



COMMON EQUITY
CO-OPERATIVE
HOUSING



YEAR ENDED 30 JUNE 2021

Financial Statements including Audit Report

COMMON EQUITY NSW LTD ABN 39 861 993 468

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Contents

For the Year Ended 30 June 2021

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 60-40 of the Charities and Not For Profits Commission Act 2012	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Directors' Declaration	25
Independent Auditor's Report	26

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Directors' Report 30 June 2021

The directors present their report on Common Equity NSW Ltd for the financial year ended 30 June 2021.

1. General information

Information on directors

The names, qualifications, experience and special responsibilities of each person who has been a director during the year and to the date of this report are:

Name: Carmen Osborne
Title: Technical Director - Chairperson
Qualifications: Master of Planning, Bachelor of Town Planning (Hons), PGD Land Economy, Graduate Member of Australian Institute of Company Directors (GAICD)
Experience and expertise: Carmen has over 30 years' experience in planning and property development. She brings financial management, governance and management expertise and experience to the Board. She is currently a Senior Development Manager at Allam Property Group. She is passionate about creating secure social and affordable housing in NSW and promoting more Cooperative housing opportunities.
Special responsibilities: - Member of Development and Growth Committee (1 July 2020 - 30 June 2021)

Name: Dennis Vaccher
Title: Technical Director - Secretary/Treasurer
Qualifications: BCom (Accounting, Finance and Systems) (UNSW), Chartered Accountant, Graduate Member of Australian Institute of Company Directors (GAICD)
Experience and expertise: Dennis has 30 years' experience as a chartered accountant in internal and external audit, financial management, corporate governance and risk management.
Special responsibilities: - Chair of Compliance, Audit, Risk and Governance Committee (from 1 August 2020 to 23 February 2021)
- Member of Compliance, Audit, Risk and Governance Committee (from 24 February 2021 to 30 June 2021)

Name: Lisa Danker
Title: Technical Director
Qualifications: Bachelor of Science (Architecture) and Master of Urban and Regional Planning, Graduate of the Australian Institute of Company Directors (GAICD)
Experience and expertise: Lisa has over 15 years' experience in planning and property development. She has a passion for place-making and sustainability, while driving broader social outcomes. Lisa has particular expertise in master-planning large communities and building governance frameworks to manage complex projects.
Special responsibilities: - Chair of Development and Growth Committee (1 July 2020 - 30 June 2021)

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Directors' Report 30 June 2021

1. General information continued

Information on directors continued

Name: Christopher Ryan
Title: Member Director - Deputy Chair
Qualifications: Bachelor of Communications, University of Technology, Sydney
Experience and expertise: Christopher has been a tenant and Board member of Planet X Co-operative since 2000. He was the Director of the Pact Theatre Co-operative, Sydney and has worked at the Queensland AIDS Council (QuAC). Christopher has produced, directed and taught performance and acting at the University of Wollongong
Special responsibilities: Member of Development and Growth Committee

Name: Amalina Wallace
Title: Member Director
Experience and expertise: Amalina was a Board member of the Newtown Neighbourhood Centre for 9 years and Secretary for 6. Amalina was an early activist in the Co-operative Housing sector and she was instrumental in the development of the template for the incorporation model for Co-operative Housing in NSW. Amalina has been a Co-op member tenant for over 20 years and worked for ARCH (CENSW predecessor).
Special responsibilities: Member of Compliance, Audit, Risk and Governance Committee

Name: Melanie Carmeci
Title: Technical Director - Resigned 31 July 2020
Qualifications: GAID Master of Law and Legal Practice (Majoring in Dispute Resolution) and Bachelor of Arts/Psychology
Experience and expertise: Melanie is an in-house solicitor specialising in commercial and corporate law. She also provides general advice in IT, intellectual property and employment law. With a background in psychology and property, she brings a range of skills to the Board including corporate governance expertise, risk management and engaging with stakeholders.
Special responsibilities: - Chair of Compliance, Audit, Risk and Governance Committee (1 July 2020 - 31 July 2020)

Name: Peter Page
Title: Member Director - Resigned 21 November 2020
Qualifications: BA (Economics) (UQ), Dip Ed (UNE), MPS (Adult Education) (Loyola Chicago)
Experience and expertise: Member of Great Lakes Housing Co-operative. Peter brings his experiences of small community living from time spent travelling in Asia. Peter has a background in economics and education.
Special responsibilities: Member of Development and Growth Committee

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Directors' Report

30 June 2021

1. General information continued

Information on directors continued

Name: Kate Olgers
Title: Technical Director - appointed 21 November 2020
Qualifications: Bachelor of Economics and Bachelor of Law, University of Sydney, Graduate Member of the Australian Institute of Company Directors (GAICD)
Experience and expertise: Kate has over 25 years' experience in legal and financial services, corporate governance and risk management, including as a partner of a top-tier law firm, chief legal officer of an ASX20 financial services organisation, and a director of a range of operating companies.
Special responsibilities: Member of Compliance, Audit, Risk and Governance Committee (from 21 November 2020 to 22 February 2021)
Chair of Compliance, Audit, Risk and Governance Committee (from 23 February 2021 to 30 June 2021)

Name: Elizabeth Mackdacy
Title: Technical Director - appointed 21 November 2020
Qualifications: Master of Business Administration, Master of Counselling, Graduate Diplomas in Rehabilitation Counselling and Secondary Teaching, BA, Member Australian Institutes of Company Directors and Community Directors (GAICD)
Experience and expertise: Liz has been involved in the social housing sector for over 20 years. She has worked in state housing authorities in both NSW and Queensland running policy, programs and operations. After leaving the public sector Liz established a consulting business which included research into a range of social housing issues and strategies across Australia.
Special responsibilities: Member of Compliance, Audit, Risk and Governance Committee (from 21 November 2020 to 30 June 2021)

Name: Jemah Day Egan
Title: Member Director - appointed 21 November 2020
Experience and expertise: Jemah is the Treasurer of BRANCH (Bellingen Rivers and Neighbourhood Co-operative Housing). She is passionate about affordable housing and raising the awareness and understanding of the benefits of Co-operative Housing. Jemah is also a member of the BRANCH Membership and Growth committee.
Special responsibilities: Member of Compliance, Audit, Risk and Governance Committee (from 21 November 2020 to 30 June 2021)

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

Principal activities

The principal activity of Common Equity NSW Ltd during the financial year was to create, develop and support a viable and sustainable Co-operative Housing Sector within New South Wales.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Directors' Report

30 June 2021

1. General information continued

Principal activities continued

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term and long term objectives

The Company's short term objectives are to develop and support a viable and sustainable Co-operative Housing Sector in New South Wales.

To this end, the company manages a total of 517 properties. The company owns 38 properties and leases from NSW Land & Housing Corporation 479 properties throughout NSW. Approximately twenty percent of the properties are currently directly managed and the rest are leased to 32 Co-operatives who have become Members of the company.

The terms of the leases with individual Co-operatives are that they pay to the company a rental calculated on their accumulated funds and expected rental income and expenditure. This rental is then used by the company to carry out development works on the relevant Co-operatives' premises as and when necessary.

The income and property of the company must be applied solely towards the promotion of the aims and objectives of the company, as set out above, and no part therefore shall be paid or transferred to a member as dividend or bonus, other than amounts paid as remuneration for services rendered to the company by the member whilst carrying out normal activities in running the company.

How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- Providing social housing to those in need
- Supporting and enhancing the co-operative housing sector

Performance measures

The following measures are used within the Company to monitor performance:

- Growth ratios, viability ratios, profitability ratios and liquidity ratios. The Board monitors monthly expenditure against major maintenance and maintenance projects.

Members' guarantee

Common Equity NSW Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 1 for 32 current ordinary members.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Directors' Report 30 June 2021

Meetings of directors


During the financial year, 21 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Full Board		Compliance, Audit, Risk and Governance Committee		Development and Growth Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Carmen Osborne	6	6	4	4	9	9
Dennis Vaccher	6	6	6	6	-	-
Lisa Danker	6	6	1	1	9	9
Christopher Ryan	6	5	-	-	9	9
Amalina Wallace	6	4	5	4	-	-
Melanie Carmeci	-	-	1	1	-	-
Peter Page	2	2	-	-	5	4
Kate Olgers	4	4	2	2	-	-
Elizabeth Mackdacy	4	4	3	3	2	2
Jemah Day Egan	4	4	2	2	-	-

Auditor's independence declaration

The lead auditor's independence declaration in accordance with Division 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, for the year ended 30 June 2021 has been received and is set out immediately after this directors' report.

Signed in accordance with a resolution of the Board of Directors:

Director: 

Director: 

Dated this21st..... day ofOctober..... 2021

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Crowe Audit Australia
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Bathurst NSW 2795 Australia
PO Box 684
Bathurst NSW 2795 Australia
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Fax 02 6330 2299www.crowe.com.au**Auditor's Independence Declaration under Division 60 of the Australian Charities and Not-for-Profits Commission 2012, to the Directors of Common Equity NSW Ltd**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Crowe Audit Australia****John Thompson**
Audit Partner
Registered Company Auditor: 302046

Dated at Bathurst on the 21st day of October 2021

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Revenue and Other Income			
Revenue	4	5,013,370	4,584,557
Other income	4	-	169,610
Expenses			
Property and tenant expenses	5	(1,586,464)	(1,385,216)
Employee benefits expense		(1,615,469)	(1,512,637)
Depreciation and amortisation expense		(738,139)	(692,517)
Administrative expense		(460,173)	(660,672)
Surplus/(Deficit) for the year		613,125	503,125
Total comprehensive income for the year		613,125	503,125

The accompanying notes form part of these financial statements.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Statement of Financial Position As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,737,569	2,790,592
Trade and other receivables	6	487,512	378,208
Financial assets	7	1,691,287	1,678,970
Other assets	8	148,145	170,930
TOTAL CURRENT ASSETS		<u>5,064,513</u>	<u>5,018,700</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	22,498,104	20,094,472
Intangible assets	10	86,536	137,110
TOTAL NON-CURRENT ASSETS		<u>22,584,637</u>	<u>20,231,581</u>
TOTAL ASSETS		<u>27,649,150</u>	<u>25,250,281</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	297,702	356,741
Employee benefits		193,605	145,525
Grant in advance		400,150	350,150
Lease liabilities - current		74,518	74,518
TOTAL CURRENT LIABILITIES		<u>965,975</u>	<u>926,934</u>
NON-CURRENT LIABILITIES			
Borrowings	12	2,080,900	2,080,900
Employee benefits		72,756	53,762
Other Provisions		85,000	55,000
Lease liabilities		376,374	562,335
TOTAL NON-CURRENT LIABILITIES		<u>2,615,030</u>	<u>2,751,997</u>
TOTAL LIABILITIES		<u>3,581,005</u>	<u>3,678,931</u>
NET ASSETS		<u>24,068,145</u>	<u>21,571,350</u>
EQUITY			
Reserves	13	12,054,501	10,170,832
Retained earnings		12,013,644	11,400,518
TOTAL EQUITY		<u>24,068,145</u>	<u>21,571,350</u>

The accompanying notes form part of these financial statements.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Statement of Changes in Equity For the Year Ended 30 June 2021

2021

	Reserves	Retained Earnings	Total
Note	\$	\$	\$
Total comprehensive income for the year	10,170,832	11,400,519	21,571,351
Revaluation increment (decrement)	1,883,669	-	1,883,669
Total other comprehensive income for the period	-	613,125	613,125
Balance at 30 June 2021	12,054,501	12,013,644	24,068,145

2020

	Ordinary Shares	Retained Earnings	Total
Note	\$	\$	\$
Balance at 1 July 2019	10,170,832	10,897,392	21,068,224
Total comprehensive income for the year	-	503,125	503,125
Rounding	-	2	2
Balance at 30 June 2020	10,170,832	11,400,519	21,571,351

The accompanying notes form part of these financial statements.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	5,041,171	5,072,926
Payments to suppliers and employees	(3,409,985)	(3,165,276)
Interest received	8,169	28,705
Interest paid	(16,074)	(50,489)
Net cash provided by/(used in) operating activities	<u>1,623,281</u>	<u>1,885,866</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(1,478,026)	(915,065)
Proceeds from disposal of property, plant and equipment	-	1,976,510
Net cash provided by/(used in) investing activities	<u>(1,478,026)</u>	<u>1,061,445</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Borrowings	5,646	(1,621,442)
Right of Use Asset Payments	(191,607)	(191,607)
Movement in Term Deposits	(12,317)	(984,889)
Net cash provided by/(used in) financing activities	<u>(198,278)</u>	<u>(2,797,938)</u>
Net increase/(decrease) in cash and cash equivalents held	(53,023)	149,373
Cash and cash equivalents at beginning of year	<u>2,790,592</u>	<u>2,641,220</u>
Cash and cash equivalents at end of financial year	<u>2,737,569</u>	<u>2,790,593</u>

The accompanying notes form part of these financial statements.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

The financial report covers Common Equity NSW Ltd as an individual entity. Common Equity NSW Ltd is a not-for-profit unlisted Company limited by guarantee and is registered and domiciled in Australia.

The functional and presentation currency of Common Equity NSW Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 12 October 2021.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*, as appropriate for not-for profit oriented entities.

2 Summary of Significant Accounting Policies

(a) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(b) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term, net of any incentives received from the lessor.

(c) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Rental income

Rental income arising from CENSW and Co-operatives Agreements (CCA) are recognised on a straight-line basis over the terms of ongoing agreements which are subject to annual review and adjustment on actual rent received by individual Co-operatives.

Rental income of Direct managed properties is determined in accordance with the requirements of the Governments Community Housing Rent Policy, with maximum rent being determined as the lower of Market rent or Subsidised Rent for the household. Rent is invoiced fortnightly in advance and recognised as income in the period to which the rent payment relates.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies continued

(c) Revenue and other income continued

Grant revenue

Non-reciprocal grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

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

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

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(d) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies continued

(e) Property, plant and equipment continued

Land and buildings

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset and the remaining decrement balance taken to other comprehensive income as a profit or loss.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The estimated useful lives used for each class of depreciable asset are shown below:

Fixed asset class	Useful life
Land and Buildings	40 years
Furniture, Fixtures and Fittings	3 to 7 years
Motor Vehicles	3 years
Office Equipment	3 years
Computer Software	5 to 7 years
Leasehold improvements	5 to 7 years
Right of Use Assets	3 to 4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained surplus. At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies continued

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(h) Latest new and revised accounting standards

The AASB has previously issued new and amended Accounting Standards that are now in the second year of full adoption.

AASB 15 replaced AASB 118 Revenue, AASB 111 Construction Contract and several revenue related Interpretations. The Company takes the view that there will be negligible impact to the financial statements under this new standard.

AASB 16 superseded the current lease guide including AASB 117 Leases and the related interpretations. The new standard resulted in the recognition of almost all the current operating leases or rental agreements by recognising a long term Lease Liability reflecting the future lease payments and an offsetting 'right of use asset (ROUA) which represents the "control" of that asset by the entity.

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgements continued

Fair value measurement hierarchy continued

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

4 Revenue and Other Income

Revenue

	2021	2020
	\$	\$
Rental revenue		
- Co-operative rental income	3,066,570	3,244,793
- Direct Managed Rental Income	1,005,273	1,013,333
- Other Properties	12,510	20,670
	<u>4,084,353</u>	<u>4,278,796</u>
Other revenue		
- Interest received	8,169	28,705
- Government NRAS Grant	194,417	194,030
- Other grants	680,031	49,216
- Other revenue	46,400	33,810
	<u>929,017</u>	<u>305,761</u>
Total Revenue	<u>5,013,370</u>	<u>4,584,557</u>

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

4 Revenue and Other Income continued

Other Income

	2021	2020
	\$	\$
Other Income		
- Net gain on disposal of property, plant and equipment	-	169,610
Total other income	-	169,610

5 Property and tenant expenses

	2021	2020
	\$	\$
Depreciation	322,868	325,896
Insurance	375,796	386,474
Rates, Water and Electricity	192,704	204,120
Maintenance	688,456	458,089
Pest Control	6,640	10,638
Total property and tenant expenses	1,586,464	1,385,216

6 Trade and other receivables

Trade receivables	189,845	101,142
Less: Provision for impairment of receivables	(3,431)	(3,431)
	186,414	97,711
Other Receivables	44,583	41,645
Government NRAS incentives receivable	194,418	194,030
Accrued interest	449	8,867
GST receivable	61,648	35,956
Total non-current trade and other receivables	487,512	378,208

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

7 Financial assets

	2021	2020
	\$	\$
Term Deposits	1,691,287	1,678,970
Total financial assets	1,691,287	1,678,970

Term deposits include an amount of \$131,753 (2020:\$130,773) held by the bank as security deposits for the performance on the lease of office premises.

8 Other assets

	2021	2020
	\$	\$
Prepayments	145,690	168,475
Security deposits	2,455	2,455
	148,145	170,930

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

9 Property, plant and equipment

	2021	2020
	\$	\$
Land and Buildings		
At Fair Value	14,033,200	13,267,500
Accumulated depreciation	-	(856,240)
Total buildings	<u>14,033,200</u>	<u>12,411,260</u>
Capital works in progress		
At cost	6,859,462	5,971,519
Accumulated depreciation	(293,755)	(232,616)
Total capital works in progress	<u>6,565,707</u>	<u>5,738,903</u>
Furniture, fixtures and fittings		
At cost	4,418	4,418
Accumulated depreciation	(4,024)	(2,795)
Total furniture, fixtures and fittings	<u>394</u>	<u>1,623</u>
Motor vehicles		
At cost	28,558	28,558
Accumulated depreciation	(17,530)	(8,011)
Total motor vehicles	<u>11,028</u>	<u>20,547</u>
IT equipment		
At cost	9,457	9,457
Accumulated depreciation	(8,716)	(6,055)
Total IT equipment	<u>741</u>	<u>3,402</u>
Leasehold Improvements		
At cost	299,660	299,660
Accumulated depreciation	(183,239)	(126,584)
Total leasehold improvements	<u>116,421</u>	<u>173,076</u>
Improvements - Co-ops		
At cost	2,635,199	1,992,746
Accumulated depreciation	(1,285,609)	(862,427)
Total improvements - Co-ops	<u>1,349,590</u>	<u>1,130,319</u>
Right of use Asset		
At cost	809,661	809,661
Accumulated depreciation	(388,638)	(194,319)
Total right of use asset	<u>421,023</u>	<u>615,342</u>
Total property, plant and equipment	<u>22,498,104</u>	<u>20,094,472</u>

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements
For the Year Ended 30 June 2021

9 Property, plant and equipment continued

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Capital works in Progress	Furniture, Fixtures and Fittings	Motor Vehicles	IT Equipment	Leasehold Improvements	Improvement Co-ops	Right of use asset	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2021									
Balance at the beginning of year	12,411,260	5,738,903	1,623	20,547	3,402	173,076	1,130,319	615,342	20,094,472
Additions	-	835,572	-	-	-	-	642,453	-	1,478,025
Revaluations /Adjustments - Net	1,883,669	52,370	-	-	-	-	-	-	1,936,039
Depreciation	(261,729)	(61,138)	(1,229)	(9,519)	(2,661)	(56,655)	(423,182)	(194,319)	(1,010,432)
Balance at the end of the year	14,033,200	6,565,707	394	11,028	741	116,421	1,349,590	421,023	22,498,104

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

10 Intangible assets

	2021	2020
	\$	\$
Computer Software		
Cost	252,867	252,867
Accumulated amortisation and impairment	(166,331)	(115,757)
Net carrying value	86,536	137,110
Total Intangibles	86,536	137,110

(a) Movements in carrying amounts of intangible assets

	Computer software	Total
	\$	\$
Year ended 30 June 2021		
Balance at the beginning of the year	137,110	137,110
Amortisation	(50,573)	(50,573)
Closing value at 30 June 2021	86,537	86,537

11 Trade and other payables

	2021	2020
Note	\$	\$
Current		
Trade payables	39,521	21,712
Sundry payables and accrued expenses	133,255	90,645
Accrued expense - Croydon Construction progress payments	-	136,820
Sundry payables	27,599	35,416
Other payables	97,327	72,148
Total trade and other payables	297,702	356,741

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

12 Borrowings

	2021	2020
	\$	\$
NON-CURRENT NRAS fund	2,080,900	2,080,900
Total non-current borrowings	2,080,900	2,080,900

NSW Land and Housing Corporation has registered interest on the freehold properties in respect of the interest free loan facility provided pursuant to an agreement dated 5 April 2011. The company has completed the development project and undertakes to hold and manage the properties for affordable housing purposes. The loan facility would only require repayment should the company dispose of the properties or cease to use them for affordable housing purposes. The agreement covering the loan facility extends to July 2051

13 Reserves

	2021	2020
	\$	\$
Revaluation surplus reserve	5,167,004	3,283,335
Property development reserve	5,887,497	5,887,497
Planned maintenance reserve	1,000,000	1,000,000
Total Reserves	12,054,501	10,170,832

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of land and buildings.

(a) Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation surplus reserve	Property development reserve	Planned maintenance reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2020	3,283,335	5,887,497	1,000,000	10,170,832
Balance at 30 June 2020	3,283,335	5,887,497	1,000,000	10,170,832
Revaluation	1,883,669	-	-	1,883,669
Balance at 30 June 2021	5,167,004	5,887,497	1,000,000	12,054,501

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

14 Contingencies

The company had no contingent liabilities as at 30 June 2021 and 30 June 2020.

15 Leasing Commitments

Lease commitments

	2021	2020
	\$	\$
Committed at the reporting date and recognised as liabilities:		
- not later than one year	74,518	74,518
- between one year and five years	376,374	562,335
Minimum lease payments	<u>450,892</u>	<u>636,853</u>

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

15 Leasing Commitments continued

Capital commitments

	2021	2020
	\$	\$
Commitments in place for:		
Croydon project	-	566,000
Cabramatta project	6,800,000	5,000,000
Schedule 3 works	630,000	533,230
	7,430,000	6,099,230

16 Members' Guarantee

Common Equity NSW Ltd is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 1 each towards meeting any outstanding and obligations of the Company. At 30 June 2021 the number of members was 32 (2020: 32).

17 Key Management Personnel Remuneration

The aggregate compensation made to the directors and key management of the company is set out below:

	2021	2020
	\$	\$
Aggregate compensation	185,699	179,976

18 Related Parties

(a) Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

(b) Transactions with related parties

Common Equity NSW Ltd complies with AASB 124 Related Party Transactions: with its policies, processes and procedures to identify any related parties.

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

(c) Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Notes to the Financial Statements For the Year Ended 30 June 2021

18 Related Parties continued

(d) Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

19 Events after the end of the Reporting Period

During FY2021-22, the company will enter into a loan facility with the National Housing Finance and Investment Corporation. The purpose of the facility is for the development of the Cabramatta project and will be up to the value of \$7.1M. The loan was approved during September 2021 with the commencement date yet to be determined.

COMMON EQUITY NSW LTD

ABN: 39 861 993 468

Directors' Declaration

The Directors declare that in their opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.


Director


Director

Dated this21st..... day ofOctober..... 2021

Independent Auditor's Report

To the Members of Common Equity NSW Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Common Equity NSW Ltd (the Entity), which comprises the statement of financial position as at 30 June 2021, the statement of 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 responsible persons declaration.

In our opinion, the accompanying financial report of the Entity is in accordance with the Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards 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 Entity 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

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the annual report for the respective programs for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

Liability limited by a scheme approved under Professional Standards Legislation.

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is external audit, conducted via the Crowe Australasia external audit division and Unison SMSF Audit. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting standards and the ACNC Act, for such internal control as management determines 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, management is responsible for assessing the Entity'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 intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Crowe Audit Australia

CROWE AUDIT AUSTRALIA



John Thompson
Audit Partner
Registered Company Auditor: 302046

Dated at Bathurst on the 21st day of October 2021



COMMON EQUITY
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HOUSING

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