

# ARGYLE

## COMMUNITY

## HOUSING LTD

### 2013 FINANCIAL REPORT



Building Homes, Growing Communities.





Argyle Community Housing Limited

Financial Statements

For the year ended 30 June 2013

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The Directors present their report together with the financial report of Argyle Community Housing Limited (the Company) for the financial year ended 30 June 2013 and the auditor's report thereon.

## Directors

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

Christopher Benton	John Peters (appointed 25 June 2013)
Terence Spencer	Ian Cropper
Rod D Aistrope (resigned 13 November 2012)	Nicolette McAdoo
Trevor Fair	Pamela Edwards
Terence Downing	

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

## 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

Argyle Community Housing Limited is focused on five key strategic imperatives, namely:

Client and Community                      To improve the social outcomes for those Australians in housing stress.

People and Culture                          To be a preferred employer with a constructive and outcomes focused culture.

Organisation Capability                      To achieve and maintain sector leading systems and processes that facilitates efficient and effective expansion across multiple regional areas and jurisdictions.

### **Strategy and Objectives (continued)**

Sustainable Growth	To develop and maintain a sustainable business model with reducing reliance on government funding which provides dwellings that enhance our clients' financial sustainability.
Identity and Reputation	To establish Argyle's identity and reputation for delivery of quality products and services and better individual and community outcomes.

### **Operating and Financial Review**

The total surplus for the Company for the financial year ended 30 June 2013 amounted to \$2,558,727 (2012: Surplus \$1,714,008).

Operating profit for the year ended 30 June 2013 totalled \$1,687,143 (2012: \$2,665,032). This is prior to any adjustment for revaluation of investment property.

Operating income for the 2013 year increased by \$2,360,508 from 2012 with additional revenue generated through increased property and tenancy numbers under management.

Expenditure for the 2013 year increased by \$3,192,680 on prior year results. This was driven by increases of \$2,449,087 on tenant and property related expenses, an increase in employee expenditure of \$238,336 and an increase of \$505,257 on office and administration related expenditure.

For the financial year ended 30 June 2013 the cash assets increased by \$594,345. The increase in funds was predominantly due to additional cash generated from operating activities and only minor cash investment in the acquisition of additional dwellings.

The directors believe the Company is in a stable financial position.

### **Performance Management**

The Board of Directors reviews financial performance via monthly management accounts and at its regular Board Meetings and in more detail via the Audit and Risk Committee.

Information is provided to the Office of Community Housing on a quarterly basis as required under the current government reporting regime and the requirements under the Class 1 registration framework are monitored monthly by the Argyle Community Housing Limited Management Team.

Argyle Community Housing Limited strives to achieve better than the benchmark rate for vacant properties and aims to reduce rent arrears to less than the benchmark rate.

### **Events Subsequent to Reporting Date**

Argyle paid a deposit on a Southern Highlands property on 19 April 2013. Settlement of the property did not occur until 5 July 2013. The settlement amount was \$466,905 and was funded from cash reserves.

On 31 July 2013 the Governor of New South Wales by order vested land on six lots to Argyle Community Housing Ltd with vesting effective on 16 August 2013. Constructed on the six lots are eighty nine unit dwellings with a valuation as at 30 June 2013 of \$12,040,000.

Apart from the two items highlighted above there has not been any other 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 entity, the results of those operations, or the state of affairs of the entity in future years.

**Directors**

Each Director was in office for the period 1 July 2012 to 30 June 2013 unless otherwise stated:

<p>Name Special Responsibilities Qualifications Experience</p>	<p>Christopher Benton</p> <p>Member Director, Chairperson MAICD, JP</p> <p>Chris Benton is the owner manager of the Bank of Queensland Branch in Bowral. Chris has been in banking and finance for over thirty-three years. Before coming self employed in 1995, Chris spent sixteen years working with one of the major banks. Chris is a Justice of the Peace and a member of the Australian Institute of Company Directors. Chris has owned the Bowral Branch of the Bank of Queensland for the past six and a half years. He is past president of the Rotary Club Bowral/Mittagong, a volunteer fire fighter and foundation treasurer of the Southern Highlands Renal Appeal. Chris has been Director of the Argyle Community Housing Limited Board since 2001.</p>
<p>Name Special Responsibilities Qualifications Experience</p>	<p>Ian Cropper</p> <p>Member Director, Chair of the Audit and Risk Committee BA. Dip Ed. JP, MAICD</p> <p>Following a number of years in industry, Ian taught Business Studies in TAFE before moving into educational administration. He held a number of Deputy and Principal positions and had regional area responsibilities as well as being a Member of the Board of the Illawarra Institute of Technology. Prior to and during his retirement, Ian has worked on a series of short term volunteer projects both in South East Asia and the Pacific Islands. Ian has successfully completed various governance courses run by the NSW Federation of Housing Associations and the Australian Institute of Company Directors. Ian has occupied various Board/Committee positions within his local community and has served as a Director for Argyle Community Housing Ltd since 2004.</p>



Argyle Community Housing Limited  
 ABN: 88 002 761 855  
 Directors' Report  
 For the year ended 30 June 2013

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**Directors (continued)**

<p>Name Special Responsibilities Qualifications Experience</p>	<p>Rod D Aistrop (resigned 13 November 2012)</p> <p>Member Director, Chair of the Asset Management and Development Committee</p> <p>CP Eng. B Tech. MIE Aust. GAICD</p> <p>Rod graduated with a Bachelor of Technology from the University of Adelaide in 1970. He worked as a consulting engineer in South Australia, Papua New Guinea and the ACT before establishing his own engineering consultancy in 1984. He spent 1976 in South Africa in road construction. He managed a consulting practice in Sydney before re-establishing Aistrop Engineers in Bowral in 1999 specialising in the design of bridges and commercial and industrial buildings. Rod is a Director of the Rotary Club of Bowral-Mittagong, Past President of the Rotary Club of Canberra Weston Creek and Past Chairman and currently committee member of Engineers Australia, Southern Highlands and Tablelands Regional Group. Rod served as a director of Argyle Community Housing Limited since 2004.</p>
<p>Name Special Responsibilities Qualifications Experience</p>	<p>Nicolette McAdoo</p> <p>Member Director</p> <p>MAICD</p> <p>For thirty one years Nikki worked as a makeup artist in film and television both in Australia and the United Kingdom. After moving to the Southern Highlands Nikki decided on a change of direction studying welfare management. She then took on the role of Manager at the Highlands Community Centres (HCC). HCC offered a range of services to the Southern Highlands local community, including Emergency Relief, Youth Services, Community Development, No Interest Loans and Domestic Violence Court Support. During her 17 years at HCC, Nikki successfully lobbied for additional funding for many new services in the area. When Nikki retired in 2009, she joined the Committee of the Southern Highlands University of the Third Age (U3A) as Course Co-ordinator with the challenge of finding a variety of courses for their 900 local members. Nikki has been a Director for Argyle Community Housing Ltd since 2005. She brings to the Argyle Board valuable insights into the community due to her previous experiences in human rights advocacy. She believes strongly in social justice thus making her a strong advocate for Argyle tenants.</p>

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 For the year ended 30 June 2013

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**Directors (continued)**

<p>Name Special Responsibilities  Qualifications Experience</p>	<p>Dr Terry Spencer</p> <p>Member Director, Vice Chairman, Acting Chair of the Asset and Development Committee</p> <p>BSc (hons 1), PhD, MAICD</p> <p>Terry has had a long and varied career in science management, project/program management, business analysis and business process re-engineering, predominantly in the public sector. He has also served as an expert consultant to national and international bodies in areas as diverse as technical advice, regulation and process auditing. Terry was the Australian Government Analyst (the Commonwealth's senior laboratory management position) from 2003 to 2005 when he changed career emphasis away from science to business management. He has served the community in both Queanbeyan (his home town) and Benalla (Victoria) through executive involvement in a number of community organisations. This includes two terms as a councilor of the City of Benalla, life membership of Apex and current membership of the Rotary Club of Jerrabomberra. Terry is currently engaged by the Australian Federal Police to assist in the planning and construction of a multimillion dollar new forensic facility located in Canberra. He also has a 'paid hobby' as a part-time teacher of prospective builders at the Canberra Institute of Technology. Terry has been a Director with Argyle Community Housing Ltd since 2007.</p>
<p>Name Special Responsibilities  Qualifications Experience</p>	<p>Trevor Fair</p> <p>Member Director, Chair of the Nominations, Remuneration and HR Committee</p> <p>CPA, B Bus (Accounting/HRM)</p> <p>Trevor commenced his working career with East West Airlines as an apprentice avionics engineer before undertaking studies in Accounting and Human Resource Management at Charles Sturt University. He also worked for a number of years with the NSW Department of Education and Training as a management accountant with the Catholic Education Office. After completing his CPA, Trevor worked in public practice in Bowral before becoming a partner of Oxley Partners Chartered Accountants in January 2005. Trevor is Secretary of the Rotary Club Bowral-Mittagong, Secretary /Treasurer of the Southern Highland Community Transport and Treasurer/Secretary of the Rotary District 9710. Other voluntary roles held by Trevor include Treasurer of the Southern Highlands International Piano Competition, Treasurer of Oxley College P&amp;F and he is an active member of the Bowral Public School P &amp; C. Trevor was appointed to the Argyle Community Housing Ltd Board in 2008.</p>

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 Directors' Report  
 For the year ended 30 June 2013

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**Directors (continued)**

<p>Name Special Responsibilities Qualifications Experience</p>	<p>Terence Downing</p> <p>Member Director</p> <p>B Comm, M Mgmt, CPA, FAICD, FCIS, ANZIIF Fellow</p> <p>Terry is an experienced non-executive director holding positions in both the public and private sectors across a range of organisations and industries including energy utilities, superannuation, general insurance, investment management and the private health insurance prudential regulator. His prior experience includes senior executive positions in the financial services sector and consulting to service industries including insurance, banking, funds management, superannuation and aged care. Terry brings extensive financial, risk management, corporate governance and commercial experience to the Argyle board. Terry was appointed to the Argyle Community Housing Ltd Board in April 2012.</p>
<p>Name Special Responsibilities Qualifications Experience</p>	<p>Pamela Edwards</p> <p>Member Director</p> <p>BA/LLB (UNSW), MAICD</p> <p>Pamela has been in the legal profession and investment management business for over 25 years and worked in the United Kingdom and Europe for 18 years in the insurance, investment management and pensions businesses. Prior to that Pamela was a partner in a prominent Australian law firm. She has served the community on the boards of Australian arts organisations and was a founder member/director of a fund-raising committee for the charity now known as Red Kite. Pamela is a former Vice President of the Corporate Counsel Association, Europe and is a member of the Australian Institute of Company Directors. Pamela was appointed to the Argyle Community Housing Ltd Board in April 2012.</p>
<p>Name Special Responsibilities Qualifications Experience</p>	<p>John Peters (appointed 25 June 2013)</p> <p>Appointed Director</p> <p>B. Arch., Adv. Dip. BCM., ARAIA.,GAICD.</p> <p>Based on the foundation skills as an architect, John has worked in various facets of property in the UK, New Zealand and throughout Australia, for over 35 years. Much of this experience was with Lend Lease as a Project Manager, Asset Manager, and Qld Manager and Director, Lend Lease Commercial. John set up his own property development company in 1995, and his primary activities during this time were within the residential, retail and office sectors in SE Queensland. John has also consulted to investors and financial stakeholders during this time, including Merrill Lynch, GPT, Thiess, St George Bank and Multiplex. John is a graduate of the Australian Institute of Company Directors, a non-executive director of Mirvac Group and an executive director of a number of unlisted companies. He joined the board of Argyle Community Housing in 2013.</p>

**Directors (continued)**

Unless noted above, there have been no changes to the Directors since 30 June 2013.

**Meetings Held**

The Company held a total of 23 meetings of Directors and Committees. This includes the Asset Management and Development Committee, Audit and Risk Committee, Nominations, Remuneration and HR Committee and the Corporate Governance

<i>Director</i>	<i>Board Meetings</i>		<i>Asset Management and Development Committee Meetings</i>		<i>Audit and Risk Committee Meetings</i>		<i>Nominations, Remuneration and HR Committee Meetings</i>		<i>Corporate Governance Committee Meetings</i>	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Christopher Benton	11	10	3	3	5	4	2	-	1	1
Ian Cropper	11	11	3	3	5	5	-	-	-	-
Rod D Aistrope	4	3	2	2	-	-	-	-	-	-
Nicolette McAdoo	11	10	-	-	-	-	2	2	-	-
Terence Spencer	11	10	3	3	5	5	-	-	1	1
Trevor Fair	11	10	-	-	5	4	2	2	-	-
Terence Downing	11	11	-	-	5	5	2	2	-	-
Pamela Edwards	11	9	-	-	-	-	-	-	1	1

(a) Number of meetings eligible to attend during the period

(b) 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. At 30 June 2013, the total amount that members of the company are liable to contribute if the company is wound up is \$90 (2012: \$70).

**Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 has been included at page 39.

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



Chris Benton

Chairman



Trevor Fair

Director

Dated this 24<sup>th</sup> day of September 2013

Bowral

Argyle Community Housing Limited  
 ABN: 88 002 761 855  
 Statement of Profit and Loss and Other Comprehensive Income  
 For the year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>Income</b>			
Tenant and property related income	2	24,275,234	21,903,621
Other income	2	82,576	93,681
<b>Total income</b>		<u>24,357,810</u>	<u>21,997,302</u>
<b>Expenses</b>			
Tenant and property related expenses	3	(15,708,319)	(13,259,232)
Employee related expenses	3	(4,725,697)	(4,487,361)
Office and administration expenses	3	(2,505,643)	(2,000,386)
<b>Total operating expenses</b>		<u>(22,939,659)</u>	<u>(19,746,979)</u>
Financial income	2	324,720	414,709
Finance expenses	10	(55,728)	-
<b>Net financing income</b>		<u>268,992</u>	<u>414,709</u>
<b>Profit before fair value adjustments and contributions</b>		<u>1,687,143</u>	<u>2,665,032</u>
Contribution of Investment properties at fair value		-	-
Gain/(Loss) on revaluation of investment properties		871,584	(951,024)
<b>Profit before income tax</b>		<u>2,558,727</u>	<u>1,714,008</u>
Income tax expense	1(a)	-	-
<b>Profit for the year</b>		<u>2,558,727</u>	<u>1,714,008</u>
Other comprehensive income for the year		-	-
Items that will not be reclassified to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
<b>Total comprehensive income for the year</b>		<u>2,558,727</u>	<u>1,714,008</u>

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 16 to 37.

Argyle Community Housing Limited  
 ABN: 88 002 761 855  
 Statement of Financial Position  
 As at 30 June 2013

	Note	2013 \$	2012 \$
<b>Current Assets</b>			
Cash assets	4	8,517,235	7,922,890
Trade and other receivables	5	535,934	1,219,591
Other current assets	6	1,150,417	2,113,492
<b>Total Current Assets</b>		<u>10,203,586</u>	<u>11,255,973</u>
<b>Non-Current Assets</b>			
Trade and other receivables	5	1,344,124	1,344,124
Other financial assets	7	10	10
Property, plant and equipment	8	478,466	650,121
Investment properties	9	40,651,713	39,546,079
<b>Total Non-Current Assets</b>		<u>42,474,313</u>	<u>41,540,334</u>
<b>Total Assets</b>		<u>52,677,899</u>	<u>52,796,307</u>
<b>Current Liabilities</b>			
Trade and other payables	10	1,017,125	2,471,746
Provisions	11	292,192	318,270
Other current liabilities	12	1,898,556	3,089,122
<b>Total Current Liabilities</b>		<u>3,207,873</u>	<u>5,879,138</u>
<b>Non-Current Liabilities</b>			
Provisions	11	65,655	65,705
Other non - current liabilities	12	8,539	14,359
<b>Total Non-Current Liabilities</b>		<u>74,194</u>	<u>80,064</u>
<b>Total Liabilities</b>		<u>3,282,067</u>	<u>5,959,202</u>
<b>Net Assets</b>		<u>49,395,832</u>	<u>46,837,105</u>
<b>Equity</b>			
Retained profits		49,395,832	46,837,105
<b>Total Equity</b>		<u>49,395,832</u>	<u>46,837,105</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 16 to 37.

Argyle Community Housing Limited  
 ABN: 88 002 761 855  
 Statement of Changes in Equity  
 For the year ended 30 June 2013

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	Note	Retained Profits	Total \$
<b>Balance at 1 July 2011</b>		45,123,097	45,123,097
Profit attributable to the Company		1,714,008	1,714,008
Other comprehensive income for the year		-	-
<b>Balance at 30 June 2012</b>		46,837,105	46,837,105
<b>Balance at 1 July 2012</b>		46,837,105	46,837,105
Profit attributable to the Company		2,558,727	2,558,727
Other comprehensive income for the year		-	-
<b>Balance at 30 June 2013</b>		49,395,832	49,395,832

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 16 to 37.



Argyle Community Housing Limited  
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 Statement of Cash Flows  
 For the year ended 30 June 2013

	Note	2013 \$	2012 \$
<b>Cash Flow from Operating Activities</b>			
Receipts from customers		22,332,446	18,540,483
Receipts from government bodies		3,299,761	2,824,420
Payments to suppliers and employees		(23,837,176)	(21,733,239)
Interest received		324,720	414,709
Interest paid		(57,728)	-
Net cash from operating activities	13	<u>2,062,023</u>	<u>46,373</u>
<b>Cash Flow from Investing Activities</b>			
Purchase of short term deposits		(996)	(1,077)
Purchase of property plant and equipment		(89,486)	(103,910)
Loan funds repaid by Blue CHP		-	805,500
Investment properties		(234,050)	(2,912,103)
Proceeds from sale of equipment		38,182	15,455
Loan funds provided to Blue CHP		-	(329,124)
Net cash used in investing activities		<u>(286,350)</u>	<u>(2,525,259)</u>
<b>Cash Flow from Financing Activities</b>			
Repayment of borrowings		(1,181,328)	-
Net cash used in financing activities		<u>(1,181,328)</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		594,345	(2,478,886)
Cash at the beginning of the year		7,922,890	10,401,776
Cash at the end of the year	4	<u>8,517,235</u>	<u>7,922,890</u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 16 to 37.

## **Note 1: Statement of Significant Accounting Policies**

### **Basis of Preparation**

The financial statements cover Argyle Community Housing Limited as an individual entity. Argyle Community Housing Limited, a not-for-profit entity, is a company limited by guarantee, incorporated and domiciled in Australia.

Argyle Community Housing Limited has early adopted the pronouncements AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the annual reporting period beginning 1 July 2010 to prepare Tier 2 general purpose financial statements.

The financial statements are Tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements were authorised for issue by the Board of Directors on 24<sup>th</sup> September 2013.

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 the selected non-current assets, financial assets and financial liabilities.

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.

## Accounting Policies

### (a) 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.

### (b) 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(f) for impairment of assets.

Subsequent costs are included in the assets 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 other 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 Argyle Community Housing Limited commencing from the time the assets 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:

<b>Class of Asset</b>	<b>Depreciation Rate %</b>
Leasehold improvements	20
Plant and equipment	7.5 to 50
Motor vehicles	17 to 23

The assets 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.

**(c) 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 valuation. Changes to fair value of investment property are recorded in profit or loss in the period in which they arise.

**(d) Leases**

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(e) Financial Instruments**

**(i) Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expenses to profit or loss immediately.

**(ii) Classification and Subsequent Measurement**

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. The amount at which the financial asset or financial liability is measured at initial recognition
- ii. Less principle repayments
- iii. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- iv. Less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliability predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to the expected future cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

**(iii) Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the assets is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed, is recognised in profit or loss.

**(f) Impairment of Assets**

***Non Financial Assets***

At each reporting date, the Company reviews the carrying values of its tangible 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 assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to profit or loss.

Where the future economic benefits of the asset are not primarily dependant 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 entity 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 yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

**(g) Employee Benefits**

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy the vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash outflows.

Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred.

**(h) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result 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 represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(i) Cash and Cash Equivalents**

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

**(j) Revenue**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and rebates allowed.

Revenue from the rendering of a service or the provision of accommodation is recognised in the period in which the service or accommodation is provided.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Donations and bequests are recognised as revenue when received.

All revenue is stated net of the amount of goods and services tax (GST).

**(k) Government Grants and Funding**

Government grants are recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant and it is probable the economic benefits gained from the grant will flow to the Company and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

**(k) Government Grants and Funding (continued)**

Argyle Community Housing Limited receives non-reciprocal contributions of assets from the government and other parties for zero or nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Argyle Community Housing Limited received 2 main types of government grants and funding during the year ended 30 June 2013;

- Community Housing Leasing Program – annual funding received from Community Housing Division of Housing NSW.
- Property Transfer Program – Funding received to upgrade properties transferred to Argyle Community Housing for management. This funding was received at specific intervals determined by the proportion of properties transferred. The properties must be upgraded to asset standard within three years of the date of transfer.

**(l) 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.

**(m) 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, and the GST of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the ATO is classified as a part of operating cash flows. Accordingly, investing and financing cash flows are presented in the statement of cash flows net of the GST that is recoverable from, or payable to, the ATO.



**(n) Comparative Figures**

Where required by accounting standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

**(o) 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 director's assess impairment at each reporting date by evaluating conditions specific to the group 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 recognised at 30 June 2013. Further details are provided at Note 5. No other impairment has been recognised at 30 June 2013.

**(p) 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 board of Directors have no reason to believe the contracts and funding will cease to continue.

**(q) New Standards and interpretations not yet adopted**

A number of new accounting standards, amendments to standards and interpretations are effective, but not mandatory for annual periods beginning after 1 July 2012, and have not been applied in preparing these financial statements. Those standards with the most significant impact on the Company's financial statements are outlined below:

*AASB 13 Fair Value Measurement* – This standard explains how to measure fair value when required to by other Australian Accounting Standards. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value that currently exists in certain standards. This standard is mandatory for the Company's 2014 consolidated financial statements.

*AASB 119 Employee Benefits* – This standard changes the definition of short-term and long-term employee benefits, some disclosure requirements and may result in earlier recognition of termination benefits. This standard is mandatory for the Company's 2014 consolidated financial statements.

*AASB 9 Financial Instruments* – This standard retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets; amortised cost and fair value. This standard is mandatory for the Company's 2016 consolidated financial statements. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

**(r) Determination of Fair Values**

**Investment property**

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Company's investment property portfolio every 12 months. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

**Note 2: Revenue**

	2013	2012
<b>Tenant and Property related income</b>	\$	\$
Rental income	19,286,344	17,210,056
Government grants income	2,999,783	2,824,420
Funding stock transfer	1,025,920	834,000
Management fee for service	309,698	285,636
Management fee – project management	1,711	87,235
Water usage reimbursement	346,731	418,747
Tenant repairs and maintenance reimbursement	217,439	243,527
Utilities reimbursement	87,608	-
	<b>24,275,234</b>	<b>21,903,621</b>

**Other Income**

Donations	50	20,516
Other income	82,526	73,165
	<b>82,576</b>	<b>93,681</b>

**Financial Income**

Interest – bank deposits	324,720	402,729
Interest – Blue CHP loan	-	11,980
	<b>324,720</b>	<b>414,709</b>

**Note 3: Items included in profit/loss**

**Tenant and property related expenses**

Rent paid	5,980,085	5,488,626
Provision for impairment of receivables	(173,152)	156,543
Bad debts	223,981	-
Insurance	781,339	646,062
Rates – water	1,249,897	1,021,258
Rates – council	1,730,253	1,589,808
Other utilities expense	277,642	143,390
Repairs and maintenance cyclical	629,318	1,263,499
Repairs and maintenance responsive	1,855,960	1,179,016
Repairs and maintenance tenant damage	368,059	333,723
Other tenancy property management expenses	452,617	284,396
Stock transfer upgrade expenses	2,332,320	1,152,911
	<b>15,708,319</b>	<b>13,259,232</b>

**Note 3: Items included in profit/loss (continued)**

	2013	2012
	\$	\$
<b>Employee related expenses</b>		
Salaries and wages	4,321,264	4,193,147
Superannuation	359,939	323,492
Decrease in employee provisions	(26,129)	(73,446)
Other employee related expenses	70,623	44,168
	<b>4,725,697</b>	<b>4,487,361</b>

**Office and Administration expenses**

Office rent	390,543	356,133
Depreciation	194,548	207,838
Loss on disposal of assets	28,411	9,954
IT related expenses	75,625	54,220
Telephone	132,606	123,281
Audit	94,086	62,990
Consultants	285,708	254,330
Motor Vehicles expenses	314,413	196,775
Recruitment costs	11,769	68,110
Other office and administration expenses	977,934	666,755
	<b>2,505,643</b>	<b>2,000,386</b>

**Note 4: Cash Assets**

Cash at bank	2,250,123	1,957,888
Term deposits	6,262,712	5,961,102
Cash on hand	4,400	3,900
	<b>8,517,235</b>	<b>7,922,890</b>

Included in the term deposit balance is an amount of \$1,200,000 (2012 \$912,804) which is restricted for the future maintenance sinking fund. The future maintenance sinking fund is an account Argyle contributes to each year to cover future expected lifecycle maintenance expense on all Capital and Freehold dwellings under management.

**Note 4: Cash Assets (continued)**

**Reconciliation of Cash:**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash	8,517,235	7,922,890
	<b>8,517,235</b>	<b>7,922,890</b>

**Cash at bank and on hand**

Cash on hand is non-interest bearing. Cash at bank is interest bearing with the weighted average interest rate at 30 June 2013 of 3.36% (2012: 3.81%)

**Term Deposits**

Term deposits are interest bearing with the weighted average interest rate at 30 June 2013 of 4.24% (2012: 4.60%)

**Note 5: Trade and Other Receivables**

	2013 \$	2012 \$
<b>Current</b>		
Trade receivables (i)	941,756	1,574,584
Provision for doubtful debts (ii)	(405,822)	(354,993)
	<b>535,934</b>	<b>1,219,591</b>
 <b>Non Current</b>		
Amount receivable from:		
Blue CHP Limited (iii)	1,344,124	1,344,124
	<b>1,344,124</b>	<b>1,344,124</b>

- (i) No interest is charged on trade receivables. The entity has provided fully for all receivables due from ex-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 concentration of credit risk with regards to trade receivables is limited due to the customer base being large and unrelated. Accordingly the directors believe there is no further credit provision required in excess of the provision for doubtful debts.

**Note 5: Trade and Other Receivables (continued)**

- (iii) Unsecured non-interest bearing loan to Blue CHP Limited with no fixed term. This loan has been provided to Blue CHP in accordance with the terms of the Member's Agreement referred to in Note 15. Upon termination or resignation of a Member's membership that member will be entitled to receive repayment of any loan made by it to Blue CHP. The board have assessed this loan and have determined that it requires no impairment at 30 June 2013.

**Note 6: Other Assets**

	2013	2012
	\$	\$
Short term deposits	32,083	31,087
Prepayments	482,109	1,375,705
Interest receivable	33,551	65,819
Bonds held by Rental Bond Board	336,124	313,594
GST Receivable	20,925	107,735
Other current assets	245,625	219,552
	<b>1,150,417</b>	<b>2,113,492</b>

**Short term deposits**

Short term deposits are interest bearing with the weighted average interest rate at 30 June 2013, of 3.93% (2012: 5.77%). The term to maturity of all short term deposits is between 6 and 12 months.

Please refer to Note 16.

**Note 7: Other Financial Assets**

Non Current		
Membership shares – BDCU	10	10
	<b>10</b>	<b>10</b>

**Note 8: Property, Plant and Equipment**

	2013	2012
	\$	\$
Leasehold improvements		
At cost	558,666	534,831
Less: Accumulated depreciation	(361,914)	(264,928)
	<b>196,752</b>	<b>269,903</b>
Plant and equipment		
At cost	506,495	440,844
Less: Accumulated depreciation	(326,349)	(260,163)
	<b>180,146</b>	<b>180,681</b>
Motor Vehicle		
At cost	201,730	301,951
Less: Accumulated depreciation	(100,162)	(102,414)
	<b>101,568</b>	<b>199,537</b>
	<b>478,466</b>	<b>650,121</b>

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

Leasehold improvements		
Carrying amount at the beginning of the financial year	269,903	323,785
Additions	23,835	50,661
Disposals	-	-
Depreciation	(96,986)	(104,543)
Carrying amount at the end of the financial year	<b>196,752</b>	<b>269,903</b>
Plant and equipment		
Carrying amount at the beginning of the financial year	180,681	189,646
Additions	65,651	53,250
Disposals	-	-
Depreciation	(66,186)	(62,215)
Carrying amount at the end of the financial year	<b>180,146</b>	<b>180,681</b>
Motor Vehicles		
Carrying amount at the beginning of the financial year	199,537	266,027
Additions	-	-
Disposals	(66,593)	(25,410)
Depreciation	(31,376)	(41,080)
Carrying amount at the end of the financial year	<b>101,568</b>	<b>199,537</b>
	<b>478,466</b>	<b>650,121</b>

**Note 9: Investment Properties**

	2013	2012
	\$	\$
Carrying amount at the beginning of the financial year	39,546,079	37,585,000
Additions	58,182	2,877,260
Development WIP	175,868	34,843
Contributions of investment properties (i)	-	-
Net gain/(loss) from fair value adjustments	871,584	(951,024)
	<b>40,651,713</b>	<b>39,546,079</b>

- (i) A total of 65 property sites containing 159 dwellings were vested to Argyle Community Housing Limited on 16 June 2011. NSW Land and Housing Corporation (the Corporation) has an interest in each Vested property recorded against the title to each Vested property. The Corporation will have an interest in all land purchased in whole or in part using the proceeds of Vested property or proceeds of land to which an interest attaches.

The fair value model is applied to all investment properties. The fair value of investment properties at 30 June 2013 has been arrived at on the basis of a valuation carried out at 30 June 2013 by Herron Todd White. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

Value of property in the name of Argyle Community Housing Inc. at 30 June 2013 is \$3,310,000. Title to the land on which the investment property is built is still in the name of Argyle Community Housing Inc. The director's of both Argyle Community Housing Inc. and Argyle Community Housing Limited have signed declarations that the land has been transferred to Argyle Community Housing Limited. Title to the land will be transferred when Argyle Community Housing Inc. is wound up. There are currently proceedings in place in order to transfer title and wind up Argyle Community Housing Inc.

Amount recognised in profit or loss during the year:		
Rental income from investment property	1,158,602	992,905
Other income from investment property	50,883	20,613
Direct operating expenses arising from investment property	(605,566)	(439,366)
	<b>603,919</b>	<b>574,152</b>



**Note 10: Trade and other Payables**

	2013	2012
	\$	\$
Unsecured		
Trade creditors (i)	428,387	586,042
Insurance premium funding (ii)	-	1,181,328
Other current payables and accruals	588,738	704,376
	<b>1,017,125</b>	<b>2,471,746</b>

- (i) Credit periods vary between creditors and most do not specify interest rates for overdue amounts. The entity has financial risk management policies in place to ensure that all payables are paid with the current timeframes.
- (ii) Represents liability for funding of 2012-13 insurance premium. The term of the loan was 10 months and resulted in interest payments of \$55,728. At 30 June 2013 the insurance renewal premium did not require to be financed.

**Note 11: Provisions**

**Employee Benefits**

Opening Balance	383,975	462,668
Movement during the year	(26,128)	(78,693)
Closing balance	<b>357,847</b>	<b>383,975</b>

**Current**

Provision for Annual Leave *	240,097	213,532
Provision for Long Service Leave *	52,095	104,738
	<b>292,192</b>	<b>318,270</b>

**Non Current**

Provision for Long Service Leave *	65,655	65,705
	<b>65,655</b>	<b>65,705</b>

\* Aggregate employee entitlements liability

	<b>357,847</b>	<b>383,975</b>
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**Note 11: Provisions (continued)**

There were 62 employees at the end of the year (62 employees at 30 June 2012)

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. In calculating the present value and future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1 (g) Employee Benefits.

**Note 12: Other Liabilities**

	2013	2012
	\$	\$
<b>Current</b>		
Rent received in advance	581,546	548,049
Funding received in advance (i)	1,311,190	2,535,253
Office rental incentive	5,820	5,820
	<b>1,898,556</b>	<b>3,089,122</b>

- (i) Funding in advance comprises the following:
- \$4,278 (2012 \$108,845) overpaid funding received under the Community Housing Leasing Program, that will be offset against funding received during the year ended 30 June 2014.
  - \$1,271,047 (2012 \$2,421,908) funding received under the Property Transfer Program that has not yet been expended. The entity must satisfy the conditions attached to the funding within 3 years of the date of transfer of the properties.
  - \$1,320 (2012 \$4,500) funding received for seniors projects.
  - \$29,091 (2012 \$0) funding received for Homelessness project.
  - \$5,454 (2012 \$0) funding received for Community development & resourcing grant

**Non Current**

Office rental incentive	8,539	14,359
	<b>8,539</b>	<b>14,359</b>

**Note 13: Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Net Profit**

	2013	2012
	\$	\$
Operating profit after tax	2,558,727	1,714,008
Contribution of investment properties for no consideration	-	-
Provision for impairment of receivables	(173,152)	156,543
Revalue investment property to fair value	(871,584)	951,024
Depreciation	194,548	207,838
Loss on disposal of non current assets	28,411	9,954
	1,736,950	3,039,367
Change in trade and term debtors	856,809	(632,399)
Change in other debtors and prepayments	964,071	(816,763)
Change in trade creditors	(273,293)	859,190
Change in other creditors and accruals	(1,196,386)	(2,324,329)
Change in employee entitlements	(26,128)	(78,693)
Net cash provided by operating activities	<b>2,062,023</b>	<b>46,373</b>

**Note 14: Remuneration and Retirement Benefits**

Directors Remuneration	166,482	78,753
	<b>166,482</b>	<b>78,753</b>

**Note 15: 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.

Short term employee benefits	1,100,801	1,322,671
Post employment benefits:		
Superannuation contributions	80,056	74,910
Other long term benefits	5,652	4,676
	<b>1,186,509</b>	<b>1,402,257</b>

Remuneration known as 'Short term employee benefits' in the above table is defined as cash salaries, paid annual leave, movements in annual leave provision, bonuses and the value of fringe benefits received. 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 to other parties unless otherwise stated.

**Blue CHP Limited**

In August 2008, Argyle Community Housing Limited joined four other large Community Housing Providers – Hume Community Housing, Southern Cross Community Housing, Wentworth Community Housing and Womens Housing Company (collectively 'members') – and entered into a Members' Agreement to establish Blue CHP Limited, for the purpose of assisting in the growth of community housing by providing affordable and subsidised housing solutions to low and moderate income households. Blue CHP achieves this aim by the securitisation of finance and government grants to purchase and/or construct dwellings that are then leased to Members to manage as social or affordable housing.

**Note 15: Related Parties (continued)**

	2013	2012
	\$	\$
<b>Revenue received from Blue CHP</b>		
Management fee for service – stimulus properties	220,800	212,434
Rent received – office	788	9,454
<b>Expenses paid to Blue CHP</b>		
Rent paid to Blue CHP Limited for properties leased to Argyle Community Housing Limited for sub-lease to tenants	251,171	186,095
Blue CHP profit share re Growth and Stimulus properties managed by Argyle	31,741	-
Other property related and administration expenses	1,412	39,735
<b>Other transactions with Blue CHP</b>		
Additional loan contribution in line with funding agreement	-	75,000
Additional loan contribution for the St Mary’s project	-	254,124
<b>Outstanding balances with Blue CHP</b>		
Trade and other receivables	10,240	5,038
Trade and other payables	-	144,107
Loan receivable	1,344,124	1,344,124

**Note 16: Contingent Liabilities**

Business undertakings

Bank Guarantees have been provided to cover the rental bonds for various offices	32,083	31,087
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No other material contingent liabilities have been identified.

### Note 17: Capital and Leasing Commitments

Operating lease expenditure contracted for at balance date that is not cancellable and is not provided for in the accounts:

	2013	2012
	\$	\$
Payable for office and vehicle leases:		
Not later than one year	1,759,147	527,569
Later than one year but not later than five years	749,140	528,563
Later than five years	-	723,876
	<u>2,508,287</u>	<u>1,780,008</u>

#### Leases as lessee:

Leases between Argyle Community Housing Limited and Housing NSW are operating leases and are typically for a period of five years. Housing NSW charge rent of \$1 per property per year for these properties.

Leases between Argyle Community Housing Limited and independent landlords are operating leases and are typically for a period of six months. Forecast leasehold rent expenditure for the year ended 30 June 2014 is \$5,913,113.

#### Leases as lessor:

Leases between Argyle Community Housing Limited and tenants are operating leases and are typically for an initial period of two weeks, then continuation.

It is not possible to determine the lease income contracted for at balance date as the income varies with the income of the tenants.

### Note 18: 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 19: Members' Guarantee

Argyle Community Housing Limited 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 of \$10 each towards meeting any outstandings and obligations of the entity. At 30 June 2013, there were 9 members.

**Note 21: Events Subsequent to Reporting Date**

Argyle paid a deposit on a Southern Highlands property on 19 April 2013. Settlement of the property did not occur until 5 July 2013. The settlement amount was \$466,905 and was funded from cash reserves.

On 31 July 2013 the Governor of New South Wales by order vested land on six lots to Argyle Community Housing Ltd with vesting effective on 16 August 2013. Constructed on the six lots are eighty nine unit dwellings with a valuation as at 30 June 2013 of \$12,040,000.

Apart from the two items highlighted above there has not been any other 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 entity, the results of those operations, or the state of affairs of the entity in future years.

Argyle Community Housing Limited  
ABN: 88 002 761 855  
Directors' Declaration  
For the year ended 30 June 2013

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In the opinion of the Directors of Argyle Community Housing Limited (the Company):

1. the financial statements and notes that are set out on pages 12 to 37 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position at 30 June 2013 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulation 2001; and
  
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Chris Benton

Chairman



Trevor Fair

Director

Dated this 24<sup>th</sup> day of September 2013

Bowral





*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of Argyle Community Housing Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

*KPMG*

KPMG

David Willcocks  
*Partner*

Signed in Wollongong on this 24<sup>th</sup> day of September 2013



## **Independent auditor's report to the members of Argyle Community Housing Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Argyle Community Housing Limited (the Company), which comprises the statement of financial position as at 30 June 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' responsibility 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 *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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



*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Argyle Community Housing Limited on 24 September 2013, would be in the same terms if given to the directors as at the time of this auditor's report.

*Auditor's opinion*

In our opinion the financial report of Argyle Community Housing Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

*KPMG*

KPMG

David Willcocks  
*Partner*

Signed in Wollongong on this 30<sup>th</sup> day of September 2013

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