

Argyle Community Housing Ltd
ABN 88 002 761 855
Financial Statements for the year ended 30 June 2022

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Contents

Directors' Report	3
Statement of Profit or Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	32
Lead Auditor's Independence Declaration	33
Independent Auditor's Report to the Members	34

The Directors present their report together with the financial statements of Argyle Community Housing Ltd (“Argyle Housing” or the “Company”) for the year ended 30 June 2022 (“FY2022” or the “financial year”) and the Independent Auditor’s report to Members.

Directors

The names of the Directors in office at any time during, or since the end of FY2022 are:

Donna Anthes (Chair)	Chris Martin
Susan Bailey	Julian Sawicki
Yvette Pietsch	Robert Mulcahy
Tracey Wadsworth	

The Directors have been in office since the start of the financial year to the date of this Directors’ 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.

Strategic Plan 2022 - 2024

The Company focused on three key strategic objectives, namely:

1. **Our Clients** Ensure that clients are at the centre of our decision making and service delivery.
2. **Our People** Encourage a high-performing, flexible and inclusive team that reflects our vision, values, and mission.
3. **Our Business** Be innovative and responsive to grow and sustain our business.

Operating and Financial Review

The total surplus for the Company for the financial year amounted to \$ 31,859,059 (2021: \$ 16,073,691) including a gain on the revaluation of investment properties of \$ 30,245,523 (2021: \$14,384,784). The surplus amounts have been calculated in accordance with the Australian Accounting Standards (AASBs). There has been no change in accounting policies or application of new standard as described in Note 1.

Operating profit before fair value adjustments and contributions was \$ 9,640,767. (2021: \$9,398,671).

Eight (8) additional dwellings were acquired in NSW in the financial year to the reported value of \$ 1,748,821.

Cash assets increase by \$ 4,073,645 for the financial year to 30 June 2022.

Total operating income for the financial year increased by \$ 1,838,401 on that reported for the prior financial year. Total operating expenditure for the financial year increased by \$ 1,678,334 on that reported for the prior financial year.

Performance Management

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

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

Finance Facility

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

On 30 June 2022 the NHFIC facility had a closing balance of \$12,000,000 which is reported as non-current liability.

Events subsequent to balance date

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

Insurance Premiums

During the financial year, the Company has paid premiums in respect of Directors' and Officers' liability, legal expenses and insurance contracts for the year ended 30 June 2022. Such insurance contracts insure against activities covered under such contracts, for individuals who are or have been Directors or Officers of the Company.

The value of the Management insurance premiums paid in the year was \$25,559 incl GST (2021: \$23,873).

Directors

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

Donna Anthes

Special Responsibilities: Chair of the Board; Member, Assets, Acquisitions and New Business Committee, Audit and Risk Committee and Nominations, Remuneration and Governance Committee.

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

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

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

Susan Bailey

Special Responsibilities: Chair, Nominations, Remuneration and Governance Committee.

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

Experience: Susan is a non-executive director in the not-for-profit sector and previously in the public sector. She has over 30 years' experience as a commercial lawyer in the private and public sectors including insurance and electricity. Susan has executive experience as General Counsel of Ausgrid and General Counsel and Company Secretary of Royal & Sun Alliance Australia. In 2021, she received her Ph.D. for the study of family and NGO action to create new homes for women and men with a disability.

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

Christopher Martin

Special Responsibilities: Member, Assets, Acquisitions and New Business Committee and Audit and Risk Committee.

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

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

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

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

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

Robert Mulcahy

Special Responsibilities: Member of the Nominations, Remuneration and Governance Committee (appointed 14 December 2022) and Audit & Risk Committee (retired 14 December 2021).

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

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

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

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

Yvette Pietsch

Special Responsibilities: Chair of the Audit and Risk Committee; Member, Assets, Acquisitions and New Business Committee (appointed 14 December 2021) and Nominations, Remuneration and Governance Committee (retired 14 December 2021).

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

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

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

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

Julian Sawicki

Special Responsibilities: Member of the Audit & Risk Committee and Assets, Acquisitions and New Business Committee (retired 14 December 2021).

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

Experience: Julian Sawicki has a 25-year career in executive management and membership of boards. This experience covers financial management, strategic planning, risk management, human resources and culture, quality, and compliance with a strong understanding of board governance principles arising from completion of the Company Directors course via the Australian Institute of Company Directors. Julian's passion for community services is reflected in his senior and Chief Executive roles with values-based organisations providing a wide range of community and personal support services throughout South Australia.

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

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

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

Tracey Wadsworth

Special Responsibilities: Chair, Assets, Acquisitions and New Business Committee; Member, Nominations, Remuneration and Governance Committee.

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

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

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

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

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

Meetings Held

During the financial year, the Company held a total of 23 meetings of which 9 were general board meetings and 14 were sub-committee meetings. The sub-committee meetings include the Assets, Acquisitions and New Business Committee, Audit and Risk Committee, and the Nominations, Remuneration and Governance Committee.

Director	Board Meetings		Assets, Acquisitions and New Business Committee Meetings		Audit and Risk Committee Meetings		Nominations, Remuneration and Governance Committee Meetings	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
D Anthes	9	9	5	5	5	5	4	4
S Bailey	9	8					4	4
C Martin	9	9	5	5	5	5		
B Mulcahy	9	9			2	2	2	2
Y Pietsch	9	9	3	3	5	5	2	2
J Sawicki	9	9	2	2	5	5		
T Wadsworth	9	9	5	5			4	4

(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.

On 30 June 2022, there were seven (7) members and the total amount that members of the Company are liable to contribute if the Company is wound up is \$70 (In 2021: \$ 70).

Argyle Community Housing Ltd
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Directors Report for the year ended 30 June 2022

Auditor's Independence Declaration

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

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



Donna Anthes
Chair of the Board



Yvette Pietsch
Chair of the Audit and Risk Committee

Dated this 24th day of October 2022

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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Income			
Tenant and property related income	2	32,795,841	30,699,157
Other income	2	86,318	344,601
Total income		32,882,159	31,043,758
Expenses			
Tenant and property related expenses	3	12,495,108	11,174,606
Employee related expenses	3	6,535,283	6,309,166
Office and administration expenses	3	3,426,779	3,295,064
Total operating expenses		22,457,170	20,778,836
Financial income	2	(40,073)	(69,337)
Financial expenses	3	824,295	935,588
Net financing expense / (income)		784,222	866,251
Profit/(loss) before fair value adjustments and contributions		9,640,767	9,398,671
Other Income and Expense			
Fair value change on investment properties - owned	11	30,245,523	14,384,784
Depreciation on right of use assets	10	(8,027,231)	(7,709,764)
Profit before income tax		31,859,059	16,073,691
Income tax expense		-	-
Profit for the year		31,859,059	16,073,691
Total comprehensive income for the year		31,859,059	16,073,691

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 14 to 31

Argyle Community Housing Ltd
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 Statement of Financial Position
 As at 30 June 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	4	17,879,697	13,806,052
Trade and other receivables	5	485,179	2,059,368
Other current assets	6	9,892,419	9,563,225
Total Current assets		28,257,295	25,428,645
Non-Current Assets			
Other financial assets	7	10	10
Property, plant and equipment	8	87,675	106,738
Intangible asset	9	58,250	6,950
Right-of-use assets	10	25,785,014	28,154,346
Investment properties	11	164,625,821	132,537,285
Total Non current assets		190,556,770	160,805,329
Total Assets		218,814,065	186,233,974
Current Liabilities			
Trade and other payables	12	3,586,701	3,112,401
Provisions	13	942,516	1,195,527
Other current liabilities	15	8,042,894	5,058,197
Lease liabilities	16	6,918,385	8,281,915
Total Current liabilities		19,490,496	17,648,040
Non-Current Liabilities			
Provisions	13	269,352	250,937
Borrowings	14	12,000,000	12,000,000
Lease liabilities	16	19,141,544	20,281,383
Total non-current liabilities		31,410,896	32,532,320
Total Liabilities		50,901,392	50,180,360
Net Assets		167,912,673	136,053,614
Equity			
Retained Profits		167,912,673	136,053,614
Total Equity		167,912,673	136,053,614

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements on pages 14 to 31.

Argyle Community Housing Ltd

ABN 88 002 761 855

Statement of Changes in Equity for the year ended 30 June 2022

	Retained Profits
	\$
Balance at 1 July 2020	119,979,923
Profit attributable to the Company	16,073,691
Balance at 30 June 2021	<u>136,053,614</u>
Balance at 1 July 2021 as previously reported	136,053,614
Profit attributable to the Company	31,859,059
Balance at 30 June 2022	<u>167,912,673</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 14 to 31.

Statement of Cash Flows for the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash Flow from Operating Activities			
Receipts from customers		27,977,209	25,395,787
Receipts from government bodies		9,238,658	7,761,355
Payments to suppliers and employees		(21,530,953)	(19,993,951)
Interest paid		(247,200)	(247,200)
Interest paid on lease liability		(577,095)	(688,388)
Interest received		40,073	69,337
Net cash from operating activities	17	<u>14,900,692</u>	<u>12,296,941</u>
Cash flow from Investing Activities			
Purchase of property, plant and equipment		(172,105)	(52,020)
Investment properties		(1,843,015)	(718,937)
Payments to vendors		(35)	(128)
Investment in term deposits		(76,016)	(7,000,000)
Net cash used in investing activities		<u>(2,091,171)</u>	<u>(7,771,085)</u>
Cash flow from Financing Activities			
Payment of lease liabilities		(8,735,876)	(8,219,486)
Net cash from financing activities		<u>(8,735,876)</u>	<u>(8,219,486)</u>
Net increase in cash held		4,073,645	(3,693,630)
Cash at the beginning of the year		13,806,052	17,499,682
Cash at the end of the year	4	<u>17,879,697</u>	<u>13,806,052</u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements on pages 14 to 31.

Note 1: Statement of Significant Accounting Policies

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The company has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The company has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

Basis of preparation

These general-purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), and the Australian Charities and Not-for-profits Commission Act 2012.

Significant accounting policies

(a) New or amended Accounting Standards and Interpretations adopted

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

(b) Income tax

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

(c) Property, Plant and Equipment

i) Recognition and measurement

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

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

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

ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives

to the Company, commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of the lease term and the estimated useful lives of the improvements.

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

Class of Asset	Depreciation Rate %
Leasehold improvements	7.0 to 20.0 (or lease term)
Property, plant, and equipment	7.5 to 50.0

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

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

(d) Intangible Assets

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

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

i) Amortisation

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

(e) Investment Property

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

(f) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

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

i) As a lessee

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

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

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

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

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

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

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

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

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

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

ii) As a lessor

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

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

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

(g) Financial instruments

(i) Recognition and initial measurement

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

(h) Impairment of Assets

Non-Financial Assets

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

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

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

Financial Assets

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

(i) Employee Benefits

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

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

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

(j) Provisions

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

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

(k) Cash and Cash Equivalents

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

(l) Revenue

i) Government grant funding

The Company received four (4) types of government grants and funding during the year ended 30 June 2022.

- Community Housing Lease Program (“CHLP”) and Together Home (“TH”) annual funding received from the Department of Communities and Justice NSW.
- Community Housing Innovation Fund (“CHIF”) funding received from the Department of Communities and Justice NSW in advance reported as deferred revenue.
- National Rental Affordability Scheme Funding (“NRAS”) annual funding received from the Federal Department of Social Services and NSW and ACT Governments for supply of affordable rental dwellings through an annual financial incentive.
- ACT Lodge funding with the ACT Government delivering accommodation for men who are rough sleeping in the community.

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

ii) Capital grants

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

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

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

iii) Donations

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

(m) Trade and Other Payables

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

(n) Goods and Services Tax (“GST”)

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

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

(o) Comparative Figures

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

(p) Contract Liabilities

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

(q) Critical Accounting Estimates and Judgements

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

Key estimates - Impairment

Non-Financial Assets

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

Financial Assets

Impairment of trade receivables has been considered as of 30 June 2022. No other impairment has been recognised as of 30 June 2022. Further details are provided at Note 5.

Measurement of Fair Values

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

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

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

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

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

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

Lease Term

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

For right of use properties, the term was assessed by looking at the Company's total leasehold history of both current and former agreements by local government area. The Company then set two groups. Group one (1) which accounted for 40% of the portfolio, a combination of Wingecarribee and Campbelltown local government authorities, with an average lease life of 7 years and group two (2), being the rest of the Company's portfolio with an average lease life of 3.3 years.

(r) Economic dependency

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

(s) Employee benefits provision

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

Note 2: Income

	2022	2021
	\$	\$
Tenant and property related income		
Rental income	24,058,301	23,633,438
<i>Revenue from contracts with customers</i>		
Government grants income	6,657,566	5,005,697
Management fee for service	517,865	738,830
Water usage reimbursement	587,210	476,421
Tenant repairs and maintenance reimbursement	796,202	670,268
Utilities reimbursement	178,697	174,503
	32,795,841	30,699,157
Other income:		
HSP income	-	25,519
Other income	86,318	319,082
	86,318	344,601
Financial Income		
Interest - bank deposits	40,073	69,337
	40,073	69,337

Note 3: Expenses

	2022	2021
	\$	\$
Tenant and property related expenses		
Impairment loss on trade and other receivables	677,830	658,601
Insurance	1,090,669	1,104,231
Rates - water	1,463,846	1,428,769
Rates - council	2,320,165	2,310,985
Other utilities expense	349,474	325,875
Repairs and maintenance cyclical	1,520,846	1,650,028
Repairs and maintenance responsive	2,583,250	2,213,822
Repairs and maintenance tenant damage	939,690	744,980
Other property management expenses	23,261	28,596
Agency Expenses	955,697	480,698
Other tenancy management expenses	570,380	228,021
	12,495,108	11,174,606
Employee related expenses		
Salaries, wages and contract labour	5,480,573	5,621,621
Superannuation	581,315	517,591
Employee entitlement	359,440	83,067
Other employee related expenses	113,955	86,887
	6,535,283	6,309,166
Office and Administration expenses		
Office rent & make good	6,964	55,484
Depreciation and amortisation	124,638	124,691
Depreciation - right-of-use assets office and motor vehicle	574,608	645,449
Loss on disposal of assets	2,376	10,772
IT related expenses	326,994	282,083
Telephone and internet	206,930	156,746
Audit & valuation	199,288	171,137
Consultants	363,731	370,119
Motor vehicle expenses	78,796	91,072
Recruitment costs	59,792	67,417
Printing, postage and stationary	143,233	137,526
Other staff related costs	204,463	168,784
Board expenses	432,748	366,623
Short-Term and low-value Printer, Motor Vehicle Lease expenses	73,382	49,011
Other office and administration expenses	628,836	598,150
	3,426,779	3,295,064
Financial Expense		
NHFIC loan interest	247,200	247,200
Interest on lease liabilities	577,095	688,388
	824,295	935,588

Note 4: Cash and Cash Equivalents

	2022	2021
	\$	\$
Cash at bank (iii)	12,026,473	7,749,497
Term deposits	5,853,224	6,056,555
Cash and Cash Equivalents	<u>17,879,697</u>	<u>13,806,052</u>

Note 5: Trade and Other Receivables

	2022	2021
	\$	\$
Current		
Trade receivables (i)	2,404,134	3,638,036
Provision for expected credit losses (ii)	<u>(1,918,955)</u>	<u>(1,578,668)</u>
	<u>485,179</u>	<u>2,059,368</u>

No interest is charged on trade receivables. The entity has provided fully for all receivables due from former tenants, as experience shows that these amounts are generally not recoverable. The remainder of the balance is provided for based on estimated irrecoverable amounts, determined by analysis of amounts and reference to past default experience.

Note 6: Other Assets

	2022	2021
	\$	\$
Bank guarantees	24,073	24,038
Prepayments	961,395	809,612
Income receivable	627,351	504,732
Bonds held by Rental Bond Board	638,752	662,184
Term deposits (Greater than 3 months)	7,578,520	7,500,000
Other current assets	62,328	62,659
	<u>9,892,419</u>	<u>9,563,225</u>

Note 7: Other Financial Assets

	2022	2021
	\$	\$
Non Current		
Membership shares - BDCU	10	10
	<u>10</u>	<u>10</u>

Note 8: Property, Plant and Equipment

	2022	2021
	\$	\$
Leasehold improvements at cost	763,726	763,726
Less: Leasehold improvements accumulated depreciation	(756,738)	(689,914)
	<u>6,988</u>	<u>73,812</u>
Plant and equipment at cost	852,560	768,543
Less: Plant and equipment accumulated depreciation	(775,873)	(735,617)
	<u>76,687</u>	<u>32,926</u>
Motor vehicles at cost	4,000	-
	<u>4,000</u>	<u>-</u>
	<u>87,675</u>	<u>106,738</u>
Leasehold improvements		
Carrying amount at the beginning of the financial year	73,812	156,577
Additions	-	8,743
Writeoffs	-	(42,625)
Depreciation	(66,824)	(48,883)
Carrying amount at the end of the financial year	<u>6,988</u>	<u>73,812</u>
Plant and equipment		
Carrying amount at the beginning of the financial year	32,926	38,733
Additions	109,855	29,378
Disposal	(13,851)	(1,167)
Depreciation	(52,243)	(34,018)
Carrying amount at the end of the financial year	<u>76,687</u>	<u>32,926</u>
Motor Vehicles		
Additions (Deposits for Delivery in 2023)	4,000	-
Carrying amount at the end of the financial year	<u>4,000</u>	<u>-</u>
	<u>87,675</u>	<u>106,738</u>

Note 9: Intangible Asset

	2022	2021
	\$	\$
Software development at cost	405,448	347,198
Less: Software development accumulated amortisation	(347,198)	(340,248)
	<u>58,250</u>	<u>6,950</u>

Note 9a Intangible Asset

Software Development		
Carrying amount at the beginning of the financial year	6,950	1,822
Additions - Client Portal	58,250	13,900
Amortisation	(6,950)	(8,772)
Carrying amount at the end of the financial year	<u>58,250</u>	<u>6,950</u>

Note 10: Right-of-use Asset

	2022	2021
	\$	\$
Property - right-of-use	46,261,682	40,128,994
Less: Accumulated depreciation	(22,242,895)	(14,255,603)
	<u>24,018,787</u>	<u>25,873,391</u>
Office - right-of-use	2,947,371	2,903,876
Less: Accumulated depreciation	(1,346,373)	(912,593)
	<u>1,600,998</u>	<u>1,991,283</u>
Motor Vehicle - right-of-use	617,542	599,781
Less: Accumulated depreciation	(452,313)	(310,109)
	<u>165,229</u>	<u>289,672</u>
	<u>25,785,014</u>	<u>28,154,346</u>
Balance at the beginning of the year	25,873,391	29,656,889
Additions of new properties to right of use assets	10,149,266	6,777,478
Disposal / Relinquishments of properties	(3,976,639)	(2,851,212)
Depreciation on right of use assets	(8,027,231)	(7,709,764)
Carrying amount at the end of the financial year	<u>24,018,787</u>	<u>25,873,391</u>

Note 11: Investment Properties

	2022	2021
	\$	\$
Investment property - owned		
Balance at the beginning of the year	132,537,285	117,433,564
Additions at Cost	1,915,297	740,216
WIP and Deposit with Vendors	(72,284)	(21,279)
Net gain/(loss) from fair value adjustments - owned	30,245,523	14,384,784
Balance at the end of the year	164,625,821	132,537,285

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

The Fair Value of the investment properties as of 30 June 2022 has been arrived at based on valuations carried out in May 2022 by multiple Certified Practising Values from Jones Lang LaSalle Pty Ltd.

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

Note 12: Trade and other Payables

	2022	2021
	\$	\$
Trade creditors (i)	216,088	277,855
GST liabilities	(26,050)	59,219
Insurance claims payable	547,765	506,007
Common Ground clearing	1,910,710	1,570,691
Accrued expenses	650,402	578,776
Other payables	287,786	119,853
	3,586,701	3,112,401

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

Note 13: Provisions

	2022	2021
	\$	\$
Employee Benefits		
Opening balance	643,812	563,007
Movement during the year	(52,156)	80,805
Closing balance	<u>591,656</u>	<u>643,812</u>
Represented By;		
Current		
Provision for Annual Leave and Time in Lieu*	385,355	373,765
Provision for Long Service Leave*	91,317	149,731
	<u>476,672</u>	<u>523,496</u>
Provision for repairs and maintenance	465,844	672,031
Total Current Provisions	<u>942,516</u>	<u>1,195,527</u>
Non Current		
Provision for Long Service Leave*	114,984	120,316
Office make good provision	154,368	130,621
Total Non Current Provisions	<u>269,352</u>	<u>250,937</u>
* Aggregate employee entitlements liability	591,656	643,812

Note 14: Borrowings

	2022	2021
	\$	\$
Non Current ¹	12,000,000	12,000,000
	<u>12,000,000</u>	<u>12,000,000</u>

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

Note 15: Other Liabilities

	2022	2021
	\$	\$
Current		
Rent received in advance	1,499,659	1,157,054
Non rent received in advance	252,293	207,440
Funding received in advance	6,089,946	3,508,855
Amounts withheld from salaries and wages	200,996	184,848
	8,042,894	5,058,197

Note 16: Lease Liabilities

	2022	2021
	\$	\$
Current - Office, Motor Vehicle and Property	6,918,385	8,281,915
Non-current - Office, Motor Vehicle and Property	19,141,544	20,281,383
	26,059,929	28,563,298
Future Lease Payments Disclosure		
Less than one year	7,352,739	8,799,171
Between one to five years	17,847,614	19,309,560
More than five years	1,903,596	1,603,753
Total undiscounted lease liabilities at end of the year	27,103,949	29,712,484

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

	2022	2021
	\$	\$
Profit before income tax	31,859,059	16,073,691
Provision for impairment	340,287	27,889
Make good provision	23,748	23,748
Change in fair value of investment properties	(30,245,523)	(14,384,784)
Depreciation of property, plant and equipment	124,638	124,691
Depreciation of right-of-use assets	8,614,693	8,355,214
Loss on disposal of non current assets	2,376	10,772
Operating profit before changes in working capital and provisions	<u>10,719,278</u>	<u>10,231,221</u>
Change in trade receivables	1,223,904	(472,857)
Change in other assets	(196,446)	(681,240)
Change in trade and other payables	(118,604)	(358,821)
Change in other liabilities	3,324,716	3,497,833
Change in employee entitlements	(52,156)	80,805
Net cash provided by operating activities	<u>14,900,692</u>	<u>12,296,941</u>

Note 18: Related Parties

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

Key Management Personnel compensation was \$1,220,421 for the year ended 30 June 2022 (2021: \$1,153,270).

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

Insurance Premiums

During the financial year, the Company has paid premiums in respect of Directors' and Officers' liability, legal expenses and insurance contracts for the year ended 30 June 2022. Such insurance contracts insure against activities covered under such contracts, for individuals who are or have been Directors or Officers of the Company.

The value of the Management insurance premiums paid in the year was \$25,559 incl GST (2021: \$23,873).

Transactions with related parties

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

Note 19: Contingent Liabilities

Business undertakings

	2022	2021
	\$	\$
Bank Guarantees have been provided to cover rental bonds for various offices	24,073	24,038

No other material contingent liabilities have been identified.

Note 20: Leases**Leases as lessee:**

Leases between the Company and **NSW** Department of Land and Housing are for a period of twenty years with a charge of rent of \$1 per property per year for these properties.

Leases as lessor:

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

Note 21: Capital commitments:

As of 30 June 2022, there is no contractual capital commitment to declare.

Note 22: Registered Office/Principal Place of Business

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

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

Note 23: Members' Guarantee

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

Note 24: Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Accounting RSM Australia Partners, the auditor of the company:

	2022	2021
	\$	\$
Audit services - RSM Australia Partners Audit of the financial statements	84,000	80,000
Other services - RSM Australia Partners	8,250	
	<u>92,250</u>	<u>80,000</u>

Directors' Declaration

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

- (a) the financial statements and notes that are set out on pages 10 to 33 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 2022 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – *Simplified Disclosures* and the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Donna Anthes
Chair of the Board



Yvette Pietsch
Chair, Audit and Risk Committee

Dated this 24th day of October 2022

Bowral

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Argyle Community Housing Ltd for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM Australia Partners



Ged Stenhouse
Partner

Canberra, Australian Capital Territory
Dated: 2 November 2022

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

Opinion

We have audited the financial report of Argyle Community Housing Ltd, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2022 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – *Simplified Disclosures under AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Other Information

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

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *Simplified Disclosures under AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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



RSM Australia Partners



Ged Stenhouse
Partner

Canberra, Australian Capital Territory
Dated: 2 November 2022