

Accountant's Report on SIRA's January 2022 Management accounts

Dear Treasurer

Attached are Management Accounts for the month of January 2022.

Tab marked 'Month P&L with budget'

This shows the full month result; a net loss of \$1,746 on a turnover of \$10,493.

The budget for January was for a loss of \$1,906 on a turnover of \$9,330. It is always preferable to make a surplus during the month, but for January, SIRA has at least achieved a smaller loss than anticipated.

Significant items and variances from budget were;

- Emergency water sales 2.8% down on budget for the month.

Tab marked 'YTD P&L with budget'

This shows the result for the seven months to 31 January 2022; a surplus of \$4,705 on a turnover of \$119,096.

The budget for that period was a loss of \$2,220 on a turnover of \$83,458. Significant items and variances from budget were those mentioned above, plus;

- Emergency Water sales \$10,353 above anticipated.
- The higher than anticipated water consumption also means greater water expense, by \$4,699 and higher payments to water monitors.
- Cost savings from not having to pay for the Emergency Water Manager that had been allowed for in the budget.
- Less has been spent on EW line clearing than anticipated, although clearing work may be ramped up in coming months and invoices may still be on their way.
- More has been spent this year on repairs and maintenance to the EW lines of about \$2,600 more than anticipated.

Tab marked 'Activity P&L'

This tab shows the organisation result split up by the activities.

Tab marked 'Balance sheet'

SIRA continues to have a strong asset situation (net assets of \$208,990). The association is solvent.

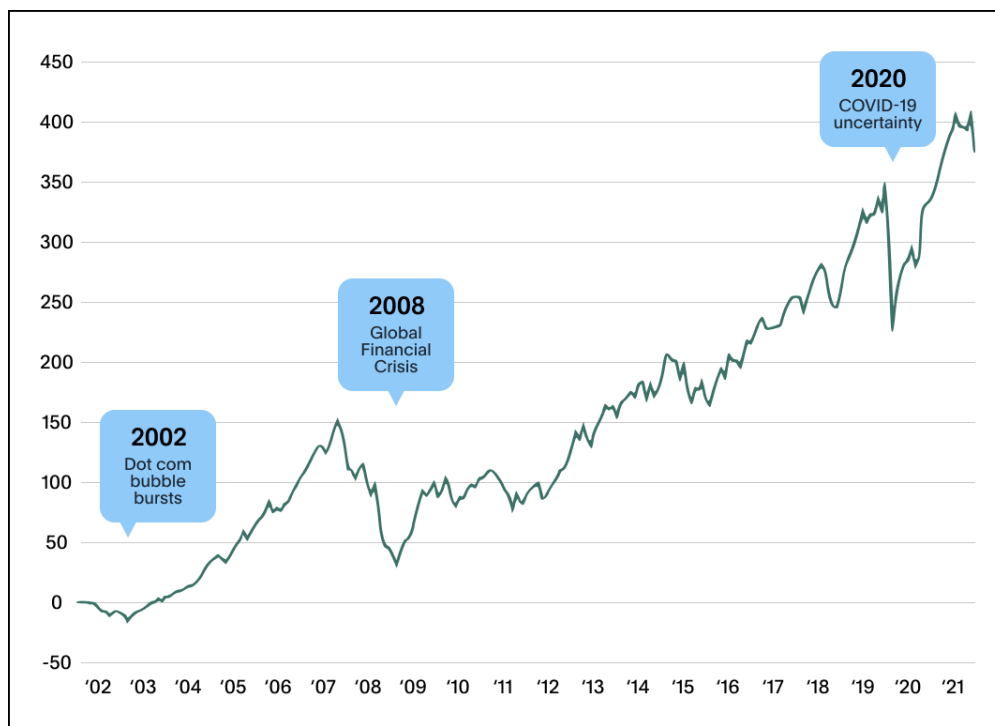
The balance sheet currently shows a liability of \$20,068 for Recreation Club Grant. This represents the total grant already received by SIRA through the Community Building Partnership program LESS the amount that has been spent on the new awnings around the community buildings in Catherine Park. The liability will continue to diminish as the grant funds are spent and the grant obligations 'acquitted'.

The book value of the funds held in the Australian Ethical Fund is \$157,614. The value of the investment, according to the AEI portal at 10/2/2022 is \$161,386. It is SIRA's practice to only bring to account increases in the value of its investment portfolio at the close of each financial year.

It is noted that Australian Ethical have several investment fund options to choose from, and that invested funds can be apportioned between them. Each fund has different risk and return profiles.

SIRA currently has all its invested funds in their 'Balanced Fund' option. This is a mix of shares, fixed interest and low-risk commercial property. The aim of this fund is to provide solid, though not exceptional, returns over the medium to long term (being greater than 5 years) while minimising risk. The current balance in the Balanced Fund is 60% shares and 40% fixed interest and property. Applying those percentages to SIRA's current fund value, we calculate that over \$64,000 of SIRA's AEI funds are held as interest bearing deposits, plus SIRA currently has \$56,000 of its own cash at bank (held with St George Bank). Effectively, SIRA has around \$120,000 in cash and around \$97,000 in shares. This is quite a conservative profile that seems suitable for the current period of market uncertainty. As the year progresses and market stability returns, it is recommended that SIRA resume its practice of shifting amounts from cash to investments.

Australian Ethical have circulated this very useful graph prepared by Factset. From a baseline of 2002 it tracks the value through to 2022 of ASX200 (Australia's market leading shares).



Quoting AEI; "Market downturns, whatever their trigger, always come to an end. The volatility we're experiencing now is no different. And when it settles down, Australian Ethical will still be here investing in clean, future-building industries to deliver value to investors and help create a more liveable, equitable future for everyone."

In 2020 SIRA did well by holding its nerve and continuing its investment with AEI. As its investment is medium to long term, it will continue to be the wise choice.

Looking more widely, I note the most recent World Economic Outlook of the IMF <https://www.imf.org/en/Publications/WEO> which has moderated some of its expectations due to supply chain issues and inflation risk in the US, but still forecasts strong global growth of 4.4% in 2022 and 3.8% in 2023.

Post-balance and Forthcoming events

Nothing to report since balance date.

Regards

Boyd Attewell
Accountant
10/02/2022