



**BRUNSWICK RIVER COTTAGES INC.
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**



Index

PROFIT AND LOSS STATEMENT

BALANCE SHEET

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CASH FLOWS

NOTES TO THE FINANCIAL STATEMENTS

STATEMENT BY MEMBERS OF THE COMMITTEE

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Brunswick River Cottages Inc.

**Profit & Loss Statement
For the year ended 30 June 2022**

	2022	2021
	\$	\$
Income		
Rental Income	185,624	194,241
Total Income	<u>185,624</u>	<u>194,241</u>
Expenses		
Advertising	-	1,000
Bank Fees	216	153
Consultants Fees	3,000	-
Entertainment Expenses	79	-
External Repairs & Maintenance	10,445	11,477
Fees Paid	281	283
General Maintenance & Repairs	13,432	12,401
Insurance	3,552	3,558
Legal & Accounting	4,800	7,210
Lease for Life Cottages including loan repayments	51,059	53,003
Long Term Maintenance Expense	47,655	47,755
Postage & Shipping	35	31
Pet Bond Fees	-	3,020
Rates - Shire	6,758	5,802
Residential Consultant Fees	15,955	47,077
Solar Energy (Note 1b)	28,142	-
Utilities	14,524	14,215
Total Expenses	<u>199,933</u>	<u>206,985</u>
Operating Surplus (Deficit)	<u>(14,309)</u>	<u>(12,744)</u>
Other Income		
Community Housing Grant	14,934	-
Operating Service Fee (Note 1a)	6,150	3,450
Trust Distribution	2,405	82
Interest Income	1,437	922
Pet Bond income	-	3,113
Total Other Income	<u>24,926</u>	<u>7,567</u>
Net Surplus (Deficit)	<u>10,617</u>	<u>(5,177)</u>

The accompanying notes form part of these financial statements.

Brunswick River Cottages Inc.

**Balance Sheet
As at 30 June 2022**

	2022	2021
	\$	\$
Assets		
Current Assets		
Bendigo Business - 4070	43,294	23,602
Bendigo L4L - 9258	7,469	284,770
Bendigo New Units - 9282	26,748	35,337
Bendigo L4L O/S Sandhurst - 8532	-	545,082
Bendigo L4L O/S Sandhurst - 8532	822,107	63,175
Bendigo Sandhurst S/T - 2996	-	7,549
Bendigo Sandhurst L/T - 3036	63,350	73,704
Bendigo Sandhurst S/T - 2996	7,570	-
Bendigo Sandhurst Inv Ac3051	43,888	-
Accrued Interest	1,437	-
Trade Debtors	1,045	1,156
Prepayments	1,422	1,423
Total Current Assets	1,018,330	1,035,798
Non-Current Assets		
Office Equip at Cost	1,546	1,546
Office Equip Accum Dep	(1,546)	(1,546)
Bond Administrator	11,294	11,294
Total Non-Current Assets	11,294	11,294
Total Assets	1,029,624	1,047,092
Liabilities		
Current Liabilities		
GST Payable / (Receivable)	(80)	(1,281)
Unearned Revenue	3,286	11,571
Unspent Grants	1,408	16,342
Provision for Day to Day Maintenance	13,382	11,726
Total Current Liabilities	17,996	38,358
Long-Term Liabilities		
Bond Funds Payable	11,294	11,294
Lease for life - Contract Liability	783,750	790,600
Prov Long Term Maintenance	89,987	90,860
Total Non-Current Liabilities	885,031	892,754
Total Liabilities	903,027	931,112
Net Assets	126,597	115,980
Equity		
Retained Earnings	115,980	121,157
Current Year Earnings	10,617	(5,177)
Total Equity	126,597	115,980

The accompanying notes form part of these financial statements.

Brunswick River Cottages Inc.

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

	\$
Opening Retained Earnings 1 July 2020	121,157
Surplus (Deficit) for the year	<u>(5,177)</u>
Closing Retained Earnings 30 June 2021	115,980
Opening Retained Earnings 1 July 2021	115,980
Surplus (Deficit) for the year	<u>10,617</u>
Closing Retained Earnings 30 June 2022	126,597

The accompanying notes form part of these financial statements.

Brunswick River Cottages
Statement of Cash Flows
For the Year Ended 30 June 2022

	Note	30 June 2022 \$	30 June 2021 \$
Cash Flows from Operating Activities			
Receipts from members and customers		179,826	1,040,418
Interest received		1,437	922
Payments to suppliers & employees		<u>(200,055)</u>	<u>(208,313)</u>
Net cash provided by / (used in) operating activities	4	<u>(18,792)</u>	<u>833,027</u>
Net increase/(decrease) in cash		(18,792)	833,027
Opening cash and cash equivalents		<u>1,033,218</u>	<u>200,191</u>
Closing cash and cash equivalents		<u>1,014,426</u>	<u>1,033,218</u>

The accompanying notes form part of these financial statements.

BRUNSWICK RIVER COTTAGES INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Constitution and the Associations Incorporations Act (WA) 2015. The Committee has determined that the association is not a reporting entity.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Revenue and Other Income

Revenue is recognised when received and adjusted for receipts in advance of rental service. This adjustment is brought to account as unearned revenue.

Interest revenue is recognised when received.

Operating Service fees payable at \$150 per fortnight by Lease for Life residents are recognized as income as and when paid by residents.

(b) Lease of Land & Buildings

Land and buildings utilised within Brunswick River Cottages operations are owned by the Shire of Harvey. Any capital building improvements paid for by Brunswick River Cottages Inc. are therefore expensed as incurred, including solar panels installed during the 2021/2022 financial year.

On 1 November 2007 a lease agreement between the Shire of Harvey and Brunswick River Cottages Inc., was signed whereby the association is responsible for the day to day management of the cottages. This includes seeking out new tenants, receiving and recording rents and bonds, paying for maintenance of the property and associated administration costs. The lease requires an annual payment of \$1 due on 1 July each year, which is payable on demand. The lease has a term of 20 years.

BRUNSWICK RIVER COTTAGES INC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

NOTE 2. PROVISION FOR DAY TO DAY MAINTENANCE

The State Housing Commission Funding Agreement requires funds to be set aside for the day to day maintenance of the property. The provisional sum of 0.5% per annum of current building replacement cost is to be set aside and used for works to maintain the property.

The estimated current building replacement cost is \$4,775,500 based on the recent reinstatement cost insurance valuation report provided by LMW on 21 August 2021.

The provision for day to day maintenance has been calculated as follows:

	\$
Opening Balance at 1 July 2021	11,726
Provisional Funds for period to 30 June 2022	23,877
Maintenance & Repairs to 30 June 2022	<u>(22,221)</u>
Carried Forward Provision as at 30 June 2022	<u>13,382</u>

NOTE 3. PROVISION FOR LONG TERM MAINTENANCE

The State Housing Commission Funding Agreement requires funds to be set aside for the long term maintenance of the property. Long term maintenance is to increase the longevity of the property and includes; external painting, replacing gutters, down pipes and floor coverings. The provisional sum of 1% of the current building replacement cost is to be set aside and used for works to maintain the property.

The estimated current building replacement cost is \$4,775,500 based on the recent reinstatement cost insurance valuation report provided by LMW on 21 August 2021.

The provision for long term maintenance has been calculated as follows:

	\$
Opening Balance at 1 July 2021	90,860
Provisional Funds for year to 30 June 2022	47,755
Maintenance & Repairs to 30 June 2022	<u>(48,628)</u>
Carried Forward Provision as at 30 June 2022	<u>89,987</u>

NOTE 4: NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of deficit from ordinary activities to net cash provided by operating activities.

	2022	2021
	\$	\$
Net deficit surplus for the year	10,617	(5,176)
Changes in assets and liabilities during the year:		
(Increase)/decrease in trade debtors	0	4
(Increase)/decrease in prepayments and other assets	(1,437)	1,123
Increase/(decrease) in trade payables	1,314	(2,452)
Increase/(decrease) in unearned revenue/contract liabilities	(30,069)	816,012
Increase/(decrease) in long term and day to day maintenance	783	23,516
Net cash provided by operating activities	<u>(18,792)</u>	<u>833,027</u>

NOTE 5. LEASE FOR LIFE UNITS

Brunswick River Cottages entered into a \$750,000 self-supporting loan from the Shire of Harvey for the construction of 3 Lease for Life units during the year ended 30 June 2020. The loan is for a term of 20 years and paid in two instalments per year upon receiving an invoice from the Shire.

Brunswick River Cottages does not own the Lease for Life units as these are owned by the Shire. As a result, Brunswick River Cottages has not recorded the self-supporting loan as a liability on the balance sheet, however the payments to the Shire are recorded within the Profit and Loss Statement when payments are made. Payments to be made as per the loan schedule are \$22,928.54 during November and May of each financial year.

Brunswick River Cottages is confident in the financial modelling that the Lease for Life units provide in order to repay the loan amounts as indicated in the self-supporting loan agreement.

During the year ended 30 June 2022, two loan repayments were made in accordance with the contract consisting of \$14,195 interest, \$31,662 principal and \$4,954 loan levies and fees. As at 30 June 2022 the self-supporting loan balance was \$672,033.