

Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

Financial Statements

For the Year Ended 30 June 2020

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 2020

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 2020.

1 General information

Directors

The names of the directors in office at any time during the year ended 30 June 2020 are:

Names	Position	Appointed/Resigned
Bronwen Bassett	Director	Appointed 8 December 2019
Lincoln De Kalb	Director	
Richard Denham	Director	Appointed 8 December 2019
Stuart King	Chair	Resigned 8 December 2019
Patricia Meagher	Director	Resigned 8 December 2019
Verena Olivier	Chair	
Laurence Perrin	Director	
Gina Price	Independent Director	
Grant Rickey	Director	

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 2020 financial year saw significant milestones in Narara Ecovillage's (NEV's) history as well as some challenges:

- More individual homes built and occupied;
- Coffee Cart fully paid off;
- Stage 2 Development Application lodged;
- Rezoning (Planning Proposal) negotiations with Council;
- Construction of the Cluster Housing Project interrupted and recommenced;
- NEV Water – approval to connect to Central Coast Council water and sewer;
- Settlement reached with previous water services provider;

Directors' Report

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2 Operating results and review of operations for the year

- NEV Power Smart Grid developments continue
- Sustainable House Day event held at the Narara Ecovillage;
- Development of community land and facilities;
- Fires, floods and a global pandemic;
- Membership 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 7.6 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, forty-eight house designs have been through the Building Review Panel approval process, including the eighteen 1 & 2-bedroom townhouses. Thirty-one are currently occupied (or about to be) with more than fifty residents now living onsite.

The Coffee Cart fully paid off

The social hub for members and visitors alike, the Coffee Cart continued to do good business despite the set-back of the coronavirus lockdown in the latter part of the financial year. The loans taken out to fund the project have now all been repaid through a combination of donations, some volunteer staffing and surpluses from operations.

Stage 2 Development Application lodged

Due to uncertainty with critical provisions in the draft Consolidated Local Environment Plan (LEP), significant changes to our initial concept design for Stage 2 had to be undertaken in the early part of the financial year, after a meeting with the Mayor and senior Council staff. Very disappointingly this meant that significant features that were key to the Stage 2 development, namely dual occupancy and smaller minimum lot sizes had to be removed. This resulted in a lower number of lots (yield) and reduced revenue projections. Lodgement of the Stage 2 Development Application (DA) was delayed until March 2020 after a number of key consultant reports had to be revised based on the new layout. Since March we have dealt with a number of Requests for Information from Council, most of which have now been resolved. At the time of writing only two remain outstanding: biodiversity offsetting and koala habitat, both of which are complex and could potentially have a financial impact on the project. It is anticipated that we will have DA approval for stage 2 by the end of the calendar year, but the delays caused by Council flip flops and impact of new legislation have caused delays of more than 12 months.

Directors' Report

30 June 2020

2 Operating results and review of operations for the year

With the impact of the pandemic creating significant financial uncertainty around the timing of commencement of Stage 2 infrastructure works, the Legal & Finance Circle carried out a study to determine options, from moving ahead swiftly to deferring indefinitely. It was clear from the study that proceeding as quickly as possible was the preferred option. This seems to have been confirmed by the continuing interest from new members joining the co-op to buy lots. Preparations are underway to proceed with tendering as soon as DA approval is received.

Rezoning initiative (Planning Proposal) negotiations with Council

The situation with the deferred adoption of the LEP has forced the early commencement of a simple Planning Proposal to run concurrently with the Stage 2 DA to provide for essential features. Council has indicated their support for this approach, although changes in personnel and staffing caused delays and confusion for most of the year. Council does not support the change of zone from the current R2 – Low Density Residential.

The simplified Planning Proposal is near completion and due to be lodged by the end of October 2020. It will include 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 operations. It also has modest allowance for higher density housing for a limited number of lots as well as inclusion of dual occupancy and smaller lot sizes, that had been part of the draft LEP.

Construction of the Cluster Housing Project interrupted and re-commenced

The 18-unit cluster housing project started well in August 2018 and by September 2019 was approximately 60% completed and slated for hand over 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.

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 and is now nearing completion. It has not been an easy process with the new builder, and we are currently applying significant pressure on them to finish the project. The end is currently in sight.

Adding to the difficulties a number of amendments to the DA were required and further negotiations with Council to release the title restrictions of the Voluntary Planning Approval (VPA). We did receive consent on all matters and will be able to proceed to title registration once an Occupation Certificate has been received.

Thankfully the members buying the units have shown extraordinary patience and fortitude throughout the delays.

With the change in builders and delays resulting in extra holding and project management costs, we expect to have 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.

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2 Operating results and review of operations for the year

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 15 months. It has been another disappointment that this has not progressed in any way during the entire financial year.

We have been recently informed that the VPA has been sent to an external legal firm to draft the amendments and Council have provided assurances that a draft will be ready for review within the month of October.

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. The historical context being that we were told in 2012 that costs for connection to Council services would run to the tens of millions, which resulted in the preference for the WICA option.

A hydraulic design to connect to Council water and sewer was subsequently done and application to connect prepared and submitted in July 2019. Approval in the form of a section 306 was granted in May 2020 and works to connect the sewer are now nearly completed.

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.

Settlement reached with previous water services provider

Notification of termination of the wastewater services contract with Aquacell Pty Ltd, the technology provider under our WICA licenses, was given in April 2019 and settlement terms were reached in April 2020.

A new contract for technical support was arranged with Innaco Pty Ltd, a division of Henry & Hymas Engineers who have provided hydraulic design services for Stage 2 and other elements of the water network over the past two years. Operational costs have been significantly reduced from the previous supplier and will have long term financial benefits on members' water charges.

NEV Power Smart Grid developments continue

There have been continuing challenges with Ausgrid, the key one being the limitation of onsite solar generation to 30kW until they are satisfied we have sufficient grid protection. This problem was identified during the prior financial year and has continued through this financial year.

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2 Operating results and review of operations for the year

The impact has been the 30kW array on the Admin Building has remained disconnected throughout the year so that individual houses would be able to use their systems. With now more than 30 occupied houses, and more than 200kW of installed solar power collectively, we are being severely hampered.

As an output of a risk review, NEV Power have engaged an electrical engineering firm, Solar Design Services (SDS), to facilitate the Ausgrid grid protection requirements, technical design of the Battery Energy Storage System (BESS) and are engaged as the owner's engineer in the overall solution design. Engaging SDS has seen a speed up of activity including:

- Submission of the detailed grid protection design to Ausgrid which we believe will be approved in mid-late Oct 2020 with installation expected in Dec 2020.
- Documented and issuance of a Request for Tender to a number of providers with a decision to be made in November 2020.
- Documented design for the microgrid with tenders being received for the low voltage and battery control capabilities.

It's anticipated the full microgrid and battery solution will be in the order of \$750k. Funding sources budgeted include the ARENA grant (36%) and the balance from the Narara Ecovillage Co-operative and member investment opportunities. The current timeline for project completion is May 2021.

Due to the broader project delays NEV Power have missed the deadline for Milestone 4 of the ARENA grant. This milestone was predicated on 50 dwellings built. NEV Power are working closely with ARENA to reset the due dates and review the overall funding.

Sustainable House Day Event held at Narara Ecovillage

Narara Eco Living Network hosted a public event at the village as part of a nation-wide Sustainable House Day on 15th September 2019. The event was attended by over 500 people and included: open houses, guided and self-guided tours, high-calibre presentations in the Visitors Centre, an open permaculture garden, food stalls and networking opportunities. A Community Grant was received from Central Coast Council in support of the event.

Development of community land and facilities

After many years of planning, work commenced on converting the West Wing of the Admin Building to a dwelling house that will provide accommodation for members and guests in the village. Interim occupation had been in place for two years, providing accommodation to a number of members, but the full conversion is now underway.

Redesign and renovations of the main reception area and east wing of the Admin Building was also completed, and further works are planned in the east wing to create more useful meeting spaces and offices.

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2 Operating results and review of operations for the year

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 run-off 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.

Fires, floods and a global pandemic

We've experienced such an array of extremes this last financial year from the extensive fires across NSW, to localised flooding and then COVID-19 pandemic. This time has brought with it some challenges, but it has also highlighted our strength and resilience as a community.

During the summer, we adopted a smartphone app to support the connection and quick response in an emergency, proving very useful not only as we monitored the fires over the summer, but also when flash-flooding took place outside the village in February. It has continued to aid our community as the pandemic hit and many of our community members were self-isolating. Through each of these hair-raising times, the strength of the collective was amazing.

In response to the ever-existing fire risk, we have now applied for a Community Fire Unit that we hope to have in place in the near future and our newly structured hazard reduction working bees have also provided a means of safely connecting together after the months of physical distancing, whilst achieving some much-needed land maintenance.

Whilst government restrictions have eased over the past few months, many meetings continue to be conducted via video-conferencing, sometimes for improved efficiency. In addition, there's nothing like a pandemic to kick-start community gardens; we now have salad and parsley in generous proportions.

Membership and financial stability

These past twelve months saw continued interest in the ecovillage project with good attendance at our monthly open days prior to the pandemic lock down. The site was largely closed to visitors in March to May. But we again had good numbers attending once lock down was relaxed. A new Covid-friendly format was adopted to avoid larger numbers of people gathering and staggered times for limited numbers on tours and talks.

The interest in Stage 2 continues to grow and there is every chance we will be fully subscribed once lot selection begins. This could be as soon as the Stage 2 DA is approved.

As in previous years, a number of members have withdrawn from the co-op for personal reasons, but with new members joining the net effect is a moderate growth from 79 to 85 as at 30 June 2020 and 92 active memberships at the time of writing.

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2 Operating results and review of operations for the year

With Co-operative income not sufficient to cover all operating costs, an annual member contribution was agreed to for the third year running. An increase from \$2160 per membership per annum to \$2268 for the financial year ended 30 June 2020 was recommended and approved by members. Some Co-op owned assets are available for rent or use by members and a small revenue is being generated. Over time it is anticipated this revenue will increase sufficiently to cover the costs of our operations. A study on long term financial sustainability for the co-op is currently being undertaken by the Legal and Finance Circle.

During the year we applied for and were granted an exemption from land tax which was a great win saving approximately \$90,000 per annum.

The members agreed to the sale of our neighbouring property, 23 Research Road, during the year, with settlement on the land taking place 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 already 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.

Finally, it is worth noting that we ended the year with a very low cash balance, but this was merely a moment in time between the repayment of some existing loans, the receipt of some new loans and the settlement on the sale of 23 Research Road. At the time of writing, the cash balance is back over \$2m and climbing as we prepare this year to engage civil contractors for the development of Stage 2 land.

Conclusion

Narara Ecovillage Co-operative Ltd has now been in existence for over eight years and has endured significant bureaucratic challenges and delays, both at the state and local level, particularly in the last four years with the amalgamation of Councils being a particularly difficult setback.

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 construction of more individual houses and the completion of the 18 cluster houses, we look forward to a very significant and welcome increase in resident population from around 50 at the end of 30 June 2020 to well over 100 in 2021.

Operating results

The consolidated loss of the group after tax amounted to \$ 287,650 (2019: \$ 246,450).

Dividends paid or recommended

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

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Directors' Report

30 June 2020

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

In July 2020, the sale of the house and land at 23 Research Road was completed. The easement on this land was registered prior to the sale of the property allowing Narara Ecovillage Co-operative to build the perimeter road for the stage 2 development on the neighbouring property.

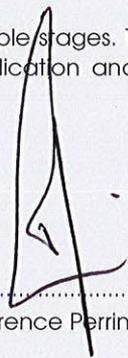
The cash position subsequent to the financial year has increased to over \$2.5m at the time of writing following the sale of 23 Research Road, new loans, additional equity investment from new members and further instalments paid for cluster units.

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 2021-22 financial year.

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

Director: 
Verena Olivier

Director: 
Laurence Perrin

Dated 17 October 2020

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 2020, 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 2020 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 17 October 2020

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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 2020 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 17 October 2020

Narara Ecovillage Co-operative Ltd

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020**

		2020	2019
	Note	\$	\$
Revenue	3(a)	127,083	1,715,750
Other income	3(b)	312,573	319,912
Cost of sales		(89,577)	(1,650,746)
Contractors and consultants		(248,620)	(301,877)
Depreciation expense	11(a)	(56,851)	(54,224)
Finance costs		(65,931)	(13,862)
Impairment of property, plant and equipment	11(a)	(217,286)	-
Insurance		(32,241)	(33,552)
Other expenses		(26,272)	(26,197)
Professional fees		(19,175)	(21,084)
Project costs		(11,131)	(9,077)
Rates and charges		(47,581)	(128,057)
Repairs and maintenance		(43,535)	(43,437)
Loss before income tax		(418,544)	(246,450)
Income tax expense	4	130,894	-
Loss for the year		(287,650)	(246,450)
Other comprehensive income, net of income tax		-	-
Items that will not be reclassified subsequently to profit or loss			
Revaluation of land	11(a)	503,438	-
Income tax applicable		(130,894)	-
Other comprehensive income for the year, net of tax		372,544	-
Total comprehensive income/(loss) for the year		84,894	(246,450)

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 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	234,131	2,356,122
Trade and other receivables	7	99,279	50,312
Inventories	8	13,385,765	10,175,497
Non-current assets held for sale	9	1,394,264	344,264
Other assets	10	31,941	21,948
TOTAL CURRENT ASSETS		<u>15,145,380</u>	12,948,143
NON-CURRENT ASSETS			
Trade and other receivables	7	77,939	77,939
Property, plant and equipment	11	2,479,647	3,289,418
TOTAL NON-CURRENT ASSETS		<u>2,557,586</u>	3,367,357
TOTAL ASSETS		<u>17,702,966</u>	16,315,500
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	334,514	591,018
Borrowings	13	1,253,610	1,776,562
Other liabilities	14	6,899,380	5,613,167
TOTAL CURRENT LIABILITIES		<u>8,487,504</u>	7,980,747
NON-CURRENT LIABILITIES			
Trade and other payables	12	1,848,342	1,784,030
Borrowings	13	6,554,152	6,049,449
TOTAL NON-CURRENT LIABILITIES BEFORE MEMBERS' SHARE CAPITAL		<u>8,402,494</u>	7,833,479
Members' share capital	15	2,930,000	2,703,200
TOTAL NON-CURRENT LIABILITIES		<u>11,332,494</u>	10,536,679
TOTAL LIABILITIES		<u>19,819,998</u>	18,517,426
NET ASSETS		<u>(2,117,032)</u>	(2,201,926)
EQUITY			
Reserves		372,544	-
Accumulated losses		(2,211,841)	(1,924,191)
Equity issue costs		(277,735)	(277,735)
TOTAL EQUITY		<u>(2,117,032)</u>	(2,201,926)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity For the Year Ended 30 June 2020

2020

	Ordinary shares	Equity issue costs	Accumulated losses	Asset revaluation surplus	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2019	2,703,200	(277,735)	(1,924,191)	-	501,274
Shares issued during the year	445,000	-	-	-	445,000
Shares redeemed during the year	(218,200)	-	-	-	(218,200)
Loss attributable to members of the entity	-	-	(287,650)	-	(287,650)
Revaluation of land	-	-	-	503,438	503,438
Income tax expense	-	-	-	(130,894)	(130,894)
Balance at 30 June 2020	2,930,000	(277,735)	(2,211,841)	372,544	812,968

2019

	Ordinary shares	Equity issue costs	Accumulated losses	Asset revaluation surplus	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2018	3,016,000	(277,735)	(1,677,741)	-	1,060,524
Shares issued during the year	215,000	-	-	-	215,000
Shares redeemed during the year	(321,800)	-	-	-	(321,800)
Shares redeemed and applied as lot and cluster instalments	(206,000)	-	-	-	(206,000)
Loss attributable to members of the entity	-	-	(246,450)	-	(246,450)
Balance at 30 June 2019	2,703,200	(277,735)	(1,924,191)	-	501,274

Refer to Notes 15 and 2(l) regarding the accounting treatment of the co-operative's share capital as a financial liability, instead of equity, in the statement financial position.

Statement of Cash Flows

For the Year Ended 30 June 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from members and customers	1,567,130	2,726,458
Payments to suppliers	(3,930,583)	(3,014,537)
Rent received	109,748	93,578
Interest received	23	34,892
Interest paid	(65,931)	(13,862)
Net cash provided by / (used in) operating activities	<u>(2,319,613)</u>	<u>(173,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	11(a) (10,928)	(71,275)
Improvement of assets held for sale	-	(17,407)
Net cash used by investing activities	<u>(10,928)</u>	<u>(88,682)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	445,000	215,000
Redemption of shares	(218,200)	(321,800)
Proceeds from borrowings	765,301	2,755,000
Repayment of borrowings	(783,551)	(2,066,208)
Net cash provided by / (used in) financing activities	<u>208,550</u>	<u>581,992</u>
Net increase (decrease) in cash and cash equivalents held	(2,121,991)	319,839
Cash and cash equivalents at beginning of year	<u>2,356,122</u>	<u>2,036,283</u>
Cash and cash equivalents at end of the period	6(a) <u><u>234,131</u></u>	<u>2,356,122</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

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 2020

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. 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 this year in line with a newly adopted 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:

Fixed asset class	Depreciation rate
Building improvements	2.5% - 10%
Materials, tools and equipment	40%
Office furniture and equipment	50%
Vehicles and machinery	15-40%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Summary of significant accounting policies

(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 and 5% from 1 July 2018.

Notes to the Financial Statements

For the Year Ended 30 June 2020

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 2020

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 cooperative is classified as 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 2020

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Revenue and other income

(a) Revenue from continuing operations

	2020	2019
	\$	\$
Sales revenue		
- Land lots	-	1,663,491
- Food co-op and cafe	64,924	24,687
- Electricity	27,204	18,044
- Courses and workshops	795	1,296
- Water supply	21,824	-
- Other sales	12,335	8,232
	127,082	1,715,750

(b) Other income

Other income		
- Donations	39,065	72,154
- Interest income	23	-
- Member contributions	155,325	144,457
- Rental income	109,748	93,578
- Sundry income	8,412	9,724
	312,573	319,912

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 2020

4 Income tax expense

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

	2020	2019
	\$	\$
Deferred tax expense		
Prior year income tax losses restated	(130,894)	-
Total income tax expense / (benefit)	<u>(130,894)</u>	<u>-</u>
Reconciliation of income tax to accounting profit:		
Loss for the year	(418,544)	(246,450)
Tax at 27.5%	(116,097)	(67,774)
Add:		
Tax effect of:		
- income tax losses not yet recognised as a deferred tax asset	116,097	67,774
- income tax losses restated	(130,894)	-
Income tax expense/(benefit)	<u>(130,894)</u>	<u>-</u>

5 Tax assets and liabilities

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

Tax losses	2,460,306	2,172,656
	<u>2,460,306</u>	<u>2,172,656</u>

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 2020

6 Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	437	584
Cash at bank	233,694	2,355,538
	234,131	2,356,122

(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	234,131	2,356,122
	234,131	2,356,122

7 Trade and other receivables

CURRENT

Trade receivables	13,187	11,556
GST receivable	86,092	38,756
	99,279	50,312

NON-CURRENT

Bonds	77,939	77,939
	77,939	77,939

8 Inventories

CURRENT

At cost:

Food stock on hand	9,765	3,126
Land held for sale	13,376,000	10,172,371
	13,385,765	10,175,497

Narara Ecovillage Co-operative Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Non-current assets held for sale

	2020	2019
	\$	\$
Land and buildings - Foreman's Cottage	344,264	344,264
Land and buildings - 23 Research Road	1,050,000	-
	<u>1,394,264</u>	<u>344,264</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 2020.

The contract of sale has been exchanged for 23 Research Road. Settlement has occurred in July 2020.

10 Other assets

CURRENT

Prepayments	31,941	21,948
	<u>31,941</u>	<u>21,948</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

11 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At valuation	1,816,154	1,774,716
Total land	1,816,154	1,774,716
Buildings		
At cost	506,038	1,364,038
Accumulated depreciation	(25,110)	(48,476)
Total buildings	480,928	1,315,562
Total land and buildings	2,297,082	3,090,278
PLANT AND EQUIPMENT		
Smart Grid		
At cost	67,259	58,876
Accumulated depreciation	(2,944)	(1,472)
Total Smart Grid	64,315	57,404
Plant and equipment		
At cost	192,463	189,918
Accumulated depreciation	(101,664)	(83,894)
Total plant and equipment	90,799	106,024
Furniture, fixtures and fittings		
At cost	44,474	44,474
Accumulated depreciation	(17,023)	(8,762)
Total furniture, fixtures and fittings	27,451	35,712
Total plant and equipment	182,565	199,140
	2,479,647	3,289,418

Three of the lots within the Narara Ecovillage have been revalued this year in line with a newly adopted 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.

Narara Ecovillage Co-operative Ltd

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**Notes to the Financial Statements
For the Year Ended 30 June 2020**

11 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:

Consolidated	Land	Buildings & improvements	Plant and equipment	Furniture, fixtures and fittings	Smart Grid	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2020						
Balance at the beginning of year	1,774,716	1,315,562	106,024	35,712	57,404	3,289,418
Additions	-	-	2,545	-	8,383	10,928
Transfers to held for sale	(244,714)	(805,286)	-	-	-	(1,050,000)
Depreciation expense	-	(29,348)	(17,770)	(8,261)	(1,472)	(56,851)
Revaluation increase recognised in equity	503,438	-	-	-	-	503,438
Impairment loss - 23 Research Road	(217,286)	-	-	-	-	(217,286)
Balance at the end of the year	1,816,154	480,928	90,799	27,451	64,315	2,479,647
Year ended 30 June 2019						
Balance at the beginning of year	1,774,716	1,330,380	93,408	14,987	58,876	3,272,367
Additions	-	14,530	30,019	26,726	-	71,275
Depreciation expense	-	(29,348)	(17,403)	(6,001)	(1,472)	(54,224)
Balance at the end of the year	1,774,716	1,315,562	106,024	35,712	57,404	3,289,418

Notes to the Financial Statements

For the Year Ended 30 June 2020

12 Trade and other payables

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	312,476	442,475
Income received in advance	1,720	4,491
Sundry payables and accrued expenses	15,679	130,993
Bonds held	4,640	13,058
	334,514	591,018
NON-CURRENT		
Unsecured liabilities		
Trade payables	1,848,342	1,784,030
	1,848,342	1,784,030

91% (2019: 90%) 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% (2019: 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 and 5% thereafter. The interest compounds annually.

Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Financial liabilities

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities:		
Loans from members	886,107	1,451,562
Loans from non-members	367,503	325,000
	<u>1,253,610</u>	<u>1,776,562</u>
NON-CURRENT		
Unsecured liabilities:		
Loans from members - interest free	429,436	426,793
Loans from members	4,695,682	4,225,101
Loans from non-members	1,429,034	1,397,555
	<u>6,554,152</u>	<u>6,049,449</u>

Interest free loans were provided by members to fund the Solar photovoltaic array and other renovations. These loans are interest free and are to be repaid after the sale of Stage 2. Interest bearing member loans were extended to the cooperative primarily from members in order to allow the cooperative the ability to purchase and develop the land. Many of these loans were converted to land lot and cluster instalments in the 2018 and 2019 years.

In 2019 and 2020, new loans were received to allow other loans to be repaid in line with the loan agreement terms. Interest is payable at 5% for short term loans and 5% 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 25 Research Road. 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 2020 was \$112,158 (2019: \$87,901).

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

14 Deferred revenue

CURRENT		
Cluster sale deposits	6,480,411	5,194,198
Other deposits - Foreman's Cottage	418,969	418,969
	<u>6,899,380</u>	<u>5,613,167</u>

Notes to the Financial Statements

For the Year Ended 30 June 2020

15 Members' equity

The co-operative has one class of shares, with 2,930,000 on issue (2019: 2,728,200). All shares have a face value of \$1 and are fully paid to the value of \$2,930,000 as at 30 June 2020 (2019: \$2,703,200).

Members' holdings are of varying value and members are entitled to share in the income of the Narara Ecovillage Co-operative Ltd in proportion to their investment. Upon liquidation, holders would be entitled to a pro-rata share of the co-operative'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 Co-operative.

16 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 2020 is as follows:

	Balance at beginning of period	Redemptions / conversions to loans	Applied as lot or cluster Instalments	Balance at end of period
30 June 2020				
Bronwen Bassett (jointly held)	30,000	-	-	30,000
Laurence Perrin (jointly held)	30,000	-	-	30,000
Verena Olivier (jointly held)	50,000	-	-	50,000
Grant Rickey (jointly held)	30,000	-	-	30,000
Richard Denham	50,000	-	-	50,000
Lincoln De Kalb (jointly held)	30,000	-	-	30,000
	220,000	-	-	220,000
30 June 2019				
Bronwen Bassett (jointly held)	30,000	-	-	30,000
Laurence Perrin (jointly held)	30,000	-	-	30,000
Verena Olivier (jointly held)	50,000	-	-	50,000
Grant Rickey (jointly held)	30,000	-	-	30,000
Richard Denham	50,000	-	-	50,000
Lincoln De Kalb (jointly held)	30,000	-	-	30,000
	220,000	-	-	220,000

Notes to the Financial Statements

For the Year Ended 30 June 2020

16 Interests of key management personnel

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 17: Related Party Transactions.

17 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 2020

17 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 2020	Owed by the Cooperative (3) 30 June 2019	Loan interest earned	Loans to the Co-operative 30 June 2020	Lot and cluster instalments paid to NEV Co-op
Bronwen Bassett	-	-	-	-	-	-	-
Richard Denham	-	1,055	22,159	21,104	2,500	50,000	-
Lincoln De Kalb	-	-	-	-	-	-	-
Verena Olivier	-	-	-	-	15,000	300,000	-
Laurence Perrin	-	-	-	-	-	500	527,442
Gina Price	2,000	-	-	-	-	-	-
Grant Rickey	2,773	3,467	14,837	14,837	5,500	116,027	-
	4,773	4,522	36,996	35,941	23,000	466,527	527,442

(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, includes GST where applicable.

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Events after the end of the reporting period

In July 2020, the sale of the house and land at 23 Research Road was completed. The easement on this land was registered prior to the sale of the property allowing Narara Ecovillage Co-operative to build the perimeter road for the stage 2 development on the neighbouring property.

The cash position subsequent to the financial year has increased to over \$2.5m at the time of writing following the sale of 23 Research Road, new loans, additional equity investment from new members and further instalments paid for cluster units.

19 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.

	2020	2019
	\$	\$
Statement of Financial Position		
Assets		
Current assets	13,737,628	12,565,004
Non-current assets	2,626,285	3,436,284
Non-current assets held for sale	1,394,264	344,264
Total assets	<u>17,758,177</u>	<u>16,345,552</u>
Liabilities		
Current liabilities	8,487,504	7,970,483
Non-current liabilities	8,402,494	7,833,478
Members' share capital	2,930,000	2,703,200
Total liabilities	<u>19,819,998</u>	<u>18,507,161</u>
Equity		
Equity issue costs	(277,735)	(277,735)
Accumulated losses	(2,156,630)	(1,883,874)
Asset revaluation surplus	372,544	-
Total equity	<u>(2,061,821)</u>	<u>(2,161,609)</u>
Statement of Profit or Loss and Other Comprehensive Income		
Profit/(loss) for the year	(272,756)	(223,002)
Other comprehensive income	372,544	-
Total comprehensive income	<u>99,788</u>	<u>(223,002)</u>

Narara Ecovillage Co-operative Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2020

20 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 2020. 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 17 October 2020

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Profit & Loss
Narara Ecovillage Co-operative Ltd
1 July 2019 to 30 June 2020

	30 Jun 20	30 Jun 19
Income		
Cafe sales income	38,253	4,026
Camping donations	4,436	2,569
Co-op member contributions	155,325	144,457
Course / workshop fees	795	1,296
Donation Income	34,629	69,585
Food Co-op sales income	26,671	20,661
Hire of Rooms	12,081	13,342
Interest Income	11,124	34,892
Other Sales	12,335	8,232
Rental Income	81,740	62,626
Sale of Lots	0	1,663,491
Storage Income	15,927	17,609
Sundry Income	8,412	9,724
Water and sewerage service revenue	21,824	0
Total Income	423,552	2,052,510
Less Cost of Sales		
Cost of courses / workshops run	0	383
Cost of Food Sold	40,193	20,983
Cost of Lots Sold	0	1,601,486
Cost of Other Sales	0	5,124
Cost of Water Supply for resale	18,172	0
Inventory adjustments and write-offs	289	223
Total Cost of Sales	58,653	1,628,198
Gross Profit	364,899	424,312
Less Operating Expenses		
Architect Fees	0	14,583
Bank Charges	770	488
CA Levies Paid	54,230	0
Capitalisation of building development costs	(2,334,293)	(1,945,970)
Capitalisation of land development costs	(869,336)	(675,467)
Catering / Food	19	250
Cleaning	21	0
Council Rates	11,445	13,459
Deferred Fees for Hours Contributed	0	(1,172)
Depreciation	55,379	52,752
Development - cluster costs	2,125,483	1,524,690
Development - other costs	11,754	199,076
Development - preliminary costs	10,631	(1,643)
Electricity	18,498	14,980
External Accountant & Auditor	18,350	20,820
External Consultants	272,723	151,992
External Contractors	264,565	196,628
Fair Share profit distribution	369	0
Filing fees & other compliance	397	532
Fuel and Oil	3,114	781
Insurance	32,241	33,552
Interest - Deferred fees	51,444	45,372
Interest - Members Loan	311,647	354,395
Interest - Non Member and Bank Loans	63,759	49,152
IT - CRM & email	775	887
IT - File Management	1,486	75
IT - Software licences	1,122	567

Profit & Loss
Narara Ecovillage Co-operative Ltd
1 July 2019 to 30 June 2020

	30 Jun 20	30 Jun 19
IT - Telephone & Internet	1,877	1,581
IT - Website & Wiki	276	174
Land Tax	0	91,013
Legal Fees	13,937	20,004
Licences & Fees	4,927	5,935
Loss on disposal of property plant & equipment	217,286	0
Maintenance - Buildings	16,400	2,319
Maintenance - Equipment & Tools	1,655	806
Maintenance - Landscape	17,779	8,605
Maintenance - Roads & Infrastructure	995	5,936
Memberships and affiliations	148	450
NEV Consultants	0	5,741
NEV Contractors	302,639	299,410
NEV Contractors - Deferred	10,852	42,261
NEV Contractors - On charged	(840)	0
Open Day Expenses	360	445
Other direct costs	3,203	1,204
Other Project Costs - WIP	11,131	52,206
Pest control	1,359	20
Potable Water Treatment Plant - WIP	37,005	0
Printing Stationery & Postage	433	597
Public Relations and Communications	0	3,160
Small Tools and Equipment Purchases	3,036	14,880
Sundry expenses	2,821	1,040
Supplies for the village	1,304	1,322
Travel	2,338	2,878
Vehicle expenses	2,132	4,262
Venue & equipment hire	264	5,842
Waste Collection Costs	1,465	1,361
Waste Water Treatment Plant - WIP	0	7,942
Water and Sewerage charges	5,920	14,218
WHS and Site Safety	1,254	945
Total Operating Expenses	768,549	647,334
Net Loss Before Tax	(403,651)	(223,022)

Profit and Loss
NEV Power Pty Ltd
1 July 2019 to 30 June 2020

	30 Jun 20	30 Jun 19
Income		
Electricity sales	27,204	18,044
Total Income	27,204	18,044
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Less Cost of Sales		
Cost of Electricity Sold	30,923	22,568
Total Cost of Sales	30,923	22,568
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Gross Profit	(3,719)	(4,524)
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Less Operating Expenses		
Bank Charges	9	115
Capitalisation of Smart Grid expenditure	(8,383)	0
Depreciation	1,472	1,472
External Contractors	75	8,120
Filing fees & other compliance	267	342
IT - Software licences	607	431
IT - Telephone & Internet	(7)	0
Licences & Fees	750	1,250
NEV Contractors	840	0
Printing Stationery & Postage	0	34
Small Tools and Equipment Purchases	7,160	7,160
Smart Grid - WIP	8,383	0
Total Operating Expenses	11,174	18,924
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Net Loss Before Tax	(14,893)	(23,448)
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