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Havelock Housing Association Inc.,

The Association is a community managed, not-for-profit organisation which provides housing for people on low to moderate incomes.

A volunteer Board made up of 8 organisation or individual members manages the Association. Staff administers the day to day operations.

The Association's funding comes mainly from rent it receives from tenants, grants from the ACT Government, rental assistance from the Commonwealth, income from management fees, rent from commercial offices and fees from meeting rooms.

Community Housing Model

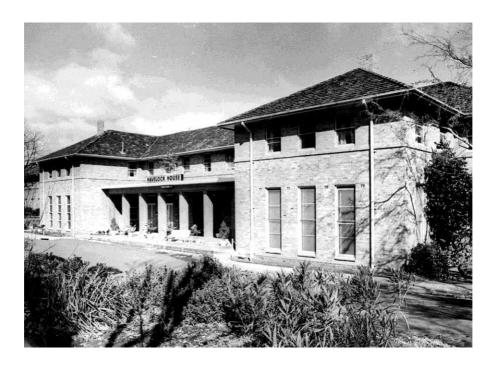
Havelock Housing Association Inc. is based on a community-housing model. A model whereby not-for-profit community organisations seek to provide long term, safe, secure, affordable and appropriate housing which encourages and maximises opportunities for tenants to assume control over their home and environment through participation in management; is flexible and responsive and respectful of individual rights; and contributes to and be part of a more safe and secure community.

Vision statement

To be a leading community housing provider delivering dynamic, innovative, collaborative and progressive community housing for people on low to moderate incomes in the ACT.

Mission statement

To use a sustainable and viable business model consistent with the National Regulatory System for Community Housing Providers to provide members with safe and secure accommodation.



Havelock House

Objects of the Association

The objects of Havelock Housing Association Inc., according to its Constitution are:

1. To increase the range of housing and accommodation options in the ACT by providing a high standard of community housing in the ACT through Havelock House and other properties owned and/or managed by the Association;



Havelock House when opened in 1951.

(ACT Heritage Library, ACT Library and Information Service (http://www.images.act.gov.au))

- 2. To manage Havelock House as affordable housing for people on low incomes, and to manage its facilities in the interests of the community;
- 3. To increase the range and availability of secure, affordable housing to low income earners by expanding community housing in the ACT;
- 4. To expand the range of housing options available to people in housing need or stress;
- 5. To encourage a sense of community between residents and members of the Association both within Havelock House and within other housing projects of the Association;
- 6. To maximise member involvement by encouraging the development of the knowledge and skills necessary to enable effective participation in the management of the Association, and by ensuring opportunities are available for direct participation in the management of the Association;
- 7. To encourage support within the community and within government for the growth of community based non-profit housing, and to work with other organisations to achieve this goal; and
- 8. To enter into any arrangements of a commercial or similar nature that will enable the Association to further its community housing objectives.



Havelock House Courtyard



Havelock House in 2008.

Background and History

Havelock Housing Association Inc, is a not-for-profit community housing organisation that provides accommodation for people on a low to moderate income.

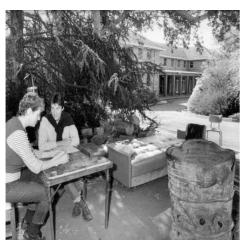


HISTORY: Havelock House first opened in 1951 as a hostel accommodating public servants. When the demand for this accommodation declined the government placed the Federal Police into the building. In 1982 intense lobbying by various welfare groups began and a picket line was formed.

It stayed there twenty four hours a day for sixteen weeks through a long cold Canberra winter. The

Australian Social Welfare Union coordinated the lobbying efforts with support from the ACT Council of Social Services, with numerous unions, community organisations and hundreds of individual's giving their time. As a result the building was handed over to Havelock Housing Association in 1988.

This strong community support remains in place and Havelock House now accommodates 101 residents in group share accommodation. A number of community groups such as the ACT Greens, YWCA,



National Union of Workers, ACT Neighbourhood Watch and the ACT Shelter are also co-located in the building.



TARGET GROUPS: Accommodation is provided through a range of programs to people on a low to moderate income. Particular target groups include young mothers, single parent families, students, refugees, people facing mental health issues and apprentices.

PARTNERSHIPS: As the Association grows in the range of accommodation being provided to members, it is recognised that we cannot do it alone. We have entered into strategic alliances enabling the Association to deliver a comprehensive accommodation package. Our most successful ongoing alliance, forged over 15 years ago, is with Richmond Fellowship. Through their support, members suffering mental illness have been and continue to be successfully accommodated.



Havelock Housing Association is continuing to find ways to accommodate more people who continue to wait for lengthy periods for access to social housing assistance. There are a sizeable number of people in our community that face ongoing difficulties in affording and/or maintaining appropriate and affordable housing.

It is vital that there is growth in the community housing sector to cater for such people in order to provide them with a home and to feel a part of the 'neighbourhood'. The Association is endeavoring to find a balance between negotiating and sustaining a combination of commercial arrangements and

with direct liaison with the Commonwealth and ACT Government to continue to promote and expand upon its community housing objectives. In achieving this mission the Association will promote social justice, maximize member participation, follow sound business principles, and be a responsive and innovative organisation.



CORPORATE GOVERNANCE:

The Board of the Association shall consist of eight (8) Organisation or Individual Members. All Board members must have a commitment to the objects of the Association and possess core competencies determined by the Board to fulfill the role.

OUR LOCATION:

The head office of Havelock Housing Association Incorporated is located within the Havelock House building, situated at 85 Northbourne Avenue, Turner ACT 2612.



(Facilities at Havelock House, June 1967)

Havelock Housing Association Inc.
85 Northbourne Avenue Turner ACT 2612
T. 02 6257 2277 | F. 02 6248 0865
www.havelock.asn.au | info@havelock.asn.au



Chairperson's Report

Once again, I am honored to provide an annual report to members of the Havelock Housing Association in my capacity as Chair of the Board. I would like to thank the other Directors for entrusting me with the responsibilities Chair for the past year and for the support they have provided me in acquitting the responsibilities.

In my time on the Board I have enjoyed the opportunity to work with both tenant and non-tenant directors who have displayed a real dedication to the Association and those it serves. Our Board is equally blessed to have amongst our staff a collection of thoroughly professional and committed individuals. My personal thanks to all for the work that has been done this past year with our new Managing Director Neil Skipper to further our efforts to stabilise the Association and return to a foundation that will enable growth and expansion.

There is no doubt that the last couple of years have been a time of struggle for the Association both in terms of our finances and our administrative capacity to meet our obligations and ensure the professional running of the organization. It has been stressful for all and with the appointment of Neil as new Managing Director we were confident that he would bring the skills to the organization required to return us to operational effectiveness. I am pleased to say on behalf of the Board that Neil (especially in his close working relationship with our tireless Treasurer Jeff House) has exceeded our expectations on all fronts with his tireless efforts to implement operational and financial measures to the many serious issues that were identified.

It has been important for the Association that Neil develops a relationship of confidence with our Government stakeholders, which he has done an admirable job of. We believe that the Association now enjoys a quality of relationship with all our stakeholders and regulators unseen for many years.

As a necessary part of the final stages of the overhaul of the Associations finances, this year we are presenting Audited Accounts that clearly show the realisation of a lot of work. Whilst on face value the Accounts may appear more concerning than we would like, they actually now provide a very transparent resolution of many historical issues that needed finalisation. With the currently improved fundamentals and recent improvements in income for the first time in some years we are now on a trajectory for surplus and growth.

Whilst the financials are fundamental to our ongoing operation and pleasingly after many years we believe with some confidence that the Association has a strong future, the other key issue for the Association has been our relationship with clients and other community stakeholders. Again I wish to praise Neil Skipper for the zeal with which he has approached this responsibility. In the coming year the Association will continue to develop and consolidate firm working partnerships with other stakeholders and community organisations within our sector.

It is now with some confidence that I can wish you all the very best for 2015 and the coming holiday season.

Craig Shannon Chairperson November 2014



2013/2014 was a very challenging year for Havelock Housing Association.

As some of you may be aware, I commenced as Managing Director on the 3rd January 2014. It became apparent that HHA financial position required immediate attention. This, along with providing members with safe and secure accommodation consistent with community housing standards, has been the main focus since my commencement. The HHA team has worked tirelessly to improve operational efficiency. Additionally during this period, several other major projects have been completed, including;

- 1. A new business plan was prepared with involvement of Tenant Board members, HHA Staff, Board and Stakeholders. The business plan consists of three main phases:
- a clean-up phase,
- a consolidation phase, and
- a growth phase.

The financial statements reflect this clean up phase. With the clean-up phase now completed HHA is progressing well with the consolidation phase.

- 2. Achieving National Registration under the new National Regulatory System for Community Housing.
- 3. Signing a new three year Service Funding Agreement with the ACT Government.
- 4. Changeover of our long term Community organisation tenants that were provide with new office accommodation by the ACT Government leaving HHA Community office space vacant. These premises were filled within a two week period of them becoming vacant.
- 5. Trial of Direct Entry to improve the speed at which individuals in need of accommodation can enter Havelock Housing Association. To date the trail is proving to be very successfully. We have recorded significant declines in our vacancy rate.
- 6. Havelock House, as at the 18th September 2014, was registered on the ACT Heritage Register.

I am pleased to advise, from July 2014 our financial situation has significantly improved. With the support of Housing ACT and our creditors, we are working towards reducing our debts. It is our intention to return the Association to a surplus. HHA remains on track to enter the growth phase during the 2016 Calendar year.

I wish to thank the staff who have found the year very challenging, the Board of Directors, Housing ACT & the Human Services Registrar for their support & assistance throughout this trying period. I look forward to the next 12 months as HHA financial position continues to improve.

Neil Skipper Managing Director November 2014

Our Partnerships

Community Services Directorate

Richmond Fellowship ACT Greens
Australian Federal Police YWCA of Canberra
St Vincent de Paul MARSS

Koomarri AIDS Action Council (ACT)

ACT Neighbourhood Watch Assoc. ACT Mental Health
National Union of Workers Canberra Men's Centre
Canberra Student Housing Cooperative ACT Fire Brigade



Acknowledgements

This year the Association would like to acknowledge the invaluable work of the Board members and staff of the Association who remain committed to the vision of the Association.

The Board and staff of Havelock Housing Association Inc., would like to express its gratitude and sincere appreciation for the continued support of the Community Services Directorate.

The Association would also like to thank its Accountants/Auditors RSM Bird Cameron, and all its valued contractors.

The Association would also like to acknowledge its sincere appreciation to all those who so generously volunteered their time, particularly senior residents for contributing enormously to making Havelock Housing Association what it is today. In addition, the Association would like to express its gratitude to the organisations and friends of Havelock that have provided invaluable time, services and advice during the year. It is organisations like these whose valuable contributions to the community are often overlooked and not formally acknowledged.

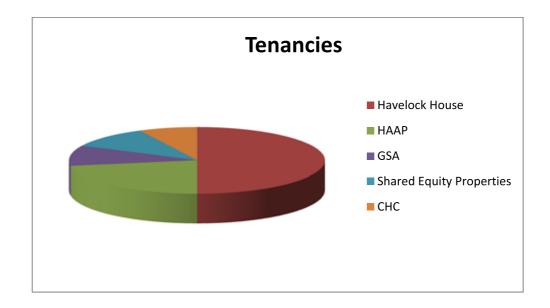
A big thank you to Capital Restorations, Jims Pest Control Canberra, Nicholas Lefkaditis, Linda Vella, Café Injoy, Davella Constructions Pty Ltd, Frank D'Arro and Woolworths for their kind donations towards the Association's tenants Christmas party to be held on Thursday 4th December 2014.



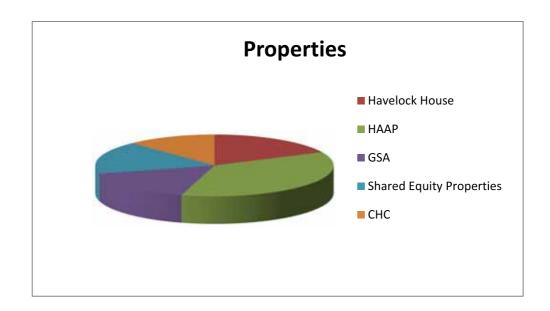
This Annual Report is published with assistance by the Havelock Housing Association Staff & supportive partners

Property Tenancy Statistics

The chart below demonstrates the number of tenancies.



The chart below demonstrates the number of properties managed by the Association.



PROPERTY MANAGEMENT

Gungahlin Singles Accommodation

A small complex comprising of 20 separate, self-contained one bedroom apartments with common areas managed on behalf of the ACT Government.

Havelock House

A group-share house of 20 units (ranging from 3 to 8 bedrooms), providing housing for 101 single people, and managed on behalf of the ACT government.

Community Accommodation Network (CAN – CHP)

Properties were purchased to house single people with mental illness. Richmond Fellowship selects tenants and provides support.

Community Assistance Program

Properties (2 houses with self contained flats) purchased for this program



Community Housing Canberra (CHC)

15 Properties managed on behalf of CHC under a management contract.

Housing Asset Assistance Program (HAAP)

45 properties managed on behalf of the ACT Government.

William's Housing Program (WHP)

Properties, where tenants are provided with support.

Community Offices and Meeting Rooms

Commercial offices and meeting rooms at Havelock House are leased or hired out to community organisations.

Young Mums Program (YMP – CHP)

Properties to house young mothers under the age of 25.

HAVELOCK HOUSING ASSOCIATION INCORPORATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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HAVELOCK HOUSING ASSOCIATION INCORPORATED COMMITTEE'S REPORT

FOR THE YEAR ENDED 30 JUNE 2014

Your committee members submit the financial report of Havelock Housing Association Incorporated for the financial year ended 30 June 2014.

Committee Members

The names of committee members throughout the year and at the date of this report are:

Craig Shannon

Amanda Oosterweghel

Jeff House

Paul McBow

Faye Digby

John James (appointed 17/12/2013)

Christine Murray (appointed 8/04/2014)

Neil Skipper (appointed 3/01/2014)

Laurie Hovi (resigned 17/12/2013)

Franklin Hardi "Mohamed" Bangura (resigned 5/03/2014)

Principal Activities

The principal activities of the association during the financial year were to provide long term secure affordable housing to single people and families on low to moderate incomes in the Australian Capital Territory.

Significant Changes

No significant change in the nature of these activities occurred during the year.

Operating Result

The result from ordinary activities amounted to a net deficit of \$641,802 (2013: surplus \$12,594). Please refer to note 1a of the financial statements for further details.

Signed in accordance with a resolution of the Members of the Committee.

Mr Craig Shannon, Chair

Mr Jeff Ho

Treasure

30 day of OUTOBER 2014 Dated this.

HAVELOCK HOUSING ASSOCIATION INCORPORATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013 \$
Revenue	2	1,634,005	1,864,810
Employee benefits expense	_	(800,641)	(710,725)
Depreciation and amortisation expense		(126,019)	(61,748)
Rent expense		(486,208)	(497,878)
Provision for impairment of receivables		(130,234)	
Community Housing Canberra rental disbursement		(108,243)	(81,489)
Maintenance expense		(132,723)	
Utilities and rates expense		(166,617)	-
Professional & Audit fees		(60,605)	
Telephone & internet expense		(14,805)	
Motor vehicle expense		(14,649)	
Insurance expense		(15,564)	
Other expenses		(219,499)	(500,376)
(Deficit)/Surplus from operations	-	(641,802)	12,594
Other comprehensive income			
Movement in asset revaluation reserve		3,984,065	
Total comprehensive income attributable to the members	_	3,342,263	12,594

HAVELOCK HOUSING ASSOCIATION INCORPORATED BALANCE SHEET AS AT 30 JUNE 2014

	Note	2014 \$	2013 \$
ASSETS			•
CURRENT ASSETS			
Cash and cash equivalents	4	24,828	95,054
Accounts receivable and other debtors	5	42,326	250,233
TOTAL CURRENT ASSETS		67,154	345,287
NON-CURRENT ASSETS	-		
Property, plant and equipment	6	6,517,499	2,659,452
TOTAL NON-CURRENT ASSETS		6,517,499	2,659,452
TOTAL ASSETS		6,584,653	3,004,739
CURRENT LIABILITIES			
Accounts payable and other payables	7	353,988	111,837
Employee benefits	8	27,134	23,675
Borrowings (lease liabilities)			1,486
TOTAL CURRENT LIABILITIES		381,122	136,998
NON CURRENT LIABILITIES			
Employee benefits	8	5,116	11,589
Financial liabilities	9	- 1	1,353,200
TOTAL NON CURRENT LIABILITIES		5,116	1,364,789
TOTAL LIABILITIES		386,238	1,501,787
NET ASSETS		6,198,415	1,502,952
EQUITY		1817	
Asset revaluation reserve		3,984,065	
Other reserves	10	-	1,739,704
Retained earnings		2,214,350	(236,752)
TOTAL EQUITY		6,198,415	1,502,952

HAVELOCK HOUSING ASSOCIATION INCORPORATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Asset Revaluation Reserve \$	Other Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2012	-	1,739,704	(146,198)	1,593,506
Surplus/(deficit) attributable to members	-	-	12,594	12,594
Reduction in loans to Peak Property Group Pty Ltd and The Rooftop Foundation Inc.			(103,148)	(103,148)
Balance at 30 June 2013	-	1,739,704	(236,752)	1,502,952
Surplus/(deficit) attributable to members	-	-	(641,802)	(641,802)
Increase to asset revaluation reserve	3,984,065		-	3,984,065
Prior year adjustment in relation to reversal of mortgage loans – refer note 11			1,353,200	1,353,200
Transfer from other reserves to retained earnings		(1,739,704)	1,739,704	
Balance at 30 June 2014	3,984,065	-	2,214,350	6,198,415

HAVELOCK HOUSING ASSOCIATION INCORPORATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			•
Receipts from clients		1,990,101	1,822,308
Payments to suppliers and employees		(2,074,156)	(1,795,681)
Government grants		12,916	13,777
Interest received		913	1,267
Net cash from/(used in) operating activities	11	(70,226)	41,671
Net increase/(decrease) in cash held		(70,226)	41,671
Cash at beginning of financial year		95,054	53,383
Cash at end of financial year	4	24,828	95,054

Havelock Housing Association Incorporated is an association incorporated in the ACT under the Associations Incorporations Act (ACT) 1991.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the Associations Incorporations Act (ACT) 1991.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

a. Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the association incurred a loss of \$641,802 and had net cash outflows from operating activities of \$70,226 for the year ended 30 June 2014. As at that date the association had net current liabilities of \$313,968.

These factors indicate significant uncertainty as to whether the association will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Committee believe that there are reasonable grounds to be confident that the association will be able to continue as a going concern, after consideration of the following factors:

- The association has deferred payment arrangements in place with its significant creditors, ACT Community Services Directorate and ACTEWAGL as disclosed in Note 7.
- Since the appointment of the new Managing Director in January 2014, the association has introduced strict cost controls and is experiencing improvements in occupancy rates.
- This strategy has resulted in an unaudited trading surplus before depreciation for the first three months of the 2014/15 financial year. This is projected to continue and increase, which will facilitate the retirement of debts during this current financial year.
- The Finance Audit and Risk Management Committee (FARM) have endorsed all the
 processes undertaken and have overseen all the changes that have taken place within
 the association. This hands-on approach by both FARM and management will continue
 into the future. With the support of ACT Community Services Directorate and continued
 diligence by both FARM and Management, the association is expecting its current ratio
 to improve by the end of the 2015 financial year.

Accordingly, the Committee believe that the association will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the association does not continue as going concern.

b. Change in accounting policy

Havelock Housing Association voluntarily changed its accounting policy relating to the measurement of leasehold land and buildings for the financial year ending 30 June 2014. Leasehold land was previously recognised at cost and buildings previously recognised at cost less accumulated amortisation. Havelock Housing Association has now elected to recognise leasehold land at fair value and buildings at fair value less accumulated amortisation from 1 July 2013. This change has been implemented as management is of the opinion that the fair value recognition will provide more relevant information, and result in a more accurate carrying amount of leasehold land and buildings at the end of each reporting period. A professional valuation of all leasehold land and buildings was performed in September 2011 and has been used as the basis for determining fair value as at 1 July 2013. As a result, the carrying value of the leasehold land increased from \$720,179 to \$1,985,000 and the carrying value of the buildings increased by \$3,263,886 to \$4,614,625 as at 1 July 2013. This has also resulted in an increase of \$3,984,065 in the asset revaluation reserve.

c. Income Tax

Havelock Housing Association Incorporated is exempted from income tax due the exemption granted under section 6.2 of section 50-30 of the Income Tax Assessment Act 1997.

d. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Leasehold Land and Buildings

Leasehold land and buildings are measured at fair value less accumulated amortisation and impairment losses.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity.

The fair value of the leasehold land and buildings is obtained on a periodic basis by an independent valuer.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset Depreciation Rate

Buildings 2.5%
Motor Vehicles 10%-33%
Office equipment 10%-33%

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

d. Property, Plant and Equipment (cont.)

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straightline basis over the life of the lease term.

f. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the association becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(ii) Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Impairment (cont.)

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

h. Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. These cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

i. 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, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

j. Rental and grant Income

Rental revenue is recognised when it is due.

Grants are treated according to the specifications of the grant funding agreements. Grant income and expenses are recognised as specified by the grant funding agreements.

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

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

I. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n. Critical Accounting Estimates

The association evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the organisation. No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

o. New Standard And Interpretations Issued But Not Yet Effective

At the date of this financial report the following standards and interpretations, which may impact the entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2015 (Changed to 1 January 2017 by AASB 2013- 9C)	Minimal impact expected
2009-11	Amendments to Australian Accounting Standards arising from AASB 9	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12 as a result of the issuance of AASB 9.	1 January 2015	Minimal impact expected
2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	Amends AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127 for amendments to AASB 9 in December 2010	1 January 2015	Minimal impact expected
2014-1A	Amendments to Australian Accounting Standards	Part A of 2014-1 amends various standards as a result of the annual improvements process	1 July 2014	Minimal impact expected
2014-1B	Amendments to Australian Accounting Standards	Part B of AASB 2014-1 makes amendments to AASB 119 Employee Benefits in relation to the requirements for contributions from employees or third parties that are linked to service.	1 July 2014	Minimal impact expected
2014-1C	Amendments to Australian Accounting Standards	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031.	1 July 2014	Minimal impact expected

		2014 \$	2013 \$
	E 2: REVENUE AND OTHER INCOME		
Rev	enue		
_	Rental income	1,069,619	1,172,722
_	Commonwealth rent assistance income	289,106	297,622
_	Government grant income	12,916	13,777
_	Gas/electricity levy	165,891	147,768
-	Community rental	74,001	80,913
_	Sale of subsidiary	-	103,149
_	Management fees	9,821	7,408
-	Interest income	913	1,267
_	Other income	11,738	40,184
Tota	I revenue	1,634,005	1,864,810
NOT	E 3: AUDITORS' REMUNERATION		
Rem	nuneration of the auditor of the association for:		
-	Auditing or reviewing the financial report	20,000	10,739
NOT	E 4: CASH AND CASH EQUIVALENTS		
Cas	h at bank and in hand	24,828	95,054
	TE 5: ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES		
Trac	le receivable	12,244	334,239
Less	s: Provision for impairment	(10,623)	(334,119)
		1,621	120
GST	receivable	6,897	
Ren	tal in arrears	33,808	130,931
Loar	ns - Peak Property Group Pty Ltd	119,182	119,182
Less	s: Provision for impairment	(119,182)	
Tota	Il current trade and other receivables	42,326	250,233
			,

	2014 \$	2013 \$
NOTE 6: PROPERTY, PLANT AND EQUIPMENT Leasehold Land and Buildings*		
Leasehold land at fair value (2013: cost)	1,985,000	1,264,821
Buildings at fair value (2013: cost)	4,614,625	1,909,371
Buildings accumulated depreciation	(115,366)	(710,891)
	6,484,259	2,463,301
Leasehold Improvements	,	
At cost	172,192	201,652
Accumulated depreciation	(148,768)	(153,036)
	23,424	48,616
Equipment		
At cost	202,099	385,311
Accumulated depreciation	(192,283)	(237,776)
	9,816	147,535
Total property, plant and equipment	6,517,499	2,659,452

^{*}The ACT Government's interest in the leasehold land and buildings is secured by way of mortgages. Refer to note 16.

Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Land and Buildings \$	Leasehold Improvements \$	Equipment \$	Total \$
Carrying amount at 30 June 2013	2,463,301	48,616	147,535	2,659,452
Asset revaluation	3,984,065		-	3,984,065
Other	152,259			152,259
Additions				
Disposals	-	(17,785)	(134,474)	(152,259)
Depreciation expense	(115,366)	(7,407)	(3,245)	(126,018)
Carrying amount at 30 June 2014	6,484,259	23,424	9,816	6,517,499

	2014 \$	2013 \$
NOTE 7: ACCOUNTS PAYABLE AND OTHER PAYABLES		
Trade payables	132,802	59,901
Payable to Housing & Community Services ACT	111,039	
Payable to ACTEWAGL	46,163	-
Accrued expenses	19,466	9,170
Rent received in advance	17,038	9,803
PAYG	5,318	59,813
Superannuation payable	12,192	4,194
GST payable		(33,325)
Other payables	9,970	2,281
	353,988	111,837
NOTE 8: EMPLOYEE BENEFITS		
CURRENT		
Annual leave provision	26,104	23,630
Time-in-lieu provision	1,030	45
	27,134	23,675
NON-CURRENT		
Long service leave provision	5,116	11,589
Total employee benefits	32,250	35,264
NOTE 9: FINANCIAL LIABILITIES NON CURRENT		
Act government mortgage		1,353,200
Total financial liabilities	-	1,353,200

During the financial year ended 30 June 2014, after consideration of advice received from the ACT Government, the ACT Government mortgages have been treated as a contingent liability rather than an actual liability (refer to note 16). This has resulted in a reduction in liabilities of \$1,353,200 and a corresponding increase in the retained earnings of the same amount.

		2014 \$	2013 \$
NOT	E 10: OTHER RESERVES	-	
Have	elock house, Meeting rooms and Commercial offices		70,160
Com	munity accommodation network	-	17,592
Your	ng mum program		33,999
Furn	iture replacement reserve – Havelock house	-	79,720
Vehi	cle replacement reserve	-	2,000
Com	munity accommodation network and young mums program	-	1,536,233
		-	1,739,704
In 20	114, all of these reserves have been transferred to retained earning	S.	1,100,101
NOT	E 11: CASH FLOW INFORMATION		
	onciliation of Cash Flow from Operations with profit after me tax		
Profi	t / (loss) after income tax	(641,802)	12,594
Cash	n flows excluded from profit attributable to operating activities		
Non-	cash flows in profit:		
_	interest receivable	-	(1,267)
-	depreciation expense	126,019	61,748
-	provision for impairment of receivables	130,234	-
	nges in assets and liabilities, net of the effects of purchase and osal of subsidiaries:		
_	Decrease/(increase) in accounts receivable and other receivable	207,907	
_	(Decrease)/increase in accounts payable and other payables	84,949	
_	(Decrease)/increase in employee benefits	(3,014)	
_	Other adjustments	25,481	(31,404)
	Net cash from operating activities	(70,226)	41,671

NOTE 12: FINANCIAL RISK MANAGEMENT

The Association's financial instruments consist mainly of deposits with banks, trade receivables and payables.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets	Note	2014 \$	2013 \$
Cash and cash equivalents	4	24,828	95,054
Accounts receivable and other debtors	5	42,326	250,233
		67,154	345,287
Financial liabilities			
Accounts payable and other payables	7	353,988	111,837

The association's Treasurer is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Treasurer monitors the association's transactions and reviews the effectiveness of controls relating to credit risk, financial risk, and interest rate risk.

The committee members' overall risk management strategy seeks to ensure that the association meets its financial targets, while minimising potential adverse effects of cash flow shortfalls.

The main risks the association is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk. There have been no substantive changes in the types of risks the association is exposed to, how these risks arise, or the Committee's objectives, policies and processes for managing and measuring the risks from the previous period.

a. Liquidity risk

Liquidity risk arises from the possibility that the association might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities;
- · only investing surplus cash with major financial institutions; and
- proactively monitoring the recovery of unpaid subscriptions.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle finance leases reflect the earliest contractual settlement dates.

b. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the association.

NOTE 12: FINANCIAL RISK MANAGEMENT (CONT.)

Credit risk is managed through maintaining procedures (such as the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposure against such limits, and monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible, that members and counterparties to transactions are of sound credit worthiness.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the committee has otherwise cleared as being financially sound.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet.

There is no collateral held by the association securing trade and other receivables.

The association has no significant concentration of credit risk with any single counterparty or group of counterparties.

c. Market risk

Interest rate risk

The association is not exposed to any significant interest rate risk.

Fair value estimation

The carrying values of financial assets and financial liabilities approximate fair values.

		2014		2013	
	Footnote	Net Carrying Value \$	Net Fair Value \$	Net Carrying Value \$	Net Fair Value \$
Financial assets					
Cash and cash equivalents	(i)	24,828	24,828	95,054	95,054
Accounts receivable and other receivables	(i)	42,326	42,326	250,233	250,233
Total financial assets		67,154	67,154	345,287	345,287
Financial liabilities					
Accounts payable and other payables	(i)	353,988	353,988	111,837	111,837
Total financial liabilities		353,988	353,988	111,837	111,837
Total financial liabilities		353,988	353,988	111,837	111,837

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash on hand, accounts receivable and other debtors, and accounts payable and other payables are short-term instruments in nature whose carrying amount is equivalent to fair value. Accounts payable and other payables exclude amounts relating to the provision for annual leave, which is outside the scope of AASB 139.

NOTE 13: FAIR VALUE MEASUREMENTS

The association measures and recognises the following assets at fair value on a recurring basis after initial recognition:

Leasehold land and buildings

The association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categories fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The association selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- Market approach: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- Income approach: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- Cost approach: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the association gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

NOTE 13: FAIR VALUE MEASUREMENTS (CONT.)

The following table provides the fair value of the association's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1 \$	Level 2	Level 3	Total \$
2014		•		•	
Recurring fair value					
measurements					
 Leasehold land and buildings 	6	6,484,259	-	-	6,484,259
Total assets recognised at fair value		6,484,259	-	-	6,484,259

NOTE 14: RELATED PARTIES TRANSACTIONS

The committee members of the association throughout the year were as follows:

Craig Shannon

Amanda Oosterweghel

Jeff House

Paul McBow

Faye Digby

John James (appointed 17/12/2013)

Christine Murray (appointed 8/04/2014)

Neil Skipper (appointed 3/01/2014)

Laurie Hovi (resigned 17/12/2013)

a. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, is considered key management personnel.

2014 \$
366,281
10,132
90,274
466,687

NOTE 15: COMMITMENTS

As at 30 June 2014, there are no commitments.

NOTE 16: CONTINGENT LIABILITIES

The ACT Government has signed mortgages with the association which protect its interest in the leasehold land and buildings as disclosed in note 6.

Under the terms and conditions of the mortgage, the mortgage would normally only be crystallised and actionable by the ACT Government if there is a breach of any of the specified conditions as set out in clause 3 of the annexure to the Memorandum of Mortgage. Examples where the association would be liable to settle the liability to the ACT Government would be where the association:

- ceases to use the property for the agreed purposes
- fails to maintain the property adequately
- becomes insolvent/bankrupt, seeks to come to an arrangement with its creditors or otherwise cannot continue to trade etc.
- wishes to sell or otherwise dispose of the property
- seeks to remove the mortgage

NOTE 17: SUBSEQUENT EVENTS

There have been no events after balance sheet date which require disclosure in the financial statements.

Note 18: ASSOCIATION DETAILS

The registered office of the association is:

Havelock Housing Association Incorporated 85 Northbourne Avenue TURNER ACT 2612

HAVELOCK HOUSING ASSOCIATION INCORPORATED STATEMENT BY MEMBERS OF THE COMMITTEE FOR THE YEAR ENDED 30 JUNE 2014

In the opinion of the committee, the attached financial report:

- Presents fairly the financial position of Havelock Housing Association Incorporated as at 30 June 2014 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- At the date of this statement, there are reasonable grounds to believe that Havelock Housing Association Incorporated will be able to pay its debts as and when they fall due.

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

Mr Craig Shannon, Chair

Mr Jeff House, Treasurer

Dated this 30 day of OCTOBER. 2014



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www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HAVELOCK HOUSING ASSOCIATION INCORPORATED

We have audited the accompanying financial report of Havelock Housing Association Incorporated ("the association"), which comprises the balance sheet as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and committee's declaration.

Committee's Responsibility for the Financial Report

The committee members are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Associations Incorporation Act (ACT) 1991, and for such internal control as committee members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report 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 association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the committee members, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Liability limited by a scheme approved under Professional Standards Legislation Birdanco Nominees Pty Ltd ABN 33 009 321 377 Practising as RSM Bird Cameron ABN 65 319 382 479

Major Offices in: Perth, Sydney. Melbourne, Adelaide. Canberra and Brisbane RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.



Basis for Qualified Opinion

We were appointed as auditors of the association on 12 May 2014. The financial report of the association for the year ended 30 June 2013 was audited by another auditor who expressed an unmodified opinion on that financial report on 11 November 2013. However, we have been unable to perform audit procedures to enable us to form an opinion on the comparatives for 30 June 2013. The results of the association for the year ended 30 June 2014 would be affected to the extent of any misstatement of the 30 June 2013 balance sheet. Accordingly, we are not in a position to and do not express an opinion on the comparatives for 30 June 2013 or the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended 30 June 2014.

Qualified Opinion

In our opinion, because of the existence of the limitation on the scope of our audit work as described in the preceding paragraph, and the effect of such adjustments, if any, as might have been determined to be necessary had the limitation in scope not existed, we are unable to and do not express an opinion whether the comparatives for 30 June 2013 and the results of the association's operations and its cash flows for the financial year 30 June 2014 are presented fairly in accordance with Australian Accounting Standards and the Associations Incorporation Act (ACT) 1991.

In our opinion the balance sheet presents fairly, in all material respects, in accordance with Australian Accounting Standards and the Associations Incorporation Act (ACT) 1991 the financial position of Havelock Housing Association Incorporated as at 30 June 2014.

Emphasis of Matter

Without further qualifying our opinion, we draw attention to Note 1(a) in the financial report, which indicates that the association incurred a net deficit of \$641,802 and had net cash outflows from operating activities of \$70,226 during the year ended 30 June 2014. As of that date, the association's current liabilities exceeded its current assets by \$313,968. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the association's ability to continue as a going concern and therefore, the association may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM BIRD CAMERON

Canberra, Australian Capital Territory Dated: 30 October 2014 GED STENHOUSE Director