WINTON

WINTON PROPERTY LIMITED

FINANCIAL STATEMENTS

2019

CONTENTS

It is with great pleasure that I present the 2019 Financial Statements for Winton Property Limited (Winton). 2019 has been another busy year for Winton with many highlights to celebrate.

During the year, Winton has continued to advance its developments throughout New Zealand and Australia. Winton's pre sales book now stands at over 800 sales, which will deliver gross revenue well in excess of $400m over the coming years. This is a tremendous position to be in as Winton celebrated its 10-year anniversary in August 2019.

One highlight of the year was receiving the consent for the Waterfall Park Hotel in Arrowtown. Upon completion, this 380 room 5-star hotel with facilities comprising a selection of restaurants, a 600-person conference facility, chapel and wellness retreat will be one of New Zealand's largest hotels.

Winton has another exciting year ahead and, on behalf of the Board, and my fellow shareholders, I would like to thank the team for all of their hard work.

CHRISTOPHER MEEHAN
CHAIRMAN / CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

All VALUES IN $000'S	NOTE	2019	2018
Revenue		51,201	68,463
Cost of sales		(23,386)	(39,066)
Gross profit		27,815	29,397
Other income		550	735
Interest income		448	331
Property expenses		(199)	(133)
Interest expense and bank fees		(3,617)	(1,808)
Selling expenses		(4,522)	(2,897)
Administrative expenses	4.1	(10,477)	(10,082)
Profit before income tax		9,998	15,543
Income tax expense			
Current taxation	4.2	(2,707)	(4,411)
Deferred taxation	4.2	(93)	(109)
Total income tax expense		(2,800)	(4,520)
Profit after income tax		7,198	11,023
Movement in currency translation reserve		(146)	107
Total comprehensive income after tax		7,052	11,130

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

All VALUES IN $000'S	NOTE	SHARE CAPITAL	RETAINED EARNINGS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL EQUITY
Balance as at 1 JULY 2017 (UNAUDITED)		-	11,197	(20)	11,177
Total comprehensive income		-	11,023	107	11,130
Dividends	4.3	-	(5,337)	-	(5,337)
Distribution	4.3	-	(5,321)	-	(5,321)
Issue of shares	4.3	29,100	-	-	29,100
Balance as at 30 JUNE 2018 (AUDITED)		29,100	11,562	87	40,749
Total comprehensive income		-	7,198	(146)	7,052
Issue of shares	4.3	10,000	-	-	10,000
Balance as at 30 JUNE 2019 (AUDITED)		39,100	18,760	(59)	57,801

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

All VALUES IN $000'S	NOTE	2019	2018
CURRENT ASSETS			
Cash and cash equivalents		10,951	19,441
Accounts receivable, prepayments and other assets	4.4	2,599	4,997
Development property	2	22,694	6,249
Total current assets		36,244	30,687
NON-CURRENT ASSETS			
Development property	2	104,477	76,031
Property, plant and equipment		2,611	1,631
Intangible assets		123	5
Funds in escrow		1,009	-
Deferred tax asset	4.2	-	56
Total non-current assets		108,220	77,723
Total assets		144,464	108,410
CURRENT LIABILITIES			
Accounts payable, accruals and other liabilities	4.5	7,057	10,031
Taxation payable		2,740	4,326
Borrowings	3	-	52,117
Total current liabilities		9,797	66,474
NON-CURRENT LIABILITIES			
Borrowings	3	75,843	-
Deferred tax liability	4.2	37	-
Long term deposits	4.6	986	1,187
Total non-current liabilities		76,866	1,187
Total liabilities		86,663	67,661
Net assets		57,801	40,749
EQUITY			
Share capital	4.3	39,100	29,100
Foreign currency translation reserve		(59)	87
Retained earnings		18,760	11,562
Total equity		57,801	40,749

These consolidated financial statements are signed on behalf of Winton Property Limited on 24 September 2019

CHRISTOPHER MEEHAN
CHAIRMAN

MICHAELA MEEHAN
DIRECTOR

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

All VALUES IN $000'S	NOTE	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		52,196	68,985
Interest received		448	331
Net GST paid		(286)	(303)
Payment to suppliers and employees		(67,175)	(50,071)
Purchase of development land		(18,000)	(17,820)
Interest and other finance costs paid		(4,118)	(2,242)
Income tax paid		(4,294)	(1,639)
Net cash flows from operating activities		(41,229)	(2,759)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(1,245)	(1,233)
Net cash flows from investing activities		(1,245)	(1,233)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of new shares	4.3	10,000	29,100
Net proceeds from Clipper facility		75,000	-
Net (repayment of) / proceeds from Carter Group facility		(40,000)	40,000
Net (repayment of) / proceeds from BNZ Northlake facility		(12,120)	12,120
Net repayment of BNZ Group facility		-	(55,520)
Net repayment of / (proceeds to) related party loans		1,104	(255)
Net cash flows from financing activities		33,984	25,445
Net (decrease) / increase in cash and cash equivalents		(8,490)	21,453
Cash and cash equivalents at beginning of year		19,441	(2,012)
Cash and cash equivalents at end of year		10,951	19,441

The accompanying notes form part of these financial statements.

1. GENERAL INFORMATION

This section sets out the basis upon which the Group's Financial Statements are prepared. Specific accounting policies are described in the note to which they relate.

1.1. Reporting entity

These financial statements are for Winton Property Limited (the Company) (formerly Winton Partners Land Limited) and its subsidiaries (the Group). The Company is a limited liability company incorporated in New Zealand and is registered under the New Zealand Companies Act 1993. The Group's principal activity is the development and sale of residential land properties.

1.2. Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR') as a Tier 2 for-profit entity in accordance with XRB A1 Accounting Standards Framework (For-Profit Entities Update), and other applicable Financial Reporting Standards as appropriate to profit-oriented entities. The Company qualifies to report under Tier 2 as it has no public accountability. The Company is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with the Act.

The financial statements have been prepared on the historical cost basis except where otherwise identified. All financial information is presented in New Zealand dollars and has been rounded to the nearest thousand.

1.3. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

1.4. Basis of consolidation

The consolidated financial statements comprise the Company and the entities it controls. All intercompany transactions are eliminated on consolidation.

1.5. New standards, amendments and interpretations

At the date of authorisation of these financial statements, the following relevant standard was in issue and effective however, it has not been applied in preparing these financial statements since it is effective for accounting periods beginning on or after 1 January 2019.

NZ IFRS 16 'Leases': This standard will replace the current guidance in NZ IAS 17. Under NZ IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under NZ IAS 17, a lessee was required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). NZ IFRS 16 now requires a lessee to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. Included is an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting for leases under NZ IFRS 16 is almost the same. However, as the guidance on the definition of a lease has been updated (as well the guidance on the combination and separation of contracts), lessors will also be affected by the new standard.

The Group will adopt NZ IFRS 16 on 1 July 2020, the commencement of the first accounting period following its effective date of 1 January 2019.

The Group has completed an initial assessed regarding the impact of adopting NZ IFRS 16. As a lessor, there are no changes to the Group's current accounting treatment and disclosure of leases. As a lessee, the Group will apply NZ IFRS 16 using the simplified retrospective approach. Under this approach, the Group will recognise a right of use asset and lease liability relating to one leased property which is not expected to have a material impact on the Group's financial statements.

1. GENERAL INFORMATION (Continued)

1.6. Critical judgements, estimates and assumptions

In applying the Group's accounting policies, the Board and Management continually evaluates judgements, estimates and assumptions that may have an impact on the Group. The significant judgements, estimates and assumptions made in the preparation of these financial statements are as follows:

4.2. Taxation (Page 11)

1.7. Accounting policies

No changes to accounting policies have been made during the year, other than following the adoption of new standards outlined in section 1.8, which follows below, and policies have been consistently applied to all years presented. Significant accounting policies have been included throughout the notes to the financial statements. Other relevant policies are provided as follows:

Revenue

Revenue represents amounts derived from land and property sales. Land and property sales are recognised when the customer obtains control of the property and is able to direct and obtain the benefits from the property.

Goods and services tax

These financial statements have been prepared on a goods and services tax (GST) exclusive basis except for the accounts receivable balance, accounts payable balance and other items where GST incurred is not recoverable. These balances are stated inclusive of GST.

1.8. Adoption of new standards

The Group has adopted both NZ IFRS 9 'Financial Instruments' and NZ IFRS 15 'Revenue from contracts with customers', which are mandatory for the financial periods beginning on 1 January 2018.

Impact of adoption of NZ IFRS 15 Revenue from Contracts with Customers

Effective 1 July 2018, the Group applied NZ IFRS 15 for its accounting of revenue from customers. The new standard replaces NZ IAS 18 Revenue and introduces a principles based five-step model to recognise revenue when a performance obligation is satisfied by transferring control of a good or service to the customer.

It has been determined that the impact of the new standard is not significant. All revenue of the Group is derived from the satisfaction of a single performance obligation, which is the sale of development property at a point in time. There has been no change in the timing of revenue recognition for this performance obligation.

The Group elected to apply the cumulative effect method under NZ IFRS 15, which did not result in an impact on the financial statements for the year ended 30 June 2019.

Impact of adoption of NZ IFRS 9 Financial Instruments

Effective 1 July 2018, the Group applied NZ IFRS 9 for its accounting of financial instruments, which included the adoption of the "expected loss model", replacing the "incurred loss" impairment model for financial assets that are not measured at fair value through profit and loss (FVTPL). In accordance with the new standard, the Group's financial assets which consist primarily of trade and other receivables, are assessed for impairment on a forward looking basis taking into consideration not only past events and current conditions, but also forecast future economic conditions.

It has determined that the impact of NZ IFRS 9 on Group's impairment assessment of trade and other receivables is not significant. Other provisions of NZ IFRS 9 were not considered applicable to the Group's financial statements in 2019. The Group elected to apply the cumulative effect method under NZ IFRS 9 which did not result in an impact on the financial statements for the year ended 30 June 2019.

2. DEVELOPMENT PROPERTY

This section shows the real estate assets used to generate the Group's trading performance which are considered to be the most relevant to the operations of the Group.

ALL VALUES IN $000's	2019	2018
Expected to settle within one year	22,694	6,249
Expected to settle greater than one year	104,477	76,031
Total development property	127,171	82,280

Recognition and Measurement

Development property is carried at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, and holding costs such as interest. All holding costs are expensed through profit or loss in the year incurred with the exception of interest holding costs which are capitalised during the period when active development is taking place. During the year ended 30 June 2019, $1,494,000 of interest has been capitalised to development properties (2018: $405,000). Interest and other holding costs incurred after completion of development are expensed as incurred. Development property includes deposits paid on unconditional contracts for development land.

The carrying amounts of the development property are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Whenever the carrying amount of an asset of its cash-generating unit exceeds its recoverable amount the impairment loss is recognised in profit or loss.

As at 30 June 2019, the fair values of the development properties have been assessed by a combination of internal and external valuations and the total value is in excess of the carrying value, therefore there is no indication of impairment.

The fair value of development property as determined by the independent valuer is categorised as Level 3 based on the inputs to the valuation methodology. The basis of the valuation is the hypothetical subdivision approach and/or block land sales comparisons to derive the residual block land values. The major unobservable inputs that are used in the valuation model that require judgement include the individual section prices, allowances for profit and risk, projected completion and sell down periods and interest rates during the holding period. The estimated fair value would increase or (decrease) if: the individual section prices were higher/(lower); the allowances for profit were higher/(lower); the allowances for risk were lower/(higher); the projected completion and sell down periods were shorter/(longer); and the interest rate during the holding period was lower/(higher).

3. BORROWINGS

This section outlines how the Group manages its capital structure, financing costs and exposure to interest rate risk.

(i) Net borrowings

All VALUES IN $000'S	2019	2018
Clipper facility drawn down	75,955	-
Carter Group facility drawn down	-	40,568
BNZ Northlake facility drawn down	-	12,121
Unamortised borrowings establishment costs	(112)	(572)
Net borrowings	75,843	52,117

Recognition and Measurement

All borrowings are initially measured at fair value, plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest rate method. Under this method, directly attributable fees, costs, discounts and premiums are capitalised and spread over the expected life of the facility. All other interest costs and bank fees are expensed in the period they are incurred.

(ii) Clipper facility

On 13 May 2019, the Group entered into a debt facility with Clipper for $130,000,000 plus capitalised interest and capitalised fees. The facility expires 12 May 2023.

(iii) Carter Group facility

On 22 May 2018, the Group entered into a debt facility with Carter Group for $40,000,000. The facility was repaid and cancelled on 13 May 2019.

(iv) BNZ Northlake facility

On 7 June 2018, the Group entered into a Northlake debt facility with BNZ for $23,372,000. The facility was repaid and cancelled on 24 July 2018.

(v) BNZ Group facility

On 29 October 2015, the Group entered into a Group debt and overdraft facility with BNZ. On 11 September 2017, the facility was amended increasing the debt facility limit to $63,161,000 and overdraft facility to $10,000,000. Both the debt and overdraft facilities were repaid and cancelled on 7 June 2018.

(vi) Security

The Clipper facility is secured by way of a general security deed provided by the Group companies (except Beaches Developments Limited, Bellbird Shelf Pty Limited, Lakes Edge Developments Limited, Frances Street Developments Pty Limited, Northlake Hotels Limited, Northbrook Retirement Villages Limited, Northbrook Te Kauwhata Limited, Northbrook Wanaka Limited, River Terrace Developments Limited, River Terrace Residential Limited, Winton Advisory Limited, Winton Capital Limited, Winton Partners Bellbird Pty Limited and Winton Property Investments Limited) and registered mortgage security across the development properties (except the Beaches development, the Northlake Hotel development, the North Ridge development and the River Terrace development).

4. OTHER

This section includes additional information that is considered less significant in understanding of the financial performance and position of the Group, but must be disclosed to comply with New Zealand Equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ('NZ IFRS RDR') as a Tier 2 for-profit entity in accordance with XRB A1 Accounting Standards Framework (For-Profit Entities Update).

4.1. Administrative expenses

ALL VALUES IN $000's	2019	2018
Auditors remuneration:		
Audit of annual financial statements	(73)	(90)
Tax compliance and advisory fees	(105)	(204)
Loaned staff	-	(60)
Depreciation	(265)	(162)
Directors' fees	(37)	(51)
Doubtful Debts Expense	(317)	(303)
Employee benefits expense	(6,808)	(7,551)
Operating lease and rental payments	(390)	(143)
Other expenses	(2,482)	(1,518)
Total administrative expenses	(10,477)	(10,082)

4.2. Taxation

(i) Current taxation

ALL VALUES IN $000's	2019	2018
Profit before income tax	9,998	15,543
Prima facie income tax calculated at 28%	(2,799)	(4,352)
Adjusted for:		
Non-tax deductible revenue and expenses	(113)	(220)
Movement in temporary differences	72	198
Current tax prior period adjustment	158	-
Tax losses not utilised	(25)	(37)
Current taxation expense	(2,707)	(4,411)

4. OTHER (Continued)

4.2. Taxation (Continued)

(ii) Deferred taxation

ALL VALUES IN $000's	UNAUDITED 2017 AS AT	AUDITED 2018 RECOGNISED IN PROFIT	AUDITED 2018 AS AT	AUDITED 2019 RECOGNISED IN PROFIT	AUDITED 2019 AS AT
Deferred tax assets					
Employee benefits	225	8	233	(36)	197
Accounts payable, accruals and other liabilities	136	(114)	22	63	85
Losses available for offsetting against future taxable income	-	61	61	25	86
Gross deferred tax assets	361	(45)	316	52	368
Deferred tax liabilities					
Accounts receivable, prepayments and other assets	-	160	160	(160)	-
Property, plant and equipment	-	3	3	(1)	2
Development properties	196	(99)	97	306	403
Gross deferred tax liabilities	196	64	260	145	405
Net deferred tax (liability) / asset	165	(109)	56	(93)	(37)

Recognition and Measurement

Tax is accounted for on a consolidated Group basis and the Group is required to pay tax to the Inland Revenue as required by the Income Tax Act 2007. Income tax expense comprises current and deferred tax and is recognised in the Consolidated Statement of Comprehensive Income for the year.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

"Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax assets and liabilities on a net basis."

Additional income tax arising from distribution of dividends is recognised at the same time as the liability to pay the dividend is recognised.

Key estimates and assumptions: Deferred Tax

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4. OTHER (Continued)

4.3. Capital and reserves

	2019 SHARES '000s	2019 $000's	2018 SHARES '000s	2018 $000's
Shares issued 1 January	191,276	29,100	-	-
Shares issued during the year	7,319	10,000	191,276	29,100
Total shares issued and outstanding	198,595	39,100	191,276	29,100

On 14 May 2019, the Company issued 7,319,084 shares in exchange for $10,000,000 cash which the company used for working capital.

On 7 July 2017, the Company issued 191,276,000 shares of which 162,593,000 shares were in exchange for an investment in the Group's subsidiary Winton Partners Holdings Limited (which had been the parent company previously) and the entities acquired. These shares were issued in consideration of the transfer of net assets of entities within the Group. The remaining shares, 28,683,000 were issued in exchange for $29,100,000 cash which the company used to repay Group borrowings.

On 6 July 2017, the Company paid a dividend of $5,337,000 (2017: $3,000). The distribution in retained earnings of $5,321,000 represents the excess of the settlement amount over the book value of BFT Trust an entity under common control at the acquisition date.

All shares on issue are fully paid, carry equal voting rights, share equally in dividends and any surplus on wind up and have no par value. All shares are recognised at the fair value of the consideration received by the Company.

4.4. Accounts receivable, prepayments and other assets

ALL VALUES IN $000's	2019	2018
Accounts receivable	640	865
Provision for doubtful debts	(620)	(303)
Prepayments and other assets	2,579	4,435
Total accounts receivable, prepayments and other assets	2,599	4,997

Recognition and Measurement

Accounts receivable are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Receivables are assessed on an ongoing basis for impairment. A provision for doubtful debts is established where there is evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. Those which are anticipated to be uncollectable are written off.

4. OTHER (Continued)

4.5. Accounts payable, accruals and other liabilities

ALL VALUES IN $000's	2019	2018
Accounts payable	3,902	5,152
Accrued interest expense and bank fees	-	26
Accruals and other liabilities in respect of development properties	1,312	838
Accruals and other liabilities	1,843	4,015
Total accounts payable, accruals and other liabilities	7,057	10,031

Recognition and Measurement

Expenses are recognised on an accruals basis and, if not paid at the end of the reporting period, are reflected as a payable in the Consolidated Statement of Financial Position.

4.6. Long term deposits

Long term deposits as at 30 June 2019 of $986,000 (2018: $1,187,000) represent deposits paid by customers for future land purchases.

4.7. Financial instruments

The following financial assets and liabilities, that potentially subject the Group to financial risk, have been recognised in the financial statements:

ALL VALUES IN $000's	2019	2018
Financial assets		
Cash and cash equivalents	10,951	19,441
Accounts receivable and other assets	2,599	4,997
Funds in escrow	1,009	-
Total financial assets	14,559	24,438
Financial liabilities		
Accounts payable, accruals and other liabilities	7,057	10,031
Borrowings	75,843	52,117
Long term deposits	986	1,187
Total financial liabilities	83,886	63,335

4. OTHER (Continued)

4.8. Financial risk management

The Group's activities expose it to a variety of financial risks: interest rate risk, credit risk, and liquidity risk. The Group's overall risk management strategy focuses on minimising the potential negative economic impact of unpredictable events on the Group's financial well being.

(a) Interest rate risk

The Group has no exposure to the risk of changes in interest rates as none of the Group's borrowings at 30 June 2019 have floating interest rates.

The following sensitivity analysis shows the effect on profit before tax and equity if interest rates at balance date had been 50 basis points (0.50%) higher or lower with all other variables held constant.

	2019		2018	
ALL VALUES IN $000's	GAIN/(LOSS) ON INCREASE OF 0.50%	GAIN/(LOSS) ON DECREASE OF 0.50%	GAIN/(LOSS) ON INCREASE OF 0.50%	GAIN/(LOSS) ON DECREASE OF 0.50%
Impact on profit before tax	-	-	(61)	61
Impact on equity	-	-	(44)	44

(b) Credit risk

Credit risk represents the risk that the counterparty to a financial instrument will fail to discharge its obligations and the Group will suffer financial loss as a result. Financial instruments which potentially subject the Group to credit risk consisting of cash and cash equivalents, accounts receivable and other assets.

With respect to the credit risk arising from cash and cash equivalents, there is limited credit risk as cash is deposited with Bank of New Zealand Limited, a registered bank in New Zealand with a credit rating of AA– (Standard & Poor's).

With respect to the credit risk arising from accounts receivable, the Group only enters into arrangements over its development properties with parties whom the Group assesses to be creditworthy. Credit risk does not arise on property sale proceeds to be settled as title will not transfer until settlement.

The carrying amount of financial assets as per note 4.7 approximates the Groups maximum exposure to credit risk.

4. OTHER (Continued)

4.8. Financial risk management (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will have difficulty realising assets and raising sufficient funds to satisfy commitments associated with financial liabilities.

The table below analyses the Group financial liabilities (principal and interest) by the relevant contracted maturity groupings based on the remaining period as at 30 June 2019 and 30 June 2018.

		CONTRACTUAL CASH FLOWS				
ALL VALUES IN $000's	CARRYING AMOUNT	0-1 YEAR	1-2 YEARS	2-5 YEARS	> 5 YEARS	TOTAL
Accounts payable, accruals and other liabilities	7,057	7,057	-	-	-	7,057
Borrowings	75,843	-	-	75,843	-	75,843
Long term deposits	986	-	-	986	-	986
Total as at 30 June 2019	83,886	7,057	-	76,829	-	83,886
Accounts payable, accruals and other liabilities	10,031	10,031	-	-	-	10,031
Borrowings	52,117	55,706	-	-	-	55,706
Long term deposits	1,187	-	-	1,187	-	1,187
Total as at 30 June 2018	**63,335**	**65,737**	**-**	**1,187**	**-**	**66,924**

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern whilst maximising the return to shareholders through maintaining an optimal balance of debt and equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's capital structure includes borrowings and shareholders equity. The Group monitors capital on the basis of the loan to value ratio and borrowing covenant compliance. The loan to value ratio is calculated as borrowings divided by the value of development properties. The Group's strategy is to maintain a loan to value ratio of no more than 50%.

4. OTHER (Continued)

4.9. Related party transactions

The Group has related party relationships with its subsidiaries, its Directors and companies outside the Group that the Directors are Shareholders of. As at 30 June the Group had the following related party balances included in accounts receivable, prepayments and other assets and accounts payable, accruals and other liabilities.

ALL VALUES IN $000's	2019	2018
Accounts receivable, prepayments and other assets:		
North Bay Holdings Limited	-	304
Speargrass Trust	-	7
Loan to directors	23	2,282
Accounts payable, accruals and other liabilities:		
Winton Partners Capital Pty Limited	-	(1,507)
Net related party balance	23	1,086

On 27 August 2019, the net balance receivable as at 30 June 2019 of $23,000 was repaid to the Group in cash.

On 26 September 2018, the net balance receivable as at 30 June 2018 of $1,086,000 was repaid to the Group in cash

Transactions with key management personnel for the year were $1,522,000 (2018: $1,500,000) and this is included in "administrative expenses" (see Note 4.1).

4.10. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. The Group is internally reported as a single operating segment to the chief operating decision-maker.

4.11. Capital commitments

As at 30 June 2019, the Group has entered into contracts for capital expenditure on development properties of $101,629,000 (2018: $37,500,000).

KPMG

Independent Auditor's Report

To the shareholders of Winton Property Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Winton Property Limited (the 'company') and its subsidiaries (the 'group') on pages 4 to 18:

i. present fairly in all material respects the Group's financial position as at 30 June 2019 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 30 June 2019;

— the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to tax compliance and advisory services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, 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.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

— the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);

— implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and

— assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

— to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and

— to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/

This description forms part of our independent auditor's report.

KPMG

KPMG
Auckland

24 September 2019

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chris Meehan (Chairman / Chief Executive Officer)
Michaela Meehan (Executive Director)
David Liptak (Non-Executive Director)

MANAGEMENT TEAM

Simon Ash (General Manager)
Oliver Leighs (General Manager)
Justine Hollows (General Counsel & Company Secretary)
Jean McMahon (Chief Financial Officer)

REGISTERED OFFICE & CONTACT DETAILS

Level 4, 10 Viaduct Harbour Avenue, Auckland, 1010
PO Box 105526, Auckland 1143
Telephone: +64 9 377 7003

Website: www.winton.nz

AUDITORS

KPMG, Auckland

WINTON