

FINANCIAL REPORT 2014



Argyle Community Housing Limited

Financial Statements

For the year ended 30 June 2014

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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 2014 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	Nicolette McAdoo
Terence Spencer	Pamela Edwards
Ian Cropper	Terence Downing
Trevor Fair	John Peters

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 2014 amounted to \$18,870,320 (2013: Surplus \$2,558,727). A contribution of investment property of \$12,040,000 (2013: \$0) was recognised this year, along with a gain on revaluation of investment properties of \$1,213,360 (2013: \$871,584).

Operating profit for the year ended 30 June 2014 totalled \$5,616,960 (2013: \$1,687,143). This is prior to any adjustment for revaluation of investment property.

Operating income for the 2014 year increased by \$4,217,742 from 2013 with additional revenue received from Government Funding of \$2,863,050 (refer to note 2 (a)).

Expenditure for the 2014 year increased by \$247,938 on prior year results. This was driven by a decrease of \$244,153 on tenant and property related expenses, an increase in employee expenditure of \$272,724 and an increase of \$219,367 on office and administration related expenditure.

For the financial year ended 30 June 2014 the cash assets increased by \$3,720,797. The increase in funds was predominantly due to additional cash generated from government funding received, a reduction in expenses despite 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 Tier 1 registration framework are monitored monthly by the Argyle Community Housing Limited Management Team.

Argyle Community Housing Limited consistently aim's 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

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.

Insurance Premiums

During the financial year the Company has paid premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for the year ended 30 June 2014 and since the financial year, the Company has paid premiums in respect of such insurance contracts for the year ending 30 June 2015. Such insurance contracts insure against certain liable persons who are or have been directors or executive officers of the Company.

Argyle Community Housing Limited
 ABN: 88 002 761 855
 Directors' Report
 For the year ended 30 June 2014

Directors

Each Director was in office for the period 1 July 2013 to 30 June 2014 unless otherwise stated:

<p>Name Special Responsibilities Qualifications Experience</p>	<p>Dr Terry Spencer</p> <p>Member Director, Chairman, Chair of the Corporate Governance Committee 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>Ian Cropper</p> <p>Member Director, Vice Chairperson, 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>

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 Directors' Report
 For the year ended 30 June 2014

Directors (continued)

<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>
<p>Name Special Responsibilities Qualifications Experience</p>	<p>John Peters</p> <p>Member Director, Chair of the Asset and Development Committee</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>

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 Directors' Report
 For the year ended 30 June 2014

Directors (continued)

<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&F and he is an active member of the Bowral Public School P & C. Trevor was appointed to the Argyle Community Housing Ltd Board in 2008.</p>
<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>

Argyle Community Housing Limited
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 Directors' Report
 For the year ended 30 June 2014

Directors (continued)

<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>Christopher Benton</p> <p>Member Director</p> <p>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>

Directors (continued)

Unless noted above, there have been no changes to the Directors since 30 June 2014.

Meetings Held

The Company held a total of 27 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	10	4*	5	3*	5	2*	3	2*	4	3*
Ian Cropper	10	9	5	5	5	4	-	-	-	-
John Peters	10	9	5	5	-	-	-	-	-	-
Nicolette McAdoo	10	10	-	-	-	-	3	3	-	-
Terence Spencer	10	10	5	5	5	5	2	2	4	4
Trevor Fair	10	10	-	-	5	4	3	3	-	-
Terence Downing	10	9	-	-	5	5	3	3	-	-
Pamela Edwards	10	10	-	-	-	-	-	-	4	4

* granted Board Approved leave

(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 2014, the total amount that members of the company are liable to contribute if the company is wound up is \$70 (2013: \$90).

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.



Ian Cropper

Vice Chairman



Trevor Fair

Director

Dated this 10th day of October 2014

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 2014

	Note	2014 \$	2013 \$
Income			
Tenant and property related income	2	28,540,819	24,275,234
Other income	2	34,733	82,576
Total income		28,575,552	24,357,810
Expenses			
Tenant and property related expenses	3	(15,464,166)	(15,708,319)
Employee related expenses	3	(4,998,421)	(4,725,697)
Office and administration expenses	3	(2,725,010)	(2,505,643)
Total operating expenses		(23,187,597)	(22,939,659)
Financial income	2	255,483	324,720
Finance expenses		(26,478)	(55,728)
Net financing income		229,005	268,992
Profit before fair value adjustments and contributions		5,616,960	1,687,143
Contribution of investment properties at fair value		12,040,000	-
Gain on revaluation of investment properties		1,213,360	871,584
Profit before income tax		18,870,320	2,558,727
Income tax expense	1(a)	-	-
Profit for the year		18,870,320	2,558,727
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		-	-
Total comprehensive income for the year		18,870,320	2,558,727

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 39.

Argyle Community Housing Limited
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 Statement of Financial Position
 As at 30 June 2014

	Note	2014 \$	2013 \$
Current Assets			
Cash assets	4	12,238,032	8,517,235
Trade and other receivables	5	618,524	535,934
Other current assets	6	1,146,307	1,150,417
Total Current Assets		<u>14,002,863</u>	<u>10,203,586</u>
Non-Current Assets			
Trade and other receivables	5	1,344,124	1,344,124
Other financial assets	7	10	10
Property, plant and equipment	8	322,648	478,466
Investment properties	9	56,516,312	40,651,713
Total Non-Current Assets		<u>58,183,094</u>	<u>42,474,313</u>
Total Assets		<u>72,185,957</u>	<u>52,677,899</u>
Current Liabilities			
Trade and other payables	10	2,076,948	1,017,125
Provisions	11	259,851	292,192
Other current liabilities	12	1,499,583	1,898,556
Total Current Liabilities		<u>3,836,382</u>	<u>3,207,873</u>
Non-Current Liabilities			
Provisions	11	80,218	65,655
Other non current liabilities	12	3,205	8,539
Total Non Current Liabilities		<u>83,423</u>	<u>74,194</u>
Total Liabilities		<u>3,919,805</u>	<u>3,282,067</u>
Net Assets		<u>68,266,152</u>	<u>49,395,832</u>
Equity			
Retained profits		68,266,152	49,395,832
Total Equity		<u>68,266,152</u>	<u>49,395,832</u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 16 to 39.

Argyle Community Housing Limited
 ABN: 88 002 761 855
 Statement of Changes in Equity
 For the year ended 30 June 2014

	Note	Retained Profits	Total \$
Balance at 1 July 2012		46,837,105	46,837,105
Profit attributable to the Company		2,558,727	2,558,727
Other comprehensive income for the year		-	-
Balance at 30 June 2013		49,395,832	49,395,832
Balance at 1 July 2013		49,395,832	49,395,832
Profit attributable to the Company		18,870,320	18,870,320
Other comprehensive income for the year		-	-
Balance at 30 June 2014		68,266,152	68,266,152

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 16 to 39.

Argyle Community Housing Limited
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 Statement of Cash Flows
 For the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash Flow from Operating Activities			
Receipts from customers		21,839,881	22,332,446
Receipts from government bodies		6,831,175	3,299,761
Payments to suppliers and employees		(22,005,812)	(23,837,176)
Interest received		255,483	324,720
Interest paid		(26,478)	(57,728)
Net cash from operating activities	13	<u>6,894,249</u>	<u>2,062,023</u>
Cash Flow from Investing Activities			
Purchase of short term deposits		(391)	(996)
Purchase of property plant and equipment		(67,492)	(89,486)
Investment properties		(2,611,239)	(234,050)
Proceeds from sale of equipment		21,599	38,182
Net cash used in investing activities		<u>(2,657,523)</u>	<u>(286,350)</u>
Cash Flow from Financing Activities			
Repayment of borrowings		(515,929)	(1,181,328)
Net cash used in financing activities		<u>(515,929)</u>	<u>(1,181,328)</u>
Net increase in cash held		3,720,797	594,345
Cash at the beginning of the year		8,517,235	7,922,890
Cash at the end of the year	4	<u>12,238,032</u>	<u>8,517,235</u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 16 to 39.

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.

In the opinion of the directors, the Company is not publicly accountable. 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 and the Australian Charities and No-for-Profit 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 30th September 2014.

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:

Class of Asset	Depreciation Rate %
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

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 as a result 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 future benefit that employees have earned in return for their service in the current and prior pay periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Obligations for contributions to defined contribution plans are expenses 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.

(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 2014;

- 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 2014. Further details are provided at Note 5. No other impairment has been recognised at 30 June 2014.

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).

Measurement of Fair Values (continued)

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 the following notes:

Note 9 – Investment Property.

(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 2013, and have been applied in preparing these financial statements. Those standards with the most significant impact on the Company's financial statements are outlined below:

AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9).

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. AASB 9 (2013) introduces new requirements for hedge accounting.

The AASB has yet to approve the latest version of IFRS 9 which was issued by the IASB in July 2014. This version includes limited amendments to the classification and measurement requirements and the new requirements for impairment of financial assets.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

(r) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

- (a) AASB 13 Fair Value Measurement
- (b) AASB 119 Employee Benefits (2011)

The nature and effects of the changes are explained below.

(a) Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Company has included additional disclosures, where appropriate, in this regard.

In accordance with the transitional provisions of AASB 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

(b) Annual leave

In the current year, the Company adopted AASB 119 Employee Benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

As a result of the change, the annual leave liability for certain of the Company's employees is now considered to be an other long-term employee benefit, when previously it was a short-term benefit. The Company's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods, applying actuarial assumptions, discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Note 2: Revenue

	2014	2013
	\$	\$
Tenant and Property related income		
Rental income	20,384,092	19,286,344
Government grants income	3,180,353	2,999,783
Funding stock transfer (a)	3,594,097	1,025,920
Management fee for service	310,703	309,698
Management fee – project management	32,625	1,711
Water usage reimbursement	571,219	346,731
Tenant repairs and maintenance reimbursement	355,713	217,439
Utilities reimbursement	112,017	87,608
	28,540,819	24,275,234

(a) On the 25 June 2014, Argyle received additional funding of \$3,017,774 for the Stock transfer upgrade program. Argyle recognised \$2,863,050 of this funding during 2014 based on the proportion of properties that were upgraded at 30 June 2014.

Other Income

Donations	-	50
Other income	34,733	82,526
	34,733	82,576

Financial Income

Interest – bank deposits	255,483	324,720
	255,483	324,720

Note 3: Items included in profit/loss

Tenant and property related expenses

Rent paid	6,308,705	5,980,085
Provision for impairment of receivables	(47,270)	(173,152)
Bad debts	353,444	223,981
Insurance	628,223	781,339
Rates – water	1,162,261	1,249,897
Rates – council	1,840,940	1,730,253
Other utilities expense	289,602	277,642
Repairs and maintenance cyclical	730,473	629,318
Repairs and maintenance responsive	1,985,248	1,855,960
Repairs and maintenance tenant damage	497,401	368,059
Other tenancy property management expenses	317,587	452,617
Stock transfer upgrade expenses	1,397,552	2,332,320
	15,464,166	15,708,319

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

	2014	2013
	\$	\$
Employee related expenses		
Salaries and wages	4,558,634	4,321,264
Superannuation	392,163	359,939
Decrease in employee provisions	(17,778)	(26,129)
Other employee related expenses	65,402	70,623
	4,998,421	4,725,697
 Office and Administration expenses		
Office rent	383,836	390,543
Depreciation	176,514	194,548
Loss on disposal of assets	25,197	28,411
IT related expenses	60,315	75,625
Telephone	129,172	132,606
Audit	53,489	94,086
Consultants	326,259	285,708
Motor Vehicles expenses	359,249	314,413
Recruitment costs	123,847	11,769
Other office and administration expenses	1,087,132	977,934
	2,725,010	2,505,643

Note 4: Cash Assets

Cash at bank	7,197,730	2,250,123
Term deposits	5,035,099	6,262,712
Cash on hand	5,203	4,400
	12,238,032	8,517,235

Included in the cash balance is an amount of \$2,200,000 (2013 \$1,200,000) 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	12,238,032	8,517,235
	12,238,032	8,517,235

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 2014 of 1.57% (2013: 3.36%)

Term Deposits

Term deposits are interest bearing with the weighted average interest rate at 30 June 2014 of 3.04% (2013: 4.24%)

Note 5: Trade and Other Receivables

	2014	2013
	\$	\$
Current		
Trade receivables (i)	1,002,776	941,756
Provision for doubtful debts (ii)	(384,252)	(405,822)
	618,524	535,934
Non Current		
Amount receivable from:		
Blue CHP Limited (iii)	1,344,124	1,344,124
	1,344,124	1,344,124

- (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 2014.

Note 6: Other Assets

	2014	2013
	\$	\$
Short term deposits	32,474	32,083
Prepayments	533,008	482,109
Interest receivable	27,161	33,551
Bonds held by Rental Bond Board	371,524	336,124
GST receivable	-	20,925
Other current assets	182,140	245,625
	1,146,307	1,150,417

Short term deposits

Short term deposits are interest bearing with the weighted average interest rate at 30 June 2014, of 3.81% (2013: 3.93%). 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
	10	10

Argyle Community Housing Limited
 ABN: 88 002 761 855
 Notes to the Financial Statements
 For the year ended 30 June 2014

Note 8: Property, Plant and Equipment

	2014 \$	2013 \$
Leasehold improvements		
At cost	562,631	558,666
Less: Accumulated depreciation	(446,949)	(361,914)
	115,682	196,752
Plant and equipment		
At cost	570,025	506,495
Less: Accumulated depreciation	(401,847)	(326,349)
	168,178	180,146
Motor Vehicle		
At cost	101,955	201,730
Less: Accumulated depreciation	(63,167)	(100,162)
	38,788	101,568
	322,648	478,466

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

Leasehold improvements		
Carrying amount at the beginning of the financial year	196,752	269,903
Additions	3,965	23,835
Disposals	-	-
Depreciation	(85,035)	(96,986)
Carrying amount at the end of the financial year	115,682	196,752
Plant and equipment		
Carrying amount at the beginning of the financial year	180,146	180,681
Additions	63,530	65,651
Disposals	-	-
Depreciation	(75,498)	(66,186)
Carrying amount at the end of the financial year	168,178	180,146
Motor Vehicles		
Carrying amount at the beginning of the financial year	101,568	199,537
Additions	-	-
Disposals	(46,799)	(66,593)
Depreciation	(15,981)	(31,376)
Carrying amount at the end of the financial year	38,788	101,568
	322,648	478,466

Note 9: Investment Properties

	2014	2013
	\$	\$
Carrying amount at the beginning of the financial year	40,651,713	39,546,079
Additions	1,548,113	58,182
Development WIP	1,063,126	175,868
Contributions of investment properties (i)	12,040,000	-
Net gain from fair value adjustments	1,213,360	871,584
	56,516,312	40,651,713

- (i) A total of 65 property sites containing 159 dwellings were vested to Argyle Community Housing Limited on 16 June 2011. On 16 August 2013 a total of 6 property sites containing 89 unit dwellings with a valuation of \$12,040,000 were vested to Argyle Community Housing Ltd. 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 2014 has been arrived at on the basis of a valuation carried out at 30 June 2014 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 2014 is \$3,125,000. 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.

Measurement of Fair Value

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 value measurement for investment property of \$56,516,312 has been categorised as a Level 3 fair value based on the inputs to the valuation technique used (see Note 1(o)).

Note 9: Investment Properties (continued)

	2014	2013
	\$	\$
Amount recognised in profit or loss during the year:		
Rental income from investment property	1,364,898	1,158,602
Other income from investment property	36,952	50,883
Direct operating expenses arising from investment property	(684,771)	(605,566)
	717,079	603,919

Note 10: Trade and other Payables

		\$
Unsecured		
Trade creditors (i)	996,615	428,387
Insurance premium funding (ii)	221,027	-
GST liabilities	249,101	
Other current payables and accruals	610,205	588,738
	2,076,948	1,017,125

- (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 2014-15 insurance premium. The term of the loan is 10 months and will result in interest payments of \$37,823. At 30 June 2013 the insurance renewal premium did not require to be financed.

Note 11: Provisions

Employee Benefits

Opening Balance	357,846	383,975
Movement during the year	(17,777)	(26,128)
Closing balance	340,069	357,847

Current

Provision for Annual Leave *	181,219	240,097
Provision for Long Service Leave *	78,632	52,095
	259,851	292,192

Non Current

Provision for Long Service Leave *	80,218	65,655
	80,218	65,655

* Aggregate employee entitlements liability	340,069	357,847
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Note 11: Provisions (continued)

There were 53 employees at 30 June 2014 (62 employees at 30 June 2013)

Provision for Employee Entitlements

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

The discounting of employee entitlements is not material.

Note 12: Other Liabilities

	2014	2013
	\$	\$
Current		
Rent received in advance	588,799	581,546
Funding received in advance	743,027	1,311,190
Office rental incentive	5,820	5,820
Amounts withheld from salaries and wages	161,937	-
	1,499,583	1,898,556
 Non Current		
Office rental incentive	3,205	8,539
	3,205	8,539

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

	2014	2013
	\$	\$
Operating profit after tax	18,870,320	2,558,727
Contribution of investment properties for no consideration	(12,040,000)	-
Provision for impairment of receivables	(47,270)	(173,152)
Revalue investment property to fair value	(1,213,360)	(871,584)
Depreciation	176,514	194,548
Loss on disposal of non current assets	25,197	28,411
	5,771,401	1,736,950
Change in trade and term debtors	(35,320)	856,809
Change in other debtors and prepayments	4,501	964,071
Change in trade creditors	1,575,752	(273,293)
Change in other creditors and accruals	(404,307)	(1,196,386)
Change in employee entitlements	(17,778)	(26,128)
Net cash provided by operating activities	6,894,249	2,062,023

Note 14: Remuneration and Retirement Benefits

Directors Remuneration	172,395	166,482
	172,395	166,482

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.

The key management personnel compensation was \$1,103,698 for the year ended 30 June 2014 (2013: \$1,186,509).

Remuneration known as 'Short term employee benefits' 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)

	2014	2013
	\$	\$
Revenue received from Blue CHP		
Management fee for service – stimulus properties	220,800	220,800
Rent received – office	-	788
Expenses paid to Blue CHP		
Rent paid to Blue CHP Limited for properties leased to Argyle Community Housing Limited for sub-lease to tenants	251,628	251,171
Blue CHP profit share re Growth and Stimulus properties managed by Argyle	17,222	31,741
Other property related and administration expenses	-	1,412
Other transactions with Blue CHP		
Additional loan contribution in line with funding agreement	-	-
Additional loan contribution for the St Mary's project	-	-
Outstanding balances with Blue CHP		
Trade and other receivables	4,986	10,240
Trade and other payables	60,376	-
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	32,474	32,083
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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:

	2014	2013
	\$	\$
Payable for office and vehicle leases:		
Not later than one year	2,735,372	1,759,147
Later than one year but not later than five years	365,521	749,140
Later than five years	-	-
	3,100,893	2,508,287

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 2015 is \$6,621,216.

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 2014, there were 7 members (9 members at 30 June 2013).

Note 20: Events Subsequent to Reporting Date

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 2014

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

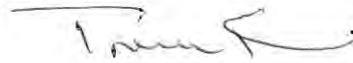
- (a) The Company is not publicly accountable;
- (b) The financial statements and notes that are set out on pages 12 to 39 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) Giving a true and fair view of the Company's financial position as at 30 June 2014 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
- (c) 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:



Ian Cropper

Vice Chairman



Trevor Fair

Director

Dated this 10th day of October 2014

Bowral



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

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 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

David Willcocks
Partner

Signed in Wollongong on this 10th day of October 2014



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

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 2014, 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 20 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

This audit report has also been prepared for the members of the Company in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) (collectively the Act and Regulations).

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, the ACNC and the Acts and Regulations. The Directors' responsibility also includes such internal controls as the Directors determine 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.

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 Company'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 Company'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 gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, 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 *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion the financial report of Argyle Community Housing Limited is in accordance with 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 2014 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

David Willcocks
Partner

Signed in Wollongong on this 10th day of October 2014

