

ARGYLE COMMUNITY HOUSING LIMITED
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2023

ARGYLE COMMUNITY HOUSING LIMITED
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ARGYLE COMMUNITY HOUSING LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 2023 (“FY2023” 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 FY2023 are:

Donna Anthes (Chair up to 7 December 2022)	Julian Sawicki
Yvette Pietsch (Chair from 7 December 2022)	Robert Mulcahy
Susan Bailey	Troy Pietsch
Tracey Wadsworth	Jeanette Brooks
Chris Martin	

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 \$10,578,415 (2022: \$31,859,059) including a gain on the revaluation of investment properties of \$7,720,487 (2022: \$30,245,523). 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 \$11,406,979 (2022: \$9,640,767).

Nine (9) additional dwellings were acquired in NSW in the financial year to the reported value of \$4,021,668.

Cash assets increased by \$4,017,234 for the financial year to 30 June 2023.

Total operating income for the financial year increased by \$3,369,826 on that reported for the prior financial year. Total operating expenditure for the financial year increase by \$1,434,321 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.

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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 2023 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 2023. 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 \$26,730 incl GST (2022: \$25,559).

ARGYLE COMMUNITY HOUSING LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

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:

Yvette Pietsch

Special Responsibilities: Chair of the Board (appointed 7 December 2022), Member of the Audit and Risk Committee, (was Chair but retired 7 December 22) Member, Assets, Acquisitions and New Business Committee, and Member Nominations, Remuneration and Governance Committee.

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.

Donna Anthes

Special Responsibilities: Chair of the Board until 7 December 2022; Member, Assets, Acquisitions and New Business Committee (retired December 2022), Member, Audit and Risk Committee Member, 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 (retired November 2022)

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

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DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 and resigned effective 18 November 2022.

Christopher Martin

Special Responsibilities: Member, Assets, Acquisitions and Member, 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: Chair of the Nominations, Remuneration and Governance Committee (appointed 7 December 2022).

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.

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DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

Julian Sawicki

Special Responsibilities: Chair of the Audit & Risk Committee (appointed 7 December 22) and Member, Assets & Acquisitions and New Business Committee

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.

Troy Pietsch

Special Responsibilities: Member, Audit & Risk Committee

Qualifications – Diploma Legal Tranby Aboriginal College, Diploma Agriculture Murrumbidgee College

Experience Troy is an inspiring and dedicated leader with a mission to create equitable and sustainable living environments and communities. He believes that everyone deserves access to the same resources, regardless of their backgrounds or lifestyles. With this goal in mind, Troy recently

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DIRECTORS REPORT FOR THE YEAR ENDED 30 JUNE 2023

joined the Argyle Housing Board to help provide an invaluable service to members of his community. His highly regarded experience with Marathon Health Australia, and NSW Public Service roles in Police, Juvenile Justice, Courts, Health and currently with the Department of Education, has provided him with valuable insight into the Argyle Housing Board's core values. Troy's optimistic outlook and community-driven spirit make him an asset to the Argyle Housing Board.

Troy was appointed to the Board on 18 April 2023.

Jeanette Brooks

Special Responsibilities: Member Assets, Acquisitions and New Business Committee

Experience : Jeanette is an accomplished Non-Executive Director and Senior Executive with over 20 years of experience across a range of public, private and not-for-profit sectors including Banking, Aged Care, Retirement Living, Education and Disability Services.

With broad commercial experience, Jeanette has led multiple business functions and brings a diverse range of skills, knowledge and expertise in marketing and product development, digital technologies, health services, property management, risk management and corporate governance.

Jeanette was appointed to the board on 18 April 2023.

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**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

Meetings Held

During the financial year, the Company held a total of 35 meetings of which 15 were general board meetings and 20 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	15	15	8	8	8	7	4	4
S Bailey	7	6					1	1
C Martin	15	15	8	8	8	8		
B Mulcahy	15	15					4	4
Y Pietsch	15	15	8	8	8	8	2	2
J Sawicki	15	15			8	8		
T Wadsworth	15	15	8	8			4	4
T Pietsch	2	2			1	1		
J Brooks	2	2						

(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 2023, there were eight (8) members and the total amount that members of the Company are liable to contribute if the Company is wound up is \$80 (In 2022: \$70).

Signed in accordance with a resolution of Directors:



.....
Yvette Pietsch, Chair of the Board



.....
Julian Sawicki, Chair of the Audit and Risk Committee

Dated this 13..... day of October..... 2023

ARGYLE COMMUNITY HOUSING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
Income			
Tenant and property related income	2	35,326,191	32,795,841
Other income	2	925,794	86,318
Total income		<u>36,251,985</u>	<u>32,882,159</u>
Expenses			
Tenant and property related expenses	3	13,203,899	12,495,108
Employee related expenses	3	6,928,914	6,535,283
Office and administration expenses	3	3,758,678	3,426,779
Total operating expenses		<u>23,891,491</u>	<u>22,457,170</u>
Financial income	2	(159,353)	(40,073)
Financial expenses	3	1,112,868	824,295
Net financing expense/(income)		<u>953,515</u>	<u>784,222</u>
Profit/(loss) before other income and expenses		<u>11,406,979</u>	<u>9,640,767</u>
Other Income and Expenses			
Fair value change on investment properties - owned	11	7,720,487	30,245,523
Depreciation on property right of use assets	10	(8,549,051)	(8,027,231)
Net other income and expenses		<u>(828,564)</u>	<u>22,218,292</u>
Total comprehensive income for the year		<u>10,578,415</u>	<u>31,859,059</u>

The accompanying notes form part of these financial statements.

ARGYLE COMMUNITY HOUSING LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	21,896,931	17,879,697
Trade and other receivables	5	307,342	485,179
Other current assets	6	8,807,057	9,892,419
TOTAL CURRENT ASSETS		<u>31,011,330</u>	<u>28,257,295</u>
NON-CURRENT ASSETS			
Other financial assets	7	10	10
Property, plant and equipment	8	340,191	87,675
Intangible asset	9	69,903	58,250
Right-of-use assets	10	29,906,055	25,785,014
Investment properties	11	177,581,482	164,625,821
TOTAL NON-CURRENT ASSETS		<u>207,897,641</u>	<u>190,556,770</u>
TOTAL ASSETS		<u>238,908,971</u>	<u>218,814,065</u>
CURRENT LIABILITIES			
Trade and other payables	12	4,569,636	3,586,701
Provisions	13	1,301,583	942,516
Other current liabilities	15	11,942,917	8,042,894
Lease liabilities	16	8,088,248	6,918,385
TOTAL CURRENT LIABILITIES		<u>25,902,384</u>	<u>19,490,496</u>
NON-CURRENT LIABILITIES			
Provisions	13	288,933	269,352
Borrowings	14	12,000,000	12,000,000
Lease liabilities	16	22,226,566	19,141,544
TOTAL NON-CURRENT LIABILITIES		<u>34,515,499</u>	<u>31,410,896</u>
TOTAL LIABILITIES		<u>60,417,883</u>	<u>50,901,392</u>
NET ASSETS		<u>178,491,088</u>	<u>167,912,673</u>
EQUITY			
Retained earnings		<u>178,491,088</u>	<u>167,912,673</u>
TOTAL EQUITY		<u>178,491,088</u>	<u>167,912,673</u>

The accompanying notes form part of these financial statements.

ARGYLE COMMUNITY HOUSING LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Retained Earnings	Total
	\$	\$
Balance as at 1 July 2021	136,053,614	136,053,614
Profit attributable to the company	31,859,059	31,859,059
Balance as at 30 June 2022	167,912,673	167,912,673
Profit attributable to the company	10,578,415	10,578,415
Balance as at 30 June 2023	178,491,088	178,491,088

The accompanying notes form part of these financial statements.

ARGYLE COMMUNITY HOUSING LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		32,582,453	27,977,209
Receipts from government bodies		11,372,591	9,238,658
Payments to suppliers and employees		(26,623,350)	(21,530,988)
Interest paid on loans		(247,203)	(247,200)
Interest paid on lease liabilities		(865,665)	(577,095)
Interest received		159,353	40,073
Net cash (used in)/from operating activities		<u>16,378,179</u>	<u>14,900,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(421,774)	(172,105)
Purchase of investment properties		(5,235,174)	(1,843,015)
Net proceeds/(investment) in term deposits		1,783,227	(76,016)
Net cash (used in)/from investing activities		<u>(3,873,721)</u>	<u>(2,091,136)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(8,487,224)	(8,735,876)
Net cash (used in)/from in financing activities		<u>(8,487,224)</u>	<u>(8,735,876)</u>
Net increase/(decrease) in cash held		4,017,234	4,073,645
Cash and cash equivalents at beginning of financial year		17,879,697	13,806,052
Cash and cash equivalents at end of financial year	4	<u><u>21,896,931</u></u>	<u><u>17,879,697</u></u>

The accompanying notes form part of these financial statements.

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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.

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.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(r).

a) Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of Asset	Useful Life
Leasehold improvements	3-5 years
Plant and equipment	2-7 years
Motor vehicles	5 years

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2-3 years.

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

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

ARGYLE COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

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) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

r) 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.

ARGYLE COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets

Impairment of trade receivables has been considered as of 30 June 2023. No other impairment has been recognised as of 30 June 2023. 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.

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.

s) 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.

t) 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.

ARGYLE COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 2. INCOME		
<i>Tenant and property related income</i>		
Rental income	25,925,137	24,058,301
<i>Revenue from contracts with customers</i>		
Government grants income	7,472,568	6,657,566
Management fee for service	580,365	517,865
Water usage reimbursement	663,065	587,210
Tenant repairs and maintenance reimbursement	489,918	796,202
Utilities reimbursement	195,138	178,697
	35,326,191	32,795,841
<i>Other income</i>		
Other income	925,794	86,318
	925,794	86,318
<i>Financial income</i>		
Interest - bank deposits	159,353	40,073
	159,353	40,073

ARGYLE COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023	2022
	\$	\$
NOTE 3. EXPENSES		
<i>Tenant and property related expenses</i>		
Impairment loss on trade and other receivables	948,580	677,830
Insurance	1,339,570	1,090,669
Rates - water	1,742,892	1,463,846
Rates - council	2,409,330	2,320,165
Other utilities expense	344,679	349,474
Repairs and maintenance cyclical	1,380,785	1,520,846
Repairs and maintenance responsive	2,313,011	2,583,250
Repairs and maintenance tenant damage	935,762	939,690
Other property management expenses	46,978	23,261
Agency expenses	1,163,352	955,697
Other tenancy management expenses	578,960	570,380
	13,203,899	12,495,108
<i>Employee related expenses</i>		
Salaries, wages and contract labour	6,066,407	5,480,573
Superannuation	633,661	581,315
Employee entitlement	80,152	359,440
Other employee related expenses	148,694	113,955
	6,928,914	6,535,283
<i>Office and administration expenses</i>		
Office rent and make good	119,819	6,964
Depreciation and amortisation	157,604	124,638
Depreciation - right-of-use assets office and motor vehicle	579,450	574,608
Loss on disposal of assets	-	2,376
IT related expenses	243,860	326,994
Telephone and internet	202,426	206,930
Audit and valuation	174,068	199,288
Consultants	218,331	363,731
Motor vehicle expenses	122,313	78,796
Recruitment costs	109,307	59,792
Printing, postage and stationary	200,546	143,233
Other staff related costs	282,122	204,463
Board expenses	412,792	432,748
Short-term and low-value printer, motor vehicle lease expenses	80,919	73,382
Other office and administration expenses	855,121	628,836
	3,758,678	3,426,779
<i>Financial expenses</i>		
NHFIC loan interest	247,203	247,200
Interest on lease liabilities	865,665	577,095
	1,112,868	824,295

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 4. CASH AND CASH EQUIVALENTS		
Cash at bank	16,879,776	12,026,473
Term deposits (3 months or less)	5,017,155	5,853,224
	<u>21,896,931</u>	<u>17,879,697</u>

NOTE 5. TRADE AND OTHER RECEIVABLES

Trade receivables	2,888,427	2,404,134
Provision for expected credit losses	(2,581,085)	(1,918,955)
	<u>307,342</u>	<u>485,179</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

Bank guarantees	24,191	24,073
Prepayments	1,409,003	961,395
Income receivable	623,818	627,351
Bonds held by Rental Bond Board	708,401	638,752
Term deposits (greater than 3 months)	5,795,293	7,578,520
Other current assets	246,351	62,328
	<u>8,807,057</u>	<u>9,892,419</u>

NOTE 7. OTHER FINANCIAL ASSETS

Membership shares - BDCU	<u>10</u>	<u>10</u>
	<u>10</u>	<u>10</u>

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements

Leasehold improvements at cost	783,044	763,726
Less: Leasehold improvements accumulated depreciation	(770,810)	(756,738)
	<u>12,234</u>	<u>6,988</u>

Plant and Equipment

Plant and equipment at cost	994,476	852,560
Less: plant and equipment accumulated depreciation	(862,346)	(775,873)
	<u>132,130</u>	<u>76,687</u>

Motor vehicles

Motor vehicles at cost	226,865	4,000
Less: motor vehicles accumulated depreciation	(31,038)	-
	<u>195,827</u>	<u>4,000</u>

Total property, plant and equipment

	<u>340,191</u>	<u>87,675</u>
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ARGYLE COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

NOTE 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Movements in carrying amounts

Movement in the carrying amounts for each class of non-current asset between the beginning and the end of the current financial year:

	Leasehold Improvements	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Carrying amount at 1 July 2022	6,988	76,687	4,000	87,675
Additions	19,318	141,916	222,865	384,099
Revaluation	-	-	-	-
Disposals	-	-	-	-
Depreciation	(14,072)	(86,473)	(31,038)	(131,583)
Carrying amount at 30 June 2023	12,234	132,130	195,827	340,191

2023
\$

2022
\$

NOTE 9. INTANGIBLE ASSET

Intangible Asset

Website development at cost	443,123	405,448
Accumulated depreciation	(373,220)	(347,198)
	69,903	58,250

Movements in carrying amounts

Movement in the carrying amounts for each class of non-current asset between the beginning and the end of the current financial year:

	Website Development	Total
	\$	\$
Carrying amount at 1 July 2022	58,250	58,250
Additions	37,675	37,675
Revaluation	-	-
Disposals	-	-
Depreciation	(26,022)	(26,022)
Carrying amount at 30 June 2023	69,903	69,903

ARGYLE COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$	2022 \$
NOTE 10. RIGHT-OF-USE ASSETS		
Property - right-of-use		
Leasehold land and buildings at fair value	41,849,002	46,261,682
Accumulated depreciation	<u>(14,195,186)</u>	<u>(22,242,895)</u>
	27,653,816	24,018,787
Office - right-of-use		
Leasehold Improvements at cost	2,548,535	2,947,371
Accumulated depreciation	<u>(480,295)</u>	<u>(1,346,373)</u>
	2,068,240	1,600,998
Motor Vehicle - right-of-use		
Equipment at cost	618,221	617,542
Accumulated depreciation	<u>(434,222)</u>	<u>(452,313)</u>
	183,999	165,229
Total right-of-use assets	<u>29,906,055</u>	<u>25,785,014</u>

Movements in carrying amounts

Movement in the carrying amounts for each class of non-current asset between the beginning and the end of the current financial year:

	Property right-of-use \$	Office right-of- use \$	Motor vehicles right-of-use \$	Total \$
Carrying amount at 1 July 2022	24,018,787	1,600,998	165,229	25,785,014
Additions	14,036,110	959,047	110,620	15,105,777
Early terminations	(1,439,784)	(164,871)	-	(1,604,655)
Modifications	(412,246)	160,666	-	(251,580)
Depreciation	<u>(8,549,051)</u>	<u>(487,600)</u>	<u>(91,850)</u>	<u>(9,128,501)</u>
Carrying amount at 30 June 2023	27,653,816	2,068,240	183,999	29,906,055

NOTE 11. INVESTMENT PROPERTY

Investment property - owned

Balance at the beginning of the year	164,625,821	132,537,285
Additions at cost	4,121,758	1,915,297
WIP additions/(transfers)	1,113,416	(72,284)
Fair value change on investment properties - owned	<u>7,720,487</u>	<u>30,245,523</u>
Balance at the end of the year	<u>177,581,482</u>	<u>164,625,821</u>

Investment property comprises residential properties that are leased to third parties. The Fair Value of the investment properties as of 30 June 2023 has been arrived at based on valuations carried out in August 2023 by 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.

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 12. TRADE AND OTHER PAYABLES		
Trade creditors	320,616	216,088
GST liabilities	(27,653)	(26,050)
Insurance claims payable	212,556	547,765
Common Ground clearing	2,241,452	1,910,710
Accrued expenses	1,647,241	650,402
Other payables	175,424	287,786
	<u>4,569,636</u>	<u>3,586,701</u>

NOTE 13. PROVISIONS

CURRENT

Annual leave provision	350,552	385,355
Long service leave provision	89,984	91,317
Repairs and maintenance provision	861,047	465,844
	<u>1,301,583</u>	<u>942,516</u>

NON-CURRENT

Long service leave provision	110,817	114,984
Office make good provision	178,116	154,368
	<u>288,933</u>	<u>269,352</u>
	<u>1,590,516</u>	<u>1,211,868</u>

NOTE 14. FINANCIAL LIABILITIES

NON-CURRENT

Borrowings	<u>12,000,000</u>	<u>12,000,000</u>
	<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 ("NHFIC"). These funds were received on 29 June 2020. The Company also has a business card facility with CBA. Details as follows: Limit \$90,000.00, balance cleared monthly.

NOTE 15. OTHER LIABILITIES

CURRENT

Rent received in advance	1,424,682	1,499,659
Non rent received in advance	245,710	252,293
Contract liabilities	10,133,267	6,089,946
Amounts withheld from salaries and wages	139,258	200,996
	<u>11,942,917</u>	<u>8,042,894</u>

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 16. LEASE LIABILITIES		
Current - Office, Motor Vehicle and Property	8,088,248	6,918,385
Non-current - Office, Motor Vehicle and Property	<u>22,226,566</u>	<u>19,141,544</u>
	<u>30,314,814</u>	<u>26,059,929</u>
Future Lease Payments Disclosure		
Less than one year	10,085,064	7,352,739
Between one to five years	21,616,357	17,847,614
More than five years	<u>2,046,888</u>	<u>1,903,596</u>
Total undiscounted lease liabilities at end of the year	<u>33,748,309</u>	<u>27,103,949</u>
NOTE 17. KEY MANAGEMENT PERSONNEL COMPENSATION		
Aggregate compensation	<u>1,134,306</u>	<u>1,220,421</u>
NOTE 18. CONTINGENT LIABILITIES		
Business undertakings:		
Bank Guarantees have been provided to cover rental bonds for various offices	<u>24,191</u>	<u>24,073</u>

NOTE 19. LEASES

Leases as a 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 a 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 20. CAPITAL COMMITMENTS

As of 30 June 2023, the Company has signed three agreements for capital projects that are planned to be completed within the next financial year. In these agreements Argyle is entitled to receive funding of \$6.5 million, and has a commitment to contribute an additional \$1.33 million towards these projects bringing the total commitment to \$7.83 million.

NOTE 21. 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 22. 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.

NOTE 23. SUBSIDIARY COMPANY

The Company incorporated a 100% owned subsidiary company (Argyle Community Housing Victoria Limited) on 2nd November 2022. The financial statements are not required to be consolidated on the basis that this entity is immaterial.

ARGYLE COMMUNITY HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

	2023	2022
	\$	\$
NOTE 24. AUDITOR'S REMUNERATION		
During the financial year the following fees were paid or payable for services provided by Accounting RSM Australia Partners, the auditor of the company:		
Audit of the financial statements	90,000	84,000
Other services - RSM Australia Partners	10,000	8,250
	<u>100,000</u>	<u>92,250</u>

ARGYLE COMMUNITY HOUSING LIMITED

**DIRECTORS DECLARATION
FOR THE YEAR ENDED 30 JUNE 2023**

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

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, and the Australian Charities and Not-for-profits Commission Act 2012;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- 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 Directors:



.....
Yvette Pietsch, Chair of the Board



.....
Julian Sawicki, Chair of the Audit and Risk Committee

Dated this¹³..... day ofOctober..... 2023

RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300
F +61 (0) 2 6217 0401

www.rsm.com.au

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 2023, 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



GM Stenhouse
Partner

Canberra, Australian Capital Territory
Dated: 13 October 2023

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RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

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RSM Australia Partners

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600
GPO Box 200 Canberra ACT 2601

T +61(0) 2 6217 0300
F +61(0) 2 6217 0401

www.rsm.com.au

**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 2023, 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 2023 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



GM Stenhouse
Partner

Canberra, Australian Capital Territory
Dated: 13 October 2023