

Adelaide Workers' Homes Incorporated

ABN 47 308 503 618

Financial Statements - 31 December 2021

Adelaide Workers' Homes Incorporated
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For the year ended 31 December 2021

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**Adelaide Workers' Homes Incorporated
Trustees' report
For the year ended 31 December 2021**

The Trustees present their report, together with the financial statements, on the Association for the year ended 31 December 2021.

Committee members

The following persons were committee members of the Association during the whole of the financial year and up to the date of this report, unless otherwise stated:

K. Costello
R.J. Milner
R.J.F. Harley (Chairman)
A.C. Cudmore
G.W. Stephens (resigned 4 August 2021)
N.P. Simpson (resigned 25 April 2022)
J.R. Hooper (appointed 13 December 2021)

Secretary

J.R. Hooper

Principal activities

The principal activity of the Association is to provide existing and former working people who are in financial need, with suitable accommodation at a reasonable rate of rental.

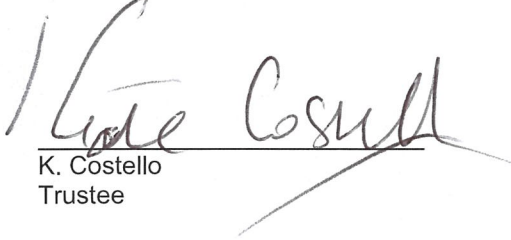
Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Association during the financial year.

Operating result

The surplus from ordinary activities amounted to \$1,025,454 (2020: \$1,242,963)

On behalf of the Trustees


K. Costello
Trustee


A.C. Cudmore
Trustee

15 June 2022

**Adelaide Workers' Homes Incorporated
Trustees' declaration
For the year ended 31 December 2021**

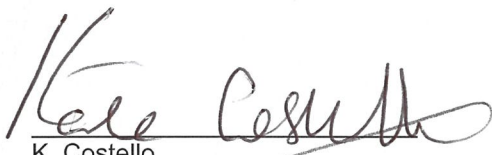
In the Trustees' opinion:

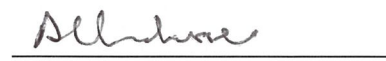
- the Association is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 2 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and the Adelaide Workers' Homes Incorporated Act, 1933-2013;
- the attached financial statements and notes comply with the Accounting Standards as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Association's financial position as at 31 December 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.
- No officer of the Association, a firm to which the Officer is a member or a body corporate in which an Officer has a substantial financial interest has received a benefit as a result of a contract between the Officer, firm or body corporate and the Association except as noted below.

An Officer of the Association, Mr Rick Harley, is a Principal of Jones Harley Toole, Barristers and Solicitors. During the year legal fees were paid to Jones Harley Toole, Barristers and Solicitors, in the ordinary course of business. An officer of the Association, Mr James Hooper, is a Partner of HLB Mann Judd. During the year, secretarial and sub-committee fees were paid to HLB Mann Judd in the ordinary course of business.

Apart from these payments and the Secretary's remuneration paid in the ordinary course of business, no Officer of the Association has received, either directly or indirectly, any payment of a pecuniary nature.

Signed in accordance with a resolution of the Trustees of Adelaide Workers' Homes Incorporated and subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.


K. Costello
Trustee


A.C. Cudmore
Trustee

15 June 2022

Adelaide Workers' Homes Incorporated
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue from operating activities	4	3,590,726	3,358,050
Other income	5	968,286	940,102
Interest income		-	217
Expenses			
Other expenses	6	(1,860,978)	(1,543,013)
Depreciation and amortisation expense		(700,004)	(611,754)
Finance costs		(972,576)	(900,639)
Surplus for the year	16	1,025,454	1,242,963
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings		15,923,818	-
Loss on disposal of rental properties		-	(27,026)
Other comprehensive income for the year		15,923,818	(27,026)
Total comprehensive income for the year		<u>16,949,272</u>	<u>1,215,937</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Adelaide Workers' Homes Incorporated
Statement of financial position
As at 31 December 2021

	Note	2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	7	93,672	1,105,644
Trade and other receivables	8	240,279	441,035
Other current assets	9	933,407	867,334
Total current assets		<u>1,267,358</u>	<u>2,414,013</u>
Non-current assets			
Rental properties	10	130,890,800	110,173,928
Property, plant and equipment		4	7
Intangibles	11	51,348	-
Total non-current assets		<u>130,942,152</u>	<u>110,173,935</u>
Total assets		<u>132,209,510</u>	<u>112,587,948</u>
Liabilities			
Current liabilities			
Trade and other payables	12	116,661	220,828
Borrowings	13	1,250,000	1,250,000
Other current liabilities	14	75,875	51,598
Total current liabilities		<u>1,442,536</u>	<u>1,522,426</u>
Non-current liabilities			
Borrowings	13	26,967,076	24,214,896
Total non-current liabilities		<u>26,967,076</u>	<u>24,214,896</u>
Total liabilities		<u>28,409,612</u>	<u>25,737,322</u>
Net assets		<u>103,799,898</u>	<u>86,850,626</u>
Equity			
Reserves	15	84,888,895	68,965,077
Retained surpluses	16	18,911,003	17,885,549
Total equity		<u>103,799,898</u>	<u>86,850,626</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Adelaide Workers' Homes Incorporated
Statement of changes in equity
For the year ended 31 December 2021

	Reserves \$	Retained surpluses \$	Total equity \$
Balance at 1 January 2020	68,992,103	16,642,586	85,634,689
Surplus for the year	-	1,242,963	1,242,963
Other comprehensive income for the year	(27,026)	-	(27,026)
Total comprehensive income for the year	(27,026)	1,242,963	1,215,937
Balance at 31 December 2020	<u>68,965,077</u>	<u>17,885,549</u>	<u>86,850,626</u>
	Reserves \$	Retained surpluses \$	Total equity \$
Balance at 1 January 2021	68,965,077	17,885,549	86,850,626
Surplus for the year	-	1,025,454	1,025,454
Other comprehensive income for the year	15,923,818	-	15,923,818
Total comprehensive income for the year	15,923,818	1,025,454	16,949,272
Balance at 31 December 2021	<u>84,888,895</u>	<u>18,911,003</u>	<u>103,799,898</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Adelaide Workers' Homes Incorporated
Statement of cash flows
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		4,507,353	4,612,913
Payments to suppliers and employees (inclusive of GST)		<u>(1,786,675)</u>	<u>(1,642,182)</u>
		2,720,678	2,970,731
Interest received		-	217
Interest and other finance costs paid		<u>(972,576)</u>	<u>(900,639)</u>
Net cash from operating activities	21	<u>1,748,102</u>	<u>2,070,309</u>
Cash flows from investing activities			
Payments for intangibles	11	(57,146)	-
Payments for development of rental properties		(5,925,108)	(7,339,805)
Proceeds from disposal of rental properties		<u>470,000</u>	<u>840,000</u>
Net cash used in investing activities		<u>(5,512,254)</u>	<u>(6,499,805)</u>
Cash flows from financing activities			
Proceeds from borrowings		3,388,180	6,750,312
Repayment of borrowings		<u>(636,000)</u>	<u>(2,018,985)</u>
Net cash from financing activities		<u>2,752,180</u>	<u>4,731,327</u>
Net increase/(decrease) in cash and cash equivalents		(1,011,972)	301,831
Cash and cash equivalents at the beginning of the financial year		<u>1,105,644</u>	<u>803,813</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>93,672</u></u>	<u><u>1,105,644</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 1. General information

The financial statements cover Adelaide Workers' Homes Incorporated as an individual entity. The financial statements are presented in Australian dollars, which is Adelaide Workers' Homes Incorporated's functional and presentation currency.

Adelaide Workers' Homes Incorporated is a not-for-profit incorporated association, incorporated and domiciled in Australia. Its registered office and principal place of business is:

169 Fullarton Road
Dulwich SA 5065

A description of the nature of the Association's operations and its principal activities are included in the Trustees' report, which is not part of the financial statements.

The financial statements were authorised for issue on 15 June 2022.

Note 2. 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 Association 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.

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

This standard is applicable from 1 July 2021 and provides a single standard containing all the disclosure requirements for an entity preparing General Purpose Financial Statements under the new Tier 2 reporting framework with simplified disclosures. The new standard replaces the current Special Purpose Financial Statements disclosures. Entities applying AASB 1060 are exempt from the requirements of disclosure paragraphs in other Australian Accounting Standards (AAS) and are not required to comply with presentation and disclosure specific AAS. The company will adopt this standard in the reporting period beginning 1 January 2022.

Basis of preparation

In the Trustees' opinion, the Association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012, the Adelaide Workers' Homes Incorporated Act (SA) 1933-2013 and associated regulations. The Trustees have determined that the accounting policies adopted are appropriate to meet the needs of the Members of Adelaide Workers' Homes Incorporated.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention and on an accruals basis, except for, where applicable, the revaluation of rental properties.

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 Association'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 3.

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 2. Significant accounting policies (continued)

Revenue recognition

The Association recognises revenue as follows:

Rent

Rent revenue from rental properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Government grants

The Association receives government grants under the National Rental Affordability Scheme.

Recognition of such grants as revenue is deferred until those conditions are satisfied as there are conditions attached to the grant which must be satisfied before the Group is eligible to receive the contribution.

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.

Income tax

As the Association is a charitable institution in terms of subsection 50-B of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Association's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 2. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Rental property

Rental property is measured initially at cost, including expenditure directly attributable to the purchase of such property. After initial recognition, the Association applies the revaluation model in accordance with 'AASB 116: Property, Plant and Equipment' in respect of freehold land and buildings as is applicable to not-for-profit entities. Any increase or decrease in the assets' carrying amount as a result of revaluation is credited directly to equity under the asset revaluation (fair value) reserve.

Capital development costs in relation to properties held in the trust are measured at cost, less any impairment. Capital development costs are measured annually for impairment.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Website

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 2. Significant accounting policies (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated 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.

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.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The Association 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.

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.

Note 4. Revenue from operating activities

	2021 \$	2020 \$
Rental income	3,590,726	3,358,050

Note 5. Other income

	2021 \$	2020 \$
Net gain on disposal of property, plant and equipment	14,017	-
Government grants	954,269	940,102
Other income	968,286	940,102

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 6. Other expenses

	2021	2020
	\$	\$
Consulting fees	627,066	505,944
Gardening	19,570	12,912
Insurance	123,360	102,624
Rates and taxes	427,308	435,741
Repairs and maintenance	338,166	241,225
Other expenses	325,508	244,567
	<u>1,860,978</u>	<u>1,543,013</u>

Note 7. Cash and cash equivalents

	2021	2020
	\$	\$
<i>Current assets</i>		
Cash at bank and on hand	<u>93,672</u>	<u>1,105,644</u>

Note 8. Trade and other receivables

	2021	2020
	\$	\$
<i>Current assets</i>		
Rental income in arrears	56,947	108,260
Goods & Services Tax receivable	168,589	317,435
Other receivables	<u>14,743</u>	<u>15,340</u>
	<u>240,279</u>	<u>441,035</u>

Rental income in arrears is non-interest bearing. An allowance for expected credit losses is made when there is objective evidence that an arrears balance is impaired.

Note 9. Other current assets

	2021	2020
	\$	\$
<i>Current assets</i>		
Accrued revenue	691,186	578,197
Prepayments	241,944	289,137
Other current assets	<u>277</u>	<u>-</u>
	<u>933,407</u>	<u>867,334</u>

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 10. Rental properties

	2021 \$	2020 \$
<i>Non-current assets</i>		
Freehold land at fair value	71,242,500	56,319,000
Capital works in progress	4,828,173	9,100,432
Buildings at fair value	55,007,000	32,863,000
Less: Accumulated depreciation	(186,873)	(877,043)
	<u>54,820,127</u>	<u>31,985,957</u>
Buildings - at cost	-	12,984,327
Less: Accumulated depreciation	-	(215,788)
	<u>-</u>	<u>12,768,539</u>
	<u>130,890,800</u>	<u>110,173,928</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	110,173,928	104,312,895
Additions	5,957,256	7,307,723
Disposals	(470,000)	(840,000)
Revaluation increments	15,923,818	-
Depreciation expense	(694,202)	(606,690)
Closing fair value	<u>130,890,800</u>	<u>110,173,928</u>

Valuations of rental properties

The basis of the valuation of rental properties is fair value. The rental properties were revalued on 29 September 2021 based on independent assessments by Knight Frank Valuers. The Valuations are based on:

- Current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment; or
- Depreciated replacement cost where the replacement cost has been derived by indexing original cost by either the Building Index Cost published by Rawllisons Australian Construction Handbook, or The Consumer Price Index All Groups by Financial Year Weighted Average of Eight Capital Cities.

Note 11. Intangibles

	2021 \$	2020 \$
<i>Non-current assets</i>		
Website - at cost	14,905	-
NRAS rights to future incentives	42,241	-
Less: Accumulated amortisation	(5,798)	-
	<u>36,443</u>	<u>-</u>
	<u>51,348</u>	<u>-</u>

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 12. Trade and other payables

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	93,047	191,451
Accrued expenses	23,614	28,537
Bond payable	-	840
	<u>116,661</u>	<u>220,828</u>

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Note 13. Borrowings

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Commercial bills payable	<u>1,250,000</u>	<u>1,250,000</u>
<i>Non-current liabilities</i>		
Commercial bills payable	<u>26,967,076</u>	<u>24,214,896</u>
	<u>28,217,076</u>	<u>25,464,896</u>

Assets pledged as security

The Association has the following facilities in place with Bank SA with a combined limit of \$38,731,000 which is secured by a first registered fixed and floating charge over all the assets of Adelaide Workers' Homes Incorporated:

- (i) Investment facility of \$27,177,000
- (ii) Construction facility of \$11,200,000
- (iii) an overdraft facility of \$198,000 and a GST facility of \$156,000 to support the construction program at Elder Estate. None of the overdraft facility has been drawn down as at 31 December 2021.

The termination date for the finance facility is 30th of June 2024.

Note 14. Other current liabilities

	2021	2020
	\$	\$
<i>Current liabilities</i>		
Rent received in advance	<u>75,875</u>	<u>51,598</u>

Note 15. Reserves

	2021	2020
	\$	\$
Revaluation surplus reserve	84,882,181	68,958,363
General reserve	<u>6,714</u>	<u>6,714</u>
	<u>84,888,895</u>	<u>68,965,077</u>

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 15. Reserves (continued)

Revaluation surplus reserve

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

Movements in reserves

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

	Revaluation surplus reserve \$	General reserve \$	Total \$
Balance at 1 January 2020	68,985,389	6,714	68,992,103
Loss on disposal of rental properties	<u>(27,026)</u>	-	<u>(27,026)</u>
Balance at 31 December 2020	68,958,363	6,714	68,965,077
Net revaluation increment	<u>15,923,818</u>	-	<u>15,923,818</u>
Balance at 31 December 2021	<u><u>84,882,181</u></u>	<u><u>6,714</u></u>	<u><u>84,888,895</u></u>

Note 16. Retained surpluses

	2021 \$	2020 \$
Retained surpluses at the beginning of the financial year	17,885,549	16,442,973
Adjustment for correction of error	<u>-</u>	<u>199,613</u>
Retained surpluses at the beginning of the financial year - restated	17,885,549	16,642,586
Surplus for the year	<u>1,025,454</u>	<u>1,242,963</u>
Retained surpluses at the end of the financial year	<u><u>18,911,003</u></u>	<u><u>17,885,549</u></u>

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Association:

	2021 \$	2020 \$
<i>Audit services - William Buck</i>		
Audit of the financial statements	<u>11,800</u>	<u>11,500</u>

Note 18. Commitments for expenditure

As at 31 December 2021 the Association had incurred building and other associated costs of \$4,819,107 relating to the re-development of land at Elder Estate project (2020: \$9,100,432). Expenditure incurred during the reporting period has been capitalised as Capital Works in Progress.

Subsequent to year-end and up until the date of this report, expenditures totalling \$3,783,029 (inclusive of GST) were incurred in relation to the re-development of the Stage A Elder Estate site. Estimated costs remaining to complete the project are \$6,010,137 (inclusive of GST).

Adelaide Workers' Homes Incorporated
Notes to the financial statements
For the year ended 31 December 2021

Note 19. Economic dependency

The Association is dependent upon grants from the Federal and State Governments under the National Rental Affordability Scheme in order to fund its debt reduction strategy. At the date of this report, the Trustees have no reason to believe the Federal and State Governments will not continue to support the Association.

Note 20. Events after the reporting period

Sale of property

There have been three property sales post 31 December 2021. 14 Frederick Street Richmond settled on 4th of April 2022 and sold for \$531,500. 36 Junction Land Mile End settled on the 12th of May 2022 and sold for \$580,000. 32 Junction Lane Mile End is expected to settle on 9th of June and sold for \$580,000.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the Association's operations, the results of those operations, or the Association's state of affairs in future financial years.

Note 21. Cash flow information

Reconciliation of surplus to net cash from operating activities

	2021	2020
	\$	\$
Surplus for the year	1,025,454	1,242,963
Adjustments for:		
Depreciation and amortisation	700,004	611,754
Adjustment to retained earnings	-	199,613
Net gain on disposal of property, plant and equipment	(14,017)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	200,479	(167,046)
(Increase)/decrease in accrued revenue	(112,989)	97,090
Decrease in prepayments	47,191	3,895
(Decrease)/increase in trade and other payables	(122,297)	76,240
Increase in other operating liabilities	24,277	5,800
Net cash from operating activities	<u>1,748,102</u>	<u>2,070,309</u>

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS COMMISSION ACT 2012 TO THE TRUSTEES OF ADELAIDE WORKERS' HOMES INCORPORATED

I declare that, to the best of my knowledge and belief during the year ended 31 December 2021 there have been:

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



William Buck (SA)
ABN 38 280 203 274



G. W. Martinella
Director

Dated this 15th day of June, 2022

ACCOUNTANTS & ADVISORS

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ADELAIDE WORKERS' HOMES INCORPORATED

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the financial report of Adelaide Workers' Homes Incorporated (the Association), which comprises the statement of financial position as at 31 December 2021, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and statement by trustees.

In our opinion the financial report of Adelaide Workers' Homes Incorporated has been prepared in accordance with *Adelaide Workers' Homes Incorporated Act, 1933-2013* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of Adelaide Workers' Homes Incorporated financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 2, 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 Association in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Adelaide Workers' Homes Incorporated to meet the requirements of the ACNC Act and the *Adelaide Workers' Homes Incorporated Act, 1933-2013*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

ACCOUNTANTS & ADVISORS

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

The trustees of Adelaide Workers' Homes Incorporated are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 2 to the financial report is appropriate to meet the requirements of the ACNC Act and *Adelaide Workers' Homes Incorporated Act, 1933-2013* and the needs of the members. The trustees' responsibility also includes such internal control as the trustees 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 trustees are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 these financial statements 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 independent auditor's report.



William Buck (SA)
ABN 38 280 203 274



G.W. Martinella

Director

Dated this 15th day of June 2022