

# **Narara Ecovillage Co-operative Ltd**

**ABN 86 789 868 574**

## **Financial Statements**

**For the Year Ended 30 June 2022**

# 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 2022

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 2022.

### 1 General information

#### Directors

The names of the directors in office at any time during the year ended 30 June 2022 are:

| Names                | Position             | Appointed/Resigned         |
|----------------------|----------------------|----------------------------|
| Gina Price           | Independent Director |                            |
| Leonard Grant Rickey | Director             | Resigned 13 November 2021  |
| Jonathon Ellis       | Director             | Appointed 13 November 2021 |
| Laurence Perrin      | Director             |                            |
| Lynita Clark         | Director             |                            |
| Richard Denham       | Director             |                            |
| Anthony Hester       | Director             | Resigned 13 November 2021  |
| Rodion Kashubin      | Director             | Appointed 13 November 2021 |
| 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 2022 financial year saw significant milestones in NEV's history as well as some challenges:

- A village in bloom;
- Stage 2 Development works have commenced;
- Planning Proposal is still with Council;
- Voluntary Planning Agreement has been delayed;
- Cluster housing sales complete;
- The inaugural Ecovillage Experience Weekend;
- NEV Water – Investment in control systems;

# Narara Ecovillage Co-operative Ltd

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## Directors' Report

30 June 2022

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

- NEV Power - Community battery installed and progress on the smarts of our grid;
- Development of community land and facilities;
- Building community resilience; and
- Membership growth and financial stability.

#### A village in bloom

Four years after the completion of the stage 1 development, most stage 1 members' homes are now complete and occupied with just 9 vacant lots awaiting a new home and 2 houses nearing completion. At the time of writing 48 of the 60 lots in stage 1 lots are occupied and we have a total of 87 adults and 27 kids living now on site with another 20 in the surrounding neighbourhoods. We really have created a village, and with fears of the pandemic subsiding, we are finally seeing our village blossom with the sound of kids playing in the streets, soccer games by the front gate, chatter at the coffee cart and good vibes at weekly working bees.

#### Stage 2 Development works have commenced

Finalisation of statutory approvals, construction documents and civil works tendering was achieved in the reporting period which allowed for civil works to commence on site during June 2022.

A deferred commencement consent to the Stage 2 development application was provided by Council in August 2021 with full approval following in October.

Tender preparations and post tender negotiations with Robson Civil Project Pty Ltd were conducted in the first quarter of 2022 with the Co-operative Board providing approval for the civil works contract to be signed in June 2022. Robson's appointment for Stage 2 works is a continuation of a relationship established during Stage 1 and recognises the contractor's collaborative approach to contracting and the professionalism they display in their delivery of civil works.

Construction documentation was finalised during the reporting period and a Subdivision Works Certificate (Construction Certificate) was issued in June 2022 allowing mobilisation of resources by Robson Civil Projects to achieve a start onsite on 27 June.

#### Planning proposal is still with Council

Negotiation with Council over the reporting period has confirmed Council's reluctance to support the diversified, higher density housing solutions within the low-density residential zoning that the ecovillage occupies.

In response to this reluctance the Co-operative reduced its request for multi-unit dwellings to 4 lots only within Stage 2, which will yield 15 multi housing units within the development. The remainder of the subdivision will be limited to permitted uses as currently allowed under Central Coast's planning regulations for an R2 zoning, being primary and secondary residences or dual occupancy subdivision where lot character and configuration permits. The restriction in housing type compared to that originally envisaged by the Co-operative is offset by the 450m<sup>2</sup> minimum lot size compared to the currently permitted 550m<sup>2</sup>; and 1,400m<sup>2</sup> of commercial use sought within the Administration Building, Visitor Centre, and Grafting Shed, being buildings retained from the previous use of the site as a horticultural research station. The commercial use will underpin the formation of a "Village Centre" sought by Co-operative as set out in the site's masterplan.

# Narara Ecovillage Co-operative Ltd

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## Directors' Report

30 June 2022

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

Rezoning of the floodplain, from Public Recreation to Environmental Management, is also retained in the planning proposal and this will allow the ecovillage to pursue the ecological and agricultural objectives it has identified for the floodplain.

Agreement between the Co-operative and Council on the content of the planning proposal as set out above has now been reached and Council is proceeding to prepare its submission to the NSW Department of Planning Industry and Environment for approval through the department's Gateway Approval process. Approval is expected to progress significantly over the next 12 months.

#### Voluntary planning agreement (VPA) has been delayed

Wording of amendments to the draft VPA Deed was agreed with Council. The amendment will allow for the floodplain, being the land identified for transfer to Council in the original VPA, to be substituted with an equivalent area of land located in the conservation zone owned by the ecovillage on the western edge of its landholding. The amendment awaits public display before formal adoption by Council. Council have advised that due to a shortfall in their resourcing the advertising of the amendment to the public will be delayed so that it occurs in parallel with the display of the Planning Proposal, which is anticipated to occur in May 2023.

#### 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 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 was 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. 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 any 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. Thankfully the project was complete aside from the list of building defects to be rectified, when we were informed that Matrix Group went into liquidation as well.

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. This project and its trials and tribulations has certainly been a test on the co-operative and the community. The commitment of not only the volunteers but also the owners is a testament to the community that has been created.

#### The inaugural Ecovillage experience weekend

Run by a small group of volunteers and trialling a model of fair shares to pay for skills as needed, our Narara Ecovillage Education start-up business had a busy year. Not only did it successfully deliver workshops in sociocracy, mushrooms and more, but it brought 29 visitors on site for a residential Ecovillage Experience Weekend in March 2022. Challenged by Covid and floods, the volunteers delivered a stellar weekend which received great reviews from both the paying participants and the member volunteers. At the time of writing, we have another 38 participants booked in for our second Ecovillage Experience Weekend, to be held in October.

## Directors' Report

30 June 2022

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

#### NEV Water – Investment in control systems

Following the change in strategy away from providing onsite wastewater treatment services NEV Water has now negotiated an arrangement with Central Coast Water to create a rising main connection into their sewer system. The connection has been completed and NEV Water has made a formal application to IPART to vary our licence conditions in line with the new arrangements.

Over the last 12 months we have upgraded the SCADA control systems used to manage water levels and treatment in the potable and non-potable water systems and the wastewater holding tanks. The new system is providing improved visibility of the performance of the system. This has enabled us to coordinate pumping to maximise use of power generated from our solar panels.

The community continues to explore ways to make use of the onsite 45 megalitre dam as a source of recycled water for the non-potable water reticulation service provided to all our households. 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.

#### NEV Power - Community battery installed and progress on the smarts of our grid

It's been another big 12 months for NEV Power. The project has achieved:

- Installation of the grid protection needed to increase the installed solar PV Village capacity beyond 430kw to 999kW followed by Ausgrid witness testing.
- Completion of commissioning of the 437kwh community battery and progress on the installation of noise and heat reduction enclosures.
- Over 370kw of residential solar has now been installed and commissioned in the village.
- Progress with ARENA sponsored smart grid with improvements on remote metering and data collection.
- Preparation of documentation required for ARENA milestone 4B has been progressed for submission in August 2022.

Milestone 4B of the ARENA grant required the battery installation, installation of over 300kwp of PV and having completed 50 house builds. These targets have now been achieved and the milestone payments have since been approved by ARENA.

A large media event is being planned, likely for early spring in 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.

# Narara Ecovillage Co-operative Ltd

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## Directors' Report

30 June 2022

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

The next 12 months will see us install a standby generator to support the battery, learn and fine tune the smart grid (technically and culturally) and deliver the revised knowledge sharing plan to ARENA.

The whole NEV Power team have been, and are, working exceptionally well together bringing their unique skill sets to the project donating large numbers of volunteer hours.

#### Development of community land and facilities

Works on the conversion of old laboratories and offices into a modern dwelling house have finally completed and we have been able to welcome over 50 members and their guests to stay onsite.

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. This has opened up a connection between the northern grass area and the southern courtyard and received some loving beautification resulting in a piece of Italy in Narara.

Work has continued on the very weathered fascia boards of the Admin building. This project will take a few more years to complete.

Meanwhile outside on the land, a new community garden was created and then celebrated at our Christmas gathering in 2021. The garden is in the cluster unit precinct and is enjoyed by both residents of the townhouses and other members alike.

The team of volunteers working at the triple span have also transformed the space and produce is commonly sold to the community at competitive rates – and it just couldn't get any fresher from the garden to the kitchen with just a couple of hundred "food mile" metres.

#### Building community resilience

As we ease out of life in lockdown, we embrace the opportunity to connect with one another once more through community dinners, working bees, music events and even face to face meetings. The adaptations we've learned thanks to the pandemic, such as effective video-conference meetings, linger and are particularly helpful in enabling our far-flung, soon-to-be neighbours in Stage 2 to connect and join us for meetings and events. Whilst we have stumbled over the past two years, we have looked to our fellow communities around the world for ideas and lessons for next time. And out of these uncertain times, a Resilience Group was born, with a focus on building up community resilience in areas of necessities such as access to food and power.

#### Membership growth and financial stability

At the time of writing, we have 98 memberships comprising 175 adults and 56 children. We expect membership numbers to remain fairly constant now, with there being a current total of circa 100 lots available across both stage 1 and 2.

With 87 adult members now on site, more in the local area, we really can band together to collectively manage our property, as has been witnessed at our monthly Bushfire Hazard Reduction Events held over the cooler months of the year. All the hours contributed by members helps to keep our costs low and whilst the minimum contribution is 52 hours per membership, many memberships contribute over 1,000 hours per year. This is a testament to the joy of belonging and working together in community.

# Narara Ecovillage Co-operative Ltd

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## Directors' Report

30 June 2022

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

The 2022 financial year was the first where the Co-op set a budget with a goal to break even for all operational aspects. This goal was achieved with an operational surplus of \$19k excluding subsidiaries. Project costs of \$500k bring this down to an overall deficit for the financial year of \$481k. The target of a nil deficit budget has been set again for the 2023 financial year and the project deficits that have been incurred to date are all within the financial model and will be covered with the sale of Stage 2 land.

#### Conclusion

Narara Ecovillage Cooperative Ltd has now been in existence for over ten years and has endured significant bureaucratic challenges and delays, both at the State and Council level, particularly in the last five years with the amalgamation of Councils and more recently the administration appointment for the Central Coast Council 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 the commencement of the Stage 2 development works, we look forward to supporting a growth in our small village from the current 113 to over 200 in the coming years.

#### **Operating results**

The consolidated loss of the group after tax amounted to \$ 598,643 (2021 profit: \$ 49,622).

#### **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**

There were no matters of significance arising after the end of the year.

#### **Future developments**

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



# Narara Ecovillage Co-operative Ltd


ABN 86 789 868 574

## Directors' Report

30 June 2022

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

Director:   
Verena Olivier  
Lynita Clark

Director:   
Laurence Perrin

Dated 22 October 2022

## 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 2022, 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 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures.

#### 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 - Simplified Disclosures 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 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 22 October 2022

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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 - Simplified Disclosures; and
  - (b) give a true and fair view of the financial position as at 30 June 2022 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  
Lynita Clark

Director .....



Laurence Perrin

Dated 22 October 2022

# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

|   |       | 2022             | 2021      |
|---|-------|------------------|-----------|
|   | Note  | \$               | \$        |
| Revenue   | 3(a)  | 7,964,444        | 415,753   |
| Other income  | 3(b)  | 178,703          | 248,258   |
| Cost of sales   |       | (7,797,707)      | (95,618)  |
| Contractors and consultants   |       | (220,997)        | (272,054) |
| Depreciation expense  | 11(a) | (109,967)        | (47,519)  |
| Finance costs   |       | (52,665)         | (25,381)  |
| Insurance   |       | (40,967)         | (33,482)  |
| Loss on disposal of property, plant and equipment                         |       | -                | (3,319)   |
| Other expenses  |       | (76,999)         | (25,608)  |
| Professional fees   |       | (59,708)         | (17,100)  |
| Project costs   |       | (8,976)          | -         |
| Rates and charges   |       | (35,123)         | (18,746)  |
| Repairs and maintenance   |       | (88,543)         | (70,528)  |
| Stage 3 planning costs  |       | (250,138)        | -         |
| <b>Profit/(loss) before income tax</b>                                    |       | <b>(598,643)</b> | 54,657    |
| Income tax expense  | 4     | -                | (5,035)   |
| <b>Profit/(loss) for the year</b>   |       | <b>(598,643)</b> | 49,622    |
| <b>Items that will not be reclassified subsequently to profit or loss</b> |       |                  |           |
| Adjustment for change in SBE tax rate                                     |       | -                | 5,035     |
| <b>Other comprehensive income for the year, net of tax</b>                |       | <b>-</b>         | 5,035     |
| <b>Total comprehensive income/(loss) for the year</b>                     |       | <b>(598,643)</b> | 54,657    |

The accompanying notes form part of these financial statements.

# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Statement of Financial Position

As At 30 June 2022

|  | Note | 2022<br>\$         | 2021<br>\$  |
|--|------|--------------------|-------------|
| <b>ASSETS</b>  |      |                    |             |
| CURRENT ASSETS   |      |                    |             |
| Cash and cash equivalents  | 6    | <b>2,486,199</b>   | 1,290,939   |
| Trade and other receivables  | 7    | <b>89,871</b>      | 18,731      |
| Inventories  | 8    | <b>8,502,868</b>   | 15,010,920  |
| Non-current assets held for sale                                   | 9    | <b>344,264</b>     | 344,264     |
| Other assets   | 10   | <b>21,394</b>      | 23,259      |
| TOTAL CURRENT ASSETS   |      | <b>11,444,596</b>  | 16,688,113  |
| NON-CURRENT ASSETS   |      |                    |             |
| Trade and other receivables  | 7    | <b>132,939</b>     | 82,939      |
| Property, plant and equipment                                      | 11   | <b>4,227,236</b>   | 3,590,802   |
| TOTAL NON-CURRENT ASSETS   |      | <b>4,360,175</b>   | 3,673,741   |
| TOTAL ASSETS   |      | <b>15,804,771</b>  | 20,361,854  |
| <b>LIABILITIES</b>   |      |                    |             |
| CURRENT LIABILITIES  |      |                    |             |
| Trade and other payables   | 12   | <b>702,077</b>     | 111,005     |
| Borrowings   | 13   | <b>7,391,730</b>   | 4,758,771   |
| Contract liabilities   | 14   | <b>3,688,970</b>   | 7,395,159   |
| TOTAL CURRENT LIABILITIES  |      | <b>11,782,777</b>  | 12,264,935  |
| NON-CURRENT LIABILITIES  |      |                    |             |
| Trade and other payables   | 12   | <b>1,807,492</b>   | 1,850,122   |
| Borrowings   | 13   | <b>1,075,444</b>   | 4,029,096   |
| <b>TOTAL NON-CURRENT LIABILITIES BEFORE MEMBERS' SHARE CAPITAL</b> |      | <b>2,882,936</b>   | 5,879,218   |
| Members' share capital   | 15   | <b>3,290,000</b>   | 3,770,000   |
| TOTAL NON-CURRENT LIABILITIES                                      |      | <b>6,172,936</b>   | 9,649,218   |
| TOTAL LIABILITIES  |      | <b>17,955,713</b>  | 21,914,153  |
| NET ASSETS   |      | <b>(2,150,942)</b> | (1,552,299) |
| <b>EQUITY</b>  |      |                    |             |
| Reserves   |      | <b>377,579</b>     | 377,579     |
| Accumulated losses   |      | <b>(2,528,521)</b> | (1,929,878) |
| TOTAL EQUITY   |      | <b>(2,150,942)</b> | (1,552,299) |

The accompanying notes form part of these financial statements.

# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Statement of Changes in Equity For the Year Ended 30 June 2022

2022

|                                       | Accumulated<br>losses | Asset<br>revaluation<br>surplus | Total              |
|---------------------------------------|-----------------------|---------------------------------|--------------------|
|                                       | \$                    | \$                              | \$                 |
| Balance at 1 July 2021                | (1,929,878)           | 377,579                         | (1,552,299)        |
| Profit/(loss) attributable to members | (598,643)             | -                               | (598,643)          |
| <b>Balance at 30 June 2022</b>        | <b>(2,528,521)</b>    | <b>377,579</b>                  | <b>(2,150,942)</b> |

2021

|                                       | Accumulated<br>losses | Asset<br>revaluation<br>surplus | Total              |
|---------------------------------------|-----------------------|---------------------------------|--------------------|
|                                       | \$                    | \$                              | \$                 |
| Balance at 1 July 2020                | (1,979,500)           | 372,544                         | (1,606,956)        |
| Profit/(loss) attributable to members | 49,622                | -                               | 49,622             |
| Adjustment for change in SBE tax rate | -                     | 5,035                           | 5,035              |
| <b>Balance at 30 June 2021</b>        | <b>(1,929,878)</b>    | <b>377,579</b>                  | <b>(1,552,299)</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 2022

|   | 2022                  | 2021               |
|---|-----------------------|--------------------|
|   | \$                    | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>              |                       |                    |
| Receipts from members and customers                       | 4,250,734             | 1,167,538          |
| Payments to suppliers                                     | (1,520,800)           | (2,363,233)        |
| Rent received   | 62,160                | 59,678             |
| Interest received   | 2,927                 | 18                 |
| Interest paid   | (52,665)              | (25,381)           |
| Income taxes paid   | -                     | 16,931             |
| Net cash provided by / (used in) operating activities     | <u>2,742,356</u>      | <u>(1,144,449)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>              |                       |                    |
| Purchase of property, plant and equipment                 | 11(a) (746,401)       | (665,530)          |
| Proceeds from sale of non-current assets held for sale    | -                     | 1,046,681          |
| Net cash used by investing activities                     | <u>(746,401)</u>      | <u>381,151</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>              |                       |                    |
| Proceeds from issue of shares                             | 760,000               | 1,200,000          |
| Redemption of shares                                      | (1,240,000)           | (360,000)          |
| Proceeds from borrowings                                  | 1,742,606             | 3,718,672          |
| Repayment of borrowings                                   | (2,063,300)           | (2,738,567)        |
| Net cash provided by / (used in) financing activities     | <u>(800,694)</u>      | <u>1,820,105</u>   |
| Net increase (decrease) in cash and cash equivalents held | 1,195,261             | 1,056,807          |
| Cash and cash equivalents at beginning of year            | 1,290,938             | 234,131            |
| Cash and cash equivalents at end of the period            | 6(a) <u>2,486,199</u> | <u>1,290,938</u>   |

The accompanying notes form part of these financial statements.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2022**

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 - Simplified Disclosures 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 2022**

#### **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 which is 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 in the 2020 year based on land values issued by the Valuer General. 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%                   |

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2022**

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

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

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.

##### **(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 2022**

#### **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 2022**

#### **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 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.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2022**

#### **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:

- 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 2022

#### 3 Revenue and other income

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

|                                   | 2022             | 2021           |
|-----------------------------------|------------------|----------------|
|                                   | \$               | \$             |
| - Cluster unit sales              | 7,439,824        | -              |
| - Food co-op and cafe             | 99,940           | 74,609         |
| - Electricity                     | 15,435           | 17,976         |
| - Courses and workshops           | 24,531           | 912            |
| - Water supply                    | 59,899           | 37,371         |
| - Other sales                     | 7,897            | 11,899         |
| - Accommodation, storage and hire | 62,160           | 59,678         |
| - Member contributions and levies | 254,757          | 213,308        |
|                                   | <b>7,964,443</b> | <b>415,753</b> |

##### (b) Other income

|   |                |                |
|---|----------------|----------------|
| - Grants received                       | -              | 187,146        |
| - Donations                             | 81,774         | 45,554         |
| - Fair share                            | 6,633          | 64             |
| - Insurance proceeds                    | 13,126         | -              |
| - Interest income                       | 2,927          | 18             |
| - Sundry income                         | 32,525         | 15,476         |
| - Income from charges to CA transaction | 41,718         | -              |
|   | <b>178,703</b> | <b>248,258</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 2022

#### 4 Income tax expense

The major components of tax expense (income) comprise:

|  | 2022             | 2021         |
|--|------------------|--------------|
|  | \$               | \$           |
| <b>Deferred tax expense</b>                                    |                  |              |
| Reversal of prior year income tax losses restated              | -                | 5,035        |
| <b>Total income tax expense /(benefit)</b>                     | <u>-</u>         | <u>5,035</u> |
| <b>Reconciliation of income tax to accounting profit:</b>      |                  |              |
| Profit/(loss) for the year                                     | <u>(598,643)</u> | 54,657       |
| Tax at 25% (2021: 26%)   | <u>(149,661)</u> | 14,211       |
| Add:   |                  |              |
| Tax effect of:   |                  |              |
| - income tax losses not yet recognised as a deferred tax asset | <b>149,661</b>   | (14,211)     |
| - income tax losses restated                                   | -                | 5,035        |
| Income tax expense/(benefit)                                   | <u>-</u>         | <u>5,036</u> |

#### 5 Tax assets and liabilities

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

|  |                         |                  |
|--|-------------------------|------------------|
| Tax losses   | <b>3,162,484</b>        | 2,563,841        |
| Temporary differences regarding black hole expenditure | -                       | 1,974            |
|  | <u><b>3,162,484</b></u> | <u>2,565,815</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 2022

#### 6 Cash and cash equivalents

|              | 2022             | 2021      |
|--------------|------------------|-----------|
|              | \$               | \$        |
| Cash on hand | 2,460            | 577       |
| Cash at bank | <b>2,483,739</b> | 1,290,362 |
|              | <b>2,486,199</b> | 1,290,939 |

#### (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>2,486,199</b> | 1,290,938 |
|                           | <b>2,486,199</b> | 1,290,938 |

#### 7 Trade and other receivables

##### CURRENT

|                   |               |        |
|-------------------|---------------|--------|
| Trade receivables | 29,494        | 18,731 |
| GST receivable    | 60,013        | -      |
| Accrued income    | 364           | -      |
|                   | <b>89,871</b> | 18,731 |

##### NON-CURRENT

|       |                |        |
|-------|----------------|--------|
| Bonds | <b>132,939</b> | 82,939 |
|       | <b>132,939</b> | 82,939 |

#### 8 Inventories

##### CURRENT

At cost:

|                     |                  |            |
|---------------------|------------------|------------|
| Food stock on hand  | 20,756           | 11,536     |
| Land held for sale  | 8,479,738        | 14,999,384 |
| Inventories - other | 2,374            | -          |
|                     | <b>8,502,868</b> | 15,010,920 |

# Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 9 Non-current assets held for sale

|  | 2022           | 2021    |
|--|----------------|---------|
|  | \$             | \$      |
| Land and buildings - Foreman's Cottage | <b>344,264</b> | 344,264 |
|  | <b>344,264</b> | 344,264 |

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.

#### 10 Other assets

##### CURRENT

|             |               |        |
|-------------|---------------|--------|
| Prepayments | <b>21,394</b> | 23,259 |
|             | <b>21,394</b> | 23,259 |

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 11 Property, plant and equipment

|  | 2022             | 2021      |
|--|------------------|-----------|
|  | \$               | \$        |
| 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>1,011,292</b> | 737,014   |
| Accumulated depreciation               | <b>(47,330)</b>  | (33,009)  |
| Total buildings                        | <b>963,962</b>   | 704,005   |
| Total land and buildings               | <b>2,780,116</b> | 2,520,159 |
| Smart Grid                             |                  |           |
| At cost                                | <b>1,432,102</b> | 1,017,501 |
| Accumulated depreciation               | <b>(118,436)</b> | (45,647)  |
| Total Smart Grid                       | <b>1,313,666</b> | 971,854   |
| Plant and equipment                    |                  |           |
| At cost                                | <b>244,222</b>   | 193,972   |
| Accumulated depreciation               | <b>(131,696)</b> | (117,248) |
| Total plant and equipment              | <b>112,526</b>   | 76,724    |
| Furniture, fixtures and fittings       |                  |           |
| At cost                                | <b>50,360</b>    | 47,310    |
| Accumulated depreciation               | <b>(33,391)</b>  | (25,245)  |
| Total furniture, fixtures and fittings | <b>16,969</b>    | 22,065    |
| Computer software                      |                  |           |
| At cost                                | <b>4,222</b>     | -         |
| Accumulated depreciation               | <b>(263)</b>     | -         |
| Total computer software                | <b>3,959</b>     | -         |
|  | <b>4,227,236</b> | 3,590,802 |

Three of the lots within the Narara Ecovillage have been revalued in 2020 year in accordance with land values issued by the Valuer General. 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 2022

#### 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:

|                                       | Land             | Buildings & improvements | Plant and equipment | Furniture, fixtures and fittings | Computer Software | Smart Grid       | Total            |
|---------------------------------------|------------------|--------------------------|---------------------|----------------------------------|-------------------|------------------|------------------|
|                                       | \$               | \$                       | \$                  | \$                               | \$                | \$               | \$               |
| <b>Consolidated</b>                   |                  |                          |                     |                                  |                   |                  |                  |
| <b>Year ended 30 June 2022</b>        |                  |                          |                     |                                  |                   |                  |                  |
| Balance at the beginning of year      | 1,816,154        | 704,005                  | 76,725              | 22,064                           | -                 | 971,854          | 3,590,802        |
| Additions                             | -                | 274,278                  | 50,250              | 3,050                            | 4,222             | 414,601          | 746,401          |
| Depreciation expense                  | -                | (14,321)                 | (14,449)            | (8,145)                          | (263)             | (72,789)         | (109,967)        |
| <b>Balance at the end of the year</b> | <b>1,816,154</b> | <b>963,962</b>           | <b>112,526</b>      | <b>16,969</b>                    | <b>3,959</b>      | <b>1,313,666</b> | <b>4,227,236</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>-</b>          | <b>971,854</b>   | <b>3,590,802</b> |

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 12 Trade and other payables

|                                      | 2022             | 2021             |
|--------------------------------------|------------------|------------------|
|                                      | \$               | \$               |
| CURRENT                              |                  |                  |
| Unsecured liabilities                |                  |                  |
| Trade payables                       | 551,593          | 59,332           |
| Income received in advance           | 26,937           | 2,575            |
| GST payable                          | -                | 7,704            |
| Sundry payables and accrued expenses | 122,618          | 40,439           |
| Bonds held                           | 929              | 955              |
|                                      | <u>702,077</u>   | <u>111,005</u>   |
| NON-CURRENT                          |                  |                  |
| Unsecured liabilities                |                  |                  |
| Trade payables                       | <u>1,807,492</u> | 1,850,122        |
|                                      | <u>1,807,492</u> | <u>1,850,122</u> |

91% (2021: 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% (2021: 9%) 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.

#### 13 Borrowings

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| CURRENT                            |                  |                  |
| Loans from members                 | 5,240,795        | 3,552,177        |
| Loans from non-members             | 2,150,935        | 1,206,594        |
|                                    | <u>7,391,730</u> | <u>4,758,771</u> |
| NON-CURRENT                        |                  |                  |
| Loans from members - interest free | 444,085          | 419,793          |
| Loans from members                 | 631,359          | 2,424,110        |
| Loans from non-members             | -                | 1,185,193        |
|                                    | <u>1,075,444</u> | <u>4,029,096</u> |

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 13 Borrowings

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 2022 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 unsecured short term loans and 3.25% for 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 2022 was \$98,503 (2021: \$102,670).

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

#### 14 Contact liabilities

|                                    | 2022             | 2021             |
|------------------------------------|------------------|------------------|
|                                    | \$               | \$               |
| CURRENT                            |                  |                  |
| Land sale deposits - Stage 2       | 3,270,001        | -                |
| Cluster sale deposits              | -                | 6,976,190        |
| Other deposits - Foreman's Cottage | 418,969          | 418,969          |
|                                    | <u>3,688,970</u> | <u>7,395,159</u> |

#### 15 Members' equity

The co-operative has one class of shares, with 3,290,000 on issue (2021: 3,770,000). All shares have a face value of \$1 and are fully paid to the value of \$3,290,000 as at 30 June 2022 (2021: \$3,770,000).

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 1(l) means it is disclosed as a liability. The co-operative repurchases shares from members quarterly in accordance with the rules of the co-operative when a request is made to exit the Narara Ecovillage Co-operative.

The movement in members' share capital between 30 June 2021 and 30 June 2022 includes the transfer of 20,000 shares from 20 stage 2 members from shares to a deposit on their lot.

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2022**

#### **16 Related party transactions**

##### **Related parties**

The Co-operative's related parties include key management personnel.

Key management personnel are 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.

This includes the directors of Narara Ecovillage Co-operative Ltd who are contracted to perform essential project tasks.

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.

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



## Narara Ecovillage Co-operative Ltd

ABN 86 789 868 574

### Notes to the Financial Statements

#### For the Year Ended 30 June 2022

#### 16 Related party transactions

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 2022 | Owed by the Cooperative (3) 30 June 2021 | Loan interest earned | Loans to the Co-operative 30 June 2022 | Lot and cluster instalments paid to NEV Co-op |
|-----------------|----------------------------|--------------------------------|--|--|----------------------|--|---|
| Lynita Clark    | -                          | -                              | -  | -  | -                    | -                                      | 150,000                                       |
| Richard Denham  | -                          | 922                            | 23,968   | 23,046                                   | -                    | -                                      | -   |
| Rodion Kashubin | -                          | -                              | -  | -  | -                    | -                                      | 150,000                                       |
| Verena Olivier  | -                          | -                              | -  | -  | 7,435                | 189,331                                | -   |
| Laurence Perrin | -                          | -                              | -  | -  | -                    | 6,743                                  | 31,477  |
| Gina Price      | 4,050                      | -                              | -  | -  | -                    | -                                      | -   |
|                 | <u>4,050</u>               | <u>922</u>                     | <u>23,968</u>                                    | <u>23,046</u>                            | <u>7,435</u>         | <u>196,074</u>                         | <u>331,477</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, includes GST where applicable as well as any accounts payable.

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 17 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 2022 is as follows:

|                                | Balance at beginning of year | Share purchases | Applied as lot or cluster Instalments | Balance at end of year |
|--------------------------------|------------------------------|-----------------|---------------------------------------|------------------------|
| <b>30 June 2022</b>            |                              |                 |                                       |                        |
| Jonathan Ellis (jointly held)  | 30,000                       | -               | -                                     | 30,000                 |
| Laurence Perrin (jointly held) | 30,000                       | -               | -                                     | 30,000                 |
| Lynita Clark (jointly held)    | 50,000                       | -               | (20,000)                              | 30,000                 |
| Richard Denham                 | 50,000                       | -               | -                                     | 50,000                 |
| Rodion Kashubin (jointly held) | 50,000                       | -               | (20,000)                              | 30,000                 |
| Verena Olivier (jointly held)  | 50,000                       | -               | -                                     | 50,000                 |
|                                | <u>260,000</u>               | <u>-</u>        | <u>(40,000)</u>                       | <u>220,000</u>         |

|                                | Balance at beginning of year | Share purchases | Other    | Balance at end of year |
|--------------------------------|------------------------------|-----------------|----------|------------------------|
| <b>30 June 2021</b>            |                              |                 |          |                        |
| Jonathan Ellis (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                 |
| Rodion Kashubin (jointly held) | -                            | 50,000          | -        | 50,000                 |
| Verena Olivier (jointly held)  | 50,000                       | -               | -        | 50,000                 |
|                                | <u>210,000</u>               | <u>50,000</u>   | <u>-</u> | <u>260,000</u>         |

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 18 Remuneration of auditors

|  | 2022          | 2021          |
|--|---------------|---------------|
|  | \$            | \$            |
| Remuneration of Boyce Assurance Services     |               |               |
| - 2022 Audit fees                            | 22,000        | -             |
| - 2021 Audit fees                            | -             | 15,000        |
| - Accounting advisory                        | -             | 1,000         |
|  | <u>22,000</u> | <u>16,000</u> |
| Remuneration of Boyce Chartered Accountants: | -             | -             |
| - Taxation services                          | 1,155         | 1,100         |
|  | <u>23,155</u> | <u>17,100</u> |

#### 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 or the Group in the future financial years.

## Notes to the Financial Statements

### For the Year Ended 30 June 2022

#### 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.

|   | <b>2022</b>        | <b>2021</b> |
|---|--------------------|-------------|
|   | \$                 | \$          |
| <b>Statement of Financial Position</b>                            |                    |             |
| Assets  |                    |             |
| Current assets  | <b>11,750,629</b>  | 16,500,216  |
| Non-current assets  | <b>3,046,511</b>   | 2,701,888   |
| Non-current assets held for sale                                  | <b>344,264</b>     | 344,264     |
| Total assets  | <b>15,141,404</b>  | 19,546,368  |
| Liabilities   |                    |             |
| Current liabilities   | <b>11,717,415</b>  | 12,282,204  |
| Non-current liabilities   | <b>2,692,379</b>   | 5,650,002   |
| Members' share capital  | <b>3,290,000</b>   | 3,770,000   |
| Total liabilities   | <b>17,699,794</b>  | 21,702,206  |
| Equity  |                    |             |
| Accumulated losses  | <b>(2,549,627)</b> | (2,434,365) |
| Asset revaluation surplus   | <b>377,579</b>     | 377,579     |
| Total equity  | <b>(2,172,048)</b> | (2,056,786) |
| <b>Statement of Profit or Loss and Other Comprehensive Income</b> |                    |             |
| Profit/(loss) for the year  | <b>(506,568)</b>   | (115,262)   |
| Other comprehensive income  | -                  | 5,035       |
| <b>Total comprehensive income</b>                                 | <b>(506,568)</b>   | (110,227)   |

**Narara Ecovillage Co-operative Ltd**

ABN 86 789 868 574

## **Notes to the Financial Statements**

### **For the Year Ended 30 June 2022**

#### **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 2022. 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 22 October 2022

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Cooma Dubbo Goulburn Moree Wagga Wagga



Knowledge. Insight. Experience.

**Profit and Loss**  
**Narara Ecovillage Co-operative Ltd**  
**1 July 2021 to 30 June 2022**

**2022**                      **2021**

**Income**

|                                    |                     |                     |
|------------------------------------|---------------------|---------------------|
| Accommodation Income               | 29,977.94           | 25,689.77           |
| Bushfire Levy                      | 4,581.78            | 18,654.39           |
| Cafe sales income                  | 48,950.29           | 42,920.11           |
| Camping donations                  | 4,265.00            | 8,070.00            |
| Co-op member contributions         | 250,174.81          | 194,653.64          |
| Course / workshop fees             | 24,530.73           | 912.27              |
| Donation Income                    | 60,802.72           | 29,481.18           |
| Fair Share Revenue                 | 6,633.00            | 64.23               |
| Food sales income                  | 50,990.17           | 31,688.40           |
| Hire of Rooms                      | 19,345.19           | 21,763.33           |
| Interest Income                    | 3,246.60            | 1,214.15            |
| Interest on NEV Power Loan         | 20,723.90           | 0.00                |
| Other Sales                        | 7,967.46            | 11,894.74           |
| Sale of Cluster Houses             | 7,439,824.10        | 0.00                |
| Sale of Other Buildings            | 0.00                | 1,050,000.00        |
| Sponsorship                        | 10,000.02           | 0.00                |
| Storage Income                     | 12,836.68           | 12,224.53           |
| Sundry Income                      | 32,524.94           | 72,772.57           |
| Water and sewerage service revenue | 66,873.57           | 43,311.72           |
| <b>Total Income</b>                | <b>8,094,248.90</b> | <b>1,565,315.03</b> |

**Less Cost of Sales**

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| Cost of cafe sales                   | 29,216.16           | 24,652.12           |
| Cost of Cluster Houses Sold          | 7,655,519.77        | 0.00                |
| Cost of Food Sold                    | 41,513.41           | 27,982.90           |
| Cost of Other Buildings Sold         | 0.00                | 1,053,319.44        |
| Cost of Other Sales                  | 943.14              | 0.00                |
| Cost of Water Supply for resale      | 14,196.20           | 13,658.04           |
| Inventory adjustments and write-offs | 1,667.16            | 446.54              |
| <b>Total Cost of Sales</b>           | <b>7,743,055.84</b> | <b>1,120,059.04</b> |

**Gross Profit**

**351,193.06**                      **445,255.99**

**Plus Other Income**

|                           |                  |             |
|---------------------------|------------------|-------------|
| Income from charges to CA | 41,718.00        | 0.00        |
| Insurance Proceeds        | 13,125.70        | 0.00        |
| <b>Total Other Income</b> | <b>54,843.70</b> | <b>0.00</b> |

**Less Operating Expenses**

|  |                |              |
|--|----------------|--------------|
| Bank Charges                                 | 2,863.07       | 1,087.90     |
| CA Levies Paid                               | 60,973.01      | 57,171.95    |
| Capitalisation of building development costs | (271,149.08)   | (930,918.69) |
| Capitalisation of land development costs     | (1,386,011.96) | (923,442.18) |
| Catering / Food                              | 2,008.90       | 123.39       |
| Cleaning                                     | 0.00           | 197.27       |
| Council Rates                                | 20,632.67      | 12,938.34    |
| Depreciation                                 | 37,177.48      | 31,704.76    |
| Development - cluster building costs         | 0.00           | 346,444.89   |
| Development - cluster Defect Rectification   | 36,776.74      | 7,907.08     |
| Development - cluster landscape costs        | 2,803.25       | 241,346.44   |
| Development - other costs                    | 292,398.00     | 106,358.18   |
| Development - preliminary costs              | 4,950.92       | 16,269.59    |
| Donations Paid                               | 135.00         | 54.97        |
| Electricity                                  | 16,069.65      | 17,956.68    |
| External Accountant & Auditor                | 23,155.00      | 17,100.00    |
| External Consultants                         | 255,326.91     | 176,891.92   |
| External Contractors                         | 96,828.37      | 161,315.85   |
| Fair Share profit distribution               | 14,644.03      | 529.83       |
| Filing fees & other compliance               | 12,149.11      | 8,745.95     |
| Fuel and Oil                                 | 2,717.18       | 4,284.57     |
| Income Tax Expense                           | 0.00           | 5,034.50     |
| Insurance                                    | 39,094.25      | 39,136.91    |
| Interest - Deferred fees                     | 26,029.87      | 25,063.80    |
| Interest - Members Loan                      | 234,160.14     | 350,354.29   |
| Interest - Non Member and Bank Loans         | 81,944.31      | 59,758.62    |
| IT - CRM & email                             | 733.84         | 764.20       |

**Profit and Loss**  
**Narara Ecovillage Co-operative Ltd**  
**1 July 2021 to 30 June 2022**

|                                      |                     |                     |
|--------------------------------------|---------------------|---------------------|
| IT - File Management                 | 3,422.37            | 2,642.99            |
| IT - Software licences               | 2,412.65            | 1,145.12            |
| IT - Telephone & Internet            | 2,188.08            | 1,735.86            |
| IT - Website & Wiki                  | 442.50              | 253.35              |
| Land Tax                             | 0.00                | (2,383.70)          |
| Legal Fees                           | 52,996.26           | 16,629.45           |
| Licences & Fees                      | 114,905.96          | 71,720.01           |
| Maintenance - Buildings              | 43,109.82           | 23,271.91           |
| Maintenance - Equipment & Tools      | 1,946.68            | 1,184.25            |
| Maintenance - Landscape              | 846.43              | 10,478.92           |
| Maintenance - Roads & Infrastructure | 14,279.66           | 10,343.25           |
| Memberships and affiliations         | 1,037.82            | 148.00              |
| NEV Consultants                      | 1,470.00            | 0.00                |
| NEV Contractors                      | 685,860.78          | 281,894.87          |
| NEV Contractors - On charged         | (2,130.00)          | (1,680.00)          |
| Other direct costs                   | 3,240.00            | 1,502.78            |
| Other Project Costs - WIP            | 319,701.48          | 266,348.35          |
| Pest control                         | 1,013.18            | 381.82              |
| Printing Stationery & Postage        | 694.99              | 703.04              |
| Small Tools and Equipment Purchases  | 12,765.57           | 17,352.71           |
| Sundry expenses                      | 8,050.17            | 3,695.73            |
| Supplies and consumables             | 15,106.96           | 965.08              |
| Travel                               | 896.90              | 1,682.40            |
| Vehicle expenses                     | 10,704.89           | 4,868.41            |
| Venue & equipment hire               | 390.00              | 986.08              |
| Waste Collection Costs               | 1,849.81            | 1,917.47            |
| Water and Sewerage charges           | 7,325.10            | 6,971.81            |
| WHS and Site Safety                  | 1,606.09            | 1,576.73            |
| <b>Total Operating Expenses</b>      | <b>912,544.81</b>   | <b>560,517.70</b>   |
| <b>Net Profit/(loss)</b>             | <b>(506,508.05)</b> | <b>(115,261.71)</b> |



**Profit and Loss**  
**NEV Power Pty Ltd**  
**1 July 2021 to 30 June 2022**

|  | 2022               | 2021              |
|--|--------------------|-------------------|
| <b>Income</b>                            |                    |                   |
| Capital Grant Income                     | 0.00               | 187,146.20        |
| Electricity sales                        | 31,505.12          | 35,799.52         |
| Other Sales                              | 0.00               | 68.18             |
| <b>Total Income</b>                      | <b>31,505.12</b>   | <b>223,013.90</b> |
| <b>Less Cost of Sales</b>                |                    |                   |
| Cost of Electricity Sold                 | 15,071.14          | 28,878.82         |
| <b>Total Cost of Sales</b>               | <b>15,071.14</b>   | <b>28,878.82</b>  |
| <b>Gross Profit</b>                      | <b>16,433.98</b>   | <b>194,135.08</b> |
| <b>Plus Other Income</b>                 |                    |                   |
| Donation Income                          | 6,706.63           | 8,002.60          |
| <b>Total Other Income</b>                | <b>6,706.63</b>    | <b>8,002.60</b>   |
| <b>Less Operating Expenses</b>           |                    |                   |
| Bank Charges                             | 35.40              | 29.49             |
| Capitalisation of Smart Grid expenditure | (137,251.01)       | (148,491.22)      |
| Depreciation                             | 72,789.66          | 15,813.96         |
| External Consultants                     | 104.55             | 0.00              |
| External Contractors                     | 3,663.86           | 150.00            |
| Filing fees & other compliance           | 703.00             | 273.00            |
| Insurance                                | 1,872.43           | 0.00              |
| Interest - Member Loans                  | 6,340.00           | 4,216.00          |
| Interest on NEV Co-op Loan               | 20,723.90          | 0.00              |
| IT - Software licences                   | 554.49             | 525.08            |
| Licences & Fees                          | 0.00               | 201.00            |
| NEV Contractors                          | 4,211.82           | 10,555.00         |
| Printing Stationery & Postage            | 70.00              | 79.99             |
| R&M - Roads & Infrastructure             | 85.00              | 0.00              |
| Small Tools and Equipment Purchases      | 3,791.85           | 5,317.17          |
| Smart Grid - WIP                         | 137,251.01         | 148,482.79        |
| Sundry Expenses                          | 330.00             | 102.15            |
| <b>Total Operating Expenses</b>          | <b>115,275.96</b>  | <b>37,254.41</b>  |
| <b>Net Profit/(loss)</b>                 | <b>(92,135.35)</b> | <b>164,883.27</b> |