

CRESTWOOD HOME OWNERS ASSOCIATION INC.

Independent auditor's report

To the members of Crestwood Home Owners Association Inc.

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Crestwood Home Owners Association Inc. (the Association), which comprises the statement of financial position as at 31 March 2021, the statement of financial performance for the year then ended, statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies, and the statement by President & Treasurer of the committee.

In our opinion, the financial report of Crestwood Home Owners Association Inc. has been presented fairly:

- (a) giving a true and fair view of the Association's financial position as at 31 March 2021 and of its cash flows & financial performance for the year ended 31 March 2021; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the registered entity's financial reporting responsibilities under the *Associations Incorporation Act 2015 (WA)*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibility of the Committee for the Financial Report

The Committee is responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Associations Incorporation Act 2015 (WA)*, and the needs of the members. The committee's responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Committee is either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern.

- If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Committee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



RG Ledger
Chartered Accountant
Registered Company Auditor

8 JUNE 2021

GREG LEDGER PTY LTD

CHARTERED ACCOUNTANT

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Liability limited by a scheme approved under Professional Standards Legislation.

8 June 2021

Crestwood Home Owners Association Inc.
PO Box 58
Thornlie WA 6988

AUDITOR INDEPENDENCE DECLARATION

This declaration is made in connection with the audit of the financial report of Crestwood Home Owners Association Inc. for the year ended 31 March 2021.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 March 2021 there have been:

- no contraventions of the auditor independence requirements in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours sincerely



RG Ledger
Chartered Accountant
Registered Company Auditor



Crestwood Home Owners Association (Inc)

ABN 79 357 595 966

FINANCIAL REPORT

FOR THE YEAR ENDED 31st MARCH 2021

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Crestwood Home Owners Association (Inc)

STATEMENT BY PRESIDENT AND TREASURER

We, Ivan Cary Spann and Magdalena van Blerk, being Vice-President and Treasurer respectively of the CRESTWOOD HOME OWNERS ASSOCIATION (INC), hereby state that:

1. (a) The accompanying statement of profit and loss is drawn up so as to give a true and fair view of the results of the Association for the financial year ended 31 March 2021
- (b) The accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the Association as at the end of the financial year.
2. At the date of this statement there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

The accompanying accounts have been made out in accordance with the accounting policy of the Association

The Association has in respect of the financial year:

- I. Kept such accounting records to correctly record and explain the transactions and financial position of the Association.
- II. Kept its accounting records in such a manner as would enable a true and fair accounts of the Association to be prepared from time to time; and
- III. Kept its accounting records in such a manner as would enable the accounts of the Association to be conveniently and properly audited in accordance with the statutory requirements.

A competent person has properly prepared the accounts.

This statement is made in accordance with the resolution of the committee and is signed for and on behalf of the committee by:

Vice-President
Ivan Cary Spann

Treasurer
Magdaleen van Blerk

Dated
9/6/2021

Dated
9/6/2021

Crestwood Home Owners Association (Inc)

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31st MARCH 2021

	This Year	Last Year
OPERATING SURPLUS	44,452	11,557
ATO Cash Flow Boost	21,316	-
	<u>65,768</u>	<u>11,557</u>
Income Tax on Interest Income:		
General Funds	-	(210)
Asset Replacement Reserve	-	(421)
	<u>-</u>	<u>(631)</u>
	<u>65,768</u>	<u>12,188</u>
APPROPRIATIONS		
Asset Replacement Reserve Interest Capitalised	5,932	11,098
Surplus transferred to Assoc.	<u>59,836</u>	<u>1,090</u>

The accompanying notes form part of these financial statements.

Crestwood Home Owners Association (Inc)

STATEMENT OF FINANCIAL POSITION AS AT 31st MARCH 2021

	2021	2020
CURRENT ASSETS		
Cash	(2) 263,478	168,033
Receivables	(3) 33,480	42,313
Total Current Assets	<u>296,958</u>	<u>210,346</u>
Non Current Assets		
Investments	(4) 794,151	751,946
Property, Plant & Equipment	(5) 1,145,532	1,160,184
Total Non Current Assets	<u>1,939,683</u>	<u>1,912,130</u>
TOTAL ASSETS	2,236,641	2,122,476
Current Liabilities		
Creditors and borrowings	27,090	31,695
Provisions	(6) 8,006	13,239
Other	(7) 180,690	142,454
Total Current Liabilities	<u>215,786</u>	<u>187,388</u>
NET ASSETS	<u><u>2,020,855</u></u>	<u><u>1,935,088</u></u>
ASSOCIATION FUNDS		
Balance at beginning of the year	181,215	159,380
Movement in Asset Replacement Reserve	(16,272)	20,745
Surplus for the year	59,836	1,090
	<u>224,779</u>	<u>181,215</u>
Capital by Developer	258,725	258,726
Asset Replacement Reserve	(8) 794,150	751,947
Land Revaluation Reserve	(5) 743,200	743,200
TOTAL ASSOCIATION FUNDS	<u><u>2,020,855</u></u>	<u><u>1,935,088</u></u>

The accompanying notes form part of these financial statements.

Crestwood Home Owners Association (Inc)
MOVEMENTS IN EQUITY
FOR THE YEAR ENDED 31st MARCH 2021

	Retained earnings	Total
EQUITY		
Balance 1 April 2019	1,302,900	1,302,900
Total comprehensive income for the 2019 year	1,090	1,090
Changes in Asset Replacement Reserve	10,353	10,353
Changes in Freehold Land Revaluation Reserve	600,000	600,000
Changes in Movement of Asset Replacement Reserve	20,746	20,746
Balance 31 March 2020	1,935,088	1,935,088
Total Comprehensive income for the 2020 year	59,836	1,090
Changes in Asset Replacement Reserve	42,203	751,947
Changes in Freehold Land Revaluation Reserve	-	-
Changes in Movement of Asset Replacement Reserve	(16,273)	(16,273.01)
Total Equity	<u><u>2,020,855</u></u>	<u><u>2,020,855</u></u>

Crestwood Home Owners Association (Inc)

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2021

	2021	2020
OPERATING INCOME		
Income from Residents	334,160	325,474
POS Contribution	112,425	112,425
Profit/Loss on sale of Asset	200	-
Sundry Income	-	1,295
Interest	4,193	8,816
Interest on Asset Replacement Reserve	5,932	11,098
Hall Hire Income	1,188	2,663
Grants Received	400	-
Total Income	458,498	461,771
Insurance		
Workers Compensation	1,074	1,113
General Insurance	10,839	10,530
	11,913	11,643
Depreciation		
Parks, Bores & Retic	20,544	25,390
Plant & Equipment	9,623	9,867
Park Lighting	2,102	2,102
Landscaping & Development	6,186	7,505
Pools	18,004	16,911
	56,459	61,774
Parks Repairs & Maintenance		
Bores & Retic	3,834	2,557
General Plant & Equipment	4,192	4,076
Park Lighting	1,190	1,638
Landscaping and Fencing	36	1,214
Tree removal & Trimming	14,436	9,764
Rubbish removal	596	-
Motor vehicles	3,881	4,528
Sundry Tools and Cons	880	611
Footpath and Kerb repairs	-	-
Fertilizer	6,444	5,843
Poisons and Sprays	905	460
Subcontract Mowing	25,510	26,619
Replacement Trees & Plants	3,404	13,052
Equalisation reserve	12,000	12,000
Light & Power	11,933	37,337
Bushland Maintenance	346	593
Head Gardener	68,739	67,582
Part time Gardener	41,990	37,990
Annual & Long Service Leave	5,297	2,427
Superannuation	7,789	9,516
Staff Training	182	380
Uniforms	815	540
	214,399	238,725

Swimming Pool		
Pools Management	73,727	75,083
Rates and Taxes	4,252	4,296
Cylinder Rental	344	277
Other Chemicals	7,128	3,005
Buildings	2,222	2,910
Pool Equipment	3,629	4,723
Sundries	709	1,134
Amenities & Supplies	233	213
Equalisation reserve	8,000	8,000
Pool Garden Cost	8	353
	<u>100,252</u>	<u>99,995</u>
Administration		
Stationery	1,719	1,615
Sundries	1,971	485
Bank fees / Gov charges	1,406	1,394
Advertising	56	345
Xmas	509	574
Legal Fees	2,869	4,498
Accounting Fees	10,487	10,780
Postage	286	155
Consultancy Fees	617	6,386
Telephone	1,944	2,600
Hall Hire Cost	1,144	1,720
Social Activities	-	96
Meeting Cost	545	116
Committee Reimbursement	7,468	7,313
	<u>31,023</u>	<u>38,078</u>
Total Expenses	414,046	450,214
NET SURPLUS	<u><u>44,452</u></u>	<u><u>11,557</u></u>

Crestwood Home Owners Association (Inc)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31st MARCH 2021

	2021	2020
OPERATING ACTIVITIES		
Receipts from Customers	375,974	365,256
Payment to Suppliers and Employees	(346,070)	(439,639)
Cash Receipts from other operating activities	107,530	112,583
Net Cash Flows from Operating Activities	<u>137,433</u>	<u>38,200</u>
Investing Activities		
Payments for property, plant and equipment	(41,637)	(682,792)
Other cash items from investing activities	(14,370)	1,058
Net Cash Flows from Investing Activities	<u>(56,007)</u>	<u>(681,734)</u>
Financing Activities		
Other cash items from financing activities	56,257	678,872
Net Cash Flows from Financing Activities	<u>56,257</u>	<u>678,872</u>
NET CASH FLOWS	<u><u>137,683</u></u>	<u><u>35,339</u></u>
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	919,901	884,562
Cash and cash equivalents at end of period	1,057,584	919,901
NET CHANGE IN CASH FOR PERIOD	<u><u>137,683</u></u>	<u><u>35,339</u></u>

Crestwood Home Owners Association (Inc)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 31st MARCH 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are special purpose financial statements prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Act (WA). The committee has determined that the Association is not a reporting entity.

The Association is a non-reporting entity because, in the opinion of the committee there do not exist users who are dependent on general purpose financial reports for information which will be useful to them for making evaluating decisions about the allocation of scarce resources. The financial statements are therefore a special purpose financial report for the members of the Association

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

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

CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

REVENUE AND OTHER INCOME

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts. For this purpose, deferred consideration is not discounted to present values when recognizing revenue.

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

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

Property, Plant & Equipment

Depreciation

Plant & Equipment is first depreciated in the year of acquisition and the straight-line method of depreciation is used.

Consistent policy of the Association is to capitalise scheduled maintenance expenditure on Bores & Reticulation to the balance sheet Plant & Equipment asset account.

Freehold land

Freehold land is stated in the Statement of Financial Position as at last valuation; the Committee is considering obtaining a current valuation for Freehold land.

A previous revaluation of Freehold Land originally included in total value of Asset Replacement Reserve is now separately recorded to correctly reflect balance of the Assets Replacement Reserve. In addition, to ensure correct matching of cash assets necessary to be set aside for the Asset Replacement Reserve, a sum of \$274,150.78 has been provisioned in the accounts from available ME Bank accounts to be included in total cash assets held in reserve for Asset Replacement.

Crestwood Home Owners Association (Inc)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 31st MARCH 2021

		2021	2020
2.	CASH		
	Westpac 800662	22,746	28,229
	Macquarie 109524330	39,279	105,068
	ME Bank (Part #240392886)	191,326	24,610
	Macquarie 256	10,128	10,126
		263,478	168,033

		2021	2020
3.	RECEIVABLES		
	Homeowners Fees	15,717	22,322
	Prepayments	17,763	19,991
	Accrued Income	-	-
		33,480	42,313

There are two long standing homeowner fee debtors amounting to \$10,160. A provision for doubtful debts has not been provided, because the Association has a second mortgage over the properties concerned which will ensure ultimate payment of the fees.

		2021	2020
4.	INVESTMENTS		
	SF Bores & Retic	263,763	247,489
	SF P & E	50,292	39,328
	SF Park lighting	33,683	29,001
	SF Pool Building	28,562	26,405
	SF Filtration Plant	189,179	183,614
	SF Swimming Pool	94,623	93,198
	SF Landscaping	134,049	132,912
		794,151	751,947
	Deposited		
	ME Bank (Part #240392886)	274,151	231,947
	ME 128527	400,000	400,000
	ME 128501	100,000	100,000
	ME 128938	20,000	20,000
		794,151	751,947

Crestwood Home Owners Association (Inc)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 31st MARCH 2021

5. PROPERTY, PLANT AND EQUIPMENT

	2021	2020
Freehold Land at purchase	6,800	6,800
Revaluation - 1996	13,200	13,200
Revaluation - 2002	130,000	130,000
Revaluation - 2019	600,000	600,000
	750,000	750,000
Swimming Pool Plant & Building at Cost	436,099	415,798
Less: Accumulated Depreciation	(336,384)	(317,438)
	99,714	98,360
Bores and Reticulation at Cost	567,786	554,706
Less: Accumulated Depreciation	(402,027)	(381,484)
	165,759	173,222
General Plant & Equipment	86,902	88,522
Less: Accumulated Depreciation	(69,693)	(62,632)
	17,208	25,890
Landscaping and Development	147,767	139,340
Less: Accumulated Depreciation	(113,816)	(107,629)
	33,951	31,711
Park Lighting	90,795	90,795
Less: Accumulated Depreciation	(11,896)	(9,794)
	78,899	81,001
	1,145,532	1,160,184

6. PROVISIONS

ATO Integrated client account	(12,189)	(1,077)
GST Payable	(140)	(3,159)
Superannuation payable	2,129	2,042
PAYG Withholdings	4,166	4,972
Annual Leave	8,972	6,474
Longs Service Leave	5,068	3,987
	8,006	13,240

Crestwood Home Owners Association (Inc)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 31st MARCH 2021

7.	CURRENT LIABILITIES OTHER	2021	2020
	Security Deposit	12,122	10,170
	Accrued Expenses	83,259	45,608
	Unpaid Expense Claims	-	142
	Social Committee funds	1,950	3,450
	Income Received in Advance	83,359	83,085
		<u>180,690</u>	<u>142,454</u>
8.	ASSET REPLACEMENT RESERVE	2021	2020
	Balance at beginning of year	751,947	741,594
	Movement in Asset Reserve	16,272	(20,746)
	Interest capitalised	5,932	11,098
	Asset Replacement capitalised	20,000	20,000
	Balance at end of year	<u>794,151</u>	<u>751,947</u>
9.	HONORARIUMS AND ACCOUNTING FEES PAID	2021	2020
	Committee Members:		
	K Oakland	2,390	2,340
	F Sullivan	-	195
	L Spicer	1,195	975
	C Spann	1,195	1,170
	G Bullock	1,195	1,170
	B Samson	1,195	1,170
	Volunteers:		
	Webmaster	-	-
	M van Dijk - Hall Hire	298	293
	Total for the year ending 31 March 2021	<u>7,468</u>	<u>7,313</u>
	Treasurer:		
	M van Blerk	5,975	5,850
	Total for the year ending 31 March 2021	<u>13,443</u>	<u>13,163</u>