



**argyle
housing**

Financial

Report 2021





Susan and Darcy, Argyle Housing Riverina District



Argyle Community Housing Ltd

ABN 88 002 761 855

Financial Statements

for the year ended 30 June 2021





Argyle Housing Campbelltown tenants

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A better Future for Our
Communities



Directors' Report

The Directors present their report together with the financial statements of Argyle Community Housing Ltd ("Argyle Housing" or the "Company") for the year ended 30 June 2021 ("FY2021" or the "financial year") and the Independent Auditor's report to Members.

Directors

The names of the Directors in office at any time during, or since the end of the financial year 2021 are:



Donna Anthes
Chair, app 1 Dec 2020



Susan Bailey



Terence Downing
Retired 30 Nov 2020



Chris Martin



Yvette Pietsch



Julian Sawicki



Tracey Wadsworth



Bob Mulcahy
Appointed 1 Jan 2021

The Directors have been in office since the start of the financial year to the date of this Directors' Report unless otherwise stated.



Directors' Report

Principal Activities

The principal activity of the Company during the financial year was the provision of low-cost rental housing for low to moderate-income earners.

Strategy and Objectives

The Company focused on five key strategic objectives, namely:

1

Tenant Experience

To assist people on low to moderate income by providing access to housing solutions.

2

Community Connections Encourage

The involvement of people and organisations in the solution of problems affecting the community.

3

People and Culture

Foster an inclusive and positive workplace environment.

4

Relationships and Collaborations

Develop strong and effective relationships and partnerships to achieve positive outcomes for the people and communities we serve.

5

Growth and Sustainability

Increase housing options while sustaining our current assets.





Argyle Housing Tenants on the Nepean Belle Paddle-wheeler

Directors' Report

Operating and Financial Review

The total surplus for the Company for the financial year amounted to \$ 16,073,691 (2020: \$ 5,164,438) including a gain on the revaluation of investment properties of \$ 14,384,784 (2020: \$ 3,556,241). The surplus amounts have been calculated in accordance with the Australian Accounting Standards (AASBs). There has been no change in accounting policies or application of new standard as described in Note 1.

Operating profit before fair value adjustments and contributions was \$ 9,398,671. (2020: \$8,154,036).

Two (2) additional dwellings were acquired in NSW in the financial year to the reported value of \$ 860,000.

Cash assets decreased by \$ 3,193,630 for the financial year to 30 June 2021. Funds established through the finance facility established with the National Housing Finance Investment Corporation ("NHFIC") in 2020 have been reclassified to Other Current assets and are in a 10-month term deposit.

Total operating income for the financial year decreased by \$ 4,443,876 on that reported for the prior financial year. Total operating expenditure for the financial year decreased by \$ 5,849,844 on that reported for the prior financial year.

Performance Management

The Board monitors the financial performance of the business regularly. This is achieved via the preparation of monthly management reports and variance analysis ("Finance Reports"), considered by the Board at regular meetings. In between scheduled Board meetings, the Audit and Risk Committee consider the Finance Reports.

Information is provided to the Community and Private Market Housing Directorate, a business unit of Housing NSW, and the ACT Directorate on a quarterly basis as required under the current NSW and ACT Governments' respective reporting regimes. The compliance requirements under the National Regulatory System for Community Housing ("NRSCH") Tier 1 registration framework are monitored monthly by the Argyle Housing Management Team and are reported to each Board meeting.

Finance Facility

On 19 June 2020, the Company established a Twelve (12) year, interest only Facility Agreement for \$12,000,000 with National Housing Finance and Investment Corporation ("NHFIC Facility") to refinance the existing facility agreement with Community Sector Banking Ltd ("CSB Facility") and to fund the acquisition of additional affordable properties across regional NSW.

On 30 June 2021 the NHFIC facility had a closing balance of \$12,000,000 which is reported as non-current liability.

Directors' Report

Events subsequent to balance date

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

Insurance Premiums

During the financial year, the Company has paid premiums in respect of Directors' and Officers' liability, legal expenses and insurance contracts for the year ended 30 June 2021. Such insurance contracts insure against activities covered under such contracts, for individuals who are or have been Directors or Officers of the Company.

The value of the Management insurance premiums paid in the year was \$23,873.

Directors

The biographical details, skills and experience of each Director are set out below. Each Director was in office during the financial year unless otherwise stated:

Donna Anthes

Special Responsibilities: Chair of the Board (appointed 1 December 2020); Chair, Assets, Acquisitions and New Business Committee (retired 10 November 2020); Member, Assets, Acquisitions and New Business Committee and Audit and Risk Committee (appointed 10 November 2020); Member, Nominations, Remuneration and Governance Committee.

Qualifications: Bachelor of Arts (Communications) (University of Newcastle); Master of Business Administration (Melbourne Business School); Graduate of the Australian Institute of Company Directors (GAICD)

Experience: Donna is an experienced Company Secretary and Non-Executive Director with proven governance & risk management expertise. She has significant board level experience and leverages her strong record of accomplishment in leading change and resolving complex business issues. Donna's rich experience, ranging from start-up businesses to large-scale organisations, enables her to engage effectively and credibly with a broad range of stakeholders and provide sound business leadership in changing environments. Donna has executive experience across the public, private and not-for-profit sectors including Qantas, Macquarie Bank, and the University of Newcastle, where she has been responsible for achieving operational efficiencies; implementing significant change programs; establishing corporate service functions and governance frameworks. A record of accomplishment of business development accompanies Donna's strong leadership.

Donna was appointed to the Argyle Housing Board on 1 January 2016.

Directors' Report

Susan Bailey

Special Responsibilities: Chair, Nominations, Remuneration and Governance Committee; Member Audit and Risk Committee (retired 1 February 2021).

Qualifications: BA/LL.M, MPAdmin, GradDipPM, MAICD

Experience: Susan is a non-executive director in the not-for-profit sector and previously in the public sector. She has over 30 years' experience as a commercial lawyer in the private and public sectors including insurance and electricity. Susan has executive experience as General Counsel of Ausgrid and General Counsel and Company Secretary of Royal & Sun Alliance Australia.

Susan was appointed to the Argyle Housing Board on 1 January 2016.

Chris Martin

Special Responsibilities: Member, Assets, Acquisitions and New Business Committee; Member, Audit and Risk Committee (appointed 10 November 2020).

Qualifications: Master of Commerce (Valuation), with Distinction; Graduate Diploma in Property Investment; Advanced Certificate in Real Estate; Graduate of the Australian Institute of Company Directors

Experience: Chris has 37 years of broad-ranging experience in the property industry, covering property funds management (both listed and unlisted); property and asset management; property investment (including acquisition and divestment); property development; project management; financing and financial management; marketing; sustainability; and corporate governance and compliance. He has experience both on-shore (Australia) and offshore (as Regional Head of Asset Management for Asia-Pacific, based in Singapore, with LaSalle Investment Management).

During his career, Chris also has held senior roles with GPT Group, Lendlease, BT Funds Management / Principal Financial Group, Colliers International, Jones Lang Wootton (now JLL) and, early in his career, in the Commonwealth and New South Wales governments. Christopher is a non-executive director of Harbison

Memorial Retirement Village and is Chair of Harbison's Built Environment & Development Committee and a member of the Finance & Audit Committee. Immediately prior to his retirement from his executive career in 2020, Chris was managing director of Pindari Capital, a funds management company wholly owned by Mulpha Australia.

Chris was appointed to the Argyle Housing Board on 1 January 2018.

Directors' Report

Robert Mulcahy

Special Responsibilities: Member of the Audit & Risk Committee (appointed 1 February 2021).

Qualifications: BBus (Acct/Fin) (UTS); Master of Business Administration (AGSM); Fellow CPA Australia; Graduate of the Australian Institute of Company Directors.

Experience: Robert has over 30 years senior executive experience in the financial services and for purposes sectors nationally and internationally. Initial responsibilities were focused on financial matters and has transitioned towards general management including strategic planning, operational excellence, business development and risk identification and mitigation. Appointments over this period include significant roles at Westpac, Toyota Finance and Uniting.

Robert has been directly responsible for innovative social and financial transactions including the NEWPIN Social Impact Bond and the Foyer Central Youth Accommodation initiative. Robert's financial services background is complemented with a strong understanding of the social and community housing sector, in particular with regional locations especially in First Australian communities.

Prior Board appointments have been undertaken in financial services, community housing, disability accommodation, family support and youth services.

Robert was appointed to the Argyle Housing Board on 1 January 2021.

Yvette Pietsch

Special Responsibilities: Chair of the Audit and Risk Committee; Member, Nominations, Remuneration and Governance Committee (appointed 10 November 2020).

Qualifications: BBus (Accounting); Master Tax Law; Fellow Chartered Accountant; Certified Tax Advisor; MAICD

Experience: Yvette has over 25 years' experience in public practice as a Chartered Accountant, working with private groups and not-for profit organisations.

Yvette is currently a member of Audit & Risk Committee for Shellharbour City Council and was previously a Trustee and Deputy Chair of Centennial Park & Moore Park Trust & was a member of NSW Council for Women's Economic Opportunity and independent Governance. Yvette has extensive experience in financial and risk management, corporate governance, business operations and commercial management.

Yvette was appointed to the Argyle Housing Board on 1 January 2018.

Directors' Report

Julian Sawicki

Special Responsibilities: Member of the Audit & Risk Committee; Member, Assets, Acquisitions and New Business Committee; Member (appointed 10 Nov 2020).

Qualifications: Bachelor of Economics; Chartered Accountant; Fellow Australian Institute of Company Directors

Experience: Julian Sawicki has a 25-year career in executive management and membership of boards. This experience covers financial management, strategic planning, risk management, human resources and culture, quality, and compliance with a strong understanding of board governance principles arising from completion of the Company Directors course via the Australian Institute of Company Directors.

Julian's passion for community services is reflected in his senior and Chief Executive roles with values-based organisations providing a wide range of community and personal support services throughout South Australia.

His experience in community housing policy and practice arises from significant involvement with community housing companies such as Westside Housing and Unity Housing. This practical experience coupled with knowledge of government policy adds to his board experience in the superannuation, community services, community housing and disability services sectors.

Julian believes that access to safe, secure, and affordable housing is essential for a fair community if its members are to participate fully in the life of their community.

Julian was appointed to the Argyle Housing Board on 1 May 2019.

Tracey Wadsworth

Special Responsibilities: Chair, Assets, Acquisitions and New Business Committee (appointed 10 November 2020); Member, Nominations, Remuneration and Governance Committee (appointed 10 November 2020); Member, Assets, Acquisitions and New Business Committee (up to 10 November 2020).

Qualifications: Associate Diploma in Business (Valuation); Graduate of the Australian Institute of Company Director

Experience: Tracey has over 25 years in the property and finance sectors in strategic property and financial advisory, development and project management as well as asset and property management. Tracey has held senior executive positions in both the public and private sector nationally and internationally including with Landcom, Royal Bank of Scotland, CRI and Tamaki Regeneration Company.

Throughout this time, Tracey has been involved in several large scale social and urban renewal projects including most recently the Tamaki Regeneration Program in Auckland, New Zealand. This is the largest social regeneration project in New Zealand seeking to improve the social and economic well-being of a key area of Auckland.

Tracey's property and commercial background is coupled with a strong understanding of the social and community housing sector.

Tracey was appointed to the Argyle Housing Board on 1 May 2019.

Directors' Report

Retired Director - Terence Downing

Special Responsibilities: Chair of the Board (retired 30 November 2020)

Qualifications: BComm, MMgt, CPA, FAICD, ANZIIF Fellow

Experience: Terry is an experienced non-executive director with current and prior positions in the public, private and not-for-profit sectors. He brings extensive financial, risk management, corporate governance, and commercial experience to the Argyle Board. Terry was appointed to the Argyle Board on 4 April 2012 and retired on 30 November 2020.

Meetings Held

During the financial year, the Company held a total of 19 meetings of which 11 were general board meetings and 11 were sub-committee meetings. The sub-committee meetings include the Assets, Acquisitions and New Business Committee, Audit and Risk Committee, and the Nominations, Remuneration and Governance Committee.

Director	Board Meetings		Assets, Acquisitions and New Business Committee Meetings		Audit and Risk Committee Meetings		Nomination, Remuneration and Governance Committee	
	a	b	a	b	a	b	a	b
T Downing ¹	4	4	1	1	1	1	1	1
D Anthes	8	8	4	4	3	3	3	3
S Bailey	8	8			2	2	3	3
C Martin	8	8	4	4	3	3		
R Mulcahy	4	4			2	2		
Y Pietsch	8	8			4	4	2	2
J Sawicki	8	8	3	3	4	4		
T Wadsworth	8	8	4	4			2	2

1. Retired 30 November 2020

- Number of meetings eligible to attend during the period
- Number of meetings attended

Details of Membership

The entity is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the entity is wound up, the Constitution states that each member is required to contribute a maximum amount of \$10 each towards meeting the obligations of the entity.

On 30 June 2021, there were seven (7) members and the total amount that members of the Company are liable to contribute if the Company is wound up is \$70 (In 2020: \$ 70).

Directors' Report

Argyle Community Housing Ltd
ABN 88 002 761 855
Directors Report
for the year ended 30 June 2021



Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under the *Australian Charities and Not-for-profits Commission Act 2012* has been included at page 34.

This report is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Donna Anthes'.

Donna Anthes
Chair of the Board

A handwritten signature in black ink, appearing to read 'Yvette Pietsch'.

Yvette Pietsch
**Chair of the Audit and Risk
Committee**

Dated this 28th day of September 2021.

Bowral

A Better Future for Our
Communities





Argyle Housing tenants at the Senior's Festival

Statements

FY2021



Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2021

	Note	2021 \$	2020 \$
Income			
Tenant and property related income	2	30,699,157	30,302,505
Other income	2	344,601	4,668,832
Capital Government Funding	2	-	516,297
Total income		31,043,758	35,487,634
Expenses			
Tenant and property related expenses*	3	11,174,606	12,137,878
Employee related expenses	3	6,309,166	6,302,101
Office and administration expenses *	3	3,295,064	8,188,701
Total operating expenses		20,778,836	26,628,680
Financial income	2	(69,337)	(115,082)
Financial expenses*	3	935,588	820,000
Net financing expense / (income)		866,251	704,918
Profit/(loss) before fair value adjustments and contributions		9,398,671	8,154,036
Other Income and Expense			
Fair value change on investment properties - owned	11	14,384,784	3,556,241
Depreciation on right of use asset	10	(7,709,764)	(6,545,839)
Profit before income tax		16,073,691	5,164,438
Income tax expense		-	-
Profit for the year		16,073,691	5,164,438
Total comprehensive income for the year		16,073,691	5,164,438

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements on pages 24 to 46

Statements

Statement of Financial Position as at 30th June 2021

	Note	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	4	14,306,052	17,499,682
Trade and other receivables	5	2,059,368	1,782,799
Other current assets	6	9,063,225	1,963,248
Total Current assets		25,428,645	21,245,729
Non-Current Assets			
Other financial assets	7	10	10
Property, plant and equipment	8	106,738	195,310
Intangible asset	9	6,950	1,822
Right-of-use assets *	10	28,154,346	32,292,968
Investment properties *	11	132,537,285	117,433,564
Total Non current assets		160,805,329	149,923,674
Total Assets		186,233,974	171,169,403
Current Liabilities			
Trade and other payables	12	3,112,401	3,157,199
Provisions	13	1,195,527	1,251,123
Other current liabilities	15	5,058,197	2,025,518
Lease liabilities *	16	8,281,915	7,677,040
Total Current liabilities		17,648,040	14,110,880
Non-Current Liabilities			
Provisions	13	250,937	189,447
Borrowings	14	12,000,000	12,000,000
Lease liabilities *	16	20,281,383	24,889,153
Total non-current liabilities		32,532,320	37,078,600
Total Liabilities		50,180,360	51,189,480
Net Assets		136,053,614	119,979,923
Equity			
Retained Profits		136,053,614	119,979,923
Total Equity		136,053,614	119,979,923

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 24 to 46.

Statements

Statement of Changes in Equity for the year ended 30th June 2021

	Total \$
Balance at 1 July 2019	114,815,485
Profit attributable to the Company	5,164,438
Balance at 30 June 2020	<u>119,979,923</u>
Balance at 1 July 2020 as previously reported	119,979,923
Profit attributable to the Company	16,073,691
Balance at 30 June 2021	<u>136,053,614</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 24 to 46.

Statements

Statement of Cash Flows for the year ended 30th June 2021

	Note	2021 \$	2020 \$
Cash Flow from Operating Activities			
Receipts from customers		25,895,787	29,513,317
Receipts from government bodies		7,761,355	5,191,710
Payments to supplier and employees		(19,993,950)	(25,762,400)
Interest Paid		(247,200)	(95,305)
Interest Paid on lease liability		(688,388)	(724,695)
Interest received		69,337	115,082
Net cash from operating activities	17	12,796,941	8,237,709
Cash flow from Investing Activities			
Purchase of property plant and equipment		(52,020)	(9,911)
Investment properties		(718,937)	(1,717,169)
Payments to Vendors		(128)	(42,000)
Investment in term deposit		(7,000,000)	-
Settlement of loans to BlueCHP Limited		-	-
Proceeds from sale of equipment		-	-
Net cash used in investing activities		(7,771,085)	(1,769,080)
Cash flow from Financing Activities			
Proceeds from borrowings		-	12,000,000
Repayment of borrowings		-	(2,805,227)
Payment of lease liabilities		(8,219,486)	(6,842,130)
Net cash (used in)/from financing activities		(8,219,486)	2,352,643
Net increase in cash held		(3,193,630)	8,821,272
Cash at the beginning of the year		17,499,682	8,678,410
Cash at the end of the year	4	14,306,052	17,499,682

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 24 to 46.



Sandy, Argyle Housing Queanbeyan



Notes to the
Financial
Statements



Notes to Statements

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial statements cover the Company as an individual entity. The Company, a not-for-profit entity, is limited by guarantee, and is incorporated and domiciled in Australia.

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board ("AASB") and the Australian Charities and Not-for-Profits Commission Act 2012. These financial statements comply with Australian Accounting Standards - Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 28 September 2021.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of investment properties.

The financial statements are presented in Australian dollars, which is the Company's functional currency.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events, and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Significant Accounting Policies

(a) New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) Income tax

No provision for income tax has been raised, as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Property, Plant and Equipment

i. Recognition and measurement

Items of plant and equipment are measured at cost less depreciation and impairment losses. Please refer to Note 1(h) for impairment of assets.

Notes to Statements

Note 1: Statement of Significant Accounting Policies

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

ii. Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Company, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease term and the estimated useful lives of the improvements.

The depreciation rates for the current and comparative years for each class of depreciable asset are:

Class of Asset	Depreciation Rate %
Leasehold improvements	7.0 to 20.0
Property, plant and equipment	7.5 to 50.0

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

(d) Intangible Assets

Where computer software costs are not integral to associated hardware, the Company recognises them as an intangible asset where they are clearly identifiable, can be reliably measured and it is probable they will lead to future economic benefits that the Company controls. They are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

i. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful life and is recognised in profit or loss. The estimated useful life for computer software is 2.5 years (30 months).

Notes to Statements

Note 1: Statement of Significant Accounting Policies

(e) Investment Property

Investment property, which is property held to earn rental income and/or for capital appreciation, is initially measured at cost at the date of acquisition, being the fair value of consideration plus incidental costs directly attributable to the acquisition. Investment property is subsequently carried at fair value, determined annually by an external independent valuation. Changes to the fair value of investment property are recorded in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

(f) Leases

The Company has applied AASB 16 using the modified retrospective approach therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

Policy applicable from 1 July 2019

At inception of a contract, the Company assesses whether 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

The policy is applied to contracts entered into, on or after 1 July 2019.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as property and equipment. In addition, the right-of-use asset is periodically reduced by the impairment losses, if any, and adjusted for certain re measurements of the lease liability.

Notes to Statements

Note 1: Statement of Significant Accounting Policies

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at an amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments due to a change in an index or rate, a change in the estimated amount payable under a residual value guarantee or if the Company changes its assessment if it will exercise a purchase, extension or termination option or if there is a revised-in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss, if the carrying amount in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic

Notes to Statements

Note 1: Statement of Significant Accounting Policies

life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies AASB 15 Revenue from Contracts with Customers, to allocate the consideration in the contract.

The Company applies the derecognition and impairment requirements in AASB 9 Financial Instruments to the new investment in the lease (see Note 1(g)). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognises lease payments received under the operating leases as income on a straight-line basis over the lease term.

Generally, the accounting policies applicable to the Company as a lessor in the comparative period were not different from AASB 16 except for the classification of the sub-lease entered into during the current reporting period that resulted in a finance lease classification.

(g) Financial instruments

i. Recognition and initial measurement

The Company initially recognises Receivables on the date on which they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus (FVP), for an item not at fair value through statement of Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

Notes to Statements

Note 1: Statement of Significant Accounting Policies

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or Fair Value through Other Comprehensive Income (FVOCI) as described above are measured at Fair Value through statement of Profit and Loss (FVTPL). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or Fair Value through statement of Profit and Loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, if it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at Fair Value and net gains and losses, including any interest expense, are recognised on profit or loss. Other financial liabilities are subsequently measured at amortised costs using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

iii. **De-recognition**

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Notes to Statements

Note 1: Statement of Significant Accounting Policies

(h) Impairment of Assets

Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's Fair Value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

Financial Assets

The Company considers evidence of impairment for financial assets (receivables) measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

i. Employee Benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

The Company's net obligation in respect of long-term employee benefits is the amount of any future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(j) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, because of past events for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably. Provisions recognised

Notes to Statements

Note 1: Statement of Significant Accounting Policies

represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

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

(l) Revenue

i. Government grant funding

The Company received three (3) types of government grants and funding during the year ended 30 June 2020;

- Community Housing Lease Program ("CHLP") annual funding received from the Department of Communities and Justice NSW.
- National Rental Affordability Scheme Funding ("NRAS") annual funding received from the Federal Department of Social Services and NSW and ACT Governments for supply of affordable rental dwellings through an annual financial incentive.
- Winter Lodge funding from the ACT Government to deliver accommodation for men experiencing homelessness commencing May 2020 for five months.

Grant income arising from these agreements which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligation is satisfied. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control.

ii. Capital grants

Capital grants received under an enforceable agreement to enable the Company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the company.

iii. Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control of the asset.

Notes to Statements

Note 1: Statement of Significant Accounting Policies

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the entity during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, including the GST of cash flows arising from investing and financing activities and some cash flows from operating activities. The GST recoverable from or payable to, the ATO is classified as a part of operating cash flows.

(o) Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in these financial statements.

(p) Contract Liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

(q) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events are based on current trends and economic data, obtained both externally and within the Company. Actual results may differ from these estimates.

Key estimates - Impairment

Non-Financial Assets

The Directors assess impairment at each reporting date by evaluating conditions

Notes to Statements

Note 1: Statement of Significant Accounting Policies

specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount is determined as the higher of fair value less costs to sell and value in use. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Financial Assets

Impairment of trade receivables has been considered as at 30 June 2020. No other impairment has been recognised as at 30 June 2020. Further details are provided at Note 5.

Measurement of Fair Values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted process (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted process included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 11 - Investment Property.

Lease Term

The Company has applied judgement to determine the lease term for some lease contracts that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of the lease liability and right of use assets recognised.

For leasehold properties the term was assessed by looking at the Company's total leasehold history of both current and former agreements by local government area. The Company then set two groups. Group one which accounted for 40% of the portfolio, a combination of Wingecarribee and Campbelltown local government

Notes to Statements

Note 1: Statement of Significant Accounting Policies

authorities, with an average lease life of seven years and group two, being the rest of the Company's portfolio with an average lease life of 3.3 years.

(r) Economic dependency

The financial statements have been prepared on a going concern basis. In the event that current government contracts and funding were to cease, the Company would have to significantly restructure its operations to meet its commitments. At the date of this report, the Directors have no reason to believe the contracts and funding will cease to continue.

(s) Employee benefits provision

Liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to Statements

Note 2: Income

	2021	2020
	\$	\$
Tenant and property related income		
Rental income	23,633,438	23,509,000
<i>Revenue from contracts with customers</i>		
Government grants income	5,005,697	4,793,208
Management fee for service	738,830	459,326
Water usage reimbursement	476,421	567,256
Tenant repairs and maintenance reimbursement	670,268	801,729
Utilities reimbursement	174,503	171,986
	30,699,157	30,302,505
Other income		
HSP Income	25,519	4,498,662
Other Income	319,082	170,170
	344,601	4,668,832
Capital Government Funding		
Contribution for Older Women In Housing	-	516,297
	-	516,297
Financial Income		
Interest - bank deposits	69,337	115,082
	69,337	115,082

Notes to Statements

Note 3: Expenses

	2021	2020
	\$	\$
Tenant and property related expenses		
Expenses relating to short-term leases	263,907	809,219
Impairment loss on trade and other receivables	658,601	844,953
Insurance	1,104,231	1,043,503
Rates - water	1,428,769	1,472,240
Rates - council	2,310,985	2,250,548
Other utilities expense	325,875	346,377
Repairs and maintenance cyclical	1,650,028	1,614,854
Repairs and maintenance responsive	2,213,822	2,179,436
Repairs and maintenance tenant damage	744,980	1,060,252
Other property management expenses	28,596	148,880
Other tenancy management expenses	444,812	367,616
	11,174,606	12,137,878
Employee related expenses		
Salaries, wages and contract labour	5,621,621	5,668,473
Superannuation	517,591	523,550
Employee Entitlement	83,067	34,468
Other employee related expenses	86,887	75,610
	6,309,166	6,302,101
Office and Administration expenses		
Office rent & Make Good	55,484	110,014
Depreciation and amortisation	124,691	211,343
Depreciation - right-of-use assets office and motor vehicle	645,449	569,516
Loss on disposal of assets	10,772	-
IT related expenses	282,083	136,520
Telephone and internet	156,746	162,492
Audit & Valuation	171,137	135,943
Consultants	370,119	145,050
Motor vehicle expenses	91,072	113,940
HSP Expenses	17,686	4,786,267
Recruitment costs	67,417	170,486
Printing, postage and stationery	186,537	245,392
Other staff related costs	168,784	183,527
Board expenses	366,623	373,720
Other office and administration expenses	580,464	844,491
	3,295,064	8,188,701
Financial Expense		
CSB Loan Interest	-	93,950
NHFIC Loan Interest	247,200	1,355
Interest on Lease Liabilities	688,388	724,695
	935,588	820,000

Notes to Statements

Note 4: Cash and Cash Equivalents

	2021	2021
	\$	\$
Cash at bank (iii)	7,749,497	14,710,990
Term deposits	6,556,555	2,788,692
Cash and Cash Equivalents	14,306,052	17,499,682

Note 5: Trade and Other Receivables

	2021	2020
	\$	\$
Current		
Trade receivables (i)	3,638,036	3,333,578
Provision for expected credit losses (ii)	(1,578,668)	(1,550,779)
	2,059,368	1,782,799

- i. No interest is charged on trade receivables. The entity has provided fully for all receivables due from former tenants, as experience shows that these amounts are generally not recoverable. The remainder of the balance is provided for based on estimated irrecoverable amounts, determined by analysis of amounts and reference to past default experience.
- ii. The Company has \$82,000 worth of credit facilities, \$17,469 of this facility has been used and is included in trade and other payables in note 12 with an unused facility of \$64,652 at year end.

Notes to Statements

Note 6: Other Assets

	2021	
	\$	\$
Bank guarantees	24,038	23,910
Prepayments	809,612	832,670
Income receivable	504,732	341,095
Bonds held by Rental Bond Board	662,184	689,465
Term deposits (Greater than 3 months)	7,000,000	-
Other current assets	62,659	76,108
	9,063,225	1,963,248

Note 7: Other Financial Assets

	2021	2020
	\$	\$
Non Current		
Membership shares - BDCU	10	10
	10	10

Notes to Statements

Note 8: Property, Plant and Equipment

	2021	2020
	\$	\$
Leasehold improvements		
At cost	763,726	797,607
Less: Accumulated depreciation	(689,914)	(641,030)
	<u>73,812</u>	<u>156,577</u>
Plant and equipment		
At cost	768,543	748,220
Less: Accumulated depreciation	(735,617)	(709,487)
	<u>32,926</u>	<u>38,733</u>
	<u>106,738</u>	<u>195,310</u>

Note 8a: Reconciliation of movements in property, plant & equipment

Leasehold improvements		
Carrying amount at the beginning of the financial year	156,577	230,098
Additions	8,743	-
Disposal	(9,607)	-
Depreciation	(81,901)	(73,521)
Carrying amount at the end of the financial year	<u>73,812</u>	<u>156,577</u>
Plant and equipment		
Carrying amount at the beginning of the financial year	38,733	100,154
Additions	29,378	9,913
Disposal	(1,167)	-
Depreciation	(34,018)	(71,333)
Carrying amount at the end of the financial year	<u>32,926</u>	<u>38,733</u>
	<u>106,738</u>	<u>195,310</u>

Notes to Statements

Note 9: Intangible Asset

	2021	2020
	\$	\$
Software Development		
At cost	347,198	333,298
Less: Accumulated amortisation	(340,248)	(331,476)
	6,950	1,822

Note 9a Intangible Asset

	2021	2020
	\$	\$
Software Development		
Carrying amount at the beginning of the financial year	1,822	68,310
Additions	13,900	-
Amortisation	(8,772)	(66,488)
Carrying amount at the end of the financial year	6,950	1,822

Notes to Statements

Note 10: Right-of-use Asset - office and motor vehicles

	2021	2020
	\$	\$
Property - right-of-use	40,128,994	36,202,728
Less: Accumulated depreciation	(14,255,603)	(6,545,839)
	25,873,391	29,656,889
Office - right-of-use	2,903,876	2,877,123
Less: Accumulated depreciation	(912,593)	(432,183)
	1,991,283	2,444,940
Motor Vehicle - right-of-use	599,781	328,472
Less: Accumulated depreciation	(310,109)	(137,333)
	289,672	191,139
	28,154,346	32,292,968

Property - Right of use

Balance at the beginning of the year	29,656,889	30,952,368
Additions of new properties to right of use assets	6,777,478	5,250,360
Disposal / Relinquishments of properties	(2,851,212)	-
Depreciation on right of use assets	(7,709,764)	(6,545,839)
Carrying amount at the end of the financial year	25,873,391	29,656,889

Notes to Statements

Note 11: Investment Properties

	2021	2021
	\$	\$
Investment property - owned		
Balance at the beginning of the year	117,433,564	112,160,153
Additions at Cost	740,216	2,078,759
WIP and Deposit with Vendors	(21,279)	(361,589)
Net gain/(loss) from fair value adjustments	14,384,784	3,556,241
Balance at the end of the year	132,537,285	117,433,564

Investment property comprises residential properties that are leased to third parties.

The Fair Value of the investment properties as of 30 June 2021 has been arrived at based on valuations carried out in May 2021 by multiple Certified Practising Values from Jones Lang LaSalle Pty Ltd.

The revaluation has been conducted in accordance with the Australian Accounting Standards including AASB 13 Fair Value Measurement and AASB 116 Property Plant and Equipment.

Note 12: Trade and other Payables

	2021	2020
	\$	\$
Trade creditors (i)	277,855	247,884
GST Liabilities	59,219	99,719
Insurance Claims Payable	506,007	257,677
Common Ground Clearing	1,570,691	1,268,677
Accrued Expenses	578,776	1,089,996
Other current payables and accruals	119,853	193,246
	3,112,401	3,157,199

- i. Credit periods vary between creditors and most do not specify interest rates for overdue amounts. All payables are paid with the current time frames.

Notes to Statements

Note 13: Provisions

	2021	2020
	\$	\$
Employee Benefits		
Opening balance	563,007	528,521
Movement during the year	80,805	34,486
Closing balance	643,812	563,007
Represented By;		
Current		
Provision for Annual Leave and Time in Lieu*	373,765	359,095
Provision for Long Service Leave*	149,731	121,337
	523,496	480,432
Provision for repairs and maintenance	672,031	770,691
Total Current Provisions	1,195,527	1,251,123
Non Current		
Provision for Long Service Leave*	120,316	82,575
Office Make Good Provision	130,621	106,872
Total Non Current Provisions	250,937	189,447

Notes to Statements

Note 14: Borrowings

	2021	2020
	\$	\$
Non Current	12,000,000	12,000,000
	12,000,000	12,000,000

An interest only loan to the value of \$12,000,000 over one-hundred and forty-four (144) months was signed on 19 June 2020 by the Company with National Housing Finance and Investment Corporation (NHFIC). These funds were received on 29 June 2020.

Note 15: Other Liabilities

	2021	2020
	\$	\$
Current		
Rent received in advance	1,157,054	1,009,932
Non Rent received in advance	207,440	181,627
Contract Liabilities	3,508,855	778,716
Amounts withheld from salaries and wages	184,848	55,243
	5,058,197	2,025,518

Note 16: Lease Liabilities

	2021	2020
	\$	\$
Current - Office, Motor Vehicle and Property	8,281,915	7,677,040
Non-current - Office, Motor Vehicle and Property	20,281,383	24,889,153
	28,563,298	32,566,193

Notes to Statements

Note 17: Reconciliation of Net Cash Provided by / (Used in) Operating Activities to Profit before tax

	2021	2020
	\$	\$
Profit before income tax	16,073,691	5,164,438
Provision for impairment	27,889	363,988
Make Good Provision	23,748	23,748
Change in fair value of investment properties	(14,384,784)	2,989,598
Depreciation of property, plant and equipment	124,691	211,343
Depreciation of right-of-use assets	8,355,214	569,516
Loss on disposal of non current assets	10,772	-
Operating profit before changes in working capital and provisions	10,231,221	9,322,631
Change in trade receivables	(472,857)	(1,333,669)
Change in other assets	(181,240)	188,485
Change in trade and other payables	(358,821)	337,278
Change in other liabilities	3,497,833	(311,502)
Change in employee entitlements	80,805	34,486
Net cash provided by operating activities	12,796,941	8,237,709

Note 18: Related Parties

Any person(s) having authority and responsibility for planning, directing, and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) is considered Key Management Personnel.

Key Management Personnel compensation was \$1,153,270 for the year ended 30 June 2021 (2020: \$1,095,074).

Key management personnel represent the directors and senior executives of the Company. In addition to their salaries, the Company also provides non-cash benefits such as expense payment fringe benefits. The aggregate key management personnel compensation comprises (i) short-term employee benefits including salaries, exempt and reportable fringe benefits and the movement in annual leave provisions, (ii) other long term benefits comprising movements in long service leave provisions over the year (iii) post-employment benefits representing contributions made to a superannuation fund on the key management personnel's behalf, and (iv) any termination benefits paid. This also includes Directors' Remuneration.

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions are no more favourable than those available are to other parties unless otherwise stated.

Notes to Statements

Note 19: Contingent Liabilities

Business undertakings

	2021	2020
	\$	\$
Bank Guarantees have been provided to cover rental bonds for various offices	24,038	23,910

No other material contingent liabilities have been identified.

Note 20: Leases

Leases as lessee:

Leases between the Company and NSW Department of Communities and Justice are typically for a period of five years. Housing NSW charge rent of \$1 per property per year for these properties.

Leases as lessor:

The Company leases out its investment properties consisting of both owned properties as well as leased properties. All leases are classified as operating leases from a lessor perspective.

Note 21: Capital commitments:

As of 30 June 2021, there is no contractual capital commitment to declare.

Note 22: Registered Office/Principal Place of Business

The address of the Company's registered office and principal place of business is:

Level 1, 32-36 Wingecarribee Street, Bowral NSW 2576.

Note 23: Members' Guarantee

The Company is incorporated under the Corporations Act 2001 (Cth) and is a Company limited by guarantee. If the entity is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding and obligations of the entity. At 30 June 2021, there were seven members.

Directors' Declaration

Argyle Community Housing Ltd
ABN 88 002 761 855
Directors Declaration
for the year ended 30 June 2021



Directors' Declaration

In the opinion of the Directors of Argyle Community Housing Ltd (the "Company").

- (a) the financial statements and notes that are set out on pages 10 to 32 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - *Reduced Disclosure Regime* and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Donna Anthes'.

Donna Anthes
Chair of the Board

A handwritten signature in black ink, appearing to read 'Yvette Pietsch'.

Yvette Pietsch
Chair, Audit and Risk
Committee

Dated this 28th day of September 2021

Bowral

A Better Future for Our
Communities



Auditor's Report



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Argyle Community Housing Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'RSM'.

RSM Australia Partners

A handwritten signature in black ink that reads 'Ged Stenhouse'.

Ged Stenhouse
Partner

Canberra, Australian Capital Territory
Dated: 28 September 2021

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Auditor's Report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARGYLE COMMUNITY HOUSING LTD

Opinion

We have audited the financial report of Argyle Community Housing Ltd, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the financial report of Argyle Community Housing Ltd has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2021 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Argyle Community Housing Ltd in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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Auditor's Report



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.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing Argyle Community Housing Ltd's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Argyle Community Housing Ltd or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

A handwritten signature in black ink that reads 'RSM'.

RSM Australia Partners

A handwritten signature in black ink that reads 'Ged Stenhouse'.

Ged Stenhouse
Partner

Canberra, Australian Capital Territory
Dated: 28 September 2021



Tammy, Argyle Housing Southern Highlands



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