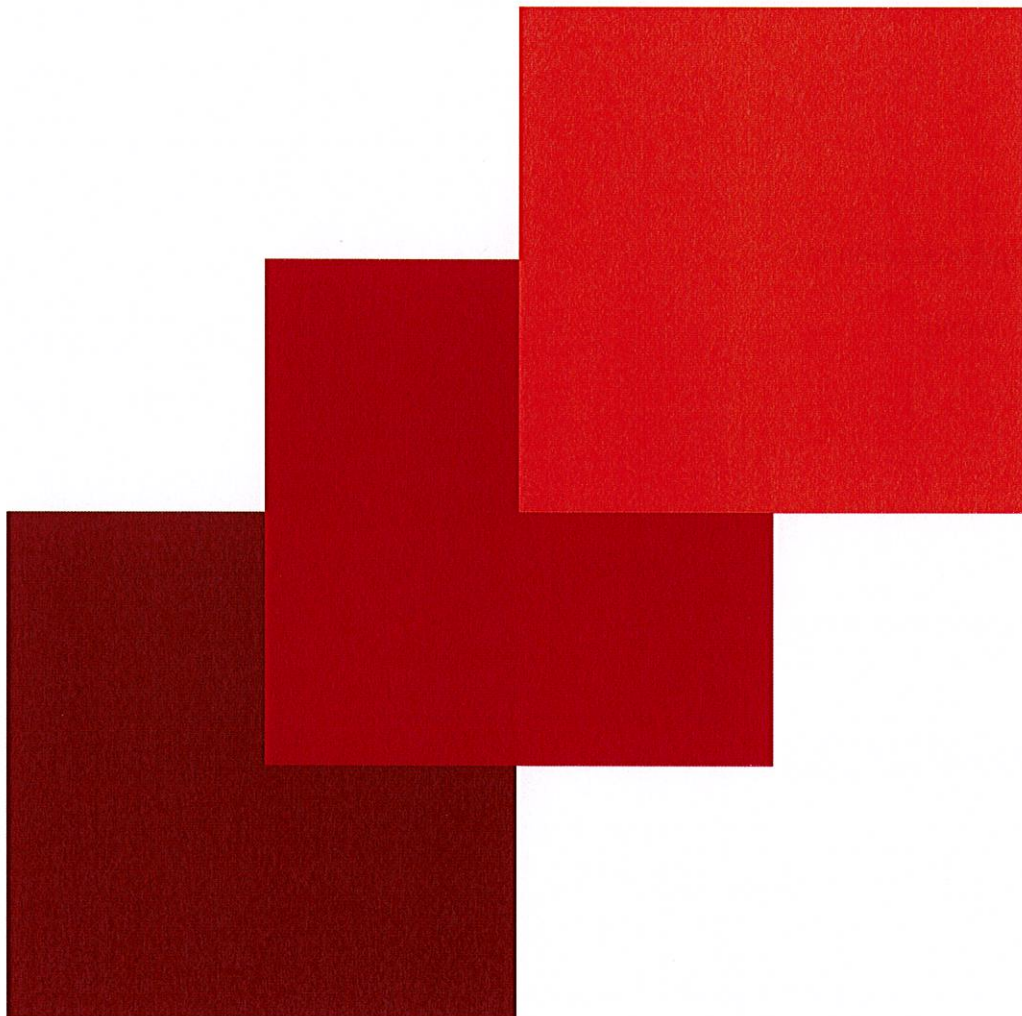


HAVELOCK HOUSING
ASSOCIATION INC.
Annual Report 2015-16





Havelock Housing Association Inc.

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Chairperson's report

As the Chair of the Board of the Havelock Housing Association, I am proud to present the 28th Annual Report of the Association.

This year marks my fourth Term as the Chair of the Board, and over this period I have been pleased to be able to report on an improvement in the operations and financial standing of the Association. Yet again this year shows a marked improvement in the performance of the Association across all its key performance indicators.

Having struggled through some dark financial years we have completed the consolidation phase of the Association and achieved a level of performance that places Havelock Housing Association as one of the leaders in our field. Under the committed stewardship of Managing Director Neil Skipper and our Board of dedicated individuals, the Association is now looking to the opportunity to commence a phase of growth and expansion.

In the year just past, not only have we achieved an operating surplus of \$117,770 but also we have upgraded our facilities in a number of areas and enhanced the security for tenants through new CCTV equipment and other facilities.

These Annual Reports, by necessity, largely focus on our financial performance and the Associations operational issues. However, it is important to stress that our Board and staff have remained focused on the key objective of the Association to be a high quality social housing provider for the Canberra community. The Association continues to achieve very high levels of tenant satisfaction, a tribute to our dedicated staff members that constantly strive to support our tenants in every possible way. I wish to thank them for their ongoing efforts and recognise the significant contribution that they make to the Association.

The Association has continued to evolve into a stronger, more accountable, respected and financially secure community housing provider for the Canberra community. I am immensely proud to have been involved with these achievements, and, with the support of the members of the Association, I am dedicated to continue working to consolidate our Association as a leader in our field.

All our stakeholders can have great confidence in the performance and direction of the Association, and the content of this report clearly indicates our growing strength and increased performance. Our Board and staff are immensely dedicated to the Association's future and the interests of our clients, members and stakeholders.

I commend this report to you and thank you for your ongoing support of the Havelock Housing Association.



Craig Shannon
Chairperson

Managing Director's report

It is with pleasure that I can report Havelock Housing Association has continued along the trajectory that the Board, Stakeholders and Staff set in our Business Plan back in 2014.

Not only have we provided members with safe and secure accommodation consistent with Community Housing Standards, we have delivered a \$117,770 operating surplus and improved the amenity of Havelock Housing Associations properties.

We have effectively now completed the clean-up phase and consolidation phase. The Association's liquidity situation has been resolved with our Current Ratio at 1.8:1 as at the 30th June 2016. The Association is now progressing with the establishment of 3 months of Operating Expenses as reserves.

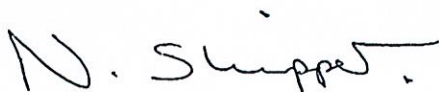
During this year we also successfully implemented many back office systems improving our productivity and preparing us well for the future. This has included the implementation of a new Social Housing tenancy management system which, among other things, enables Havelock Housing Association to prepare clearer and easier to understand rental statements and reports. We also have the ability to directly SMS our members from within the system and provide professional property inspection reports and photos. Additionally we have created other information management systems that assist with the management of our Service Funding Agreement with the Community Services Directorate.

Other significant improvements have included the establishment and securing of Havelock Houses Car Park, installation of a CCTV system, new Mailboxes and upgrade of Laundry facilities which included the installation of 4 new commercial washing machines and 3 commercial dryers. Havelock House is also currently undergoing a major external lighting upgrade and planning is well underway to upgrade the Federation Room in the not to distance future.

Havelock Houses occupants have benefited greatly from these improvements and we look forward to continuing to improve the amenity of Havelock House and the Associations other properties for the benefit of its members.

Other benefits Havelock Housing Association has provided to its new members entering Havelock House is up to two weeks free rent and a new mattress upon sign up, and from time to time bed linen, pillows and refrigerators.

I wish to thank the Members, Staff, Volunteers, Housing ACT and the Board for all their assistance and hard work over the previous 12 months. The Association has achieved a lot and their work is preparing us well for the future.



Yours sincerely

Neil Skipper

Managing Director

Vision

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

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.

Objectives

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

1. About us

Our role

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

Havelock House originally provided housing for public servants in Canberra. However, the building was handed over to Havelock Housing Association in 1988 after intense lobbying action from various welfare groups. Since then Havelock House has been used as community housing under the control of the Havelock Housing Association Inc.

The Association now has 21 properties in Canberra, ACT, under a shared equity basis with the ACT Government. It manages the following properties for Housing ACT:

- Havelock House, which houses 101 single tenants
- Gungahlin Single Accommodation, which houses 20 single tenants
- Housing Asset Assistance Program (HAAP), which consists of 45 external properties.

The Association also manages 15 properties for CHC Affordable Housing.

Our clients

We provide accommodation through a range of programs (see attachment 1). Particular target groups include young mothers, single parent families, students, refugees and people facing mental health issues.

Many people in our community face ongoing difficulties in affording and/or maintaining appropriate and affordable housing. An increasing number of people continue to wait for lengthy periods to access social housing assistance. Havelock Housing Association is continuing to find ways to accommodate those people.

It is vital that we continue to support growth in the community housing sector to cater for these people, provide them with a home and help them to feel part of a safe, secure and warm neighbourhood.

The community housing model

Havelock Housing Association operates through a community housing model. This provides long-term, safe, secure, affordable and appropriate housing that encourages and maximises opportunities for tenants to assume control over their home and environment through participation in management.

The model is flexible, responsive and respectful of individual rights; and contributes to and is part of a safer and more secure community.

Our funding

The Association's funding comes mainly from rent it receives from tenants, grants from the ACT Government, income from management fees, rent, Commonwealth Rental Assistance, Car Park fees and fees for use of conference rooms. More information about our income from these sources is provided in the financial statements.

Havelock Housing Association Inc. receives funding under the National Affordable Housing Agreement and/or the National Partnership Agreement on Homelessness, which are jointly funded by the ACT and Australian governments.

Our partnerships

The Association continues to work to increase the range of accommodation being provided to members, but we recognise that we cannot do it alone. As in past years, this year we have been greatly assisted in our efforts by our valued partners, all of whom have given us a great deal of support.

The Association is endeavouring to find a balance between negotiating and sustaining a combination of commercial arrangements and directly liaising with the Commonwealth and ACT governments to promote and expand upon its community housing objectives. In achieving this, the Association promotes social justice, maximises member participation, follows sound business principles and is a responsible and innovative organisation.

Acknowledgments

ACT Community Services Directorate – Housing ACT

ACT Corrective Services/ThroughCare

ACT Mental Health, Justice Health and Alcohol & Drug Services

ACT Neighbourhood Watch

ACT Shelter

AIDS Action Council of the ACT

Australian Federal Police

Canberra Student Housing Cooperative

CHC Affordable Housing

Joint Pathways

Migrant and Refugee Settlement Services

Northside Community Services

OneLink

St Vincent de Paul - Samaritan House

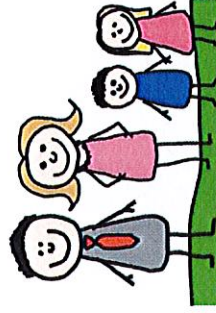
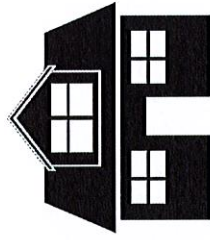
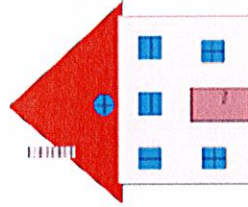
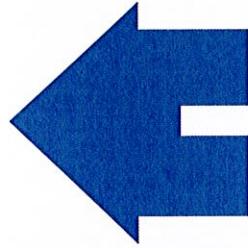
The Salvation Army - Oasis Youth Services

Youth Coalition of the ACT

Our organisational structure



Achievements snapshot 2015–16



81

External houses

101

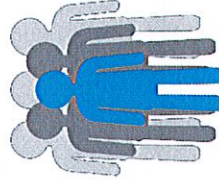
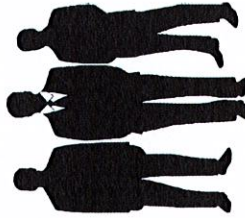
Rooms at Havelock House

20

Units at Gungahlin Singles

28

Families housed



314

People housed

165

Single men housed

56

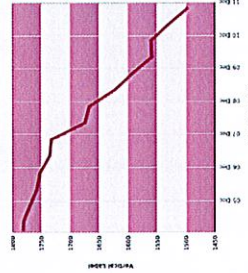
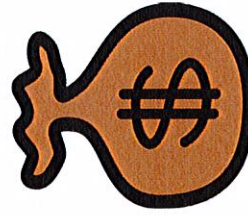
Single women housed

5

Community org accommodated

\$2.0m revenue

Up from \$1.95m



\$1.88m Expenses

Up from \$1.82m

\$117,770

Net surplus

Arrears

Down by 39%

Vacancies

Down by 22%

2. Performance report

Strategic planning

The strategies and goals outlined in our 2014 Business Plan guide our decisions and priorities. Our goals are grouped under four overarching strategies:

1. Core business development
2. Consolidation
3. Growth
4. Tenant-centric development.

Within each strategy we identified a number of goals and a phased approach to achieving them.

In 2014–15 our efforts were concentrated on goals within our first strategy: Core Business Development

Goals for 2015–2016

In 2015–16 we moved on to our second strategy: consolidation. We have:

- decreased our vacancy rate
- increased revenue
- increased our cash reserves
- improved our current ratio to 1.8:1
- working towards obtaining three months of operating expenses as reserves
- implemented a new tenant management system and inspection management system
- automated our financial systems
- improved and upgraded the Association properties
- installed CCTV system to improve the safety of HH residents
- secured the car park for HH residents
- replaced roof on GSA buildings
- increased our cleaning and maintenance budgets

We either achieved or partially achieved these goals. Specific results can be found in the table below.

Key infographs 2015–16

Key result area		Result
Vacancy rate	↓ 22%	We decreased our vacancy rate by 22%
Revenue	↑ 2.5%	We increased our revenue from \$1.95 million to \$2 million – a 2.5% improvement.
Expenses	↑ 3.3%	We increased our expenses from \$1.82 million to \$1.88 million – a 3.3% increase.
Cash reserves	↑ 196%	We increased our cash at bank from \$123,367 to \$364,670 – a 196% improvement.
Current ratio target 1.3:1	↑ 141%	Our current ratio improved from 0.747:1 to 1.8:1 – a 141% improvement.



Havelock House, Canberra

Case Study: Feedback on the Associations performance for 2015-2016.

1. A few of the comments received from the CSD regarding HHA's Performance Reports for 2015 - 2016:

'The Reports illustrate HHA's continued high level of achievement in providing good quality tenancy management and support to individuals residing in its properties. The case studies provided reflect HHA's compassionate and tailored approach to supporting vulnerable tenants with a range of issues and clearly demonstrates successful outcomes'

'I would like to acknowledge all the hard work carried out during this reporting period regarding advertising vacancies more widely, attracting new tenants, reducing the level of rent arrears and increasing occupancy rates'

'I would also like to acknowledge HHA's recent technological initiatives which have created real time communication between HHA and tenants, and more user friendly records for tenants'

'Finally, I would like to congratulate you on improvements and initiatives you have made to the governance and operation of the Association over the past two years, and look forward to working with you in the future'.

2. Feedback received from the Exit Surveys received from residents vacating during 2015 -2016.

Of the 51 exit surveys received from residents on vacate, 84% stated they had overall very positive experiences during their stay at Havelock House.

98% of the surveys gave very positive comments regarding the staff of the Association.

A few comments from the residents regarding their stay:

'A great starting point' ; 'It's a good place for women and it's a quiet place' ; 'Good opportunity to re-start, great location' ; 'I thank the staff from the bottom of my heart for all they have done for me' ; the staff are excellent, approachable and supportive'.

HHA noted that comments had been made about security around Havelock House. We are very pleased to report that we have completed the installation of the CCTV cameras around the main entry and exit points of the building to increase the security of the residents living at Havelock House.

3. Management and accountability

Corporate governance

Board

The Board of the Association consists of eight housing or individual members.

Board members 2015–16

Craig Shannon (Chair)
Christine Murray (Deputy Chair)
Adrian King (Treasurer; appointed 25/11/2014)
Rory Markham (appointed Nov 2015)
Sarah Phillips (appointed March 2016)
Neil Skipper (Managing Director)
Jeff House (resigned March 2016)
Faye Digby (resigned Nov 2015)
John James (resigned May 2016)
Amanda Oosterweghel (resigned Nov 2016)
Neha Mulay (appointed Nov 2015 - resigned March 2016)

All Board members are required to have a commitment to the objects of the Association and have the following core competencies:

- a strategic focus
- communication skills of a high order
- decision-making ability
- compassion and a commitment to social justice.

In addition, the Board members are required to possess one of the following specific skills and they are to be elected under a specific skills category:

- financial management
- law, preferably in the area of property law
- business management
- residence/commercial real estate management and/or community organisations management.

The requirement for specific skills is seen as necessary to ensure the strategic direction set by the Board is implemented in an efficient and effective manner.

Managing Director

The current Managing Director of the Association is Mr Neil Skipper. Mr Skipper has 27 years' experience in the banking, finance and business arena. He took over as Managing Director of Havelock Housing Association in January 2014. Mr Skipper reports directly to the Board.

Our staff

The Association currently has six full-time staff members and two part-time staff members. A list of current staff members and their experience can be found at attachment 2.

One of the Association's property managers is fully trained and registered as a real estate agent. We also provide some in-house training combined with on-the-job experience.

Staff remuneration is in accordance with Territory/federal awards, with most staff employed under the Social, Community, Homecare and Disability Services Industry Award 2010.

Risk management

The Association has a comprehensive risk management plan, which is revised and updated on an ongoing basis.

Work health and safety

The Association has a strong commitment to workplace health and safety. We operate to a Work Health and Safety Manual, which is revised and updated on an ongoing basis.

Asset management

The Association has a comprehensive, up-to-date Asset Management Plan, which is revised and updated on an ongoing basis.

Insurance

Havelock Housing Association has all appropriate insurances for its operations, including business, directors, landlord residential, motor vehicle, general liability, voluntary worker, workers compensation and association and management liability insurances.

4. Future directions

As evidenced by our financial results this year, the Association has made considerable progress towards achieving its mission and objectives. We acknowledge there is much more still to be done, but we are clearly moving in the right direction.

In 2016–17 we will continue to improve our operational efficiency and begin to move into a growth phase as set out in our 2014 Business Plan.

Some of the initiatives and projects that we will continue to develop are:

- Service improvement:
 - upgrade our ICT hardware and software to improve the transparency and efficiency of operations
 - establish 3 months of operating expenses as reserves
 - continue to obtain further productivity improvements
 - seek growth opportunities for the Association
 - install free wireless internet services for residents at Havelock House
 - continued development of the five-year cyclical maintenance plan to improve the amenity of the Association's buildings
 - external lighting upgrade for Havelock House
 - full renovation of Federation Room at Havelock House

Our work over the past year has resulted in a considerable strengthening of our financial situation, which puts us in a strong position to achieve our aims.

Attachment 1. Havelock Housing Association programs

Havelock House: A group-shared house of 20 units (ranging from three to eight bedrooms), which provides housing for 101 single people. It is managed on behalf of the ACT Government.

CHC Affordable Housing: We manage 15 properties on behalf of CHC.

Housing Asset Assistance Program (HAAP): We manage 45 properties to house people on low to moderate incomes on behalf of the ACT Government.

Gungahlin Single Accommodation (GSA): People are accommodated in a small complex comprising 20 separate self-contained one-bedroom apartments with common areas. These units are managed on behalf of the ACT Government.

Shared Equity Properties: 21 properties owned and managed.

Commercial offices and meeting rooms: Commercial offices at Havelock House are let to community organisations. In addition, one meeting room is let periodically.

Attachment 2. Current staff members

Job title	Staff member	Skills and strengths
Managing Director	Mr Neil Skipper	27 years of experience in the banking, finance and business arena.
Office Manager	Ms Joanne Goodall	12 years of community housing experience working for the Association across all facets of the business.
Receptionist	Mrs Wendy Mullavey	Joined the Association in March 2016. Brings 40 years of banking experience to the Association.
Finance Officer	Mr Tony Loneragan	Experience over many years managing various not-for-profit organisations.
Property/Tenant Management	Mr Nicholas Lefkaditis	Experience in property management. Holds a Diploma in Social Housing (2016) and a Certificate III in Property Management
Property/Tenant Management	Mr Jason Luu	Experience in property management. Holds a Certificate III in Property Management and a current real estate agent's licence.
ICT Management	Mr Allan Bontier	Experienced in establishing and managing ICT systems for many organisations over a long period.
Arrears/Intake officer	Ms Linda Vella	10 years experience in customer service and community housing. Worked in the ACT Department of Housing and Community Services.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

FINANCIAL REPORT FOR THE YEAR ENDED

30 JUNE 2016

HAVELOCK HOUSING ASSOCIATION INCORPORATED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016
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HAVELOCK HOUSING ASSOCIATION INCORPORATED
COMMITTEE'S REPORT
FOR THE YEAR ENDED 30 JUNE 2016

Your committee members submit the financial report of Havelock Housing Association Incorporated for the financial year ended 30 June 2016.

Committee Members

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

Amanda Oosterweghel (resigned Nov 2015)	Rory Markham (appointed Nov 2015)
Jeff House (resigned March 2016)	Sarah Phillips (appointed March 2016)
Faye Digby (resigned Nov 2015)	Craig Shannon
John James (resigned May 2016)	Christine Murray
Neha Mulay (appointed Nov 2015 – resigned March 2016)	Neil Skipper
	Adrian King

Principal Activities

The principal activities of the association during the financial year were to provide medium to 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 surplus of \$ 117,770 (2015: surplus of \$135,137). 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 Adrian King, Treasurer

Dated this 20th day of October 2016

HAVELOCK HOUSING ASSOCIATION INCORPORATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
	Note	\$	\$
Revenue	2	2,000,128	1,953,548
Employee benefits expense		(747,810)	(759,526)
Depreciation and amortisation expense		(117,785)	(118,686)
Rent expense		(508,467)	(468,156)
Provision for impairment of receivables		(4,967)	(6,077)
CHC affordable housing		(114,049)	(108,220)
Maintenance expense		(156,771)	(141,583)
Utilities and rates expense		(146,090)	(130,001)
Professional & Audit fees		(16,000)	(15,000)
Telephone & internet expense		(7,813)	(10,960)
Motor vehicle expense		(7,191)	(7,884)
Insurance expense		(15,501)	(13,623)
Other expenses		(39,914)	(38,695)
Surplus from operations		<u>117,770</u>	<u>135,137</u>
Other comprehensive income			
Movement in asset revaluation reserve		-	233,172
Total comprehensive income attributable to the members		<u>117,770</u>	<u>368,309</u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
BALANCE SHEET
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	364,670	123,367
Trade and other receivables	5	<u>11,292</u>	<u>29,963</u>
TOTAL CURRENT ASSETS		<u>375,962</u>	<u>153,330</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>6,519,659</u>	<u>6,621,658</u>
TOTAL NON-CURRENT ASSETS		<u>6,519,659</u>	<u>6,621,658</u>
TOTAL ASSETS		<u>6,895,621</u>	<u>6,774,988</u>
CURRENT LIABILITIES			
Trade and other payables	7	166,624	162,873
Employee benefits	8	<u>41,535</u>	<u>42,281</u>
TOTAL CURRENT LIABILITIES		<u>208,159</u>	<u>205,154</u>
NON CURRENT LIABILITIES			
Employee benefits	8	<u>2,970</u>	<u>3,113</u>
TOTAL NON CURRENT LIABILITIES		<u>2,970</u>	<u>3,113</u>
TOTAL LIABILITIES		<u>211,129</u>	<u>208,267</u>
NET ASSETS		<u>6,684,491</u>	<u>6,566,721</u>
EQUITY			
Asset revaluation reserve		4,217,237	4,217,237
Retained earnings		<u>2,467,254</u>	<u>2,349,484</u>
TOTAL EQUITY		<u>6,684,491</u>	<u>6,566,721</u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

The accompanying notes form part of these financial statements.

	Asset revaluation reserve	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2014	<u>3,984,065</u>	<u>2,214,350</u>	<u>6,198,415</u>
Surplus/(deficit) attributable to members	-	135,134	135,134
Increase to asset revaluation reserve	<u>233,172</u>	-	<u>233,172</u>
Balance at 30 June 2015	<u>4,217,237</u>	<u>2,349,484</u>	<u>6,566,721</u>
Surplus/(deficit) attributable to members	-	117,770	117,770
Increase to asset revaluation reserve	-	-	-
Balance at 30 June 2016	<u><u>4,217,237</u></u>	<u><u>2,467,254</u></u>	<u><u>6,684,491</u></u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from clients		2,169,817	2,066,074
Payments to suppliers and employees		(1,951,917)	(2,052,021)
Government grants		36,413	83,853
Interest received		2,775	1,110
Net cash from operating activities	9	<u>257,088</u>	<u>99,016</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for equipment		(15,786)	-
Loss from disposal of investments		-	(477)
Net cash used in investing activities		<u>(15,786)</u>	<u>(477)</u>
Net increase in cash held		241,302	98,539
Cash at beginning of financial year		<u>123,367</u>	<u>24,828</u>
Cash at end of financial year	4	<u><u>364,669</u></u>	<u><u>123,367</u></u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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.

b. 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.

c. 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.

Revaluation

Any revaluation increments are credited to an asset revaluation reserve. Revaluation decrements for a class of asset are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Property, Plant and Equipment (continued)

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.

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.

d. 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 straight-line basis over the life of the lease term.

e. 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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Financial Instruments (continued)

- (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.

f. 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;

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.

g. 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.

h. 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.

i. 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).

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. 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.

k. Comparative Figures

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

l. 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.

m. 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.

n. New, revised or amending Accounting Standards and Interpretations adopted

The association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the association for the annual reporting period ended 30 June 2016. The association's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the association, are set out below.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. New, revised or amending Accounting Standards and Interpretations adopted (continued)

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The association will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the association.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The association will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the association.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease,

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The association will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the association.

NOTE 2. REVENUE AND OTHER INCOME

	2016	2015
	\$	\$
Rental income	1,270,418	1,155,327
Commonwealth rent assistance income	373,480	399,339
Government grant income	36,413	79,108
Gas/electricity levy	167,622	195,497
Community rental	90,544	85,093
Management fees	11,206	9,838
Interest income	2,775	1,110
Other income	47,669	28,236
	<u>2,000,128</u>	<u>1,953,548</u>

NOTE 3. AUDITORS' REMUNERATION

Remuneration of the auditor of the association for:

Auditing or reviewing the financial report	16,000	15,000
	<u>16,000</u>	<u>15,000</u>

NOTE 4. CASH AND CASH EQUIVALENTS

Cash on hand	700	700
Cash at bank	363,970	122,667
	<u>364,670</u>	<u>123,367</u>

NOTE 5. TRADE AND OTHER RECEIVABLES

Trade receivable	-	10,680
Rental in arrears	16,259	26,841
Less: Provision for impairment	(4,967)	(15,368)
GST receivable	-	916
Prepayments	-	6,894
Loans – Peak Property Group Pty Ltd	-	119,182
Less: Provision for impairment	-	(119,182)
	<u>11,292</u>	<u>29,963</u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Leasehold Land and Buildings*		
Leasehold land at fair value	2,230,000	2,230,000
Buildings at fair value	4,375,000	4,375,000
Buildings accumulated depreciation	(109,375)	-
	<u>6,495,625</u>	<u>6,605,000</u>
Leasehold Improvements		
At cost	171,715	171,715
Accumulated depreciation	(159,389)	(155,057)
	<u>12,326</u>	<u>16,658</u>
Equipment		
At cost	193,016	177,829
Accumulated depreciation	(181,307)	(177,829)
	<u>11,708</u>	<u>-</u>
Total property, plant and equipment	<u><u>6,519,659</u></u>	<u><u>6,621,658</u></u>

*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 2015	6,605,000	16,658	-	6,621,658
Asset revaluation	-	-	-	-
Other	-	-	-	-
Additions	-	-	15,786	15,786
Disposals	-	-	-	-
Depreciation expense	(109,375)	(4,332)	(4,078)	(117,785)
Carrying amount at 30 June 2016	<u><u>6,495,625</u></u>	<u><u>12,326</u></u>	<u><u>11,708</u></u>	<u><u>6,519,659</u></u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade payables	55,555	84,098
Accrued expenses	19,416	24,003
Rent received in advance	18,443	12,081
PAYG	8,191	7,426
Other payables	65,019	35,265
	<u>166,624</u>	<u>162,873</u>

NOTE 8. EMPLOYEE BENEFITS

CURRENT

Annual leave provision	41,662	41,754
Time-in-lieu provision	(127)	527
	<u>41,535</u>	<u>42,281</u>

NON-CURRENT

Long service leave provision	2,970	3,113
	<u>2,970</u>	<u>3,113</u>

NOTE 9. CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with profit after income tax

Profit after income tax	117,770	135,134
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation expense	117,785	118,668
- provision for impairment of receivables	4,967	6,077
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- Decrease in accounts receivable and other receivables	13,704	17,108
- (Decrease)/increase in accounts payable and other payables	3,751	(191,115)
- (Decrease)/increase in employee benefits	(889)	13,144
	<u>257,088</u>	<u>99,016</u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10. 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:

	Note	2016 \$	2015 \$
Financial assets			
Cash and cash equivalents	4	364,670	123,367
Accounts receivable and other debtors	5	11,292	29,963
		<u>375,961</u>	<u>153,330</u>
Financial liabilities			
Accounts payable and other payables	7	166,624	162,873
		<u>166,624</u>	<u>162,873</u>

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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 10. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

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.

		2016		2015	
	Footnote	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	364,670	364,670	123,367	123,367
Accounts receivable and other receivables	(i)	11,292	11,292	29,963	29,963
Total financial assets		375,961	375,961	153,330	153,330
Financial liabilities					
Accounts payable and other payables	(i)	166,624	166,624	162,873	162,873
Total financial liabilities		166,624	166,624	162,873	162,873

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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11. 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 categorises 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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11. FAIR VALUE MEASUREMENTS (CONTINUED)

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.

		Level 1	Level 2	Level 3	Total
	Note	\$	\$	\$	\$
Recurring fair value measurements:					
Leasehold land and buildings	6		6,495,625		6,495,625
Total assets recognised at fair value		-	6,495,625	-	6,495,625

NOTE 12. RELATED PARTY TRANSACTIONS

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

- Craig Shannon
- Jeff House
- Adrian King
- Christine Murray
- Faye Digby
- John James
- Amanda Oosterweghel
- Neil Skipper
- Sarah Phillips
- Rory Markham
- Neha Mulay

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.

	2016	2015
	\$	\$
Key management personnel compensation:		
— Short-term employee benefits	243,303	243,208
— Other long-term employee benefits	22,813	17,482
	<u>266,116</u>	<u>260,690</u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13. 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

HHA and Housing ACT have identified that there may be historical amounts owing to Housing ACT under the "Sundry Invoice" payments going back many years. HHA & Housing ACT continue to work through these invoices. The following methodology has been agreed to:

- All Invoices dated pre 31st December 2010 to be written off by Housing ACT.
- HHA will pay all undisputed invoices. (A payment of \$13,520.52 was made on the 12th October.)
- A request for all Sundry Invoices with a Police Report number to be submitted to Housing ACT with a view to waiving.
- A meeting will then be convened to review outstanding invoices.

Housing ACT have indicated favourable terms to rectify any amounts identified.
At this time the amount outstanding cannot be determined.

NOTE 14. SUBSEQUENT EVENTS

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

NOTE 15. ASSOCIATION DETAILS

The registered office of the association is:
Havelock Housing Association Incorporated
85 Northbourne Avenue
TURNER ACT 2612

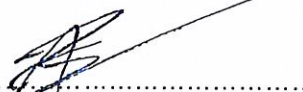
HAVELOCK HOUSING ASSOCIATION INCORPORATED
STATEMENT BY MEMBERS OF THE COMMITTEE
FOR THE YEAR ENDED 30 JUNE 2016

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

1. Presents fairly the financial position of Havelock Housing Association Incorporated as at 30 June 2016 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.
2. 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 Adrian King, Treasurer

Dated this 20th day of October 2016

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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 2016, 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 entity'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 entity'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 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.

THE POWER OF BEING UNDERSTOOD
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RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

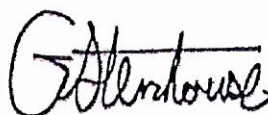
RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

Opinion

In our opinion the financial report of Havelock Housing Association Incorporated presents fairly, in all material respects, the financial position of the entity as at 30 June 2016 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the requirements of the *Associations Incorporation Act (ACT) 1991*.

RSM Australia Pty Ltd



Canberra, Australian Capital Territory
Dated: 20 October 2016

GED STENHOUSE
Director

