



**VENTURE**  
**HOUSING COMPANY**  
*AFFORDABLE HOUSING FOR TERRITORIANS*

Venture Housing Company Limited  
ABN 19 154 969 963

Annual Report  
30 June 2021

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## Directors' report

As at 30 June 2021

The Directors present their report on Venture Housing Company Limited (the Company) for the financial year ended 30 June 2021 and the Auditor's report thereon.

### 1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

<p><b>Allan McGill, AM</b> <b>(Appointed 15 May 2016)</b> Diploma of Public Administration (RMIT), Diploma of Corporate Investigation (UWS), GAICD, amongst other qualifications. Chairperson (appointed 16 September 2017) Director</p>	<p>Allan McGill's career has spanned 40 years of local government employment, working in Councils from inner-city urban to the most remote reaches of the Northern Territory. Experience with Melbourne City Council and a range of councils in rural Victoria and NT communities led to senior and executive positions in Katherine, Alice Springs and Darwin City Councils. Allan has spent the last 28 years as a CEO or in senior management positions, most recently as Chief Executive of the Northern Territory Department of Local Government. He is currently the Chair of the Tiwi Partners Joint Venture, a member of the NT Racing Commission and Chairperson of the NT Heritage Council.</p>
<p><b>Frances Kilgariff, AM, FAICD</b> <b>(Appointed 1 May 2017)</b> Diploma of Education, Bachelor of Arts, Diploma of Radiography, FAICD. Director</p>	<p>Fran is part of a Northern Territory family that has been involved in NT economic, political and community affairs in various ways since the 1920s. She was born in Alice Springs and educated there and in Adelaide. Fran has qualifications in Radiography, Archaeology, Education and is a Fellow of the Australian Institute of Company Directors. She has had a diverse career and has worked as a radiographer, high school teacher, spent 14 years in local government, including an 8-year term as Mayor of Alice Springs. She has been a senior Northern Territory Government executive, and a General Manager in an NGO focussed on remote Australia.</p> <p>She is an experienced Board Director and currently is on several Boards, including as Chair of the Olive Pink Botanic Garden in Alice Springs. She is also currently a Commissioner of the NT Planning Commission and on the NT Parole Board and NT Mental Health Tribunal and chairs the Audit and Risk Committee of the Central Desert Regional Shire.</p> <p>Fran was awarded a medal in the Order of Australia (AM) in 2012 for her contribution to Local Government and the economic and social development of Alice Springs.</p> <p>Fran is pleased to support and help guide the work of Venture Housing because she believes affordable housing for all Territorians contributes to the quality of life of the resident and also enables them to participate more fully in the Territory's economic life.</p>
<p><b>Patrick Bellot</b> <b>(Appointed 1 May 2017)</b> Real Estate and Business Agency Principal License (NT), Building and Construction License qualifications, Commissioner of Oaths. Deputy Chair (appointed 23 April 2018) Director</p>	<p>Head of Property Development at Darwin International Airport, with a career of over 20 years, Patrick has held several senior commercial roles across the commercial property, retail and industrial sectors, including management in the delivery of several major property development projects. Along with his ongoing involvement with numerous key industry bodies, Patrick is a current Vice President of the Property Council (NT Division), Board Member of the Territory Aviation Skills Centre (TASC) and an NT appointment for the Homes for Homes NT Housing Advisory Group (NHAG).</p>

Directors' report

As at 30 June 2021

<p><b>Patricia Angus</b> (Appointed 26 July 2018) Director</p>	<p>Trish was born in Katherine and is of Jawoyn heritage. She held senior executive public sector positions in health, housing, local government, and community services for more than 30 years in the NT. Trish has experience working in the Australian Defence Force, nursing and midwifery in public hospitals and primary health care centres, Aboriginal community-controlled organisations, and extensive governance experience, including board and committee memberships across various sectors. She is currently a Director of CareFlight Board and member of their Remuneration Committee; Director of Voyages Indigenous Tourism Australia Board and Chairperson of their Audit and Risk Committee; Director of Venture Housing Board; Commissioner Tourism NT Board and Chairperson of their Finance Risk and Audit Committee; and Director Tennant Creek Foodbarn Partnership.</p>
<p><b>Graham Symons</b> (Appointed 27 May 2020) Tertiary qualifications in Science, Social Administration and Business and is a graduate member of the Australian Institute of Company Directors (AICD). Director</p>	<p>Graham grew up in the Northern Territory and has lived in remote communities and Darwin. He has extensive experience as a board director, particularly in the not-for-profit and public sectors. Graham held several senior positions in the NTPS, including Commissioner for Public Employment; Chief Executive Department of Business &amp; Employment; Chief Executive Department of Corporate &amp; Information Services; Chief Executive Territory Housing; Deputy Chief Executive Department of the Chief Minister; Deputy Under-Treasurer; and Deputy CE Department of Health. He now operates his own business, Mindil Consulting, chairs two boards and is an independent director on three other boards.</p>
<p><b>Robert Stribling</b> (Appointed 27 May 2020) Bachelor of Laws with Honours, University of Western Australia. Director</p>	<p>Robert is an experienced corporate lawyer, having worked at an executive level as General Counsel/Head of Legal for many years in an in-house capacity in the energy sector in Australia and internationally. Robert has significant experience in corporate law, senior management, advising boards, compliance, corporate governance and stakeholder collaboration, and extensive exposure to the resources and energy industry, the environment and water resources. Robert currently sits on several Boards in the not-for-profit sector focusing on the environment and indigenous communities and continues to work in the corporate and government sectors in an advisory capacity.</p>
<p><b>Clare Milikins</b> (Appointed 27 May 2020) Bachelor of Commerce (Accounting), University of Western Australia, Graduate Certificate in Public Sector Management, Griffiths University Queensland, Graduate of the Australian Institute of Company Directors, Fellow Certified Practising Accountant, CPA Australia. Director</p>	<p>Clare joined Venture Housing in May 2020 as a Director and member of the Audit and Risk Committee. She also serves on NT Treasury Corporation's Advisory Board and is the Independent Chair of the Department of Infrastructure, Planning and Environment's Audit and Risk Management Committee and Palmerston City Council, East Arnhem Regional Council and Wagait Shire Councils' Risk and Audit Committees. Clare previously served as Deputy Chair and Chair of Audit and Risk for Jacana Energy and held senior executive positions within the Northern Territory Government. She has diversified experience across commercial and government sectors and specialises in building business capability and leading change and runs a consultancy and advisory practice providing services to small and medium enterprises to build resilience, financial and business capability and implement change. Clare is a Fellow of CPA Australia, with a Bachelor of Commerce (Accounting) and a Postgraduate Certificate in Public Sector Management and a graduate of the Australian Institute of Company Directors</p>

## Directors' report

As at 30 June 2021

### 2. Company secretary

Helen Stuart (CFO) was appointed to the position of Company Secretary on 29 September 2020.

### 3. Directors' meetings

The number of Directors' meetings and number of meetings attended by the Directors of the Company during the financial year are:

Director	Board Meetings	
	Held	Attended
Allan McGill	12	12
Patrick Bellot	12	11
Frances Kilgariff	12	11
Patricia (Trish) Angus	12	12
Graham Symons	12	11
Robert Stribling	12	10
Clare Milikins	12	12

### 4. Principal activities

The principal activity of the Company during the financial year was the provision of affordable housing.

### 5. Operating and financial review

#### Overview of the Company

Venture Housing Company Limited was registered as a Company on 3rd January 2012. The Company was established in response to a need for affordable housing in the Northern Territory. The Company manages one hundred and eighty-eight dwellings, of which one hundred and seventy-seven (177) are owned and located in the greater Darwin area and five (5) in Tennant Creek.

The Company provides rental accommodation for low to moderate-income earners and manages ten (10) dwellings for seniors under a head lease arrangement and one (1) Specialist Disability dwelling on behalf of a private investor.

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee.

In the event of the winding-up of the Company or the revocation of its endorsement as a deductible gift recipient under income tax law, any property remaining after satisfaction of all debts and liabilities of the Company must not be paid to or distributed among the Members but must be given or transferred to some (one or more) other fund, authority or institution that is established in Australia and operating in the Northern Territory of Australia:

- (i) to which tax-deductible income gifts can be made;
- (ii) having objects and purposes being charitable, similar to those of the Company; and
- (iii) which prohibits the distribution of its or their income among its members to an extent at least as great as is imposed on this Company under or by virtue of Clause 4 (the Objects and Purpose) of the entity's Constitution.

## **Directors' report**

As at 30 June 2021

### **5. Operating and financial review (cont.)**

If at the time of the winding-up of the Company, the Company is registered as a Community Housing Provider under the Community Housing Providers (National Uniform Legislation) Act 2013 (Northern Territory), then all

its remaining community housing assets in the Northern Territory must be transferred to another registered community housing provider or to a Housing Agency in the Northern Territory that will commit to maintaining the objects of the Company.

#### **Operating results**

The reported operating surplus of the Company amounts to a loss of \$2,023,919. During the year, a revaluation of seventy-eight (78) investment properties resulted in a total decrease in carrying value of \$2,900,512. This decrease represents the movement in property values influenced by property market fluctuations.

In the prior year, the Company reported a profit of \$350,063. During the prior year, a revaluation and impairment assessment of investment properties resulted in a total decrease in carrying value of \$415,000, representing the movement in property values influenced by property market fluctuations.

#### **Likely developments and significant changes in the state of affairs**

The Company will continue to pursue its strategic objectives to increase the availability of affordable housing in the Northern Territory.

### **6. Events subsequent to the reporting date**

There has not arisen, other than what is disclosed at Note 16 Events Subsequent to Reporting Date, in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

### **7. Likely developments**

At the time of writing, the Company is investigating options to expand its housing portfolio in response to affordable housing demand and shortages in the greater Darwin region and Tennant Creek.

### **8. Environmental regulation**

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

### **9. Indemnification and insurance of Officers and Auditors**

#### **Indemnification**

No indemnities have been given during or since the end of the financial year for any person who is or has been an Officer or Auditor of the Company.

#### **Insurance premiums**

Directors' and Officers' insurance premiums are paid by the Company. The policy prohibits the disclosure of amounts paid.

## **Directors' report**

As at 30 June 2021

### **10. Proceedings on behalf of the Company**

With respect to the following matters:

- **Building Compliance – Home Building Certification Fund Scheme Claim (16 units); and**
- **Building Compliance – Transfer Slab Claim (48-unit complex),**

The Company has reached an agreement with the parties and is confident that both matters will be satisfactorily resolved in the financial year ending 30 June 2022.

### **11. Lead Auditor's independence declaration**

The Lead Auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the financial year ended 30 June 2021.

This Directors' report is made out in accordance with a resolution of the Board of Directors:



Allan McGill  
Director

Signed and dated at Darwin, this day of 27 October 2021.

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 AND SECTION 60-40 OF THE AUSTRALIAN CHARTITIES AND  
NOT-FOR-PROFITS COMMISSION ACT 2012  
TO THE DIRECTORS OF VENTURE HOUSING COMPANY 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 the *Corporations Act 2001* and Section 60-40 of the *Australian Charities Not-for-profits Commission Act 2012*, in relation to the audit, and
- (ii) any applicable code of professional conduct in relation to the audit.



Nexia Edwards Marshall NT  
Chartered Accountants



Noel Clifford  
Partner

Date: 10 November 2021



**Statement of profit and loss and other comprehensive income**

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>REVENUE</b>			
Rent	2	2,294,231	2,413,975
Government recurrent grants	2	1,408,559	1,576,365
Government grant cash flow boost	2	50,000	50,000
Other Income	2	286,304	141,202
<b>Total Revenue</b>		<b>4,039,094</b>	<b>4,181,542</b>
<b>EXPENSES</b>			
Property expenses		1,181,667	1,368,216
Employee benefits expenses	3	1,325,219	1,217,290
Administration expenses	3	377,053	520,603
Depreciation & amortisation expenses	3	133,382	129,810
Interest and finance expenses	3	145,180	180,560
Impairment loss on buildings - building compliance	9,20	-	-
Impairment loss on revaluation of land and buildings	9,20	2,900,512	415,000
<b>Total expenses</b>		<b>6,063,013</b>	<b>3,831,479</b>
<b>Net profit (loss) for the year</b>		<b>(2,023,919)</b>	<b>350,063</b>
Other comprehensive income for the year		-	-
Total other comprehensive income for the year		-	-
Total comprehensive income (loss) for the year		(2,023,919)	350,063
Profit (loss) attributable to members of the entity		(2,023,919)	350,063
<b>Total comprehensive income (loss) attributable to members of the entity</b>		<b>(2,023,919)</b>	<b>350,063</b>

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

Statement of financial position

As at 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	5,354,099	5,023,229
Trade and other receivables	5	299,727	438,306
Other current assets	6	199,710	389,300
<b>Total current assets</b>		<b>5,853,536</b>	<b>5,850,835</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	77,673	96,289
Right of use assets	8	145,354	458,652
Investment properties	9	55,488,182	56,913,182
<b>Total non-current assets</b>		<b>55,711,209</b>	<b>57,468,123</b>
<b>Total assets</b>		<b>61,564,745</b>	<b>63,318,958</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	465,660	613,894
Borrowings	11	310,811	257,049
Employee provisions	12	90,794	117,725
Lease liabilities	13	103,263	98,759
<b>Total current liabilities</b>		<b>970,528</b>	<b>1,087,427</b>
<b>Non-current liabilities</b>			
Borrowings	11	4,122,795	3,380,570
Employee provisions	12	56,631	76,292
Lease liabilities	13	57,985	393,944
<b>Total non-current liabilities</b>		<b>4,237,411</b>	<b>3,850,806</b>
<b>Total liabilities</b>		<b>5,207,939</b>	<b>4,938,233</b>
<b>Net assets</b>		<b>56,356,806</b>	<b>58,380,725</b>
<b>EQUITY</b>			
Reserves	21	1,532,603	1,317,271
Retained earnings		54,824,203	57,063,454
<b>Total equity</b>		<b>56,356,806</b>	<b>58,380,725</b>

The Statement of financial position should be read in conjunction with the accompanying notes.

**Statement of changes in equity**

For the year ended 30 June 2021

	Note	Reserves \$	Retained Earnings \$	Total \$
<b>Balance at 30 June 2019</b>		<b>1,067,120</b>	<b>56,985,666</b>	<b>58,052,786</b>
Application of:				
AASB 16: Leases		-	(22,124)	(22,124)
Comprehensive income:				
Profit for the year		-	350,063	350,063
Other comprehensive income for the year		-	-	-
Total comprehensive income attributable to members of the entity		-	350,063	350,063
Transfers to (from) reserves	21	250,151	(250,151)	-
<b>Balance at 30 June 2020</b>		<b>1,317,271</b>	<b>57,063,454</b>	<b>58,380,725</b>
Comprehensive income:				
Loss for the year			(2,023,919)	(2,023,919)
Other comprehensive income for the year		-	-	-
Total comprehensive income attributable to members of the entity			(2,023,919)	(2,023,919)
Transfers to (from) reserves	21	215,332	(215,332)	-
<b>Balance at 30 June 2021</b>		<b>1,532,603</b>	<b>54,824,203</b>	<b>56,356,806</b>

The Statement of changes in equity should be read in conjunction with the accompanying notes.

**Statement of cash flows**

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,580,020	2,575,143
Receipts from grants		1,569,609	2,961,493
Less: Payments to suppliers & employees		(2,867,593)	(3,055,325)
Interest received		6,362	21,701
Interest paid and borrowing costs		(131,204)	(151,582)
<b>Net cash provided by operating activities</b>		<b>1,157,194</b>	<b>2,351,430</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		100	25
Payment for land and buildings		(1,475,512)	(248,182)
Payment for property, plant and equipment		-	-
<b>Net cash used in investing activities</b>		<b>(1,475,512)</b>	<b>(248,157)</b>
<b>Cash flows from financing activities</b>			
Loan borrowings - advances		962,073	-
Loan borrowings - repayments		(166,086)	-
Repayment of finance liabilities		(146,899)	(156,694)
<b>Net cash provided by (used in) financing activities</b>		<b>649,088</b>	<b>(156,694)</b>
Net increase (decrease) in cash held		330,870	1,946,579
Cash at the beginning of the financial year		5,023,229	3,076,650
<b>Cash at the end of the financial year</b>	4	<b>5,354,099</b>	<b>5,023,229</b>

The Statement of cash flows should be read in conjunction with the accompanying notes.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Preparation**

The Financial Statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-profits Commission Act 2012 (ACNC) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events, and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at the fair value of selected non-current assets, financial assets, and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The Financial Statements were authorised for issue by the Board of Directors on 27 October 2021.

**Accounting Policies**

**a. Revenue**

Non-reciprocal grant revenue is recognised in profit or loss when the entity obtains control of the grant, and 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.

If conditions are attached to the grant, which must be satisfied before the entity is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

The Company 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 profit or loss.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

Rental income from an operating lease is recognised on a straight-line basis over the term of the relevant leases.

All revenue is stated net of the amount of goods and services tax.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**b. Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

Inventories acquired at no cost or for nominal consideration are valued at the current replacement cost as of the date of acquisition.

**c. Property, Plant and Equipment**

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

**Freehold property**

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by an external independent valuer, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset the previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for a nominal cost are initially recognised and measured at the asset's fair value at the date it was acquired.

**Plant and equipment**

Plant and equipment are measured on a cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount, and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of the recoverable amount is made when impairment indicators are present (refer Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost or for a nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

**Depreciation**

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated straight-line over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**c. Property, Plant and Equipment (cont.)**

**Depreciation (cont.)**

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation &amp; Amortisation Rate</b>
Computer Equipment	33%
Fittings	20%
Furniture	13%
Leased motor vehicles	4%
Leased office space	4%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**Investment property**

Investment properties are shown at their fair value based on periodic, but at least every three years, valuations by an external independent valuer and ignores the effect of any GST that may ultimately be payable. Any GST that may be payable at the time of sale, should that ever occur, will depend on various factors, and the Entity would seek specific tax advice at that time.

The investment property valuations are based on the market value of individual units (gross realisation) with vacant possession. Under this approach, sales of similar properties are compared to the subject units to assess their market value.

Increases in the carrying amount arising on revaluation of land and buildings at fair value are recognised in the statement of profit and loss and other comprehensive income.

Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss.

Any gain or loss on the disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

During the reporting period, a decrease in the carrying value of \$2,900,512 is an adjustment for market revaluation.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**c. Property, Plant and Equipment (cont.)**

**Investment property (cont.)**

<b>Property Name</b>	<b>Location</b>	<b>No. Units</b>	<b>Previous Valuation \$</b>	<b>Last Valuation \$</b>	<b>Last Valuation Date</b>	<b>Valuation Next Due (Financial Year)</b>	<b>Incr (Decr) during the year \$</b>
Lorna	Driver, Palmerston Johnston,	9	3,390,000	2,940,000	30/06/2021	2024	(450,000)
Parks	Palmerston Nightcliff,	12	4,200,000	3,360,000	30/06/2021	2024	(840,000)
Avis	Darwin Nightcliff,	10	4,710,000	4,020,000	30/06/2021	2024	(690,000)
Nahla	Darwin Driver,	10	4,715,000	3,955,000	30/06/2021	2024	(760,000)
Driver	Palmerston Parap,	20	6,610,000	6,220,000	30/06/2021	2024	(390,000)
Parap	Darwin Johnston,	35	-	12,595,000	14/01/2019	2022	-
EcoGardens	Palmerston Johnston,	6	-	910,000	04/11/2019	2022	-
EcoWaters	Palmerston Johnston,	10	-	1,520,000	04/11/2019	2022	-
Tarakan Mitchell Springs	Palmerston Johnston,	48	-	13,840,000	04/11/2019	2023	-
	Palmerston Peko,	12	4,175,000	4,360,000	30/06/2021	2023	185,000
Peko Road	Tennant Creek	5	1,475,512	1,520,000	30/06/2021	2024	(44,488)
	<b>Total</b>	<b>177</b>	<b>29,275,512</b>	<b>55,240,000</b>		<b>Movement</b>	<b>(2,900,512)</b>

<b>Property Type</b>	<b>Location</b>	<b>Parcel size</b>	<b>Value</b>	<b>Purchased</b>
Freehold Land	Tennant Creek NT 0860	1460 sqm	\$ 85,000	25/11/2019
Crown Lease for Development	Tennant Creek NT 0860	1200 sqm	\$ 45,000	28/10/2019
Crown Lease for Development	Tennant Creek NT 0860	1150 sqm	\$ 40,909	28/10/2019
Freehold Land	Tennant Creek NT 0860	1000 sqm	\$ 77,273	07/10/2019
			<b>\$ 248,182</b>	

**d. Leases**

**The Entity as lessee**

At the inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company as a lessee. However, all contracts that are classified as short-term leases (lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**d. Leases (cont.)**

**The Entity as lessee (cont.)**

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options, and
- payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term of the useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options, and
- payment of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term of the useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**Concessionary Leases**

For leases that have significantly below-market terms and conditions principally to enable the Entity to further its objectives (commonly known as peppercorn/concessionary leases), the Entity has adopted the temporary relief under AASB 2018-8 and measures the right of use asset at cost on initial recognition.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**e. Financial Instruments**

**Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Entity commits itself to either purchase or sell the asset (i.e., trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to the profit and loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB: 15 *Revenue from Contracts with Customers*.

**Classification and subsequent measurement**

*Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

**Classification and subsequent recognition**

*Financial liabilities*

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are discounts the estimated future cash flows through subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is;

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**e. Financial Instruments (cont.)**

**Classification and subsequent recognition (cont.)**

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

*Financial assets*

Financial assets are subsequently measured at;

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is based on two primary criteria:

- the contractual cash flow characteristics of the financial assets; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost;

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit and loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a
- group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**e. Financial Instruments (cont.)**

**Classification and subsequent recognition (cont.)**

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

*Equity instruments*

At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled, or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expire, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e., has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity, which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**e. Financial Instruments (cont.)**

**Derecognition (cont.)**

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income; lease receivables;
- contract assets (e.g., amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for;

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the following approaches to impairment, as applicable under AASB 9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

*General approach*

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, considering various data to get to an expected credit loss (i.e., Diversity of its customer base, appropriate groupings of its historical loss experience, etc.).

*Purchased or originated credit-impaired approach*

For financial assets that are considered to be credit-impaired (not an acquisition or originations), the entity measures any change in its lifetime expected credit loss as the difference between the assets gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**e. Financial Instruments (cont.)**

**Derecognition (cont.)**

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (e.g., default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

*Low credit risk operational simplification approach*

If a financial asset is determined to have a low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or relative to the credit risk of the jurisdiction in which it operates.

**Recognition of expected credit losses in financial statements**

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g., loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

At the end of the reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**f. Impairment of Assets**

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unity to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

**g. Employee Benefits**

**Short-term employee benefits**

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The entity's obligations for short-term employee benefits such as wages, salaries, and superannuation are recognised as part of current trade and other payable in the statement of financial position.

**Other long-term employee benefits**

The entity classifies employees' long service leave and annual leave entitlements as other long-term employee benefits, as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Provision is made for the entity's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The entity's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's ordinary average salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable.

The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**g. Employee Benefits (cont.)**

**Retirement benefit obligations**

*Defined contribution superannuation benefits*

All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

**h. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

**i. Trade and Other Receivables**

Trade and other receivables include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as non-current assets.

Accounts receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment (refer to Note 1(f) for further discussion on the determination of impairment losses).

**j. Contract Assets**

Contract assets are recognised when the Company has transferred goods or services to the customer and or completed required performance obligations but has yet to establish unconditional rights to consideration. Contract assets are treated as financial assets for impairment purposes.

**k. Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable for payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or 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 ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

**l. Income Tax**

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



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**m. Intangible Assets**

**Software**

Software is initially recognised at cost. Where software is acquired at no cost, or for a nominal cost, the cost is its fair value, as at the date of acquisition. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

**n. Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. Trade payables are recognised at their transaction price. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**o. Contract Liabilities**

Contract liabilities represent the Company's obligation to transfer goods or services to a customer or complete required performance obligations 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 and or completed required performance obligations.

**p. Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are recognised represent the best estimate of the amounts require to settle the obligation at the end of the reporting period.

**q. Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

**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 and are based on current trends and economic data, obtained both externally and within the entity.

**Key estimates**

*(i) Valuation of investment properties and freehold land*

Investment properties are re-valued on a minimum three (3) year cycle, or earlier if an event warrants a revaluation occurring. Investment properties are independently valued by a registered valuer. The investment property valuations are based on the market value of individual units (gross realisation) with vacant possession. Under this approach, sales of similar properties are compared to the subject units to assess their market value.

At 30 June 2021 seventy-eight (78) investment properties were independently valued. The valuation resulted in a total carrying value decrease of \$2,900,512, driven by property market fluctuations.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**r. Critical Accounting Estimates and Judgements**

**Key estimates**

*(i) Valuation of investment properties and freehold land (cont.)*

At 30 June 2021, the directors have performed a directors' valuation on the remaining ninety-nine (99) investment properties. The directors have reviewed the key assumptions adopted by independent valuers on previous independent valuations, and do not believe there has been a significant change in the assets, and the carrying amount of these investment properties reflects the fair value as at 30 June 2021.

*(ii) Useful lives of property, plant and equipment*

As described in Note 1(c), the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period, based on the expected utility of the assets.

*(iii) Impairment – General*

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

*Impairment of leasehold improvements and plant and equipment*

The Company assesses impairment of leasehold improvements and plant and equipment at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions. There was no provision for impairment of leasehold improvements and plant and equipment as at 30 June 2021 (2020: \$Nil).

*Impairment of accounts receivable*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position. There was no provision for impairment of receivables as at 30 June 2021 (2020: \$Nil).

*(iv) Repairs and Maintenance*

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are recognised as expenses, as incurred. In recognition of the need to plan for major refurbishments of investment properties, the Board approved the establishment of a Reserve account (Integrated Asset Management Plan Reserve). The amounts transferred annually from Retained Earnings to the Integrated Asset Management Reserve are guided by the maintenance budget as outlined in the Company's Integrated Asset Management Plan 2018-2028. The Maintenance Plan identifies major renewal costs and does not include routine operating maintenance, repair and minor renewal costs. The Maintenance Plan is reviewed annually in March to enable accurate financial year forecasting to be included in the annual budgeting and cash flow forecast process. For the year ending 30 June 2021, an amount of \$215,332 has been transferred from Retained Earnings to the Integrated Asset Management Plan Reserve (2020: \$250,151).

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**r. Critical Accounting Estimates and Judgements (cont.)**

**Key judgements**

*(i) Performance obligations under AASB 15*

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficient by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature / type, cost /value, quantity, and the period of transfer related to the goods or services promised.

*(ii) Lease term and Option to Extend under AASB 16*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the entity will make.

The entity determines the likeliness to exercise the options on a lease-by-lease basis looking at various factors such as which assets are strategic, and which are key to future strategy of the entity.

*(iii) Employee benefits*

For the purpose of measurement, AASB 119; Employee Benefits defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The entity expects that employees will use their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows. The directors believe that obligations for annual leave entitlements satisfy the definition short-term employee benefits.

**s. Economic Dependence**

At the time of writing, the Company owns one hundred seventy-seven (177) dwellings, has a head lease arrangement over ten (10) dwellings, and manages one (1) dwelling for a private investor. Owned dwellings are rented under the National Rental Affordability Scheme (NRAS) from which the Company receives Government recurrent grant funding. The NRAS will cease in 2026. The first tranche of thirty-five (35) owned properties will exit the scheme in 2022, with the majority of properties exiting in 2025 and 2026. The Company is dependent on generating sufficient rental income to operate its business and uses current NRAS Incentives to provide working capital and to increase its housing stock (assets). The directors are considering various strategies and options for the Company's future direction prior to and post the NRAS wind-down.

**t. Fair Value of Assets and Liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair Value” is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e., unforced) transaction between independent, knowledgeable, and willing market participants at the measurement date.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)**

**t. Fair Value of Assets and Liabilities (cont.)**

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entities' own equity instruments (if any) may be valued, where there is not observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

**u. Adoption of New and Revised Accounting Standards**

**Initial adoption of AASB 2020-04 COVID-19 Related Rent Concessions**

AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19 Related Rent Concession amends AASB 16 by providing a practical expedient that permits lessees to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and, if certain conditions are met, account for those rent concessions as if they were not lease modifications.

**Initial adoption of AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business**

AASB 2018-6 amends and narrows the definition of a business specified in AASB 3 Business Combinations, simplifying the determination of whether a transaction should be accounted for as a business combination or an asset acquisition. Entities may also perform a calculation and elect to treat certain acquisitions as acquisitions of assets.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**NOTE 2: REVENUE AND OTHER INCOME**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Revenue</b>		
Revenue earned from rental income	2,294,231	2,413,975
	<u>2,294,231</u>	<u>2,413,975</u>
Revenue from (non-reciprocal) government grants and other grants		
National Rental Affordability Scheme	1,354,274	1,533,601
NDIS Specialist Disability Accommodation	54,285	42,764
Cash flow boost	50,000	50,000
	<u>1,458,559</u>	<u>1,626,365</u>
<b>Total rental and grant revenue</b>	<b><u>3,752,790</u></b>	<b><u>4,040,340</u></b>
<b>Other income</b>		
Interest received	6,362	21,701
Sale of assets	100	25
Donations received	20,000	-
Fee for service	61,012	58,065
Tenant recoverable	37,318	32,200
Sundry income	161,512	29,211
	<u>286,304</u>	<u>141,202</u>
<b>Total other income</b>	<b><u>286,304</u></b>	<b><u>141,202</u></b>
<b>Total revenue and other income</b>	<b><u>4,039,094</u></b>	<b><u>4,181,542</u></b>

**NOTE 3: PROFIT FOR THE YEAR**

	<b>2021</b>	<b>2020</b>
	\$	\$
(a) Expenses		
Employee benefits expenses		
Salaries and wages	1,178,687	1,083,080
Superannuation	102,645	93,144
Other staffing costs	43,887	41,066
<b>Total employee benefits expenses</b>	<b>1,325,219</b>	<b>1,217,290</b>
(b) Expenses		
Administration expenses		
Administration general expenses	347,440	457,683
Audit expenses - annual financial audit	7,150	7,150
Audit expenses - compliance audits	15,385	11,865
Bad debt expense	2,909	13,347
Low value asset lease expense	4,169	20,314
Short term lease expense	-	10,245
<b>Total administration expenses</b>	<b>377,053</b>	<b>520,603</b>
(c) Expenses		
Depreciation and amortisation expenses		
Depreciation plant and equipment	18,616	28,145
Right of use - vehicles	40,274	31,129
Right of use - office space	74,492	70,536
<b>Total depreciation and amortisation expenses</b>	<b>133,382</b>	<b>129,810</b>
(d) Expenses		
Interest and finance expenses		
Interest finance costs	131,204	151,583
Interest - vehicle lease liability	10,633	4,280
Interest - office space lease liability	3,343	24,697
<b>Total interest and finance expenses</b>	<b>145,180</b>	<b>180,560</b>

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### NOTE 4: CASH AND CASH EQUIVALENTS

	2021	2020
Note	\$	\$
CURRENT		
cash on hand	190	277
Operating/Cheque accounts	2,362,967	551,998
Cash in investment accounts	2,990,942	4,470,954
19	<u>5,354,099</u>	<u>5,023,229</u>

### Capital Management

Management controls the capital of the Company to ensure that adequate cash flows are generated to fund its programs and that returns from investments are maximised.

Management operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board regularly. These include credit risk policies and future cash flow requirements.

The Company's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the Company's capital by assessing the Company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

Liquidity ratios for the year ended 30 June 2021 is as follows:

Cash and cash equivalents	5,354,099	5,023,229
Current liabilities	970,528	1,088,395
Liquidity ratio	5.52	4.62

### NOTE 5: TRADE AND OTHER RECEIVABLES

	2021	2020
Note	\$	\$
CURRENT		
Rent arrears	11,281	10,766
GST receivables	25,873	53,917
Other receivables	262,573	373,623
19	<u>299,727</u>	<u>438,306</u>

The Company writes off a receivable when there is available information that the debtor is in severe financial difficulty and there is no realistic likelihood of recovery. None of the receivables that have been written off is subject to enforcement activities. For the period ending 30 June 2021, receivables of \$2,909 (2020 \$13,347) were considered unrecoverable and written off as bad debts.

At 30 June 2021, the maximum exposure to credit risk for Trade and other receivables was \$299,727 (2020 \$438,306). The variation between the years is due to sixteen (16) properties being ineligible to receive National Rental Affordability Scheme incentives.

At 30 June 2021, the Company's most significant debtor was the Australian Government (Department of Social Services – National Rental Affordability Scheme), \$262,573 (2020: \$373,623).

The Company's normal credit terms are 30 days.

**NOTE 6: OTHER CURRENT ASSETS**

	<b>2021</b>	<b>2020</b>
	\$	\$
Prepayments	176,802	224,856
Deposits paid	22,908	164,444
	<u>199,710</u>	<u>389,300</u>

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Plant and equipment</b>		
Computer equipment (at cost)	64,929	64,929
Less: Accumulated depreciated	(60,069)	(58,034)
	<u>4,860</u>	<u>6,895</u>
Furniture and fittings (at cost)	262,737	262,737
Less: Accumulated depreciation	(189,924)	(173,343)
	<u>72,813</u>	<u>89,394</u>
<b>Total plant and equipment</b>	<b><u>77,673</u></b>	<b><u>96,289</u></b>
Plant and equipment reconciliation:		
Opening value	96,289	124,434
Additions:	-	-
Less: Depreciation	(18,616)	(28,145)
<b>Closing value</b>	<b><u>77,673</u></b>	<b><u>96,289</u></b>

**NOTE 8: RIGHT OF USE ASSETS**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>Right of use assets</b>		
Leased motor vehicles Capitalised leased vehicles	92,405	101,044
Less: Accumulated depreciation	(64,996)	(36,221)
<b>Total leased motor vehicles</b>	<b><u>27,409</u></b>	<b><u>64,823</u></b>
<b>Leased office space</b>		
Capitalised leased office space	372,458	564,292
Less: Accumulated depreciation	(254,513)	(170,463)
<b>Total lease office space</b>	<b><u>117,945</u></b>	<b><u>393,829</u></b>
<b>Total right of use assets</b>	<b><u>145,354</u></b>	<b><u>458,652</u></b>
Right of use assets reconciliation:		
Opening value	458,652	-
Additions: Reclassification to right of use asset	-	642,366
Additions: Reclassification depreciation of right of use asset	-	(105,018)
Additions: Leased motor vehicles	-	22,969
Disposals - Leased motor vehicles	(8,639)	-
Disposals - Leased office space	(189,893)	-
Less: Depreciation	(114,766)	(101,665)
<b>Closing value</b>	<b><u>145,354</u></b>	<b><u>458,652</u></b>



**NOTE 8: RIGHT OF USE ASSETS (cont.)**

The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short term and low-value leases) recognised as operating leases under AASB117; Leases where the Company is the lessee. The lease liabilities are measured at the present value of the remaining lease payments. The Company's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities and used to discount the lease payments was 4.95%.

The right of use assets for property, plant and equipment were measured at their carrying amounts as if AASB 16: Leases had been applied since the commencement date but discounted using the Company's weighted average incremental borrowing rate on 1 July 2019.

The right of use assets for the remaining leases were measured and recognised in the statement of financial position as of 1 July 2019 by taking into consideration the lease liability, prepaid and accrued lease payments previously recognised as at 1 July 2019 (that are related to the lease).

**NOTE 9: INVESTMENT PROPERTY**

	Note	2021 \$	2020 \$
<b>Investment property</b>			
Investment property at fair value			
- directors' valuation 30 June 2020		-	52,738,182
- independent valuation 24 April 2020		-	4,175,000
Directors' valuation 30 June 2021		29,113,182	-
Independent valuation 30 June 2021		26,375,000	-
<b>Total investment property</b>	<b>20</b>	<b>55,488,182</b>	<b>56,913,182</b>
Investment property reconciliation: Opening value		56,913,182	57,080,000
Additions at cost		1,520,000	248,182
Less: Disposals		(44,488)	-
Less: Revaluation impairment		(2,900,512)	(415,000)
<b>Closing value</b>		<b>55,488,182</b>	<b>56,913,182</b>

A total of seventy-eight (78) investment properties were independently valued for the financial year ending 30 June 2021. The critical assumptions adopted in determining the valuation included the location of the properties, the current demand for properties in the area, recent sales data for similar properties and assessment of the state of the properties considering claims currently under investigation. The assessment resulted in a total carrying value decrease of \$2,900,512.

During the current reporting period, the Company took possession of five (5) strata-titles investment properties in Tennant Creek. The Company entered into a contract of sale for the purchase of these properties on 11 September 2018. The properties are leased under the National Rental Affordability Scheme (NRAS).

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### NOTE 9: INVESTMENT PROPERTY (cont.)

Property Name	Location	No. Units	Previous Valuation \$	Last Valuation \$	Last Valuation Date	Valuation Next Due (Financial Year)	Incr (Decr) during the year \$
Lorna	Driver, Palmerston	9	3,390,000	2,940,000	30/06/2021	2024	(450,000)
Parks	Johnston, Palmerston	12	4,200,000	3,360,000	30/06/2021	2024	(840,000)
Avis	Nightcliff, Darwin	10	4,710,000	4,020,000	30/06/2021	2024	(690,000)
Nahla	Nightcliff, Darwin	10	4,715,000	3,955,000	30/06/2021	2024	(760,000)
Driver	Driver, Palmerston	20	6,610,000	6,220,000	30/06/2021	2024	(390,000)
Parap	Parap, Darwin	35	-	12,595,000	14/01/2019	2022	-
EcoGardens	Johnston, Palmerston	6	-	910,000	04/11/2019	2022	-
EcoWaters	Johnston, Palmerston	10	-	1,520,000	04/11/2019	2022	-
Tarakan Mitchell	Johnston, Palmerston	48	-	13,840,000	04/11/2019	2023	-
Springs	Peko, Palmerston	12	4,175,000	4,360,000	30/06/2021	2023	185,000
Peko Road	Tennant Creek	5	1,475,512	1,520,000	30/06/2021	2024	(44,488)
<b>Total</b>		<b>177</b>	<b>29,275,512</b>	<b>55,240,000</b>		<b>Movement</b>	<b>(2,900,512)</b>

Property Type	Location	Parcel size	Value	Purchased
Freehold Land	Tennant Creek NT 0860	1460 sqm	\$ 85,000	25/11/2019
Crown Lease for Development	Tennant Creek NT 0860	1200 sqm	\$ 45,000	28/10/2019
Crown Lease for Development	Tennant Creek NT 0860	1150 sqm	\$ 40,909	28/10/2019
Freehold Land	Tennant Creek NT 0860	1000 sqm	\$ 77,273	07/10/2019
			<b>\$ 248,182</b>	

Investment properties are re-valued on a minimum three (3) year cycle or earlier if an event warrants a revaluation occurring. Investment properties are independently valued by a registered valuer. The investment property valuations are based on the market value of individual units (gross realisation) with vacant possession. Under this approach, sales of similar properties are compared to the subject units to assess their market value.

At 30 June 2021, seventy-eight (78) investment properties were independently valued. The valuation resulted in a total carrying value decrease of \$2,900,512, driven by property market fluctuations.

At 30 June 2021, the directors have performed a directors' valuation on the remaining ninety-nine (99) investment properties. The directors have reviewed the key assumptions adopted by independent valuers on previous independent valuations and do not believe there has been a significant change in the assets, and the carrying amount of these investment properties reflects the fair value as at 30 June 2021.

The critical assumptions adopted in determining valuations include the location of the properties, the current demand for properties in the area, recent sales data for similar properties.

**NOTE 10: TRADE AND OTHER PAYABLES**

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
<b>CURRENT</b>			
Trade and other payables		163,377	253,271
Credit cards		1,502	2,753
Bonds payable		186,896	201,632
Rent in advance		86,655	88,179
Payroll liabilities		22,230	68,059
	<b>10a</b>	<u>465,660</u>	<u>613,894</u>
a. Financial liabilities at amortised cost classified as trade and other payables			
- total current		465,660	613,894
- total non-current		-	-
		<u>465,660</u>	<u>613,894</u>
Less rent in advance		(86,655)	(88,179)
Financial liabilities as trade and other payables	<b>19</b>	<u>379,005</u>	<u>525,715</u>

**NOTE 11: BORROWINGS**

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
<b>CURRENT</b>			
Bank loan secured		<u>310,811</u>	<u>257,049</u>
<b>NON-CURRENT</b>			
Bank loan secured		<u>4,122,795</u>	<u>3,380,570</u>
<b>Total Borrowings</b>	<b>19</b>	<b>4,433,606</b>	<b>3,637,619</b>
a. Total current and non-current secured liabilities			
Bank loans		<u>4,433,606</u>	<u>3,637,619</u>
b. The carrying amounts of non-current assets pledged as security are:			
Freehold land and buildings		<u>8,400,000</u>	<u>9,200,000</u>

The bank debt is secured by a first registered mortgage over certain freehold properties owned by the Company. The loan facilities are principal and interest facilities. Covenants imposed by the bank require the Company to maintain at all times a maximum LVR of 50% and Debt Cover Ratio of 1.25:1.

The maturity profile of the Bank Loans is as follows:

<b>Borrowing facility</b>	<b>Facility limit</b>	<b>Maturity dates</b>	<b>Interest rates</b>	<b>Rate type</b>	<b>2021</b> \$	<b>2020</b> \$
Bank loan - Facility One	\$1,600,000	30 August 2038	3.24%	Variable	1,402,565	1,459,987
Bank loan - Facility Two	\$2,400,000	30 August 2038	2.74%	Variable	2,081,941	2,177,632
Bank loan – Facility Three	\$960,000	8 October 2050	3.30%	Variable	949,100	-
					<u>4,433,606</u>	<u>3,637,619</u>

**NOTE 12: EMPLOYEE PROVISIONS**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>CURRENT</b>		
Provision for employee benefits: annual leave	90,794	117,725
<b>NON-CURRENT</b>		
Provision for employee benefits: long service leave	56,631	76,292
<b>Total provisions for employee benefits</b>	<b>147,425</b>	<b>194,017</b>
<b>Analysis of total provisions</b>		
Opening balance	194,017	141,064
Additional provisions raised during year	71,532	104,774
Amounts used	(118,124)	(51,821)
	147,425	194,017

**Provision for employee benefits**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next twelve (12) months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wishes to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

**NOTE 13: LEASE LIABILITIES**

	<b>2021</b>	<b>2020</b>
	\$	\$
<b>CURRENT</b>		
Leases - properties	82,386	64,939
Leases motor vehicles	20,877	33,820
	103,263	98,759
<b>NON-CURRENT</b>		
Leases - properties	50,304	360,954
Leases motor vehicles	7,681	32,990
	57,985	393,944
<b>Total lease liabilities</b>	<b>19 161,248</b>	<b>492,703</b>

**NOTE 14: CAPITAL AND LEASING COMMITMENTS**

The operating lease commitments consist of short-term motor vehicle leases and low-value equipment lease commitments.

**a. Operating Lease Commitments**

	<b>2021</b>	<b>2020</b>
	\$	\$
Rental commitments: short term and low-value assets		
Payable - minimum lease payments		
not later than one year	20,559	19,467
later than one year and not later than five years	24,983	41,513
<b>Total Operating lease commitments</b>	<b>45,542</b>	<b>60,980</b>

The non-cancellable operating leasing commitments in 2021 are contracted for short term leases and for photocopier and other low-value small office equipment assets.

**b. Capital Expenditure Commitments**

On 06 August 2021, the Company entered into a contractual agreement to purchase eight (8) strata-titled units located at 3 Tarakan Court, Johnston, for \$2,685,000 (incl GST). The date for completion of the contract is forty-two (42) days from the date that special conditions and finance approval are deemed satisfied. The properties will be leased under the National Rental Affordability Scheme.

**NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

**Investment Property**

Properties gifted (160 properties at 30 June 2018) are subject to conditions provided in a Funding Deed dated 30 July 2012. The Company must seek the approval to:

- i. Mortgage, charge or otherwise encumber the properties;
- ii. Sell, assign, transfer or otherwise dispose of the properties.

The Funding Deed continues to bind the Parties for a term of 30 years. The funder, in its absolute discretion by notice in writing no later than the commencement of the final year of the term, extends the term by a period of 15 years. Upon expiration of the term of the Funding Deed, the funder will cease to have any interest in the properties.

**Building Compliance – Home Building Certification Fund Scheme Claim**

In the financial year ending 30 June 2021, the Company had an outstanding claim under the Home Building Certification Fund (HBCF) scheme for National Construction Code (NCC) non-compliances regarding sixteen (16) dwellings. The claim was lodged on 06 November 2018.

At 30 June 2021, determinations had been reached on seventeen (17) of the eighteen (18) claim elements. The Company is working closely with relevant parties and has confidence the works to remedy non-compliant and subsequential issues will be completed in the 2021-22 financial year.

Any subsequent movements in property values and impairment will be recognised at the end of the reporting period on 30 June 2022.

**NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS (cont.)**

**Building Compliance – Transfer Slab Claim**

On 30 April 2019, the Company was served with a Building Notice regarding the alleged design of the transfer slab at a forty-eight (48) unit complex. In compliance with the Form 1 Building Notice, the Company engaged an NT-registered Structural Engineer, and determined and undertook the temporary remedial works required within seven days of the Engineer’s engagement, at the Company’s cost, and advised the regulatory authority of the same.

In the financial year ending 30 June 2019, the Company recognised an impairment of the properties for \$1,370,000.

In April 2021, the Company accepted an offer of settlement for this claim. The Company has engaged a contractor to undertake remedial works and has confidence all works will be completed in the 2021-22 financial year. Any subsequent movements in property values and/or impairment will be recognised at the end of the reporting period 30 June 2022.

**NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE**

**Contract for the purchase of eight (8) strata-titled units**

- On 06 August 2021, the Company entered into a contractual agreement to purchase eight (8) strata-titled units located at 3 Tarakan Court, Johnston, for \$2,685,000 (incl GST). The date for completion of the contract is forty-two (42) days from the date that special conditions and finance approval are deemed satisfied. The properties will be leased under the National Rental Affordability Scheme.

**Building Compliance – Home Building Certification Fund Scheme Claim**

- The Company is in negotiation with the relevant party concerning the loss of rent and National Rental Affordability Scheme incentives that the Company has incurred due to the properties being vacant. The Company has confidence an agreement on the level of compensation will be reached during the 2021-22 financial year.

The Company has confidence the properties will be available for re-tenanting in the 2021-22 financial year.

**NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION**

Any person(s) having authority and responsibility for the planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company, is considered key management personnel (KMP).

The totals of remuneration paid to KMP of the Company during the year are as follows:

	<b>2021</b>	<b>2020</b>
	\$	\$
Key management personnel compensation		
Short term benefits	482,828	216,680
Other long-term benefits	33,242	10,617
	<u>516,070</u>	<u>227,297</u>

**NOTE 18: OTHER RELATED PARTY TRANSACTIONS**

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

There were no other related party transactions in 2021 (2020: Nil).

**NOTE 19: FINANCIAL RISK MANAGEMENT**

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases.

**Risk Management Framework**

The Company's Board of Directors has overall responsibility of the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The carrying amount of financial assets represents the maximum credit exposure.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement*

The Corporation's financial instruments consist mainly of deposits with banks, local money market instruments, short term and long-term investments, account receivables and payables, contract assets, lease liabilities and contract liabilities. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
<b>Financial assets</b>			
Financial assets at amortised cost:			
Cash on hand	4	5,354,099	5,023,229
Trade and other receivables	5	299,727	438,306
<b>Total financial assets</b>		<b>5,653,826</b>	<b>5,461,535</b>

The Company held cash and cash equivalents of \$5,354,099 at 30 June 2021 (2020: \$5,023,229). The cash and cash equivalents are held with Banks.

	<b>Note</b>	<b>2021</b> \$	<b>2020</b> \$
<b>Financial liabilities</b>			
Trade and other payables	10	379,005	525,715
Borrowings	11	4,433,606	3,637,619
Lease liabilities	13	161,248	492,703
<b>Total financial liabilities</b>		<b>4,973,859</b>	<b>4,656,037</b>

**NOTE 19: FINANCIAL RISK MANAGEMENT (cont.)**

**Credit Risk (contd.)**

*Financial liabilities (contd.)*

At 30 June 2021, the Company's most significant group of creditors are tenants of rental properties owned by the Company. The Company holds refundable tenancy bonds for the total amount of \$186,896 (2020: \$201,632) and rents paid in advance of \$86,655 (2020: \$88,179). Trade creditors at 30 June 2021 were \$112,260 (2020 \$140,385) and trade creditor accruals \$50,492 (2020 \$92,447).

**Borrowings**

On 08 October 2020, the Company secured an additional commercial loan of \$960,000 with terms of 30 years for the purchase of five (5) properties located in Tennant Creek NT 0860. In total, the Company has three commercial loan facilities that have repayments terms of principal and interest with terms of twenty (20) and thirty (30) years since the initial date of drawdown.

**NOTE 20: FAIR VALUE MEASUREMENTS**

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- financial assets at fair value through profit or loss;
- financial asset at fair value through other comprehensive income; and
- investment property

The Company does not subsequently measure any liabilities at fair value on a recurring basis or any assets or liabilities on a non-recurring basis.

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position.

	Note	2021		2020	
		Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
<b>Financial assets</b>					
Cash on hand and at bank	4, 19	5,354,099	5,354,099	5,023,229	5,023,229
Trade and other receivables	5, 19	299,727	299,727	438,306	438,306
Total financial assets		<u>5,653,826</u>	<u>5,653,826</u>	<u>5,461,535</u>	<u>5,461,535</u>
<b>Financial liabilities</b>					
Trade and other payables	10, 19	379,005	379,005	52,715	52,715
Borrowings	11, 19	4,433,606	4,433,606	3,637,619	3,637,619
Lease liabilities	13, 19	161,248	101,248	492,703	492,703
Total financial liabilities		<u>4,973,859</u>	<u>4,973,859</u>	<u>4,656,037</u>	<u>4,656,037</u>

- (i) Cash on hand accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is outside the scope of AASB 9.
- (ii) For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.



**NOTE 20: FAIR VALUE MEASUREMENTS (cont.)**

- (iii) Loans receivable and lease liabilities fair values are assessed on an annual basis by Management and the Committee Members. Current available data is used in assessing their carrying and fair values.

A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability; or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

	Note	2021		2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		\$	\$	\$	\$
<b>Non-Financial Assets</b>					
Investment property	9	55,488,182	55,488,182	56,913,182	56,913,182
Total non-financial assets		<u>55,488,182</u>	<u>55,488,182</u>	<u>56,913,182</u>	<u>56,913,182</u>

**Investment property**

The Company has one-hundred seventy-seven (177) properties that are measured at fair value on a recurring basis after initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities measured at fair value on a non-recurring basis.

The fair value measurement for investment properties of \$55,488,182 has been categorised as Level 2. Level 2 is based on inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly.

Level 1 measurements are based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

During the reporting period ending 30 June 2021, the following occurred:

- (i) a total of seventy-eight (78) properties were independently valued for the financial year ending 30 June 2021. The valuation resulted in a carrying value decrease of \$2,900,512. This movement is driven by property market fluctuations.

**NOTE 21: RESERVES**

	Integrated Asset Management Plan Reserve
	\$
<b>Balance at 30 June 2018</b>	820,180
Total comprehensive income (loss) for the period	-
Transfers in from Retained Earnings	<u>246,940</u>
<b>Balance at 30 June 2019</b>	1,067,120
Total comprehensive income (loss) for the period	-
Transfers in from Retained Earnings	<u>250,151</u>
<b>Balance at 30 June 2020</b>	1,317,271
Total comprehensive income (loss) for the period	-
Transfers to Retained Earnings	<u>215,332</u>
<b>Balance at 30 June 2021</b>	<u>1,532,603</u>

**NOTE 21: RESERVES (cont.)**

**Integrated Asset Management Plan Reserve**

In accordance with the Company's Integrated Asset Management Plan (IAMP), an amount, as designated in the Board-approved budget, is transferred (to and from) Retained Earnings to the Integrated Asset Management Plan Reserve (IAMP Reserve) to provide for long-term maintenance of The Company-owned properties. During the current period, an amount of \$215,332 was transferred from Retained Earnings to the IAMP Reserve (2020: \$250,151).

**NOTE 22: MEMBERS' GUARANTEE**

The Company is incorporated under the Corporations Act 2001 and 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 \$10 each towards meeting any outstanding obligations of the Company. At 30 June 2021, the number of members was seven.

**NOTE 23: ENTITY DETAILS**

The registered office of the entity is:

Level 2, 66 Smith Street

Darwin NT 0801

The principal place of business is:

Level 2, 66 Smith Street

Darwin NT 0801

**DIRECTORS' DECLARATION**

The directors of the registered entity declare that in the directors' opinion:

1. The financial statements and notes, as set out on pages 7 to 40, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
  - b) Give a true and fair view of the financial position of the registered entity as at 30 June 2021 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Signed in accordance with a resolution of the Directors:

Signed and dated at Darwin, this day of 27 October 2021.

  
\_\_\_\_\_  
Allan McGill  
Director

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENTURE HOUSING COMPANY LIMITED****REPORT ON THE AUDIT OF THE FINANCIAL REPORT*****Opinion***

We have audited the financial report of Venture Housing Company Limited (the "Company"), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other 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 the directors' declaration.

In our opinion the accompanying financial report of Venture Housing Company Limited, is in accordance with the requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance and its cash flows for the year then ended; and
- (b) Complying with Australian Accounting – Reduced Disclosure Requirements, the *Australian Charities and Not-for-profits Commission Regulation 2013* and the *Corporations Regulations 2001*.

***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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (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.

***Directors' responsibility for the financial report***

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view – in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*; and is appropriate to meet the needs of the members. The directors are also responsible 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 the Company'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 the directors either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

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## Independent Auditor's Report to the Members of Venture Housing Company Limited (CONT.)

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT (CONT.)

#### *Auditor's responsibility 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by those charged with governance.
- 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 Company'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 Company 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 the directors and management 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 our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Nexia Edwards Marshall NT  
Chartered Accountants



Noel Clifford  
Partner

Date: 10 November 2021

