



**South West Inner Sydney Housing  
Cooperative Ltd**

**Annual Report 2006**

**South West Inner Sydney Housing Co-operative Ltd**  
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## Mission and Values

### Mission Statement

*To build sustainable communities in the inner metropolitan region through the provision of affordable housing for low to moderate income earners*

### Our Values

#### *Professionalism*

- Decisions being made honestly and ethically

#### *Customer Focused*

- Commitment to service

#### *Efficiency*

- Do the basics really well and use best practice business systems

#### *Innovation*

- Look to the future and seek to add value

#### *Empathy*

- Empathises with position of clients and deliver housing services on a fair and consistent basis

### Tenants Rights Statement

SWISH recognises the rights of tenants to

- Safe, secure & affordable housing
- Security of tenure within the constraints of funding & program guidelines
- Fair open and non-discriminatory treatment, both in the selection process and in all other dealings
- Privacy and confidentiality of information unless disclosure consent is given
- Access to their own files
- Consultation on all changes to their tenancy conditions
- Kept informed of all action in relation to their tenancy and rent payments
- Treated with respect at all times, to have their culture and background respected
- Have their changing needs recognised; to have these met where possible within the guidelines and resources of the organisation
- Appeal and complain if they do not agree with action taken or decisions made by the SWISH
- Make appeals and complaints without being penalised to be encouraged to use an advocate
- To participate in decision making and know how to do this



## SWISH Profile

### *History*

South West Inner Sydney Housing Co-operative Ltd, (SWISH), provides affordable, community based rental housing for people in housing need and on low incomes.

SWISH was established in 1983 and is one of 42 community housing associations operating in NSW. SWISH receives leasehold and operational subsidy funds from the Office of Community Housing, a unit of the NSW Department of Housing. The Office of Community Housing also acts as the regulator of housing associations.

### *Area of Operation*

SWISH's area of operation covers inner city, inner west and the eastern suburbs. We operate across seven local government areas: Sydney City, Marrickville, Leichhardt, Ashfield, Botany, Waverley and Randwick. SWISH aims to secure a mix of long term housing stock in each of the LGA's so as to have a fair distribution of differently sized secure properties across its area of operation.

### *Properties*

SWISH now manages 631 properties, housing 1300 people

Our property portfolio includes

- 284 properties leased from Private rental market
- 244 properties leased from the Department of Housing and
- 91 properties managed through our fee for service program on behalf of other organisations

A further 29 properties are provided through other Department of Housing programs.

- Social Housing Subsidy Program (SHSP). SHSP are targeted to working households, who are generally on higher incomes than tenants in SWISH's general housing program; and
- Home Purchase Assistance

### *Fee for Service Program*

Our fee for service program consists of properties managed on behalf of

- Waverley Council, Affordable Housing Program (19)
- Ningana Housing Cooperative (53)
- Aids Council of NSW (6)
- Department of Juvenile Justice (6)
- Settlement (7)

### *Partnerships*

SWISH also provides crisis and supported accommodation in partnership with support agencies to ensure sustainable tenancies for very vulnerable people. These partnerships include:

- My Place Initiative for homeless people, our key support agencies are Oasis, Mission Australia, Mathew Talbot Hostel and Mercy Arms.
- Centacare ( young people);
- Bobby Goldsmith Foundation ( HIV Aids);
- Twenty10 (young homeless gay) ;
- Community Restorative Centre (people exiting prison );
- Department of Juvenile Justice (young people exiting juvenile justice) ;
- The Mercy Arms (older homeless people);
- THEBA ( Young women's service);
- ADAPHT (HIV Aids and complex needs);
- The Marian Centre (women escaping domestic violence);
- Waverley Council (elderly and people with a mild intellectual disability);
- Wyanga Aboriginal Elders Program; and
- Stepping Out (Survivors of child sexual assault).

### *Governance*

SWISH, is registered as a Co-operative under the *Co-operatives Act 1992* (NSW). SWISH is managed and controlled by a seven member skills based board.

The SWISH board has skills in finance and accounting, law, asset management/ community housing management, human resource management/community organisation management and social housing provision.

Directors are elected by Co-op members at the Annual General Meeting. SWISH tenants automatically become members of the Cooperative when they sign a tenancy agreement with SWISH.



### **Staffing**

SWISH employs nine staff led by an Executive Officer, who has responsibility for the strategic and operational management of the organisation. The staff complement consists  
Manager Housing Services  
Three Housing Managers  
Property Asset Manager  
Bookkeeper  
Receptionist, and  
Administrative Officer

### **Regulatory Environment**

SWISH operates in a highly regulated environment. In addition to reporting requirements under the Co-operatives Act 1992 (NSW). The other significant regulatory drivers are:

#### **Performance Based Registration System**

SWISH is registered with the Office of Community Housing. OCH introduced the Performance Based Registration System to monitor and regulate the sector. Registration requires housing providers performance is assessed annually, and continually through the provision of quarterly performance reports. Registered housing associations are assessed against 9 key performance indicators.

1. That people seeking community housing are treated fairly and, where appropriate, have access to appropriate support
2. Properties are appropriately used and maintained through clear and effective property and tenancy management practices
3. Housing organisations are innovative and responsive to the needs of tenants and the local community
4. Clear and effective arrangements exist for internal control and transparent decision-making
5. Systems are in place to identify and manage financial and non-financial risks
6. Arrangements are in place to ensure the organisation is accountable to stakeholders
7. The organisation is a viable business, with adequate recourse to financial resources to meet current and future business and financial commitment

8. Systems are in place to protect public investment in community housing by ensuring that funds received are used efficiently; and
9. Arrangements are in place to ensure funds received are used for the purpose for which they were provided

In July 2006 SWISH achieved 8A's and 1B out of a possible 9 A's in the Performance Based Registration System.

### **Accreditation**

SWISH undergoes voluntary Accreditation every three years. Accreditation assesses the quality of our organisational policies, practices and processes. Housing providers are assessed against the seven *National Community Housing Standards*. These are

1. Tenancy Management
2. Asset Management
3. Tenants Rights and Participation
4. Working with the Community
5. Governance and organisational management
6. Management Systems
7. Human Resources Management

SWISH achieved full three year accreditation in 2000, 2003 and is working towards accreditation in 2006.

## Chairperson's Report

### ***Future Direction***

The past financial year has been a period of consolidation for SWISH. Our focus has been spent on reviewing, restructuring, and rebuilding SWISH so it is better able to meet the challenges created by a dynamic and competitive external environment. More significantly, the last twelve months will serve as foundation steps towards positioning SWISH as a pre-eminent not-for-profit provider of quality and affordable housing.

To this end we have reviewed and revised our Strategic and Business Plan.

The SWISH Strategic Plan 2006-2009 now provides a clear direction for the organisation's future by:

- Identifying critical success factors through which we will deliver on our social mandate
- establishing immediate term objectives (within 12 months) that will lay the groundwork for further development of the organisation to realise our vision
- developing medium and longer term milestones necessary to attain our vision

A copy of SWISH's *Strategic Plan 2006-2009* is available at this AGM and from the SWISH Office. I look forward to reporting on our achievements at next year's AGM.

### ***Changing Environment***

The community housing sector has undergone very rapid change over the past two years with the introduction of Performance Based Registration System in 2004 and a more competitive process for securing properties from Office of Community Housing (OCH).

Some indications of the changing Community Housing sector can be seen from OCH's draft strategy document "*Planning for the Future: Community Housing*". This consultation draft projects the community housing sector growing from 13,000 to 30,000 dwellings over ten years. It is clear that OCH will only provide this additional housing stock to community housing associations which are clearly performing and able to do so with some scale.

### ***Improving Services and Performance***

Improving our performance grading under the NSW Performance Based Registration System has been a key achievement in the last twelve months, involving tireless contributions from the Board, the management and the SWISH staff. SWISH has significantly improved on its initial grading from 7Bs and 2As to literally reversing these results to 8As and 1B in a review by OCH some twelve months later. This is a tremendous result.

In 2006, SWISH have again prepared and participated in the triennial Accreditation review organised by OCH. This entails voluntary assessment of our policies and procedures and processes under the *National Community Housing Standards*. We have just completed this review and the results will be reported when they are made available to SWISH.

We continue to maintain our focus on improving services to our tenants with the continuation of the SWISH annual Tenant Satisfaction Survey which provides tenants with the opportunity to provide feedback on SWISH's service delivery. We welcomed your comments, the results have been encouraging and we have already begun to do more work in the area of improving services to our tenants.

### ***Partnerships and Growth***

SWISH also continues to be proactive in taking steps to strengthening and developing our partnerships with support providers, through renegotiating new support agreements and introducing quarterly meetings to ensure that we have active partnerships. These partnerships are critical to our service delivery to our tenants and we again look forward to the next twelve months in providing quality service alongside all our support partners.

A significant strategy that SWISH has embarked on this year is its decision to explore new housing delivery opportunities and partnerships. Two initiatives of particular note are Waverley Councils Affordable Housing Program, and growing our pool of SEPP 10 funds.



We have actively pursued growth through submitting the following expression of interest to build upon our existing stock, this included;

- Port Jackson Housing
- Department of Housing Stock Transfer properties
- Randwick Council Affordable Housing
- Community Housing Leasing Program
- Debt Equity Project

On a number of these applications SWISH had succeeded in reaching final round selections, however, we were not successful despite our continued and significant improvement in performance under the NSW Performance Based Registration System. We anticipate that with further consolidation of SWISH's improvement that success is not far off in the future.

### **Summary**

It has been a busy year. We have achieved much and SWISH is on a much firmer foundation to operate in an increasingly more competitive environment. This is due to the dedication and hard work of SWISH's Executive Officer John Nicolades and his dedicated team.

I also wish to express my appreciation and thanks to my fellow directors who attended the many board and committee meetings over the past year and not to mention the time they give outside of that. It is a strong team of committed and talent people and its has been my privilege to have worked and learnt alongside each of them.

Finally, I would like to express my warm thanks to Peter Reed, on behalf the SWISH Board, management and its members, who is leaving the Board after eight years of service. Peter has provided invaluable knowledge and support to SWISH as Chairperson for three years and as the Convenor of SWISH's Asset Management Committee.

**Jean Laut**  
Chairperson

## Treasurer's Report

### **Overview**

This financial year SWISH produced a healthy surplus, committed additional funds to meet SWISH's ten year asset maintenance plan and saw continued improvement in financial reporting to the Board.

The Board has, amongst other responsibilities, the responsibility of ensuring the financial viability of SWISH and ensuring its funds are used to further SWISH objectives in the most efficient and effective manner.

### **Healthy Surplus**

I am pleased to report that the 2005/2006 surplus is \$300,198 including \$158,000 in SEPP 10 contributions (see below).

This increased SWISH's total equity from \$2,536,057 to \$2,863,225. Equity is the amount of funds we have available to assist with our future activities.

### **Maintaining Properties**

The Board is very conscious of its responsibilities to ensure SWISH's capital properties are well maintained. To do this we developed SWISH's *Maintenance Plan 2005-2014*. This ten year plan allows SWISH to plan for and determine the costs of maintaining our capital properties.

To meet these future commitments SWISH has built a substantial maintenance reserve of \$1.3m. The SWISH board approved a further \$100,000 from the operational surplus be transferred to the reserve, bringing it to a total of \$1.4m.

### **Growing Independent Sources of Funds**

Of the surplus noted above, \$158,000 was generated from SEPP 10 Contributions made to the Co-operative under *State Environmental Planning Policy No 10. Retention of Low Cost Rental Accommodation*. Over three years developers have made \$380,000 in developer contributions to mitigate for the loss of low income housing during the development process. These funds are reserved for specific purposes and are not available to meet the general operating costs of the Co-operative. SWISH expects to grow this pool of funds and use it to develop/build new affordable housing when circumstances allow.

### **Improving Internal systems**

This year saw further improvements in the financial reporting and monitoring, and the more efficient use of our cash flow to generate interest income. We will build upon these over the next year, by streamlining our receipts and payment systems.

Through reducing costs and increasing our income we are in a better position to direct more resources to providing better service delivery to SWISH tenants.

Our primary source of external funding continues to be the Office of Community Housing and we acknowledge their assistance for the funds they provide for leasehold and management subsidies.

**Martin Baird**  
Treasurer

## Executive Officer's Report

### **Overview**

This has been a very busy year for SWISH. The Board, management and staff have worked hard to rebuild the organisation and re-establish it as a multi-service provider in the inner metropolitan area. Beginning with 35 properties in Newtown 23 years ago SWISH now has 641 properties delivered through a housing program which provides mainstream housing for households on low incomes, affordable housing for households on moderate incomes, supported housing program for very vulnerable tenants and a significant fee for service for housing and property management. SWISH is a multipurpose housing provider which has as its mission:

*To build sustainable communities in the inner metropolitan region through the provision of affordable housing for low to moderate income earners.*

We have achieved a number of important milestones in 2005. These included:

- Revising and updating our Strategic Plan
- Improving our performance under the NSW Performance Based Registration System
- Undertaking the 2006 Tenants Survey
- Preparing for Accreditation in 2006
- Strengthening our support agency partnerships
- Expanding our housing innovation

### **Planning**

Our Strategic Plan review identified SWISH's future direction in the SWISH Strategic Plan 2006-2007. This was developed with input of key stakeholders including tenants, staff and partner agencies.

The Strategic Plan sets the framework to develop our Business Plan for 2006-2007 and prepared a detailed annual Business Plan to operationalise the Strategic Plan.

This was augmented with a Risk Management Plan to identify and mitigate any risks encountered in implementing our plan.

### **Improving our performance**

We achieved 8A's and 1B in 2006 up from 7B's to 2A's in 2005 under the NSW Performance Based Registration System. We will work hard to move to 9As and achieve an overall A grading in 2007. This is a significant result and is testimony to the hard work of both board and SWISH staff.

### **Listening to Tenants**

The 2006 Tenants Survey provided invaluable feed back from our tenants. This assisted in identifying our strengths and weakness in our service delivery.

We were very pleased that 95% found staff friendly and helpful, and 83% of tenants expressed satisfaction with their housing and 70% were satisfied with the delivery of repairs and maintenance.

However it was also clear that SWISH had to improve its information on rent and subsidy and Complaints and Appeals. One immediate result was to revise our existing Appeals and Complaints process, and thoroughly revise the *Tenant Handbook* which we provide at the tenancy sign up.

Other actions-are incorporated into the *SWISH Business Plan 2006-2007* as part of reviewing our policies and processes.

The Tenant Survey will now be undertaken annually rather than every three years, so it becomes a more useful tool to improve SWISH's service delivery. We will be examining other initiatives over the next year to increase tenant input into SWISH.

### **Improving Systems**

Housing Associations can undergo voluntary accreditation every three years against the *National Community Housing Standards*. The accreditation process involves us reviewing our policy, processes and services to provide tenants with the best possible service. SWISH has previously achieved three year accreditation in 2000, 2003 and we hope to achieve another three year accreditation in 2006.

### ***Building Partnerships***

Our partnerships with support agencies allow SWISH to assist people who are our most vulnerable tenants to maintain sustainable tenancies. This year we reviewed and revised renewed all our partnerships. These clearly set out the role and responsibility of SWISH and the support partner. A further enhancement was the establishment of quarterly meetings to ensure that we maintain an active partnership.

A measure of the good relationships we have with our partner agencies were the positive comments we received through input their strategic planning process. This is a dedication to the commitment and hard work of SWISH's staff.

During the year we entered into a significant partnership with Wyanga Aboriginal Age Care Agency to accommodate four aboriginal elders in Glebe. This is an important part of increasing our work with indigenous support agencies. Over 9% of SWISH's tenants are indigenous households. We will be exploring ways to increase the level of supported housing with our partner agencies over the next year.

### ***Expanding housing activities***

SWISH seeks to be innovative in growing its housing activities. Through the Waverley Affordable Housing Program we increased the number houses under management to 19 up from the original four units in January 2005.

SEPP 10 Funds which are levied by the Department of Planning where a development results in the loss of low income housing. SWISH has received \$380,000, with further funds in the pipeline. We hope to leverage these funds in the future for housing acquisition.

SWISH has commenced discussions with Department of Planning to change some of the policy parameters to maximise the use of funds. We have achieved some success in increasing the income range for eligible households. The matter of consolidating funds still requires further discussion.

### ***Challenges***

One of the most difficult and challenging areas faced by any housing association is to manage tenants who are unwilling to pay their rent. SWISH's overriding concern is to meet the housing needs of people on low incomes develop sustainable tenancies.

We do this by ensuring that tenants are informed of their responsibilities at sign up, arranging rent payments through Centrepay, renegotiate rent payments when families experience financial difficulties, and refer tenants to financial assistance agencies.

In 2005/2006 we were regrettably forced to terminate eight tenancies because of unpaid rent arrears. Rent arrears lead to a loss of income to SWISH and are unfair when the vast majority of tenants in similar financial circumstances pay their rent on time.

We have reviewed our internal procedures to reduce the incidence of arrears. Regrettably we have had to contract a debt collection agency, Dunn and Bradstreet to assist SWISH in recovering unpaid rent arrears from tenants who have left SWISH.

### ***Thank You***

In closing I would like to thank my staff and the SWISH directors for their hard work and effort for what SWISH has achieved over the past year and the positive difference we have made to the lives of many people who have been housed by SWISH.

**John Nicolades**  
Executive Officer

## Governance

### ***Role of the Board***

SWISH Board of Directors is responsible for the corporate governance of SWISH. It establishes the principles by which both the board and management must operate to ensure that the business of the SWISH is carried out for the best interest of members with the appropriate balance of responsibilities between the board and management.

The Board is responsible for developing SWISH's strategy direction, which it develops through a triennial strategic plan and operationalise through an annual business plan. The Executive Officer is delegated with the responsibility of ensuring these plans are implemented.

Board responsibilities also include:

- Overseeing the policies and performance of SWISH
- Reviewing the appointment and remuneration of the Executive Officer and the remuneration policy of SWISH
- Approving any capital expenditure over \$5,000, acquisitions of property, funding agreements and oversees the audit and compliance functions of SWISH

The board undertakes these duties in compliance with law, regulation and any contractual obligations.

### ***Ethics***

SWISH board adheres to the highest ethical principles and these are expressed in the :

- Code of Ethics for Directors and Staff
- Code of Conduct for Directors
- Managing Conflict of Interest Policy and a Register of Interests
- 

All directors must sign these statements upon becoming a Director.

The SWISH Code of Conduct for Directors requires

- Board members must act in the interest of the SWISH at all times and in all decisions made.
- Board members must carry out their role on the Board in accordance with the SWISH's policies and procedures

- In approving expenditures or financial reports, Board members must be aware of the implications of their decision on the financial viability of SWISH
- Board members should not use any information obtained in the course of their participation as a board member for personal gain or benefit, nor should they pass it on to others who might use it in such a way.
- Board members must ensure that their private or personal interests do not influence their decisions on board, and that they do not use their position on board to obtain personal gain of any sort, either for themselves directly, or family, friends or associates
- Board members should not place themselves under any obligation that might influence, or be perceived to influence, the conduct of their duties.

### ***Board Composition***

SWISH board consists of seven non executive Directors,

The Directors are elected on the basis of skills in the following areas

- Financial Management
- Law
- Housing Asset Management/Housing Management
- Human Resource Management/Community Organisation Management
- Social Housing Provision

Two directors must stand down every year at each annual general meeting but are eligible for renomination and re-election. Directors must stand down after four years but are eligible for renomination and re-election. No director can serve for more than eight consecutive years.

In the event of any vacancies the Board has the power to fill the vacancy until the next AGM.

The Executive Officer is not a member of the Board but is invited to attend Board meetings.

## Board Members

### **Jean Laut BSc (Psychology), Grad Dip Aboriginal Studies**

Chairman

Board member since 2002

Chairman 2003

Skill Area: Human Resources.

Jean has been in human resources for over 15 years and with the last 6 years as a human resource management consultant his HR management consultancy company Critical Business Solutions. His expertise Performance Management Systems, Talent Management & Succession Planning Strategic HR Planning Outplacement & Assessment Organisational Improvement and Curriculum design and delivery.

### **Martin Baird B Bus CPA FCIS GAICD**

Treasurer

Board member since 2002

Skill Area: Finance and Human Resources

Convenor Finance Subcommittee

Martin is Chief Financial Officer for Explorer Capital Pty Limited. A Certified Practising Accountant, Chartered Company Secretary and a graduate of the Australian Institute of Directors. Martin is Chair of the Professional Development Committee of Chartered Secretaries Australia. Prior to joining Explorer, Martin held senior roles in large private sector and publicly listed companies. Most recently he has been Executive Director of JML Australia Pty Ltd (a leading human capital consulting company) and Chief Executive Officer of Employment National Limited (a Government Business Enterprise and Australia's largest recruitment company)

### **John Dunn ACA MAICD**

Board members since 2005

Skill Area: Finance

John is a Chartered Accountant by profession, a member of the Institute of Company Directors and has held a number of senior executive roles including Managing Director of an ASX listed public company.

### **Paul Pryor BA LLM**

Secretary

Board member since 2001

Skill Area: Law

Paul was a principal of Pryor Tzannes & Wallis for over thirty-five (35) years. He has had extensive experience in transactional matters particularly as they relate to property. He was a Commissioner of the NSW Scout Association for many years and is currently an Honorary Commissioner of that Association... He has served as President of the P & C at Sydney Girls High Council and was recently Chairman of the Council of St Catherine's Girls School at Waverley for thirteen (13) years.

### **Peter Reed B.Arch**

Board member since 1998,

Chairperson 2001-2003

Skill Area: Asset Management

Convenor of Asset management Committee

Peter has extensive experience as an architect in Australian and overseas. He has designed for the public and private sectors. He was a director of Philip Cox, Richardson, Taylor and Partners Pty Ltd from and since 1994 Principal of Peter Reed and Associates He is a director of the Abbeyfield Society from 1995-2006, vice chairperson from 2001-2006 and a Director of Charingfield Hostel from 2000-2006 and a member of Associate Royal Australian Institute of Architecture and on the Housing Committee Royal Australian Institute of Architects. Peter's major area of interest is assisting SWISH to develop a comprehensive Asset management plan to ensure that SWISH properties are maintained to an appropriate standard.



**Andrew Penfold, Bachelor of Laws (Hons)**

Board member since 2004

Skill Area: Asset Management/Law

Andrew Penfold holds a Bachelor of Laws (Hons) degree and is a former Solicitor and Investment Banker. He worked in law for approximately 10 years in Sydney and London and Hong Kong and Investment Banking in Hong Kong for 8 years. Andrew is currently Chairman of the St Joseph's College Indigenous Fund, a Director of South West Inner Sydney Housing Co-operative Limited, a director of Telstra Stadium Club Limited, Homebush, a Founding Member of the Independent Schools Indigenous Education Network, a Trustee and Secretary of the Hong Kong Rugby Bali Fund, a Director of St Joseph's College Foundation Limited, a Member of The Australian Institute of Company Directors.

**Helen Wood, BSc (Hons) Psychology,**

Member of the Royal Institution of Chartered Surveyors (MRICS)-

Board member since 2002 Re-elected in 2005

Skill Area: Social housing from the perspective of a provider

Helen is a chartered surveyor who has 25 years experience as a property professional specialising in social, affordable and aged housing including low-cost home ownership in the UK and NSW. She was CEO of a charitable Housing Association in Central London for 9 years working in a framework which used substantial private sector borrowings. Since coming to Australia in 1998 she has carried out housing and development consultancy and other advisory work. Clients included Dept of Housing; Office of Community Housing; Federation of Housing Associations; City of Sydney Council; Newcastle City Council, Ashfield Council. Most recently she has worked in the aged-care sector developing seniors housing options.

**Board Meetings**

During 2005-2006 the SWISH Board held eleven Board meetings

| Director        | Attended | Meetings |
|-----------------|----------|----------|
| Jean Laut       | 11       | 11       |
| Martin Baird    | 11       | 11       |
| Paul Pryor      | 6        | 11       |
| Peter Reed      | 9        | 11       |
| John Dunn       | 9        | 11       |
| Andrew Penfold* | 5        | 6        |
| Helen Wood      | 8        | 11       |
| Reis Kaluka+    | 0        | 4        |

\* Elected November 2005

+ Resigned October 2005

## SWISH Staff

### **John Nicolades** **Executive Officer**

Bachelor of Arts, Bachelor Social Work  
Graduate Diploma in Applied Finance and  
Investment (FINSIA).

John has worked in the housing and community services sector for the 20 years. John was latterly with the Department of Housing as Director of the Centre for Affordable Housing, and was inaugural director of Affordable Housing Service in the NSW Dept of Planning in 1999. Previously, John held various strategic and operational positions including Community Services Manager at the Uniting Church Board for Social Responsibility, housing policy coordinator with Australian Council of Social Service and Housing Policy Officer with Shelter NSW. He has been on a number of federal and state government committees on housing policy.

Prior to joining SWISH in 2005, John undertook consultancy work on affordable housing for the NSW Department of Planning and NSW local governments whilst completing his Diploma of Applied Finance.

John is a Greek speaker and committed to using his skills and experience to build SWISH into a pre-eminent provider of affordable housing.

### **Angela Har** **Finance Manager**

Advanced Diploma in Accounting

Angela has worked in the non profit and private sector for 11 years in bookkeeping and financial management. She has worked for Australian Council for Rehabilitation of the Disabled (ACROD) and more recently for the Domain Real Estate Group as Group

Accountant. Hailing from Shanghai Angela speaks fluent Mandarin and Cantonese.

### **Kathy Wight** **Manager Housing Services** Bachelor of Arts

Kathy Wight has considerable housing a management experience with one of the largest social housing providers in the UK- Notting Hill Housing Trust. She who worked in social housing in the UK for 20 years. After returning to Australia she spent three years working for Lower North Shore Community Housing. Kathy joined SWISH in November 2004. Kathy leads a housing management team of three and is dedicated to improving services to tenants and the community

### **John Plater** **Property Asset Manager**

Bachelor of Science Building Surveying  
MA Building Rehabilitation Studies.

John has considerable experience in asset management and maintenance and has lectured in this field. He has worked for the Civil Engineering Department London Transport, also for building consultancy and project management firms in the UK before establishing his own consultancy business, where he also undertook work for housing associations

Since arriving in Australia in July 2005, John has undertaken over 300 property inspections for the NSW Department of Housing, prior to joining SWISH.

John is committed to improving SWISH asset maintenance to ensure that both current and future tenants benefit from well maintained properties.

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## Staff Complement

Housing Managers

Davina Lomas  
Rebecca Mullins  
Jackie Sailor  
Ian Bignell (to February 2006)  
Elizabeth Burford (to May 2006)  
Gaya Sasitharan (to April 2006)  
Louise Ahmat  
Davina Lomas (to May 2006)  
Roxana Fuentes (to March 2006)  
Neibi Hines

Bookkeeper

Receptionist

Administrative Worker

## Partnerships

### Support Partners

SWISH works with a wide range of partner agencies providing support to tenants. SWISH has formal partnerships with 16 organisations providing support to tenants and applicants.

We have formal support agreements with following agencies

- THEBA Young Womens Service
- ADHPT (Formerly AIDS Dementia & HIV Psychiatry Team)
- Aids Council of NSW (ACON)
- Bobby Goldsmith Foundation (BGF)
- Centacare (Alive Program)
- Community Restorative Centre (CRC)
- Independant Commuality Living Association
- Inner City Homeless Outreach and Support Service
- Marian Centre (St Vincent De Paul)
- Oasis
- Mathew Talbot Hostel
- The Mercy Arms
- Stepping Out
- Twenty 10
- Wyanga Aboriginal Aged Care Program
- Wesley Mission
- The Mercy Arms

Below are three examples of how SWISH works with its support partners

#### The Mercy Arms

The Mercy Arms, is a non-government organisation based in Waterloo, provides assistance with care and housing for older people in the inner-city area of Sydney

*"For more than five years Mercy Arms has had a partnership agreement with SWISH to provide housing and support for homeless men and women. SWISH has been a very important part of enabling older people move out of homelessness and into secure, quality housing. Many people housed under our agreement have never previously been able to sustain a tenancy, and the staffs of SWISH are always professional in their response to any housing issue".*

#### Ruth Melville

Coordinator

Assistance with Care and Housing for the Aged

#### Community Restorative Centre (CRC)

CRC Accommodation Service provides supported housing for men and women exiting jail. Making the transition from life in the prison system to living in the community can often be extremely challenging with many barriers to overcome. Additionally, as statistics make clear, many of our clients are likely suffer from a mental illness, have drug or alcohol problems, poor education and literacy levels and lack social skills. CRC assists this group of marginalised people, not only to obtain accommodation and address the issues that have a negative impact on their lives, but also to support them through the often lengthy process of reintegration to the community.

*"SWISH provides an excellent service to this extremely disadvantaged client group who are often excluded from services all together. SWISH offers exceptional property and tenancy management, which provides clients/tenants with the highest standard of living and often the first community inclusion they have ever experienced. This in turn enables clients to feel a sense of pride and appreciation, which encourages rehabilitation and therefore reduces the likelihood of recidivism. Ultimately, through crime reduction, this benefits the whole community"*

#### Julia Davis

Accommodation Service Coordinator

#### ALIVE (Adolescents Living Independently via Empowerment)

Centacare Catholic Community Services, Sydney's ALIVE (Adolescents Living Independently via Empowerment) Program's two partnerships with SWISH have been of great benefit for the young people we work with.

*"All of our young people have been homeless or at risk of homelessness and most have high complex needs; SWISH provides the opportunity and access for nominated ALIVE and JTAP (Joint Tenancy Accommodation Program) Clients to be housed in affordable, stable accommodation. This does allow these young people to really pursue their goals, build networks and support in a community. SWISH's assistance, flexibility and professionalism has been of great value to the ALIVE staff and clients"*

#### Bron Parker

Manager

Alive Program

## Partnerships

### Fee for Service Partnerships

We provide Tenancy and Property management services on a Fee for Service for the following organisations

- Waverley Council
- Aids Council of NSW  
Joint Tenancy Accommodation Program
- Havenco Housing Cooperative
- Ningana housing Cooperative
- Settlement

Waverley Council and the Aids Council of New South Wales provide examples of the range of work SWISH undertakes through its Fee for Service program

#### Waverley Council

*“Waverley Council is committed to providing a range of housing choices for Waverley residents or those who can demonstrate a connection to the local area. Services include an affordable housing program, our social housing program for older residents and accommodation for people with a mild intellectual disability. Our affordable housing program is growing with the private sector delivering properties in new developments for low to middle income people. This is an innovative program which was developed from a belief that people in Waverley should be able to remain in the local area despite significant social change. Housing provided is of the highest quality and yet still affordable. Council is in a unique position in providing this kind of service.*

*To do this well, Council has been able to rely on SWISH to provide good tenancy management, an understanding of the aims of the program and a professional approach.”*

#### Maree Girdler

Manager  
Integrated Planning and Community Consultation

### Aids Council of NSW

ACON and SWISH have been working in partnership for over five years to meet the transitional housing needs of people living with HIV/AIDS.

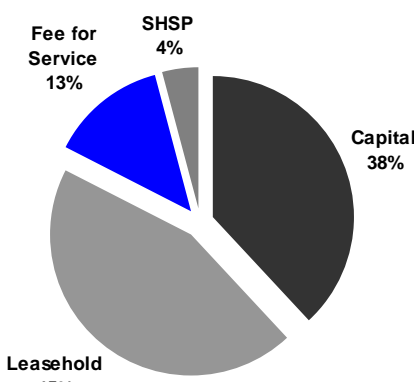
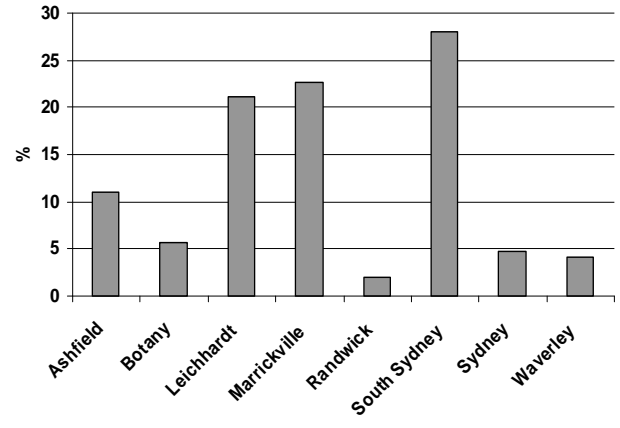
*“The success of this partnership is the result of each party’s clearly-defined responsibilities, the strong working relationships between staff and the shared goal of supporting communities at risk of homelessness. In 2005-06 SWISH provided property and tenancy management services to 17 people within ACON stock. The strength of the partnership is demonstrated by the signing of a new Management Agency Agreement 2006-09 that includes the provision of very short-term leases to gay, lesbian, bisexual and transgender people within available SWISH stock. This is a new area of work for ACON and we’re excited and reassured by SWISH’s involvement”*

#### Dennis Meijer

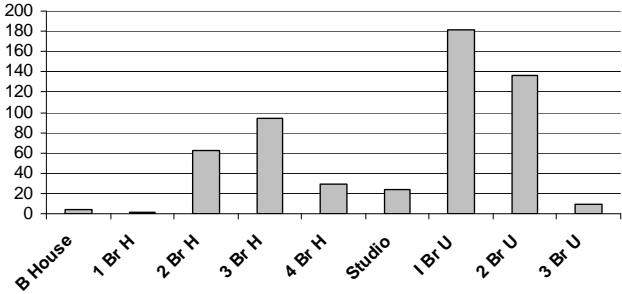
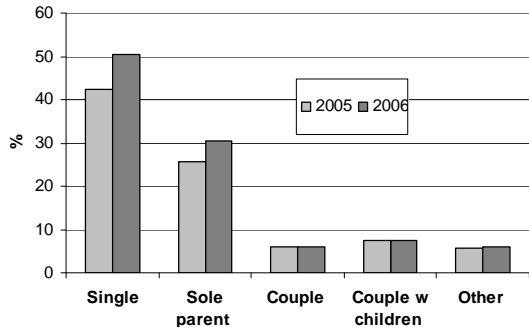
A/g Director Client Services,  
Aids Council of NSW

# Statistics

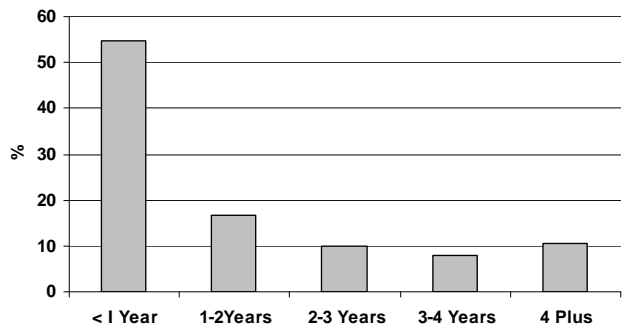
## Properties

| <p style="text-align: center;"><b>Properties by Program. June 2006</b></p>  <table border="1"> <caption>Properties by Program Data</caption> <thead> <tr> <th>Program</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Leasehold</td> <td>45%</td> </tr> <tr> <td>Capital</td> <td>38%</td> </tr> <tr> <td>Fee for Service</td> <td>13%</td> </tr> <tr> <td>SHSP</td> <td>4%</td> </tr> </tbody> </table>   | Program    | Percentage | Leasehold | 45% | Capital | 38% | Fee for Service | 13% | SHSP         | 4%  | <p>SWISH manages a total of xxxxx properties.</p> <p>Leasehold properties are leased from the private market.</p> <p>Capital properties are owned<sup>1</sup> by SWISH.</p> <p>Fee for Service. These properties are managed by SWISH on behalf of other organisations for a fee.</p> <p>Social Housing Subsidy Program. These are owned by SWISH, some units are targeted to households on moderate incomes who are ineligible for public housing.</p> |    |              |     |        |    |          |    |   |
|--|------------|------------|-----------|-----|---------|-----|-----------------|-----|--------------|-----|---|----|--------------|-----|--------|----|----------|----|---|
| Program  | Percentage |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Leasehold  | 45%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Capital  | 38%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Fee for Service  | 13%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| SHSP   | 4%         |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| <p style="text-align: center;"><b>Properties by LGA, June 2006</b></p>  <table border="1"> <caption>Properties by LGA Data</caption> <thead> <tr> <th>LGA</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Ashfield</td> <td>11%</td> </tr> <tr> <td>Botany</td> <td>5%</td> </tr> <tr> <td>Leichhardt</td> <td>21%</td> </tr> <tr> <td>Marrickville</td> <td>23%</td> </tr> <tr> <td>Randwick</td> <td>2%</td> </tr> <tr> <td>South Sydney</td> <td>28%</td> </tr> <tr> <td>Sydney</td> <td>4%</td> </tr> <tr> <td>Waverley</td> <td>4%</td> </tr> </tbody> </table> | LGA        | Percentage | Ashfield  | 11% | Botany  | 5%  | Leichhardt      | 21% | Marrickville | 23% | Randwick  | 2% | South Sydney | 28% | Sydney | 4% | Waverley | 4% | <p>SWISH's properties are predominately located in the inner west and inner city. With fewer properties in the eastern suburbs. We have a diverse property portfolio detached and semi detached dwellings, 2 and three storey walk ups, four store apartment blocks</p> |
| LGA  | Percentage |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Ashfield   | 11%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Botany   | 5%         |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Leichhardt   | 21%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Marrickville   | 23%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Randwick   | 2%         |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| South Sydney   | 28%        |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Sydney   | 4%         |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |
| Waverley   | 4%         |            |           |     |         |     |                 |     |              |     |   |    |              |     |        |    |          |    |   |

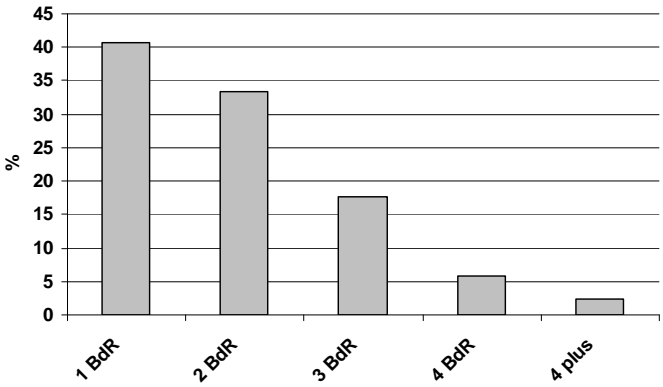
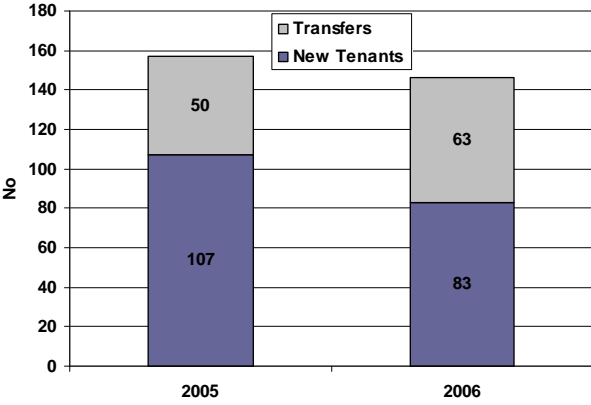
<sup>1</sup> Capital properties are leased from the Department of Housing on a pepper corn rent on a five year lease, these leases are ongoing. In return SWISH has responsibility for undertaking responsive and planned maintenance and paying for all other outgoings from the rent. This is approximately 25% of the tenants gross income

| <p style="text-align: center;"><b>Property Bedroom Size, June 06</b></p>  <table border="1"> <caption>Property Bedroom Size, June 06</caption> <thead> <tr> <th>Property Type</th> <th>Count</th> </tr> </thead> <tbody> <tr><td>B House</td><td>5</td></tr> <tr><td>1 Br H</td><td>1</td></tr> <tr><td>2 Br H</td><td>60</td></tr> <tr><td>3 Br H</td><td>95</td></tr> <tr><td>4 Br H</td><td>30</td></tr> <tr><td>Studio</td><td>25</td></tr> <tr><td>1 Br U</td><td>180</td></tr> <tr><td>2 Br U</td><td>140</td></tr> <tr><td>3 Br U</td><td>10</td></tr> </tbody> </table> | Property Type  | Count    | B House  | 5      | 1 Br H | 1  | 2 Br H      | 60 | 3 Br H | 95     | 4 Br H | 30 | Studio            | 25 | 1 Br U | 180   | 2 Br U | 140 | 3 Br U  | 10 | <p>SWISH's properties are predominately 1 and 2 Bedroom units, with a smaller number of 2 and 3 bedroom houses</p> |
|--|----------------|----------|----------|--------|--------|----|-------------|----|--------|--------|--------|----|-------------------|----|--------|-------|--------|-----|---|----|--|
| Property Type  | Count          |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| B House  | 5              |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 1 Br H   | 1              |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 2 Br H   | 60             |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 3 Br H   | 95             |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 4 Br H   | 30             |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| Studio   | 25             |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 1 Br U   | 180            |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 2 Br U   | 140            |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| 3 Br U   | 10             |          |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| <p style="text-align: center;"><b>Tenant Household Types</b></p>  <table border="1"> <caption>Tenant Household Types</caption> <thead> <tr> <th>Household Type</th> <th>2005 (%)</th> <th>2006 (%)</th> </tr> </thead> <tbody> <tr><td>Single</td><td>42</td><td>50</td></tr> <tr><td>Sole parent</td><td>25</td><td>30</td></tr> <tr><td>Couple</td><td>6</td><td>6</td></tr> <tr><td>Couple w children</td><td>8</td><td>8</td></tr> <tr><td>Other</td><td>6</td><td>6</td></tr> </tbody> </table>   | Household Type | 2005 (%) | 2006 (%) | Single | 42     | 50 | Sole parent | 25 | 30     | Couple | 6      | 6  | Couple w children | 8  | 8      | Other | 6      | 6   | <p>This is reflected in the Household types the majority of households are single people, followed by sole parents. Couples with/out children constitute a lower percentage of households</p> |    |  |
| Household Type   | 2005 (%)       | 2006 (%) |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| Single   | 42             | 50       |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| Sole parent  | 25             | 30       |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| Couple   | 6              | 6        |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| Couple w children  | 8              | 8        |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |
| Other  | 6              | 6        |          |        |        |    |             |    |        |        |        |    |                   |    |        |       |        |     |   |    |  |

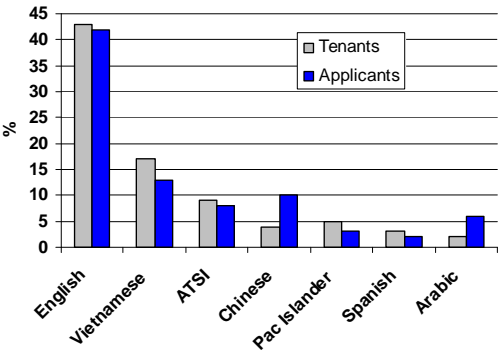
## Applicants

| <p style="text-align: center;"><b>Time On Waiting List, Oct 06</b></p>  <table border="1"> <caption>Time On Waiting List, Oct 06</caption> <thead> <tr> <th>Duration</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr><td>&lt; 1 Year</td><td>55</td></tr> <tr><td>1-2 Years</td><td>17</td></tr> <tr><td>2-3 Years</td><td>10</td></tr> <tr><td>3-4 Years</td><td>8</td></tr> <tr><td>4 Plus</td><td>11</td></tr> </tbody> </table> | Duration       | Percentage (%) | < 1 Year | 55 | 1-2 Years | 17 | 2-3 Years | 10 | 3-4 Years | 8 | 4 Plus | 11 | <p>SWISH undertakes annual review of its waiting list to ensure all applicants are current and reflects real demand for housing. The waiting list review 2006 reduced the waiting list to 347 households. Most applicants have been on the waiting list for two year or less.</p> |
|--|----------------|----------------|----------|----|-----------|----|-----------|----|-----------|---|--------|----|---|
| Duration   | Percentage (%) |                |          |    |           |    |           |    |           |   |        |    |   |
| < 1 Year   | 55             |                |          |    |           |    |           |    |           |   |        |    |   |
| 1-2 Years  | 17             |                |          |    |           |    |           |    |           |   |        |    |   |
| 2-3 Years  | 10             |                |          |    |           |    |           |    |           |   |        |    |   |
| 3-4 Years  | 8              |                |          |    |           |    |           |    |           |   |        |    |   |
| 4 Plus   | 11             |                |          |    |           |    |           |    |           |   |        |    |   |

## Applicants

| <p style="text-align: center;"><b>Applicant Bedroom Demand, Oct 06</b></p>  <table border="1"> <caption>Applicant Bedroom Demand, Oct 06</caption> <thead> <tr> <th>Bedroom Type</th> <th>Percentage (%)</th> </tr> </thead> <tbody> <tr> <td>1 BrR</td> <td>41</td> </tr> <tr> <td>2 BrR</td> <td>34</td> </tr> <tr> <td>3 BrR</td> <td>18</td> </tr> <tr> <td>4 BrR</td> <td>6</td> </tr> <tr> <td>4 plus</td> <td>3</td> </tr> </tbody> </table> | Bedroom Type   | Percentage (%) | 1 BrR     | 41   | 2 BrR | 34 | 3 BrR | 18 | 4 BrR | 6  | 4 plus | 3 | <p>Current applicant demand matches the existing demand for one and 2 bedroom dwellings</p> |
|--|----------------|----------------|-----------|------|-------|----|-------|----|-------|--|--------|---|---|
| Bedroom Type   | Percentage (%) |                |           |      |       |    |       |    |       |  |        |   |   |
| 1 BrR  | 41             |                |           |      |       |    |       |    |       |  |        |   |   |
| 2 BrR  | 34             |                |           |      |       |    |       |    |       |  |        |   |   |
| 3 BrR  | 18             |                |           |      |       |    |       |    |       |  |        |   |   |
| 4 BrR  | 6              |                |           |      |       |    |       |    |       |  |        |   |   |
| 4 plus   | 3              |                |           |      |       |    |       |    |       |  |        |   |   |
| <p style="text-align: center;"><b>New Tenancies 2005-2006</b></p>  <table border="1"> <caption>New Tenancies 2005-2006</caption> <thead> <tr> <th>Year</th> <th>New Tenants</th> <th>Transfers</th> </tr> </thead> <tbody> <tr> <td>2005</td> <td>107</td> <td>50</td> </tr> <tr> <td>2006</td> <td>83</td> <td>63</td> </tr> </tbody> </table>  | Year           | New Tenants    | Transfers | 2005 | 107   | 50 | 2006  | 83 | 63    | <p>SWISH housed 83 applicants' households from the waiting list in 2005-2006 and transferred 63 existing tenants to other housing within SWISH. Internal transfers assists in freeing up existing stock for waiting list applicants.</p> |        |   |   |
| Year   | New Tenants    | Transfers      |           |      |       |    |       |    |       |  |        |   |   |
| 2005   | 107            | 50             |           |      |       |    |       |    |       |  |        |   |   |
| 2006   | 83             | 63             |           |      |       |    |       |    |       |  |        |   |   |

## Language and Cultural Identification

| <p style="text-align: center;"><b>Languages /Cultural Identification, June 06</b></p>  <table border="1"> <caption>Languages /Cultural Identification, June 06</caption> <thead> <tr> <th>Language/Cultural Group</th> <th>Tenants (%)</th> <th>Applicants (%)</th> </tr> </thead> <tbody> <tr> <td>English</td> <td>42</td> <td>42</td> </tr> <tr> <td>Vietnamese</td> <td>17</td> <td>13</td> </tr> <tr> <td>ATSI</td> <td>9</td> <td>8</td> </tr> <tr> <td>Chinese</td> <td>4</td> <td>10</td> </tr> <tr> <td>Pac Islander</td> <td>4</td> <td>3</td> </tr> <tr> <td>Spanish</td> <td>3</td> <td>2</td> </tr> <tr> <td>Arabic</td> <td>2</td> <td>6</td> </tr> </tbody> </table> | Language/Cultural Group | Tenants (%)    | Applicants (%) | English | 42 | 42 | Vietnamese | 17 | 13 | ATSI | 9 | 8 | Chinese | 4 | 10 | Pac Islander | 4 | 3 | Spanish | 3 | 2 | Arabic | 2 | 6 | <p>SWISH has a high level of cultural and linguistic diversity amongst its tenants and applicants</p> <p>17% percent of tenants have Vietnamese as a first language</p> <p>9% are from an ATSI background.</p> <p>There is a larger percentage of Chinese and Arabic speaking applicants than current tenants</p> |
|--|-------------------------|----------------|----------------|---------|----|----|------------|----|----|------|---|---|---------|---|----|--------------|---|---|---------|---|---|--------|---|---|---|
| Language/Cultural Group  | Tenants (%)             | Applicants (%) |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| English  | 42                      | 42             |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| Vietnamese   | 17                      | 13             |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| ATSI   | 9                       | 8              |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| Chinese  | 4                       | 10             |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| Pac Islander   | 4                       | 3              |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| Spanish  | 3                       | 2              |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |
| Arabic   | 2                       | 6              |                |         |    |    |            |    |    |      |   |   |         |   |    |              |   |   |         |   |   |        |   |   |   |



# Financial Reports

For Period Ended 30 June 2006

## **DIRECTOR'S REPORT**

The Directors of South West Inner Sydney Housing Co-operative Limited present their report and the audited financial statements for the financial year ended the 30<sup>th</sup> June 2006.

- (a) The names and particulars of the Directors during or since the end of the financial year are:

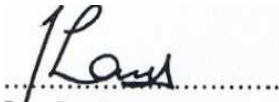
| <b>NAME:</b>                             | <b>EXPERIENCE:</b>         |
|--|----------------------------|
| Martin Baird                             | Accountant                 |
| John Dunn                                | Finance                    |
| Jean Laut                                | Human Resources Consultant |
| Paul Pryor                               | Solicitor                  |
| Peter Reed                               | Architect                  |
| Andrew Penfold (appointed November 2005) | Law and Finance            |
| Reis Kaluka (resigned October 2005)      | Finance                    |
| Helen Wood                               | Housing Consultant         |

- (b) No Director holds any interest, whether directly or indirectly, in a contract or proposed contract with the Co-operative.
- (c) The principal activity of the Co-operative in the course of the financial year was the provision of the housing services to the local community. There was no significant change in the nature of this activity during the financial year.
- (d) Operations of the year resulted in a surplus of \$300,198. No income tax was paid as the Co-operative is tax exempt.
- (e) The constitution of the Co-operative prohibits the payment or distribution of the assets or income of the Co-operative by the way of dividend or bonus to the members of the Co-operative. Accordingly, no dividend has been paid or declared since the end of the previous financial year
- (f) There were a number of significant changes to the organisation of SWISH in the last financial year.
- John Nicolades was appointed Executive Officer in October 2005.
  - SWISH was reviewed under the Office of Community Housings Performance Based Registration System in 2006 and achieved a B Grading with 8As and 1B, a significant improvement in performance compared to Performance Based Registration System 2005.
- (g) No matter or circumstances has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Co-operative, the results of those operations or the state of affairs of the Co-operative in subsequent financial years.



- (h) The Co-operative will continue to provide quality cost-effective assistance to the local community in particular in regard to the provision of housing.
- (i) Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or received as the fixed salary of a full-time employee of the Co-operative) by reason of a contract made by the Co-operative or by a related corporation with the Director or with a firm of which the Director is a member or with a corporation in which a Director has a substantial financial interest.

Signed at Sydney this 25<sup>th</sup> day of September, 2006 in accordance with the resolution of the Directors

 ..... 25.09.06 .  
Jean Laut  
Director

 ..... 25.09.06  
Martin Baird  
Director

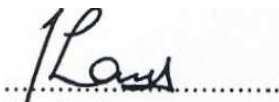


### DIRECTORS DECLARATION

In the opinion of Directors:

- (a) The financial statements comply with accounting standards
- (b) The financial statements give a true and fair view of the financial position as at 30<sup>th</sup> June 2006 and the profit of the Co-operative for the year ended on that date.
- (c) The financial statements are in accordance with the Co-operative Act 1992.
- (d) There are reasonable grounds to believe that the Co-operative will be able to pay its debts as and when they fall due.

Signed at Sydney this 25<sup>th</sup> day of September, 2006 in accordance with the resolution of the Directors

  
..... 25.09.06 .  
Jean Laut  
Director

  
..... 25.09.06  
Martin Baird  
Director

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
SOUTH WEST INNER SYDNEY HOUSING CO-OPERATIVE LIMITED**

**Scope**

*The Financial Report and Directors' Responsibility*

The financial report comprises the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for South West Inner Sydney Housing Co-operative Limited (the co-operative), for the year ended 30 June 2006.

The directors of the co-operative are responsible for the preparation and true and fair presentation of the financial report in accordance with the Co-operatives Act 1992, as amended. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

*Audit Approach*

We have conducted an independent audit in order to express an opinion to the members of the co-operative. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Co-operatives Act 1992, as amended, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the co-operative's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls



### **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Co-operatives Act 1992, as amended.

### **Audit Opinion**

In our opinion, the financial report of South West Inner Sydney Housing Co-operative Limited is in accordance with:

- (a) the Co-operatives Act 1992, as amended, including:
  - (i) giving a true and fair view of the Co-operative's financial position as at 30 June 2006 and of its performance for the year ended on that date;
  - (ii) complying with Australian Accounting Standards and the Co-operatives Act 1992, as amended; and
- (b) other mandatory professional reporting requirements in Australia.

The logo for BDO Chartered Accountants, consisting of the letters "BDO" in a stylized, handwritten font.

**BDO**  
**Chartered Accountants**

A handwritten signature in black ink, appearing to read "Max Perry".

**Max Perry**  
Partner

Dated this 25<sup>th</sup> day of September 2006.



**INCOME STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

|  | <b>Notes</b> | <b>2006<br/>\$</b>    | <b>2005<br/>\$</b>    |
|--|--------------|-----------------------|-----------------------|
| Revenue – Rental Income                  |              | 2,751,968             | 2,393,200             |
| Government Grants                        | 3            | 3,086,914             | 2,894,642             |
| SEPP 10 Developer Contributions          | 4            | 158,072               | 130,000               |
| Other Income                             | 2            | 235,403               | 201,940               |
| Tenancy and Property Management Expenses | 5            | (5,246,623)           | (4,451,641)           |
| Administration Expenses                  | 5            | <u>(685,536)</u>      | <u>(623,145)</u>      |
| <b>Profit attributable to members</b>    |              | <b><u>300,198</u></b> | <b><u>544,996</u></b> |

The accompanying notes form part of these financial statements



**BALANCE SHEET  
FOR THE YEAR ENDED 30 JUNE 2006**

|                                  | Notes | 2006<br>\$              | 2005<br>\$              |
|----------------------------------|-------|-------------------------|-------------------------|
| <b>ASSETS</b>                    |       |                         |                         |
| <b>Current assets</b>            |       |                         |                         |
| Cash and cash equivalents        | 7     | 2,487,569               | 1,935,620               |
| Trade and other receivables      | 8     | <u>427,803</u>          | <u>527,918</u>          |
| <b>Total current assets</b>      |       | <b><u>2,915,372</u></b> | <b><u>2,463,538</u></b> |
| <b>Non-current assets</b>        |       |                         |                         |
| Property, plant and equipment    | 9     | 21,591                  | 42,827                  |
| Investment Properties            | 10    | <u>200,000</u>          | <u>200,000</u>          |
| <b>Total non-current assets</b>  |       | <b><u>221,591</u></b>   | <b><u>242,827</u></b>   |
| <b>Total assets</b>              |       | <b>3,136,963</b>        | <b>2,706,365</b>        |
| <b>LIABILITIES</b>               |       |                         |                         |
| <b>Current liabilities</b>       |       |                         |                         |
| Trade and other payables         | 11    | 259,004                 | 136,212                 |
| Provisions                       | 12    | <u>14,704</u>           | <u>7,096</u>            |
| <b>Total current liabilities</b> |       | <b><u>273,708</u></b>   | <b><u>143,308</u></b>   |
| <b>Total liabilities</b>         |       | <b><u>273,708</u></b>   | <b><u>143,308</u></b>   |
| <b>Net assets</b>                |       | <b><u>2,863,255</u></b> | <b><u>2,563,057</u></b> |
| <b>EQUITY</b>                    |       |                         |                         |
| Reserves                         | 13    | 1,686,304               | 1,306,304               |
| Retained earnings                | 13    | <u>1,176,951</u>        | <u>1,256,753</u>        |
| <b>Total equity</b>              |       | <b><u>2,863,255</u></b> | <b><u>2,563,057</u></b> |

The accompanying notes form part of these financial statements



**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2006**

|   | Notes | 2006<br>\$       | 2005<br>\$       |
|---|-------|------------------|------------------|
| <b>Cash flows from operating activities</b>         |       |                  |                  |
| Cash receipts from customers                        |       | 6,118,342        | 5,787,126        |
| Cash paid to suppliers and employees                |       | (5,659,931)      | (5,455,262)      |
| Interest received                                   |       | 95,769           | 74,128           |
| <b>Net cash inflow from operating activities</b>    | 14    | <b>554,180</b>   | <b>405,992</b>   |
| <b>Cash flows from investing activities</b>         |       |                  |                  |
| Purchase of property, plant and equipment           |       | (2,231)          | (17,328)         |
| <b>Net cash outflow from investing activities</b>   |       | <b>(2,231)</b>   | <b>(17,328)</b>  |
| Net increase in cash and cash equivalents           |       | 551,949          | 388,664          |
| Cash and cash equivalents at beginning of period    |       | 1,935,620        | 1,546,956        |
| <b>Cash and cash equivalents at end of the year</b> | 7     | <b>2,487,569</b> | <b>1,935,620</b> |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2006**

|                                | Note | Retained<br>Earnings<br>\$ | Reserves  | Total<br>Equity<br>\$ |
|--------------------------------|------|----------------------------|-----------|-----------------------|
| <b>Balance at 1 July 2004</b>  |      | 711,757                    | 1,306,304 | 2,018,061             |
| Profit attributable to members |      | 544,996                    | -         | 544,996               |
| Sub-total                      |      | 1,256,753                  | 1,306,304 | 2,563,057             |
| <b>Balance at 30 June 2005</b> | 13   | 1,256,753                  | 1,306,304 | 2,563,057             |
| Profit attributable to members |      | 300,198                    | -         | 300,198               |
| Transfer to/from reserves      |      | (380,000)                  | 380,000   | -                     |
| Sub-total                      |      | 1,176,951                  | 1,686,304 | 2,863,255             |
| <b>Balance at 30 June 2006</b> | 13   | 1,176,951                  | 1,686,304 | 2,863,255             |

The accompanying notes form part of these financial statements

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

**(a) Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report has also been prepared on a historical cost basis and does not reflect changes in the purchasing power of money

Compliance with Australian equivalents to International Financial Reporting Standards (AIFRS) ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**(b) Revenue Recognition**

*Rendering of Services*

Revenue from Fees Received for Services is recognised when the service is provided.

*Interest*

Revenue is recognised as interest is earned.

*Rental Income*

Rental income is recognised as income in the periods when they are earned.

*Government Grants*

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the co-operative will comply with all the attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

**(c) Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts

**(d) Trade Receivables**

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the co-operative will not be able to collect all amounts due according to the original terms.

**(e) Fair Values**

The fair value of trade receivables and payables is their nominal value less estimated credit adjustments.

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

**(f) Plant and Equipment**

Plant and equipment is recognised at historic cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment. In 2004, a fixed asset register was not maintained by the co-operative, a fixed asset stocktake had been performed identifying all assets owned and utilised by the co-operative. These assets had been capitalised at their replacement cost amount and a full year's depreciation was charged. All additions in 2006 were recognised at cost in the fixed asset register.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Furniture, fittings and equipment                      5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the income statement in the year that the item is derecognised.

**(g) Investment Property**

Investment property is initially measured at cost. Subsequent to initial recognition, investment properties are carried at fair value, representing market conditions at balance sheet date. Gains or losses arising from changes in fair values of investment properties are included in the income statement as part of other income in the year in which they arise.

**(h) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the co-operative prior to the year end and which are unpaid.

**(i) Employee Benefit Provisions**

Annual Leave owing at balance date is provided for all staff at current wage rates.

No provision is made for sick leave entitlements. Long service leave entitlements are provided only for staff exceeding five years in employment with the co-operative.

**(j) Tax Exemption**

The co-operative is exempt from income tax as it is endorsed as an income tax exempt charity.

**NOTE 2: OTHER REVENUE**

|                            | <b>2006</b>    | <b>2005</b>    |
|----------------------------|----------------|----------------|
|                            | <b>\$</b>      | <b>\$</b>      |
| Fees Received - Services   | 124,157        | 107,690        |
| Interest                   | 95,769         | 74,128         |
| Miscellaneous Income       | 15,477         | 20,122         |
|                            | <u>235,403</u> | <u>201,940</u> |
| <b>Total other revenue</b> | <b>235,403</b> | <b>201,940</b> |



**NOTE 3: GOVERNMENT GRANTS**

|                   |                  |                  |
|-------------------|------------------|------------------|
| Government grants | <u>3,086,914</u> | <u>2,894,642</u> |
|-------------------|------------------|------------------|

**Government grants**

Government grants of \$3,086,914 (2005: \$2,894,642) were recognised by the co-operative during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The co-operative did not benefit directly from any other forms of government assistance.

**NOTE 4: SEPP 10 Developer Contributions**

|                                 |                |                |
|---------------------------------|----------------|----------------|
| SEPP 10 Developer Contributions | <u>158,072</u> | <u>130,000</u> |
|---------------------------------|----------------|----------------|

**SEPP 10 Developer Contributions**

Developer contributions of \$158,072 (2005: \$130,000) were generated through State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation.

These are generated through Developer Contributions to mitigate for the loss of low income housing. SWISH collects these funds for the purposes of purchasing or constructing accommodation for low to moderate income households eligible under State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation.

**NOTE 5: EXPENSE**

|   | <b>2006</b>             | <b>2005</b>             |
|---|-------------------------|-------------------------|
|   | <b>\$</b>               | <b>\$</b>               |
| <b>Tenancy and Property Management Expenses</b> |                         |                         |
| Rent Paid                                       | 4,033,786               | 3,676,524               |
| Provision for Doubtful Debts                    | 34,025                  | -                       |
| Insurances                                      | 78,864                  | 69,783                  |
| Rates and Utility Charges                       | 316,986                 | 280,674                 |
| Repairs and Maintenance                         | 507,262                 | 277,852                 |
| Other   | <u>275,700</u>          | <u>146,808</u>          |
|   | <b><u>5,246,623</u></b> | <b><u>4,451,641</u></b> |
| <b>Administration Expenses</b>                  |                         |                         |
| Salaries, Fees and On Costs                     | 471,797                 | 426,495                 |
| Office Rent                                     | 58,437                  | 56,146                  |
| Office Expenses                                 | 50,100                  | 53,434                  |
| Audit and Accounting Services                   | 30,040                  | 18,108                  |
| Depreciation                                    | 23,467                  | 22,976                  |
| Loss on Disposal of Assets                      | 420                     | -                       |
| Other Expenses                                  | 46,298                  | 40,409                  |
| Legal Fees                                      | <u>4,977</u>            | <u>5,577</u>            |
|   | <b>685,536</b>          | <b>623,145</b>          |

**NOTE 6: AUDITOR'S REMUNERATION**

*Audit services*

|  |        |        |
|--|--------|--------|
| Amounts paid/payable to BDO for audit of the financial report for the entity | 15,890 | 10,200 |
|  | 15,890 | 10,200 |

*Other assurance services*

|   |               |               |
|---|---------------|---------------|
| Amounts paid/payable to BDO audit firms for non-audit assurance services for the entity | -             | -             |
|   | <u>15,890</u> | <u>10,200</u> |



**NOTE 7: CASH AND CASH EQUIVALENTS**

|                            | <b>2006</b>             | <b>2005</b>             |
|----------------------------|-------------------------|-------------------------|
|                            | <b>\$</b>               | <b>\$</b>               |
| Cash - at bank and in hand | 477,483                 | 74,241                  |
| Cash - (Cash Management)   | <u>2,010,086</u>        | <u>1,861,379</u>        |
|                            | <b><u>2,487,569</u></b> | <b><u>1,935,620</u></b> |

Cash at bank and in hand is non-interest bearing. Deposits at call bear floating interest rates between 0.7% to 4.8% (2005: 4.5%)

**Reconciliation of Cash**

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

|                                      |                  |                  |
|--------------------------------------|------------------|------------------|
| Balances as above                    | <u>2,487,569</u> | <u>1,935,620</u> |
| Balances per statement of cash flows | <b>2,487,569</b> | <b>1,935,620</b> |

**NOTE 8: TRADE AND OTHER RECEIVABLES (CURRENT)**

|                                   |                       |                       |
|-----------------------------------|-----------------------|-----------------------|
| Rental Debtors                    | 35,886                | 33,124                |
| Property bonds                    | 311,465               |                       |
| Sundry Debtors                    | <u>118,281</u>        | <u>498,598</u>        |
|                                   | <b>465,632</b>        | <b>531,722</b>        |
| Less Provision for Doubtful Debts | <u>(37,829)</u>       | <u>(3,804)</u>        |
| <b>Total</b>                      | <b><u>427,803</u></b> | <b><u>527,918</u></b> |

**NOTE 9: PLANT AND EQUIPMENT**

|                                       | <b>2006</b>          | <b>2005</b>          |
|---------------------------------------|----------------------|----------------------|
|                                       | <b>\$</b>            | <b>\$</b>            |
| <i>Plant and equipment</i>            |                      |                      |
| At cost                               | 85,694               | 83,463               |
| Accumulated depreciation              | <u>(64,103)</u>      | <u>(40,636)</u>      |
|                                       | <b><u>21,591</u></b> | <b><u>42,827</u></b> |
| Total non-current plant and equipment | <b><u>21,591</u></b> | <b><u>42,827</u></b> |



### Reconciliations

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

|  | 2006<br>\$    | 2005<br>\$    |
|--|---------------|---------------|
| <i>Total Plant &amp; Equipment</i>             |               |               |
| Carrying amount at beginning of financial year | 42,827        | 48,474        |
| Additions                                      | 3,281         | 17,329        |
| Disposals                                      | (1,050)       | -             |
| Depreciation                                   | (23,467)      | (22,976)      |
|  | <hr/>         | <hr/>         |
| Carrying amount at end of financial year       | <b>21,591</b> | <b>42,827</b> |

#### NOTE 10: INVESTMENT PROPERTY

|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| Investment property at cost   |                      |                      |
| Balance at beginning of year  | <hr/> 200,000        | <hr/> 200,000        |
| <b>Balance at end of year</b> | <hr/> <b>200,000</b> | <hr/> <b>200,000</b> |

The NSW Office of Community Housing and South West Inner Sydney Housing Co-operative Ltd entered into a funding agreement in 2002 to purchase property at 14 Church St, Marrickville, NSW. The Co-operative obtained a 26% equity interest in the property at a cost of \$200,000.

#### NOTE 11: TRADE AND OTHER PAYABLES

|                |                      |                      |
|----------------|----------------------|----------------------|
| Other payables | <hr/> 259,004        | <hr/> 136,212        |
|                | <hr/> <b>259,004</b> | <hr/> <b>136,212</b> |

#### NOTE 12: PROVISIONS

|                   | 2006<br>\$          | 2005<br>\$         |
|-------------------|---------------------|--------------------|
| <b>CURRENT</b>    |                     |                    |
| Employee benefits | <hr/> 14,704        | <hr/> 7,096        |
|                   | <hr/> <b>14,704</b> | <hr/> <b>7,096</b> |



**NOTE 13: RETAINED EARNINGS**

|   | <b>2006</b>             | <b>2005</b>             |
|---|-------------------------|-------------------------|
|   | <b>\$</b>               | <b>\$</b>               |
| <i>Retained Earnings</i>                    |                         |                         |
| Balance at start of period                  | 1,256,753               | 711,757                 |
| Transfer to reserves                        | (380,000)               | -                       |
| Net profit for the year                     | <u>300,198</u>          | <u>544,996</u>          |
| <b>Balance at end of period</b>             | <b><u>1,176,951</u></b> | <b><u>1,256,753</u></b> |
| <i>Reserves</i>                             |                         |                         |
| Balance at start of period                  | 1,306,304               | 1,306,304               |
| Transfer from retained earnings to reserves | <u>380,000</u>          | <u>-</u>                |
| <b>Balance at end of period</b>             | <b><u>1,686,304</u></b> | <b><u>1,306,304</u></b> |

SWISH uses part of its equity to meet future obligations and to identify equity which can only be committed for a specific purpose. For example the Office of Community Housing Performance based registration system requires Housing Associations to have sufficient funds available to meet 10 Year Asset Management Plan. Reserves at 30 June 2006 comprised:

|                       |                  |
|-----------------------|------------------|
| Bonds                 | 236,179          |
| Maintenance           | 1,326,885        |
| Relocation and office | 44,360           |
| General purposes      | 39,930           |
| Asset Revaluation     | <u>38,950</u>    |
|                       | <u>1,686,304</u> |

**NOTE 14: CASH FLOW INFORMATION**

|   | <b>2006</b>           | <b>2005</b>           |
|---|-----------------------|-----------------------|
|   | <b>\$</b>             | <b>\$</b>             |
| Reconciliation of profit to net cash flow from operating activities |                       |                       |
| Profit for the year   | 300,198               | 544,996               |
| Depreciation and amortisation                                       | 23,466                | 22,975                |
| - decrease / (increase) in trade debtors                            | 100,116               | (85,418)              |
| - increase / (decrease) in trade creditors                          | 65,493                | (75,043)              |
| - increase in current tax liability                                 | 57,299                | -                     |
| - increase / (decrease) in other provisions                         | <u>7,608</u>          | <u>(1,518)</u>        |
| <b>Net cash flow from operating activities</b>                      | <b><u>554,180</u></b> | <b><u>405,992</u></b> |

**NOTE 15: CONTINGENCIES**

*Contingent Liabilities*

At 30 June 2006, SWISH has no contingent liabilities.



**NOTE 16: COMMITMENTS**

|  | 2006                 | 2005                  |
|--|----------------------|-----------------------|
|  | \$                   | \$                    |
| Lease commitments                              |                      |                       |
| Within one year                                | 59,583               | 59,583                |
| Later than one year but not later than 5 years | <u>29,792</u>        | <u>89,375</u>         |
|  | <u><b>89,375</b></u> | <u><b>148,958</b></u> |

SWISH Leases its premises at 1B/619 Elizabeth Street. The lease commenced on 1 January 2004 and expires on 31 December 2007.

**NOTE 17: COMPANY DETAILS**

The financial report of SWISH for the year ended 30 June 2006 was authorised for issue in accordance with a resolution of the directors on 25/09/2006 and covers SWISH as an individual entity as requested by Co-Operatives Act 1992

The financial report is presented in the Australian currency.

SWISH is a Housing Association registered under the Co-operatives Act 1992.

The address of the registered office and principal place of business is:

Suite 1B 619 Elizabeth St  
Redfern NSW 2016

**NOTE 18: IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS**

|   | Notes | \$                      |
|---|-------|-------------------------|
| <b>(a) Reconciliation of equity at date of transition to AIFRS: 1 July 2004</b> |       |                         |
| Total equity under AGAAP  |       | 1,779,561               |
| Recognition of government grant income  | (i)   | 144,497                 |
| Recognition of SEPP10 Developer Contributions                                   | (i)   | <u>94,003</u>           |
| <b>Total equity under AIFRS at date of transition: 1 July 2004</b>              |       | <u><b>2,018,061</b></u> |

(i) Recognition of government grant income and SEPP10 Developer Contributions

An adjustment was raised to recognise income from government grants and SEPP10 Developer Contributions which were previously recorded as a liability under AGAAP. The effect of this adjustment was to reduce recorded liabilities by \$238,500 and increase retained earnings by \$238,500 as at 1 July 2004.

**NOTE 18: IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)**

**(b) Reconciliation of equity at the end of the last reporting period under previous AGAAP: 30 June 2005**

|   |      |                  |
|---|------|------------------|
| Total equity under AGAAP                        |      | 2,194,557        |
| Recognition of government grant income          | (ii) | 144,497          |
| Recognition of SEPP10 Developer Contributions   | (ii) | 224,003          |
| <b>Total equity under AIFRS at 30 June 2005</b> |      | <b>2,563,057</b> |

(ii) Recognition of government grant income and SEPP10 Developer Contributions

An adjustment was raised to recognise income from government grants and SEPP10 Developer Contributions which were previously recorded as a liability under AGAAP. The effect of this adjustment was to reduce recorded liabilities by \$238,500, increase income by \$130,000 and increase retained earnings by \$368,500.

**(c) Reconciliation of profit for the year ended 30 June 2005**

|   |       |                |
|---|-------|----------------|
| Net profit reported under AGAAP                               |       | 414,997        |
| Recognition of SEPP10 Developer Contributions                 | (iii) | 130,000        |
| <b>Net profit under AIFRS for the year ended 30 June 2005</b> |       | <b>544,997</b> |

(iii) Recognition of government grant income

An adjustment was raised to recognise income from SEPP10 Developer Contributions which were previously recorded as a liability under AGAAP. The effect of this adjustment was to increase income by \$130,000, reduce liabilities by \$130,000 and increase retained earnings by \$130,000.

**(d) Reconciliation of cash flow statement for the year-ended 30 June 2005**

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.