided from:</i>			
Management fees	190,506	18,000	13,162
	190,506	18,000	13,162
<i>Cash was applied to:</i>			
Management fees	(192,680)	(18,000)	(14,513)
Payments to suppliers	(11,151)	(8,234)	(8,234)
Interest paid	(31)	-	(47)
	(203,862)	26,234	(22,794)
Net cash flows from operating activities	(13,356)	(8,234)	(9,632)
Cash flows from financing activities			
<i>Cash was provided from:</i>			
Advance from Urban Plus Limited	11,508	16,514	6,283
	11,508	16,514	6,283
<i>Cash was applied to:</i>			
Advance to Urban Plus Limited Partnership	-	-	-
	-	-	-
Net cash flows from financing activities	11,508	16,514	6,283
Net increase / (decrease) in cash & cash equivalents	(1,848)	8,820	(3,349)
Cash & cash equivalents at the beginning of the year	3,863	-	7,212
Cash & cash equivalents at the end of the year	2,015	8,280	3,863
<i>Cash balance at end of the year comprises:</i>			
Cash & on call deposits	2,015	8,280	3,863
Cash & cash equivalents at the end of the year	2,015	8,280	3,863

Explanations of the major variances against budget are provided in note 8. The accompanying notes form part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY

UPL Developments Limited (the "Company") is a 100 percent owned council controlled organisation of Urban Plus Limited (UPL). The Company was incorporated on 19 December 2016 as Fairfield Waters Limited and changed its name to UPL Developments Limited on 20 April 2018.

The primary objective of the Company is to act as General Partner for UPL Limited Partnership (formally Fairfield Limited Partnership) through managing the day to day business activities of UPL Limited Partnership.

The Company has designated itself a for profit entity for financial reporting purposes.

The financial statements of the Company are for the year ended 30 June 2019. The financial statements were authorised for issue by the Board of Directors on 19 September 2019.

BASIS OF PREPARATION

Statement of compliance

The financial statements have been prepared on a going concern basis.

The accounting policies have been applied consistently throughout the period.

These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with NZ International Financial Reporting Standards Reduced Disclosure Regime, as appropriate for a profit oriented entity. The Company is not considered large for the purposes of determining the appropriate reporting tier and has opted to report as a Tier 2 entity applying NZIFRS with Reduced Disclosure Requirements.

Measurement base

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars. The functional currency is New Zealand dollars. The Company has not entered into any foreign currency transactions.

NEW ACCOUNTING STANDARDS

NZ IFRS 9 Financial Instruments

UPL Developments Limited adopted the new NZ IFRS 9 Financial Instruments accounting standard during the period, which has had no material impact on the accounting policies or disclosures of the Company.

NZ IFRS 9 replaces the provisions in NZ IAS 39 for the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

NZ IFRS 9 establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Trade and other receivables, and cash and cash equivalents that were previously classified as loans and other receivables under NZ IAS 39 are now classified at amortised cost. Application of the new standard has not had a material impact on the accounts.

NZ IFRS 15 Revenue from Contracts with Customers

UPL Developments Limited adopted the new NZ IFRS 15 Revenue from Contracts with Customers accounting standard during the period, which has had no material impact on the accounting policies or disclosures of the Company.

NZ IFRS 15 replaces provisions in NZ IAS 11 and NZ IAS 18 for the accounting requirements for revenue from contracts with customers.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Debtors and other receivables

Debtors 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.

Revenue

Revenue is measured at the fair value of consideration received.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Interest income is recognised using the effective interest method.

Goods and services tax

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Budget figures

The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with Tier 2 standards, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

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 assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period in which the revision is made and in any future periods that will be affected by those provisions. There have been no critical judgements made.

2. Taxation

Accounting policy

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at 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 is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

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 not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

	2019	2018
Net surplus / (deficit) before tax	-	8,238
Tax at 28%	-	2,307
Tax expense	-	2,307
Current tax	-	-
Deferred tax	-	2,307

Deferred tax asset (liability)

	Property, plant & equipment	Employee entitlements	Other provision	Tax losses	Total
Balance at 30 June 2017				2,307	2,307
Charged to surplus / (deficit)	-	-	-	(2,307)	(2,307)
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2018	-	-	-	-	-
Charged to surplus / (deficit)	-	-	-	-	-
Charged to other comprehensive income	-	-	-	-	-
Balance at 30 June 2019	-	-	-	-	-

3. Remuneration

Key management personnel consist of the Board members. Board members receive no remuneration.

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

Board Members	2019	2018
B Walshe, Chair	1.00	1.00
D Bassett	1.00	1.00
H Mackenzie	1.00	1.00
	3.00	3.00

4. Related Party Disclosures

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	2019	2018
<i>Sales and purchases of goods and services</i>		
Recovery of management fee from the Limited Partnership	200,172	31,031
Payment of management fee to parent	192,680	14,513
Payment of interest to parent	34	47

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2019	2018
<i>Current payables (purchase of goods and services)</i>		
Hutt City Council	25,008	13,500
<i>Current receivables</i>		
UPL Limited Partnership	27,537	17,871

5. Categories of financial instruments

Accounting Policy

UPL Developments Limited is party to financial instrument arrangements as part of its normal operations. Revenue and expenses in relation to all financial instruments are recognised in the Statement of Comprehensive Income.

All financial instruments are recognised in the Statement of Financial Position on the basis of UPL's accounting policies. All financial instruments disclosed on the Statement of Financial Position are recorded at amortised cost.

	2019	2018
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash & cash equivalents	2,015	3,863
Debtors and other receivables	27,537	17,871
Total financial assets	29,552	21,734
Financial liabilities		
<i>Financial liabilities at amortised cost</i>		
Other liabilities	25,008	13,500
Trade and other payables	4,544	8,234
Total financial liabilities	29,552	21,734

6. Capital commitments and operating leases

CAPITAL COMMITMENTS

The Company had \$nil capital commitments as at 30 June 2019 (2018: Nil).

OPERATING LEASES AS LESSEE

The Company had \$nil commitments for operating leases as at 30 June 2019 (2018: Nil).

OPERATING LEASES AS LESSOR

The Company had \$nil commitments for operating leases as at 30 June 2019 (2018: Nil).

7. Contingent liabilities and Assets

CONTINGENT ASSETS

As at 30 June 2019 the Company had no contingent assets (2018: Nil).

CONTINGENT LIABILITIES

As at 30 June 2019 the Company had no contingent liabilities (2018: Nil).

8. Explanation of major variances against budget

Revenue of \$200,175 comprised the recovery of management fees from the Limited Partnership. Expenses of \$200,175 were also above budget by \$173,891. The expenses relate to the payment of management fees to UPL (parent) and fees for audit services.

Total assets and liabilities were higher than planned at year end due to outstanding receivables and payables, which related to the recovery of the Company's operating expenses and management fees from the Limited Partnership, and the payment of management fees on to the parent.

The cash balance at year end is sufficient given the nature of the entity, which is to manage the day to day activities of UPL and the Limited Partnership.

9. Events after balance date

There have been no significant events since balance date.