

# **Narara Ecovillage Co-operative Ltd**

ABN 86 789 868 574

## **Financial Statements**

For the Year Ended 30 June 2021

# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

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# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Directors' Report

30 June 2021

Your directors present their report, together with the financial statements of the Group, being Narara Ecovillage Co-operative Limited and its controlled entity, for the financial year ended 30 June 2021.

### 1 General information

#### Directors

The names of the directors in office at any time during the year ended 30 June 2021 are:

Names	Position	Appointed/resigned
Bronwen Bassett	Director	Resigned 8 November 2020
Gina Price	Independent Director	
Grant Rickey	Director	
Laurence Perrin	Director	
Lincoln De Kalb	Director	Resigned 8 November 2020
Lynita Clark	Director	Appointed 8 November 2020
Richard Denham	Director	
Tony Hester	Director	Appointed 8 November 2020
Verena Olivier	Chair	

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

#### Principal activities

The purpose of the Narara Ecovillage Co-operative Ltd (NEV) is to, on behalf of its members, establish an ecovillage promoting social, environment and economic sustainability. The Narara Ecovillage development includes a mix of residential housing, agriculture, recreational and commercial facilities.

### 2 Operating results and review of operations for the year

#### Review of operations

The 2021 financial year saw significant milestones in Narara Ecovillage's (NEV's) history as well as some challenges:

- More individual homes built and occupied;
- Stage 2 Development Application approved (almost);
- Rezoning (Planning Proposal) application with Council;
- Construction of the Cluster Housing Project completed;
- NEV Water – connection to Central Coast Council water and sewer;
- NEV Power community battery acquired
- Development of community land and facilities;

# Narara Ecovillage Co-operative Ltd

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## Directors' Report

30 June 2021

### 2 Operating results and review of operations for the year

- Global pandemic continues;
- Membership growth and financial stability.

#### More individual homes built and occupied

Continued progress with members' homes being constructed at a relatively rapid pace after years of waiting. A wide variety of styles, construction types and building methods have led to a wide spectrum of sustainable homes, from earthship, strawbale, mudbrick, hempcrete, earth bags to more conventional timber frame and brick. There are also a number of secondary dwellings including three tiny homes on wheels. All have contributed to the growing diversity and demonstration of environmentally friendly building, very much in alignment with the aspirations of Narara Ecovillage.

New homes have all met our high Building Standards with an average of 7.63 NatHERS star rating, with a few achieving as much as 9 stars. This is far in excess of the minimum 6 stars required for new builds in NSW and above our own minimum of 7 stars.

Of the sixty lots in Stage 1, fifty-four house designs have been through the Building Review Panel approval process, including the eighteen 1 & 2-bedroom townhouses. Forty-two are currently occupied with more than one hundred residents now living in the Village and another eight dwellings are under construction.

#### Stage 2 Development Application approved (almost)

After close to 18 months, we received approval for our Development Application for Stage 2 land subdivision in August 2021. The delays are largely attributable to the disruption caused by Central Coast Council being placed into administration and the reduction in planning staff at Council available to assess the development applications. The time was well spent, however, with the preparation of project planning documentation, formation of a Stage 2 Co-ordination Circle and the appointment of Grant Rickey as our Stage 2 Development Manager. Grant brings extensive construction project management experience and has allowed our long-serving Project Director, John Talbott, to take a back seat.

Our consultant team will develop tender documentation with the objective of appointing a head civil works contractor in February 2022 and then subdivision works commencing on site in April 2022. The subdivision will create 43 new lots including 35 of a standard 550m<sup>2</sup> size and 8 lots being larger than 900m<sup>2</sup> with a potential for subdivision. Our scheduling anticipates that the Stage 2 project will wrap up in early 2023.

#### Rezoning initiative (Planning Proposal) application lodged with Council

Our updated Planning Proposal was lodged in February 2021. It includes some additional provisions to allow for some commercial and retail uses, allowing assets like the Admin Building to be used for business and other revenue generating activities, positively contributing to the Community's overheads and operational costs. It also has a modest allowance for higher density housing for a limited number of lots as well as inclusion of dual occupancy and smaller 450m<sup>2</sup> lot sizes, that had been part of the draft Local Environment Plan (LEP).

#### Construction of the Cluster Housing Project completed

The 18-unit cluster housing project started well in August 2018 and by September 2019 was approximately 60% completed and set for handover by the end of November 2019. Very unfortunately the contractor, Coastal Construction & Building, went into liquidation in mid September 2019, with no prior warning or indication of difficulties. This obviously caused a major interruption to construction and has been a major setback.

# Narara Ecovillage Co-operative Ltd

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### 2 Operating results and review of operations for the year

However, as with the many challenges that Narara Ecovillage has faced over the years, we were able to find a new builder, Matrix Group, which restarted construction in February 2020. The Village's Project Control Group experienced a number of difficulties with the new builder's approach to concluding the work. This resulted in a significant amount of additional volunteer time required to complete various defects and incomplete works after the builder failed to undertake many of these works. Our community has stepped up, however, to support the project to completion, with Occupation Certificate being granted in August 2021 and the transfer of all 18 units taking place shortly thereafter.

With the change in builders and delays resulting in extra holding and project management costs, and a lengthy list of defects that we have been left to attend to, we have incurred a deficit on the project. This has been minimised by a number of members voluntarily offering additional funds for small areas of land adjacent to their lots.

#### Voluntary Planning Agreement amendment ongoing

We agreed in principle in June 2018 to substitute an area of conservation forest (zoned E2) in lieu of the flood plain (zoned RE1) as required by the Planning Agreement forced on Narara Ecovillage Co-operative and Council by the vendor, NSW state government. We drafted a Bushland Management Plan as agreed and the ball has now been in Council's court for now more than 26 months. It has been another disappointment that this has not progressed in any way during the entire financial year.

In early 2021 a draft Deed of Agreement of prepared by our solicitors. A number of amendments were proposed by the Council via their external legal counsel, many of which we have accepted. At the time of writing, the requirements for us to construct an access road for maintenance at our cost remains the key point of contention.

#### NEV Water – Approval to Connect to Central Coast Council Water & Sewer

Despite the successful and historic achievement of being granted Network Operators and Retail Supplier licenses under the Water Industry Competition Act (WICA) by the NSW Minister for Utilities to provide potable water and wastewater on-site treatment services for the ecovillage, the technology ultimately chosen would have resulted in a high operating cost and an unacceptable annual member contribution in the long term.

In January 2019 Central Coast Council provided Narara Ecovillage with an estimate to connect to their services (town water and sewer), at an affordable price.

We commenced construction of the rising main in January 2021 and we are currently awaiting approval from IPART for operations under this new connection.

This move to a Council service has represented a major change of direction but will result in more affordable water charges for members. Narara Ecovillage will remain a WICA licence holder operating the infrastructure network and retail operations under NEV Water, the water utility for the Village.

A low-cost option to use water from the on-site 45 megalitre dam in the recycled water reticulation network is being researched. This could significantly reduce the use of town water for irrigation and gardens and continue to place Narara Ecovillage as a leader in best practice water use and conservation generally, despite having to abandon treatment of sewage and production of potable water onsite for the time being.

## Directors' Report

30 June 2021

### 2 Operating results and review of operations for the year

#### NEV Power Smart Grid developments

It's been a big 12 months for NEV Power. As of writing the project has achieved:

- Ausgrid AS4777 approval for and installation of the grid protection needed to increase the installed solar PV Village capacity beyond 30kw (initial approval was 430kw with an increase to 999kW under negotiation)
- Purchase and installation of the 470kwh battery. Hitachi ABB was selected following a tender process facilitated by an 'owner's engineer'. The battery is in the final stages of testing with Ausgrid sign-off expected by the end of 2022.
- Over 300kw of residential solar installed and commissioned.
- Renegotiation of the ARENA contract with the highlights being an additional \$230k in investment from ARENA due to higher than anticipated grid connection and battery costs, a split of milestones to recognise the progress of the project and an extension of the final milestone to Nov 2023. However we have recently agreed with ARENA to delay milestone 4B - see below.

The installation of the battery was made more challenging due to state based covid lockdowns. However, the Darwin based engineer worked closely with our on-site electrician and member of the NEV Power team to commission the battery remotely.

Milestone 4b of the ARENA grant was hinged on the battery installation, installation of over 300kwp of PV and having completed 50 house builds. This milestone could not be achieved by end Oct 2021 due to delays in the house builds that are beyond the control of the NEV Power team. A survey was taken of the members yet to complete their build and it was decided that delaying the milestone to Jan 2022 was prudent and accepted as such by ARENA.

A large media event is being planned, likely for early 2022, to formally open the Community battery and it's hoped a number of senior industry, government and media people will attend.

The final piece of the smart grid project is the smart controls. The team, supported by an external IT specialist embedded within the team, have made incredible headway, successfully prototyping a solution. They are now in formal roll-out of a largely open-source off the shelf solution adapted for our needs. Part of our development learning has meant that an aspect of our solution has been shared with the open-source community to further mature the product for all.

These smart controls will provide house-level real-time data, responsive control of the PV inverters and provide the framework to make intelligent decisions regarding the battery such as saving power for (literally) a rainy day vs exporting to the grid. The smart grid controls will also allow us to move to time-of-use billing. A design has also been agreed with the NEV Water team to better manage the pumping equipment using the smart controls so as to maximise solar generated power and reduce the drain on the battery during key times.

We have also welcomed a renewables electrical engineer PHD student into the team to both learn from us and provide valuable insights while writing her thesis.

The next 12 months will see us learn and fine tune the smart grid (technically and culturally) and deliver the knowledge sharing data to ARENA.

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### 2 Operating results and review of operations for the year

The whole NEV Power team have been, and are, working exceptionally well together bringing their unique skillsets to the project, donating large numbers of volunteer hours and I am personally proud of the success to date.

With the significance of the NEV Power infrastructure being lost by the offsetting of the ARENA grant funding, the Board decided to adjust the presentation of these important assets this year with a retrospective adjustment in prior year too. The changes are set out in Note 3 of this report.

#### Development of community land and facilities

Work has continued on converting the West Wing of the Admin Building to a dwelling house that will provide accommodation for members and guests in the Village. Three bedrooms have been completed with a further 5 bedrooms, 5 bathrooms, kitchen, living and laundry all still underway. Works are anticipated to be completed at the end of 2021.

Part of the refurbishment works for the West Wing included creating a breezeway (and fire separation) between the west and north wings of the Admin building, has opened up a connection between the northern grass area and the southern courtyard.

A team of volunteers transformed a dim room into a new kids play room with large glass doors which open to the courtyard. They were also busy creating a new large meeting and training room and aptly named the Big Fun Room, including energy efficient reverse-cycle air conditioning. Finally, some much needed repair work to the fascia boards of the Admin building was commenced with a mix of paid and voluntary member support. This project will take a few more years to complete.

Member interest in food growing is strong and much energy and time has gone into the Triple Span initiative. Plant propagation has allowed for planting in various locations, as well as some plant sales at open days. The Land Team has continued to carry out bush regeneration and extensive planting on common land, including much edible landscaping. This included the demonstration 'Scribbly Gum Patch' which uses excess stormwater runoff that had been an erosion problem in a permaculture-based swale system. There have been several well attended bushfire hazard reduction events to make the village as safe as possible. Landscape working groups are involved in the landscape design of common areas. A start has been made on the path around the floodplain, with intentions to extend towards Dean St and the surrounding bush.

There is regular steam weeding of the roads and edges to maintain our infrastructure.

#### The global pandemic continues

The community took some time to adjust to life with the threat of a global pandemic. Many face-to-face gatherings turned to zoom and many neighbourly chats were at a safe distance. Towards the end of 2020 the government started to ease the restrictions on gatherings and the members enjoyed a few months of reconnection, including a very popular gathering in December. However in June 2021 the masks returned. It has indeed been challenging times to live communally – particularly when the government guidelines weren't written contemplating life in an ecovillage. That said, we've continued to grow together, and grow more vegetables together, support one another through shared shopping trips and we've even found innovative solutions to the challenges such as helping members explore the lots in stage 2 via video conferencing on a smart phone and taking members on a tour of the site via Bertie, our resident drone. Whilst the innovation has been fun, we all look forward again to reconnecting face to face.

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30 June 2021

### 2 Operating results and review of operations for the year

#### Membership growth and financial stability

The global pandemic has certainly not slowed down interest in our Ecovillage. Whilst open days have been off and on, restriction-dependent, we've found multiple other means of helping many gather, get to know us, observe how we make decisions and ultimately join our Community. At the time of writing, 5 lots in Stage 2 remained unclaimed.

As in previous years, a few members have withdrawn from the Co-op for personal reasons, but with new members joining the net effect is a 21% growth from 85 to 103 memberships as at 30 June 2021 and 108 active memberships at the time of writing.

The Board, together with our operational Circles, took steps to protect the financial strength of the Community during the past financial year, with budgets for most aspects of Village life being tightly managed and controlled. This placed more pressure on members, who stepped up by contributing many additional volunteer hours to conserve our financial resources. Our growing membership base has responded so well to support the efforts of longer-standing members. The budgeted shortfall was cut by more than \$148,000 for the financial year which resulted in the Co-operative generating a surplus after tax of \$32,690 (2020 loss: \$301,074).

With Cooperative income not sufficient to cover all operating costs, an annual member contribution was agreed to again this year. An increase from \$2,268 per membership per annum to \$2,376 for the financial year ended 30 June 2021 was recommended and approved by members. Some Co-op owned assets are available for rent or use by members and a limited amount of revenue is being generated. A study on long term financial sustainability for the Co-op was undertaken by the Legal and Finance Committee and shared with the Community earlier in the year. It is clear that we will need to either continue to rely heavily on volunteers, increase the member contributions and/or increase our other business profits to help cover the fixed costs. It is expected that the total household costs for members will be in the order of \$4,000-\$5,000 per annum, which includes member contributions and Community Association Levies but excludes power and water services.

The sale of our neighbouring property, 23 Research Road, completed in July 2020. This property was originally purchased for the purposes of improving the outcome of Stage 2 by bringing the access road into the existing shared driveway on 23 and 21 Research Road. With the easement in place we were ready to let the property go and were very pleased it could be purchased by members of the ecovillage.

It is worth noting that we have recognised a cost of impairment on this land as the sale price was lower than the purchase price 2.5 years ago. We anticipate this cost will be recovered when Stage 2 land is sold, as the easement on 23 Research Road has increased the number of lots in Stage 2, with the revenue generated therefrom covering the shortfall in the sale price.

#### Conclusion

Narara Ecovillage Cooperative Ltd has now been in existence for over nine years and has endured significant bureaucratic challenges and delays, both at the State and Council level, particularly in the last four years with the amalgamation of Councils and more recently the administration appointment for the Central Coast Council being a particularly difficult setback.



# Narara Ecovillage Co-operative Ltd

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30 June 2021

### 2 Operating results and review of operations for the year

It is a continued credit to the membership that these challenges have been weathered and that despite the trials and tribulations we have emerged from this extraordinary year ready to take on phase two of the development.

With the completion of the 18 cluster houses and many more individual houses we have seen a significant and welcome increase in resident population from around 50 at the end of 30 June 2020 to over 100 in 2021. We look forward to being able to celebrate our budding community with more gatherings as restrictions ease again.

#### Operating results

The consolidated profit of the group after tax amounted to \$ 32,690 (2020 loss: \$ 301,074).

#### Dividends paid or recommended

No dividends were declared or paid during the period. No recommendation for payment of dividends has been made.

### 3 Other items

#### Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the group during the year.


#### Matters or circumstances arising after the end of the year


The sale of 18 cluster housing units was completed in September 2021, resulting in the realisation of a loss on this project of approximately \$250,000.

#### Future developments

The Narara Ecovillage Development is envisaged to be carried out in multiple stages. The development for Stage 2 has commenced with the lodgement of the Development Application and is expected to be completed in the 2022-23 financial year.

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

Director:  .....  
Verena Olivier

Director:  .....  
Laurence Perrin

Dated 23 October 2021

## Independent Auditor's Report to the members of Narara Ecovillage Co-operative Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Narara Ecovillage Co-operative Ltd (the co-operative) and its subsidiary (the group), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the group is in accordance with the *Co-operatives National Law (NSW)* and *Co-operatives National Regulations (NSW)*, including:

- (i) giving a true and fair view of the group's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements.

#### 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 group in accordance with the auditor independence requirements of the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' Report and Profit and Loss Statements, (but does not include the financial report and our auditor's report thereon).

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

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

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

### **Responsibilities of Directors for the Financial Report**

The directors of the co-operative are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Co-operatives National Law (NSW)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the the group'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 intend to wind up the group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 group'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 group 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 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.



Caroline Wilcher  
Director  
Boyce Assurance Services Pty Ltd

Dubbo

Dated 23 October 2021

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# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Directors' Declaration


The directors of the co-operative declare that:

1. The financial statements and notes are in accordance with the *Co-operatives National Law (NSW)* and:
  - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year then ended.
2. In the directors' opinion, there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors.

Director ..... 

Verena Olivier

Director ..... 

Laurence Perrin

Dated 23 October 2021

# Narara Ecovillage Co-operative Ltd

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

		2021	2020
	Note	\$	\$
Revenue	4(a)	415,753	373,658
Other income	4(b)	248,258	47,500
Cost of sales		(95,618)	(89,577)
Contractors and consultants		(272,054)	(248,620)
Depreciation expense	12(a)	(47,519)	(70,275)
Finance costs		(25,381)	(65,931)
Impairment of property, plant and equipment	12(a)	-	(217,286)
Insurance		(33,482)	(32,241)
Loss on disposal of property, plant and equipment		(3,319)	-
Other expenses		(25,608)	(26,272)
Professional fees		(17,100)	(19,175)
Project costs		-	(11,131)
Rates and charges		(18,746)	(29,083)
Repairs and maintenance		(70,528)	(43,535)
<b>Profit/(loss) before income tax</b>		<b>54,656</b>	<b>(431,968)</b>
Income tax expense	5	(21,966)	130,894
<b>Profit/(loss) for the year</b>		<b>32,690</b>	<b>(301,074)</b>
Other comprehensive income, net of income tax		-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Revaluation of land	12(a)	-	503,438
Income tax applicable		-	(130,894)
Adjustment for change in SBE tax rate		21,966	-
<b>Other comprehensive income for the year, net of tax</b>		<b>21,966</b>	<b>372,544</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>54,656</b>	<b>71,470</b>

The accompanying notes form part of these financial statements.



# Narara Ecovillage Co-operative Ltd

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## Statement of Financial Position

As At 30 June 2021

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	1,290,939	234,131
Trade and other receivables	8	18,731	99,279
Inventories	9	15,010,920	13,385,765
Non-current assets held for sale	10	344,264	1,394,264
Other assets	11	23,259	31,941
TOTAL CURRENT ASSETS		<u>16,688,113</u>	<u>15,145,380</u>
NON-CURRENT ASSETS			
Trade and other receivables	8	82,939	77,939
Property, plant and equipment	12	3,590,802	2,989,723
TOTAL NON-CURRENT ASSETS		<u>3,673,741</u>	<u>3,067,662</u>
TOTAL ASSETS		<u>20,361,854</u>	<u>18,213,042</u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	13	111,006	334,514
Borrowings	14	4,758,771	1,253,610
Contract liabilities	15	7,395,159	6,899,380
TOTAL CURRENT LIABILITIES		<u>12,264,936</u>	<u>8,487,504</u>
NON-CURRENT LIABILITIES			
Trade and other payables	13	1,850,122	1,848,342
Borrowings	14	4,029,096	6,554,152
<b>TOTAL NON-CURRENT LIABILITIES BEFORE MEMBERS' SHARE CAPITAL</b>		<u>5,879,218</u>	<u>8,402,494</u>
Members' share capital	16	3,770,000	2,930,000
TOTAL NON-CURRENT LIABILITIES		<u>9,649,218</u>	<u>11,332,494</u>
TOTAL LIABILITIES		<u>21,914,154</u>	<u>19,819,998</u>
NET ASSETS		<u>(1,552,300)</u>	<u>(1,606,956)</u>
<b>EQUITY</b>			
Reserves		394,510	372,544
Accumulated losses		(1,669,075)	(1,701,765)
Equity issue costs		(277,735)	(277,735)
TOTAL EQUITY		<u>(1,552,300)</u>	<u>(1,606,956)</u>

The accompanying notes form part of these financial statements.

# Narara Ecovillage Co-operative Ltd

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

2021

	Equity issue costs	Accumulated losses	Asset revaluation surplus	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>(277,735)</b>	<b>(1,701,765)</b>	<b>372,544</b>	<b>(1,606,956)</b>
Profit/(loss) attributable to members	-	32,690	-	32,690
Adjustment for change in SBE tax rate	-	-	21,966	21,966
<b>Balance at 30 June 2021</b>	<b>(277,735)</b>	<b>(1,669,075)</b>	<b>394,510</b>	<b>(1,552,300)</b>

2020

	Equity issue costs	Accumulated losses	Asset revaluation surplus	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>(277,735)</b>	<b>(1,400,691)</b>	-	<b>(1,678,426)</b>
Profit/(loss) attributable to members	-	(301,074)	-	(301,074)
Revaluation of land	-	-	503,438	503,438
Income tax expense	-	-	(130,894)	(130,894)
<b>Balance at 30 June 2020</b>	<b>(277,735)</b>	<b>(1,701,765)</b>	<b>372,544</b>	<b>(1,606,956)</b>

The accompanying notes form part of these financial statements.



# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Statement of Cash Flows

For the Year Ended 30 June 2021

	2021	2020
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members and customers	1,175,643	1,548,632
Payments to suppliers	(2,371,338)	(3,912,085)
Rent received	59,678	109,748
Interest received	18	23
Interest paid	(25,381)	(65,931)
Net cash provided by / (used in) operating activities	<u>(1,161,380)</u>	<u>(2,319,613)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of non-current assets held for sale	1,046,681	-
Purchase of property, plant and equipment	12(a) (648,598)	(10,928)
Net cash used by investing activities	<u>398,083</u>	<u>(10,928)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of shares	16 1,200,000	445,000
Redemption of shares	16 (360,000)	(218,200)
Proceeds from borrowings	3,718,672	765,301
Repayment of borrowings	(2,738,567)	(783,551)
Net cash provided by / (used in) financing activities	<u>1,820,105</u>	<u>208,550</u>
Net increase (decrease) in cash and cash equivalents held	1,056,808	(2,121,991)
Cash and cash equivalents at beginning of year	234,131	2,356,122
Cash and cash equivalents at end of the period	7(a) <u>1,290,939</u>	<u>234,131</u>

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

The financial report includes the consolidated financial statements of Narara Ecovillage Co-operative and its controlled entity (the Group).

Narara Ecovillage Co-operative Ltd is a registered trading co-operative under *Co-operatives National Law (NSW)* (Co-operative No. NSWC29882). The co-operative is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### **1 Summary of significant accounting policies**

##### **(a) Basis of preparation**

The financial statements of Narara Ecovillage Co-operative Ltd are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Co-operatives National Law (NSW)*.

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 have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### **(b) Basis for consolidation**

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost. Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

NEV Power Pty Ltd is the only controlled entity of Narara Ecovillage Co-operative Limited. NEV Power Pty Ltd is a proprietary company domiciled in Australia and 100% owned by Narara Ecovillage Co-operative Limited.

##### **(c) Inventory - land developed for sale**

During initial phases of the project, property and associated development costs including related finance costs are capitalised and carried at cost. Impairment testing is carried out annually as these inventories are required to be carried at the lower of cost and net realisable value.

The cost of land inventory is not necessarily reflective of the value of the land and any difference between the value and the cost will be recognised as a profit in the accounts when the sale is recorded. Where properties change their nature, for example if certain houses and their land are retained for ongoing investment purposes they will be transferred to property, plant and equipment at the time this decision is made.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **1 Summary of significant accounting policies**

##### **(d) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets include the Foreman's Cottage and 23 Research Road which are separate to the land development recorded as inventory. 23 Research Road has been sold. The Foreman's Cottage is currently being leased by the Co-operative until the final settlement for the sale has occurred.

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale are not amortised or depreciated.

##### **(e) Property, plant and equipment**

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

##### **Land and buildings**

Three of the lots within the Narara Ecovillage have been revalued in line with a policy to revalue land each year. In the absence of an external valuer, there are two lots that have not been revalued because of the mixed use of these lots, being partly held for sale and partly held for community use.

Buildings are measured using the cost model.

##### **Plant and equipment**

Plant and equipment are measured using the cost model.

##### **Depreciation**

Property, plant and equipment, excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the co-operative, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
Building improvements	2.5% - 10%
Materials, tools and equipment	40%
Office furniture and equipment	50%
Smart grid equipment - battery, inverter, grid protection and control panel	4% - 10%
Vehicles and machinery	15% - 40%

At the end of each annual reporting period, the depreciation method, useful life and residual value of

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **1 Summary of significant accounting policies**

**(e) Property, plant and equipment**

each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

**(f) Financial instruments**

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the co-operative becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

*Financial assets*

Financial assets are comprised of trade and other receivables measured at amortised cost.

*Financial liabilities*

The co-operative's financial liabilities are comprised of trade payables and borrowings measured at amortised cost.

*Impairment of financial assets*

Objective evidence that a financial asset is impaired includes default by a debtor or evidence that the debtor is likely to enter bankruptcy. At the end of each reporting period, the Co-operative assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. At the end of the reporting period the Co-operative assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

**(g) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits held at call with banks.

**(h) Trade and other payables**

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

Some amounts are noted as deferred payables and as a result have terms in excess of 30 days. These deferred payables are compound interest bearing and incur interest at a rate of 7% p.a up to 30 June 2017, 6% p.a. from 1 July 2017 to 30 June 2018, 5% from 1 July 2018 to 30 June 2020 and 4% from 1 July 2020.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **1 Summary of significant accounting policies**

##### **(i) Income tax**

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Current assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

##### **(j) Revenue and other income**

The Co-operative recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities.

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

##### **Interest revenue**

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

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **1 Summary of significant accounting policies**

##### **(j) Revenue and other income**

###### **Sale of land and cluster lots**

Revenue from the sale of land and cluster lots is recognised at the point that title is transferred to the purchasing member(s). Instalments received from members for the purchase of land and cluster lots are recognised as a liability until this title transfer occurs.

##### **(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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

##### **(l) Members' share capital**

In accordance with AASB Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments, as the Co-operative does not have an unconditional right to refuse the redemption of members' shares, members' share capital in the Co-operative is classified as a financial liability, rather than equity, in the statement of financial position. The financial liability is initially recognised and subsequently measured at fair value.

##### **(m) Economic dependence and going concern**

Narara Ecovillage Co-operative Ltd is dependent on financial support from members in the form of loans and deferred trade payables. Member support has been provided since the project started and will need to continue in order to ensure the ongoing viability of the Co-operative.

#### **2 Critical accounting estimates and judgements**

##### **Key judgement - allocation of costs**

In preparing these financial statements judgement has been made in the allocation of costs to the following areas:

- raising of member funds
- development costs
- occupancy and holding costs expensed

Interest paid on member loans is considered to be wholly attributable to the development costs and accordingly has been capitalised into land inventory. Interest revenue received has been offset against interest paid before the net amount has been capitalised to the project.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 2 Critical accounting estimates and judgements

##### Key judgement - allocation of costs

##### Key estimate - Land and buildings not available for sale

Up until 30 June 2015, all land and buildings owned by the Co-operative, including the associated capitalised development costs, had been grouped together under land and buildings inventory. Whilst the majority of the Co-operative's property is held for sale, a portion of land and buildings will be retained by the Co-operative and are not held for sale. As a result, a portion of land and buildings was transferred out of land and buildings inventory and into property, plant & equipment as at 30 June 2016. Judgement has been applied by the directors in splitting the cost of assets not held for sale from the cost of assets held for sale.

#### 3 Retrospective restatement

During the 2021 year, a retrospective change in accounting policy was applied with regard to government grants received for the construction of the NEV Power Smartgrid. Under the previous policy, grants were credited against the acquisition cost of the asset in accordance with AASB 120 Accounting for Government Grants and Disclosure of Government Assistance. As the Cooperative is a not-for-profit entity for the purposes of Australian Accounting Standards, the change of accounting policy has been applied to recognise the grant as income and the asset at full acquisition cost in accordance with AASB 1058 Income of Not-for-profit Entities. The asset's cost and accumulated depreciation have been restated as a result.

The impact of the restatement on the prior year financial statements is as follows:

	Previously stated	30 June 2020 Adjustments	Restated
	\$	\$	\$
<b>Statement of Profit or Loss and OCI</b>			
Depreciation	56,841	13,424	70,265
<b>Statement of Financial Position</b>			
Smartgrid	64,315	510,076	574,391
Accumulated losses	2,211,841	(510,076)	1,701,765

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 4 Revenue and other income

##### (a) Revenue from continuing operations

	2021	2020
	\$	\$
Sales revenue		
- Food co-op and cafe	74,609	64,924
- Electricity	17,976	8,706
- Courses and workshops	912	795
- Water supply	37,371	21,824
- Other sales	11,899	12,335
Other revenue		
- Member contributions and levies	213,308	155,325
- Rental and hire income	59,678	109,749
	<b>415,753</b>	<b>373,658</b>

##### (b) Other income

Other income		
- Grants received	187,146	-
- Donations	45,554	39,065
- Interest income	18	23
- Sundry income	15,540	8,412
	<b>248,258</b>	<b>47,500</b>

Interest income from investments has been offset against interest expense from loans and the net amount has been capitalised into the development.



## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 5 Income tax expense

(a) The major components of tax expense (income) comprise:

	2021 \$	2020 \$
<b>Deferred tax expense</b>		
Prior year income tax losses restated	-	(130,894)
Reversal of prior year income tax losses restated	<b>21,966</b>	-
	<b>21,966</b>	<b>(130,894)</b>
<b>Total income tax expense /(benefit)</b>	<b>21,966</b>	<b>(130,894)</b>
<b>Reconciliation of income tax to accounting profit:</b>		
Profit/(loss) for the year	<b>54,656</b>	(431,968)
Tax at 26% (2020: 27.5%)	<b>14,211</b>	(116,097)
Add:		
Tax effect of:		
- income tax losses not yet recognised as a deferred tax asset	<b>(54,656)</b>	116,097
- income tax losses restated	<b>21,966</b>	(130,894)
Income tax expense/(benefit)	<b>21,966</b>	<b>(130,894)</b>

#### 6 Tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following:

Tax losses	<b>2,557,098</b>	2,611,754
	<b>2,557,098</b>	2,611,754

Deferred tax assets have not been recognised in respect of these items because it is not yet probable that future taxable profit will be available against which the group can utilise the benefits therein.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 7 Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	577	437
Cash at bank	<b>1,290,362</b>	233,694
	<b>1,290,939</b>	<b>234,131</b>

#### (a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<b>1,290,939</b>	234,131
	<b>1,290,939</b>	<b>234,131</b>

#### 8 Trade and other receivables

##### CURRENT

Trade receivables	<b>18,731</b>	13,187
GST receivable	-	86,092
	<b>18,731</b>	<b>99,279</b>

##### NON-CURRENT

Bonds	<b>82,939</b>	77,939
	<b>82,939</b>	<b>77,939</b>

#### 9 Inventories

##### CURRENT

At cost:

Food stock on hand	<b>11,536</b>	9,765
Land held for sale	<b>14,999,384</b>	13,376,000
	<b>15,010,920</b>	<b>13,385,765</b>

## Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

# Notes to the Financial Statements

For the Year Ended 30 June 2021

### 10 Non-current assets held for sale

	2021	2020
	\$	\$
Land and buildings - Foreman's Cottage	344,264	344,264
Land and buildings - 23 Research Road	-	1,050,000
	<u>344,264</u>	<u>1,394,264</u>

The contract of sale has been exchanged for the Foreman's Cottage and the sale will complete when the subdivision of Stage 2 is registered which is expected to occur in 2023.

### 11 Other assets

CURRENT

Prepayments

	<u>23,259</u>	31,941
	<u>23,259</u>	<u>31,941</u>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 12 Property, plant and equipment

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At valuation	<b>1,816,154</b>	1,816,154
Total land	<b>1,816,154</b>	1,816,154
Buildings		
At cost	<b>737,014</b>	506,038
Accumulated depreciation	<b>(33,009)</b>	(25,110)
Total buildings	<b>704,005</b>	480,928
Total land and buildings	<b>2,520,159</b>	2,297,082
PLANT AND EQUIPMENT		
Smart Grid		
At cost	<b>1,017,501</b>	604,224
Accumulated depreciation	<b>(45,647)</b>	(29,833)
Total Smart Grid	<b>971,854</b>	574,391
Plant and equipment		
At cost	<b>193,972</b>	192,463
Accumulated depreciation	<b>(117,248)</b>	(101,664)
Total plant and equipment	<b>76,724</b>	90,799
Furniture, fixtures and fittings		
At cost	<b>47,310</b>	44,474
Accumulated depreciation	<b>(25,245)</b>	(17,023)
Total furniture, fixtures and fittings	<b>22,065</b>	27,451
Total plant and equipment	<b>1,070,643</b>	692,641
	<b>3,590,802</b>	2,989,723

Three of the lots within the Narara Ecovillage have been revalued in the 2020 year. In the absence of an external valuer, there are two lots that have not been revalued because of the mixed use of these lots, being partly held for sale and partly held for community use.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 12 Property, plant and equipment

##### (a) Movements in carrying amounts of property, plant and equipment

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

	Land	Buildings & improvements	Plant and equipment	Furniture, fixtures and fittings	Smart Grid	Total
	\$	\$	\$	\$	\$	\$
<b>Consolidated</b>						
<b>Year ended 30 June 2021</b>						
Balance at the beginning of year	1,816,154	480,928	90,799	27,451	574,391	2,989,723
Additions	-	230,977	1,509	2,835	413,277	648,598
Depreciation expense	-	(7,900)	(15,583)	(8,222)	(15,814)	(47,519)
<b>Balance at the end of the year</b>	<b>1,816,154</b>	<b>704,005</b>	<b>76,725</b>	<b>22,064</b>	<b>971,854</b>	<b>3,590,802</b>
<b>Year ended 30 June 2020</b>						
Balance at the beginning of year	1,774,716	1,315,562	106,024	35,712	580,904	3,812,918
Additions	-	-	2,545	-	8,383	10,928
Transfers held for sale	(244,714)	(805,286)	-	-	-	(1,050,000)
Depreciation expense	-	(29,348)	(17,770)	(8,261)	(14,896)	(70,275)
Revaluation increase recognised in equity	503,438	-	-	-	-	503,438
Impairment loss - 23 Research Road	(217,286)	-	-	-	-	(217,286)
<b>Balance at the end of the year</b>	<b>1,816,154</b>	<b>480,928</b>	<b>90,799</b>	<b>27,451</b>	<b>574,391</b>	<b>2,989,723</b>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 13 Trade and other payables

	2021	2020
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	59,333	312,476
Income received in advance	5,108	1,770
GST payable	7,704	-
Sundry payables and accrued expenses	37,906	15,629
Bonds held	955	4,640
	<u>111,006</u>	<u>334,514</u>
NON-CURRENT		
Unsecured liabilities		
Trade payables	<u>1,850,122</u>	1,848,342
	<u>1,850,122</u>	<u>1,848,342</u>

91% (2020: 91%) of non-current trade payables are amounts due to related parties. These related parties are members of Narara Ecovillage Co-operative Ltd who are contracted to perform essential project tasks. The remaining 9% (2020: 10%) is owed to Kirsten Hay. These are deferred amounts that will be paid in Stage 2 and accrue a fixed interest rate of 7% p.a. up to 30 June 2017 6% p.a. for the year ended 30 June 2018, 5% up to 30 June 2020 and 4% thereafter. The interest compounds annually.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 14 Financial liabilities

	2021	2020
	\$	\$
CURRENT		
Unsecured liabilities:		
Loans from members	3,552,177	886,107
Loans from non-members	1,206,594	367,503
	<u>4,758,771</u>	<u>1,253,610</u>
NON-CURRENT		
Unsecured liabilities:		
Loans from members - interest free	419,793	429,436
Loans from members	2,424,110	4,695,682
Loans from non-members	1,185,193	1,429,034
	<u>4,029,096</u>	<u>6,554,152</u>

Interest free loans were provided by members to fund the Solar photovoltaic array, campground facilities and other renovations. These loans are interest free and are to be repaid after the sale of Stage 2 land. Interest bearing member loans were extended to the Co-operative primarily from members in order to allow the Co-operative the ability to purchase and develop the land. These loans are to be repaid after the sale of Stage 2 land.

In 2020 and 2021, new loans were received to allow other loans to be repaid in line with the loan agreement terms. Interest is payable at 4% for long term unsecured loans and 3.25% for long term loans which have been offered as secured loans through the Narara Loan Security Trust which holds a mortgage over Lots 49 and 50 within the subdivision. Generally, interest is paid monthly, however where it is being accumulated, it has been accrued and capitalised into the principal of the loan. Total interest capitalised for the year ended 30 June 2021 was \$102,670 (2020 : \$112,158).

The unsecured loan agreements allow for early repayment of loans if they are applied to lot purchase Instalments.

#### 15 Contract liabilities

CURRENT		
Cluster sale deposits	6,976,190	6,480,411
Other deposits - Foreman's Cottage	418,969	418,969
	<u>7,395,159</u>	<u>6,899,380</u>

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 16 Members' equity

The Co-operative has one class of shares, with 3,770,000 on issue (2020: 2,930,000). All shares have a face value of \$1 and are fully paid to the value of \$3,770,000 as at 30 June 2021 (2020: \$2,930,000).

Members' holdings are of varying value and members are entitled to share in the income of the Narara Ecovillage Cooperative Ltd in proportion to their investment. Upon liquidation, holders would be entitled to a prorata share of the cooperative's net assets.

Whilst members' equity is similar to share equity for a company, the nuance for a Co-operative described at Note 2(l) means it is disclosed as a liability. The Co-operative repurchases shares from members twice annually in accordance with the Rules of the Co-operative when a request is made to exit the Narara Ecovillage Cooperative.

The change in share capital for the year is reconciled as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Opening share capital	<b>2,930,000</b>	2,703,200
Shares issued during the year	<b>1,200,000</b>	445,000
Shares redeemed during the year	<b>(360,000)</b>	(218,200)
<b>Closing share capital</b>	<b><u>3,770,000</u></b>	<u>2,930,000</u>

#### 17 Interests of key management personnel

Related parties are directors of Narara Ecovillage Co-operative Ltd who are contracted to perform essential project tasks.

##### Key management personnel shareholdings

The number of ordinary shares in Narara Ecovillage Co-operative Ltd held by each key management person of the group for the year ended 30 June 2021 is as follows:

	<b>Balance at beginning of year</b>	<b>Share purchases</b>	<b>Balance at end of year</b>
<b>30 June 2021</b>			
Grant Rickey (jointly held)	30,000	-	30,000
Laurence Perrin (jointly held)	30,000	-	30,000
Lynita Clark (jointly held)	50,000	-	50,000
Richard Denham	50,000	-	50,000
Tony Hester (jointly held)	50,000	-	50,000
Verena Olivier (jointly held)	50,000	-	50,000
	<b><u>260,000</u></b>	<b>-</b>	<b><u>260,000</u></b>



## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 17 Interests of key management personnel

Related parties are directors of Narara Ecovillage Co-operative Ltd who are contracted to perform essential project tasks.

	Balance at beginning of year	Share purchases	Balance at end of year
<b>30 June 2020</b>			
Grant Rickey (jointly held)	30,000	-	30,000
Laurence Perrin (jointly held)	30,000	-	30,000
Lynita Clark (jointly held)	-	50,000	50,000
Richard Denham	50,000	-	50,000
Tony Hester (jointly held)	50,000	-	50,000
Verena Olivier (jointly held)	50,000	-	50,000
	210,000	50,000	260,000

#### Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 18: Related Party Transactions.

#### 18 Related party transactions

##### Related parties

##### (a) Key management personnel

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

##### (b) Other related parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

##### (c) Transactions with related parties

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

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 18 Related party transactions

##### (c) Transactions with related parties

The following transactions occurred with related parties:

	Income earned and paid (1)	Income earned and deferred (2)	Fees owed by the Cooperative (3) at 30 June 2021	Owed by the Cooperative (3) 30 June 2020	Loan interest earned	Loans to the Co-operative 30 June 2021	Lot and cluster instalments paid to NEV Co-op
Grant Rickey	9,178	593	15,431	14,837	5,500	116,027	-
Laurence Perrin	-	-	-	-	-	500	527,442
Lynita Clark	-	-	-	-	-	-	-
Gina Price	2,000	-	-	-	-	-	-
Richard Denham	-	886	23,046	22,159	500	-	-
Tony Hester	33,857	-	-	3,051	-	-	418,969
Verena Olivier	-	-	-	-	12,299	181,920	-
	<u>45,035</u>	<u>1,479</u>	<u>38,477</u>	<u>40,047</u>	<u>18,299</u>	<u>298,447</u>	<u>946,411</u>

(1) Income earned and paid includes allowances and consultancy fees, excluding GST, which was paid during the financial year.

(2) Income earned and deferred includes allowances, consultancy and contribution fees deferred for payment until Stage 2 and interest accrued on deferred balances.

(3) Cumulative Balance of Income Earned Deferred until Stage 2 and accounts payable includes GST where applicable.

## Notes to the Financial Statements

### For the Year Ended 30 June 2021

#### 19 Events after the end of the reporting period

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

#### 20 Parent entity

The following information has been extracted from the books and records of the parent, Narara Ecovillage Co-operative Ltd and has been prepared in accordance with Accounting Standards. The financial information for the parent entity, Narara Ecovillage Co-operative Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

##### *Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost in the financial statements of the parent entity.

	2021	2020
	\$	\$
<b>Statement of Financial Position</b>		
Assets		
Current assets	16,575,051	14,391,806
Non-current assets	2,618,948	2,415,332
Non-current assets held for sale	344,264	1,394,264
Total assets	<u>19,538,263</u>	<u>18,201,402</u>
Liabilities		
Current liabilities	12,290,309	8,930,729
Non-current liabilities	5,650,002	8,402,494
Members' share capital	3,770,000	2,930,000
Total liabilities	<u>21,710,311</u>	<u>20,263,223</u>
Equity		
Equity issue costs	(277,735)	(277,735)
Accumulated losses	(2,288,823)	(2,156,630)
Asset revaluation surplus	394,510	372,544
Total equity	<u>(2,172,048)</u>	<u>(2,061,821)</u>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Profit/(loss) for the year	(132,193)	(272,756)
Other comprehensive income	21,966	372,544
Total comprehensive income	<u>(110,227)</u>	<u>99,788</u>

**Narara Ecovillage Co-operative Ltd**

ABN 86 789 868 574

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2021**

#### **21 Co-operative details**

The registered office of the Co-operative is:

Narara Ecovillage Co-operative Ltd

33 Gungandi

NARARA NSW 2250

## Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

### Disclaimer

The additional financial data presented on the accompanying profit and loss statements are in accordance with the books and records of the group which have been subjected to the auditing procedures applied in our statutory audit of the group for the year ended 30 June 2021. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Narara Ecovillage Co-operative Ltd) in respect of such data, including any errors or omissions therein however caused.



Caroline Wilcher  
Director  
Boyce Assurance Services Pty Ltd

Dubbo

Dated 23 October 2021

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Cooma Dubbo Goulburn Moree Wagga Wagga



Knowledge. Insight. Experience.

**Profit & Loss**  
**Narara Ecovillage Co-operative Ltd**  
**1 July 2020 to 30 June 2021**

	<b>30 Jun 21</b>	<b>30 Jun 20</b>
<b>Income</b>		
Accommodation Income	25,690	81,740
Bushfire Levy	18,654	0
Cafe sales income	42,920	38,253
Camping donations	8,070	4,436
Co-op member contributions	194,654	155,325
Course / workshop fees	912	795
Donation Income	29,481	34,629
Fair Share Revenue	64	51
Food sales income	31,688	26,671
Hire of Rooms	21,763	12,081
Interest Income	1,214	11,124
Other Sales	11,895	12,335
Sale of Other Buildings	1,050,000	0
Storage Income	12,225	16,377
Sundry Income	72,773	7,962
Water and sewerage service revenue	43,312	21,824
<b>Total Income</b>	<b>1,565,315</b>	<b>423,603</b>
<b>Less Cost of Sales</b>		
Cost of Food Sold	52,635	40,192
Cost of Other Buildings Sold	1,053,319	0
Cost of Water Supply for resale	13,658	18,172
Inventory adjustments and write-offs	447	289
<b>Total Cost of Sales</b>	<b>1,120,059</b>	<b>58,653</b>
<b>Gross Profit</b>	<b>445,256</b>	<b>364,950</b>
<b>Less Operating Expenses</b>		
Bank Charges	1,088	770
CA Levies Paid	57,172	54,230
Capitalisation of building development costs	(930,919)	(2,334,293)
Capitalisation of land development costs	(923,442)	(869,336)
Catering / Food	123	19
Cleaning	197	21
Council Rates	12,938	11,445
Depreciation	31,705	55,379
Development - cluster building costs	344,218	2,143,407
Development - cluster Defect Rectification	10,134	0
Development - cluster landscape costs	241,346	360
Development - other costs	106,358	0
Development - preliminary costs	16,270	4,462
Donations Paid	55	0
Electricity	17,957	18,498
External Accountant & Auditor	17,100	18,350
External Consultants	176,892	272,723
External Contractors	161,316	264,565
Fair Share profit distribution	530	420
Filing fees & other compliance	8,746	397
Fuel and Oil	4,285	3,114
Income Tax Expense	21,966	(130,894)
Insurance	39,137	32,241
Interest - Deferred fees	25,064	51,444

**Profit & Loss**  
**Narara Ecovillage Co-operative Ltd**  
**1 July 2020 to 30 June 2021**

	<b>30 Jun 21</b>	<b>30 Jun 20</b>
Interest - Members Loan	350,354	311,647
Interest - Non Member and Bank Loans	59,759	63,759
IT - CRM & email	764	775
IT - File Management	2,643	1,486
IT - Software licences	1,145	1,122
IT - Telephone & Internet	1,736	1,877
IT - Website & Wiki	253	276
Land Tax	(2,384)	0
Legal Fees	16,629	13,937
Licences & Fees	71,720	4,927
Loss on disposal of property plant & equipment	0	217,286
Maintenance - Buildings	23,272	16,400
Maintenance - Equipment & Tools	1,184	1,655
Maintenance - Landscape	10,479	17,419
Maintenance - Roads & Infrastructure	10,343	995
Memberships and affiliations	148	148
NEV Contractors	281,895	302,639
NEV Contractors - Deferred	0	10,852
NEV Contractors - On charged	(1,680)	(840)
Open Day Expenses	0	360
Other direct costs	1,503	3,203
Other Project Costs - WIP	266,348	11,131
Pest control	382	1,359
Potable Water Treatment Plant - WIP	0	37,005
Printing Stationery & Postage	703	433
Small Tools and Equipment Purchases	17,353	3,036
Sundry expenses	3,696	2,821
Supplies for the village	965	1,304
Travel	1,682	2,338
Vehicle expenses	4,868	2,132
Venue & equipment hire	986	264
Waste Collection Costs	1,917	1,465
Water and Sewerage charges	6,972	5,920
WHS and Site Safety	1,577	1,254
<b>Total Operating Expenses</b>	<b>577,449</b>	<b>637,706</b>
<b>Net Loss</b>	<b>(132,193)</b>	<b>(272,757)</b>

**Profit and Loss**  
**NEV Power Pty Ltd**  
**1 July 2020 to 30 June 2021**

	30 Jun 21	30 Jun 20
<b>Income</b>		
Capital Grant Income	187,146	0
Electricity sales	35,800	27,204
Other Sales	68	0
<b>Total Income</b>	<b>223,014</b>	<b>27,204</b>
<b>Less Cost of Sales</b>		
Cost of Electricity Sold	28,879	30,923
<b>Total Cost of Sales</b>	<b>28,879</b>	<b>30,923</b>
<b>Gross Profit</b>	<b>194,135</b>	<b>(3,719)</b>
<b>Plus Other Income</b>		
Donation Income	8,003	0
<b>Total Other Income</b>	<b>8,003</b>	<b>0</b>
<b>Less Operating Expenses</b>		
Bank Charges	29	9
Capitalisation of Smart Grid expenditure	(148,491)	(8,383)
Depreciation	15,814	14,896
External Contractors	150	75
Filing fees & other compliance	273	267
Interest - Member Loans	4,216	0
IT - Software licences	525	600
Licences & Fees	201	750
NEV Contractors	10,555	840
Printing Stationery & Postage	80	0
Small Tools and Equipment Purchases	5,317	7,160
Smart Grid - WIP	148,483	8,383
Sundry Expenses	102	0
<b>Total Operating Expenses</b>	<b>37,254</b>	<b>24,598</b>
<b>Net Profit/(Loss)</b>	<b>164,883</b>	<b>(28,317)</b>