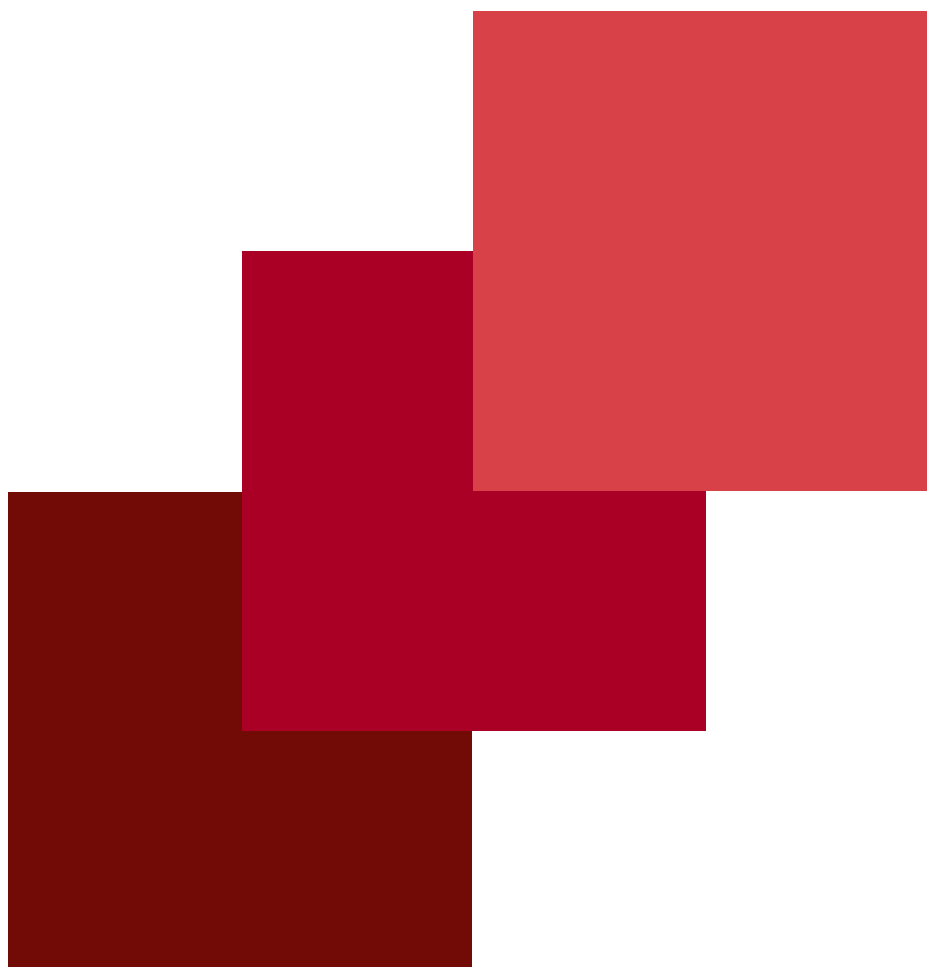




HAVELOCK HOUSING ASSOCIATION INC.

Annual Report 2016-17



Havelock Housing Association Inc.

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Turner ACT 2612



Registered NDIS Provider



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Chairperson's report

As the Chair of the Board of the Havelock Housing Association, I am proud to present the 29th Annual Report of the Association.

This is my fifth report as the Chair of the Board, and, in many ways represents the culmination of a five-year effort by the Board of the Association, and our dedicated staff, to evolve Havelock Housing Into a leading not-for-profit social housing provider in the A.C.T. Across all key performance indicators, I believe that we can now make that claim.

I would like to personally thank Managing Director Neil Skipper for the significant effort he has displayed in ensuring that our service delivery and client focus has never been of a higher standard. The pressures and obligations on organisations in our sector have become increasingly complex over recent years. In spite of this, Havelock Housing Association has never wavered in our commitment to deliver the local community a provider that sets high standards for service and amenity to our diverse range of clients.

In last year's report, I mentioned that we were keen to see the organisation move into a period of growth, having stabilised our financial situation and re-organised our systems and vision to accommodate this. In the past year, we have well and truly delivered on this aspiration.

Through the process of integrating the client base previously serviced by CCH, a provider of housing to clients with disabilities, we have substantially increased in the number of clients we service whilst at the same time increasing our service delivery to those we serve.

With an additional 92 properties, we are confident that not only have we achieved a substantial expansion of our obligations, but we have simultaneously upgraded the quality of support to our tenants across the board. This has been achieved at the same time as remaining on track to deliver the financial targets we set over the last year.

With substantial renovations having been undertaken in the past year and the installation of the Wi-Fi infrastructure in Havelock House itself, I think we can feel proud of our efforts and remain confident of our ability to continue enhancing our relationships with all our key stakeholders.

Key stakeholders can be confident in the performance and direction of the Association. The details contained in this report, clearly indicates our growing strength and increased performance. We remain dedicated building the Association's future and maintain as our priority the interests of our clients, members and stakeholders.

As always it is important to highlight the dedication and efforts of all our staff without whom none of this is possible. Our Board is committed to being an employer of choice for high quality staff who never lose focus on our clients as our first priority.

The Board members, who are all volunteers, rarely receive recognition for the important role they play and so I thank them all for the high calibre of their efforts over the past year.

The coming year will see us go from strength to strength and I happily commend this report to you. My thanks go to you for your ongoing support of the Havelock Housing Association.

A handwritten signature in black ink, appearing to read 'Craig Shannon', followed by a long horizontal line.

Craig Shannon

Chairperson

Managing Director's report

It is with pleasure that I present Havelock Housing Association results for 2016 – 2017. It is one of the association's best results in our 29 year history. The result has been delivered while preserving service levels to members and maintaining safe and secure accommodation consistent with Community Housing Standards. We are also continuing to improve the amenity of all our properties for the benefit of our members.

This year we obtained 92 disability properties from Housing ACT resulting in Havelock Housing Association becoming one of the largest managers of disability housing in the ACT. We have already seen an improvement with these properties having responded to and rectified over 1000 maintenance items. I am honoured to have this responsibility and excited by the options this will open up for the association in providing new disability accommodation, particularly as the association commences its growth phase.

One of the association's goals this past year was to establish three months of operating expenses as reserves. This has taken a little longer than expected given the additional 92 properties and the corresponding increase in expenses, including the employment of four great new staff. We now anticipate achieving our reserve goal in December 2017. This will complete the third stage of our business plan.

The associations' liquidity remains sound with the Current ratio at 2.6:1 as at 30th June 2017.

Other notable events that occurred during this financial year were the renovation and upgrades to the Federation room and the commencement of the installation of a free Wi-Fi network for Havelock House occupants. In addition to free Wi-Fi residents continue to receive up to two weeks free rent and a new mattress upon signing up and from time to time assistance with items such as bed linen, pillows and refrigerators.

The association endeavours to continue improving the level of service, the quality of life of our members and invest in technology to run the association cost effectively.

These results have been achieved with significant contribution from all our Members, Staff, Board and Housing ACT. I thank everyone for their efforts.

I look forward as the association commences our growth phase and delivers more & better Community Housing properties to the Canberra Community. It is indeed an exciting time to be working for Havelock Housing Association.

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 and to those with special needs.

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 manages 177 properties across the ACT on behalf of Housing ACT including:

- 21 houses under a shared equity basis.
- Havelock House, which houses 101 single tenants.
- Gungahlin Single Accommodation, which houses 20 single tenants.
- Housing Asset Assistance Program (HAAP), consisting of 44 external properties.
- 92 specifically designed Disability houses.

plus

- 15 properties on behalf of CHC Affordable Housing.

Housing Solutions

Association owned	21		21+			Singles and families
Havelock House			101		or 	Shared singles
Gungahlin (GSA)	1		20		or 	Single bedroom
CHC	15		15+			Singles and families
HAAP	44		44+			Singles and families
Disability Housing	92		196		+ 	plus 70 support rooms
Commercial offices	5					at Havelock House
Conference room	1					Federation room at Havelock House
Parking	32					at Havelock House

Our clients

We provide accommodation through a range of programs. Particular target groups include young mothers, single parent families, students, refugees and people facing mental health, alcohol and other drugs issues. We also manage tenancies of houses designed for disability needs.

Many people in our community face ongoing difficulties in affording and/or maintaining appropriate housing. Along with a number of people having to wait for lengthy periods to access social housing assistance, Havelock Housing Association continues to find ways to accommodate those people, with the objective to increase Social housing stock.

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 and secure neighbourhood. To be successful, it is also vital to find the right 'fit' of accommodation to meet the tenant needs.

The community housing model

Havelock Housing Association operates through a community housing model that aims to provide long-term, safe, secure, affordable and appropriate housing. This also 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 primarily from rent receipts, grants from the ACT and Federal Government, management fees plus Commonwealth Rental Assistance. Information about our income from these sources is provided in the financial statements.

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

Our partnerships

The Association continues to work to increase the range of accommodation options but we recognise that we cannot do it alone. Each year we are 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 Federal 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

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

National Disability Insurance Agency

National Union of Workers

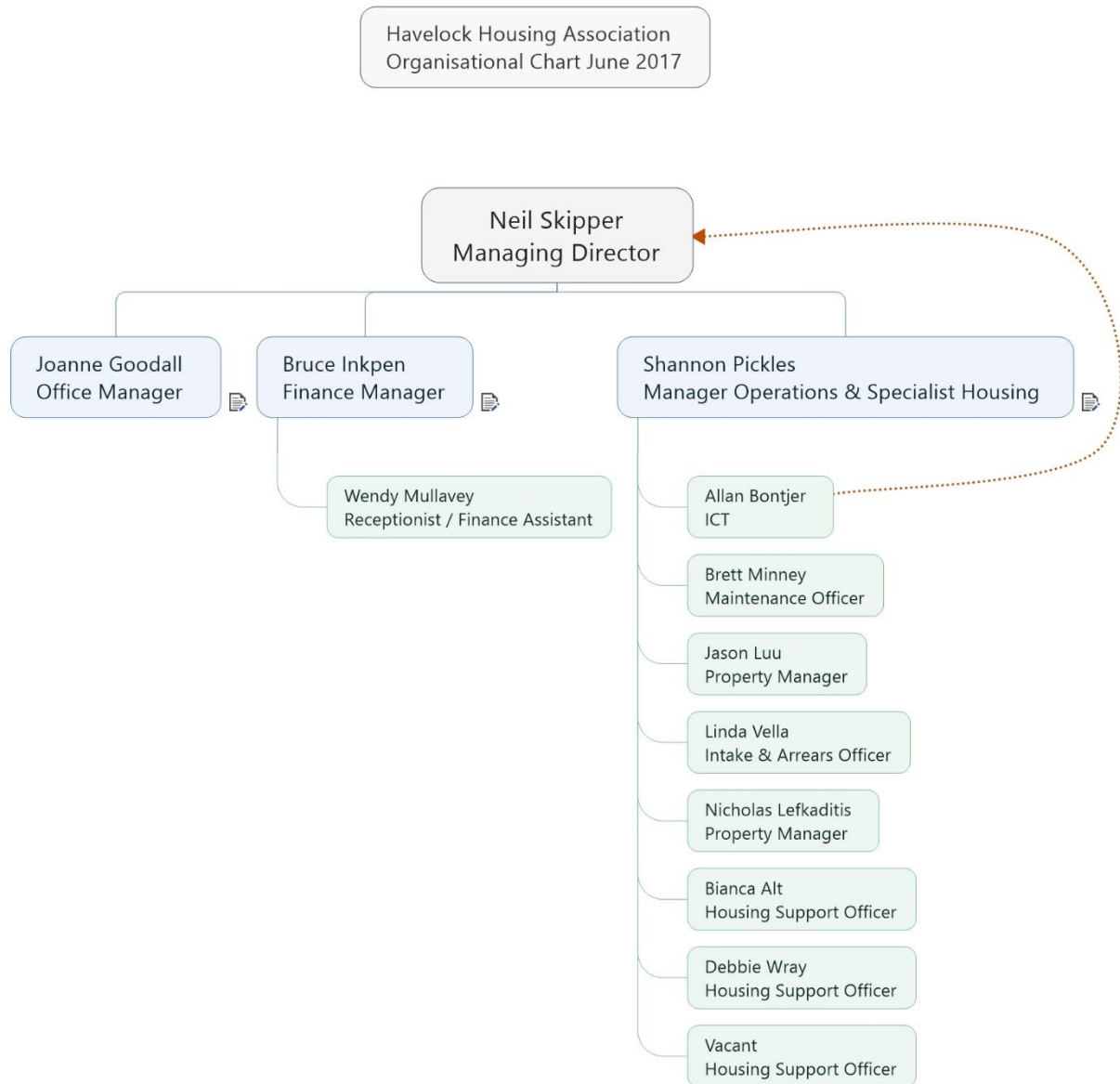
St Vincent de Paul

The Salvation Army Oasis Youth Services

Youth Coalition

Our organisational structure

(as at 30th June 2017)



2. Performance report

Business planning

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

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

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

In 2014-2015 we concentrated on consolidation through reducing vacancy rates, decreasing expenses, improving the current ratio and creating a cash reserve. In 2015-2016 we continued that effort and looked forward on what was needed to achieve growth, including implementation of key systems that would position us for the future. For 2016-2017, we moved closer to the growth phase, aiming to accumulate cash reserves providing a solid base that positions the association for the future projects.

Goals for 2016-2017

In 2016–17 we moved on to our third stage of our strategy – preparing for growth. We aimed to:

- prepare to have the capacity to double housing stock
- work towards obtaining three months operating expenses in cash reserves
- maintain a low vacancy rate
- generate a sustainable surplus
- continue to manage expenses
- implement a new tenant and inspection management system
- improve maintenance response times
- improve our current ratio

We are proud to report that we either achieved or near achieved all of these goals. Specific results can be found in the table below.

Most significantly, the associations accepted the management of 92 properties from the ACT government which were previously under the mandate of Capital Community Housing (HAAP02). The transition was recognised by the Government as “...[HHA] *undertaking the transition with the minimum disruption to the tenants...*”.

Results for 2016–2017

Goal		Result	
Vacancy rate	↑		Occupancy rate has increased due to the specialised nature of Disability Housing – this is being pro-actively managed. All other program vacancies are stable.
Revenue	↑	\$3.16m	Total income increased by \$1.16m partially attributable to additional rental revenue from the acquisition of the Disability Housing Portfolio.
Expenses	↓	82%	Cost to income ratio has decreased from 94% to 82%
Liabilities	↑	5.49%	Total liabilities represent 5.49% of total assets (up from 3.27%). Increase in liabilities is partially attributable to the additional costs associated with Disability Housing Utility Program, however, manageable and not a cause of concern.
Cash reserves	↑	\$1.06m	Cash at bank has increased from \$364k to \$1.067m. The strategic aim of the Association is accumulating 3 months of operating expenses as reserves.
Current ratio	↑	2.60	Current ratio has improved from to 1.77 to 2.60 times.
Operating surplus	↑	\$571,000	Net operating income of \$571k, up from \$118k, however, noted extraordinary items such as income transfer Disability Housing and grants have contributed to the result.



Figure 1- Havelock House, Canberra

Feedback

Tenant Satisfaction Survey results

The Association aims to offer our residents the best possible community housing and encourage a strong sense of community between residents and members.

Our success in achieving these aims is reflected in our vacancy rate. If residents are satisfied with the services we offer then our vacancy rate will decrease.

Our vacancy rate also has significant implications for our financial position, our viability as an organisation and the kinds of services we can offer. Our residents pay a fee for our services; therefore, by decreasing our vacancy rate, we raise more income and can offer more and better services to our residents.

It is clear that, to remain effective as an organisation, we must ensure that we continue to explore innovative ways to provide the best possible services to our residents.

To this end, in 2017 a Tenant Satisfaction Survey was conducted to find out what we were doing well and what we can improve, and to help us to direct our efforts more effectively in coming years. The survey was conducted by Lonergan Research.

The result was an impressive 88% feel that living in Community Housing has helped them feel more settled in general. Good service on the part of staff was a key driver for this result, with 85% of residents satisfied with the way they were treated by staff. Only 76% satisfied with how they were provided with information they need, so there is work for us to improve this level through increased communication.

The survey indicated lower levels of satisfaction in the areas of maintenance and condition of the homes (67 % -70%). While this is an improvement from previous years, we have concentrated considerable effort to increase our cleaning and maintenance budget, developing a five-year cyclical maintenance plan to improve our facilities and we now have a dedicated staff member addressing maintenance issues. We are confident these strategies will provide a better maintained property for tenants and see an improvement in the satisfaction level next year.

The overall result of the survey was extremely encouraging. We look forward to building on the strong foundation we have established and leveraging our service delivery strengths to benefit all current and future residents and members of the Association.

Comments from the Community Services Directorate

Responding to the Service Funding Agreement report, submitted to the Directorate in June 2017, they offered:

"I would like to acknowledge HHA's efforts in improving the safety and comfort of residents, particularly at Havelock House where a number of improvements have been instigated to attract potential residents. I would like to also congratulate HA in reaching a significant milestone of 100% tenanted rooms during March and May this year [2017]. I understand the effort HHA has made in this area and comment you on making shared accommodation a viable and attractive option for low income earners."

3. Management and accountability

Corporate governance

Board

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

Board members 2016–17

- | | |
|--------------------|--------------------------|
| • Craig Shannon | (Chair) |
| • Christine Murray | (Deputy Chair) |
| • Adrian King | (Treasurer) |
| • Neil Skipper | (Managing Director) |
| • Rory Markham | (Non Executive Director) |
| • Sarah Phillips | (Non Executive Director) |

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 maintain a skill based Board that ensures the strategic direction set is implemented in an efficient and effective manner.

Members

As at 30th June, association membership was nearly 380 members.

Managing Director

The current Managing Director of the Association is Mr Neil Skipper. Mr Skipper has 30+ years' experience in the banking, finance and business arena. He took over as Managing Director of Havelock Housing Association in 2014, reporting directly to the Board. Mr Skipper has provided strong financial leadership for the association through recent years and is now working on the growth strategies for the Association.

Our staff

At 30th June 2017, the Association had eleven full-time and two casual staff members. A list of staff members and their experience can be found at attachment 1.

One of the Association's property managers is a qualified and licensed real estate agent. We also provide on-going in-house training combined with on-the-job experience.

For most staff, remuneration is in accordance with the Social, Community, Homecare and Disability Services Industry Award 2010.

Risk management

The Association has a comprehensive risk management plan. The Strategic risk management register is revised and updated regularly, most recent in October 2017.

Work health and safety

The Association has a commitment to workplace health and safety. We operate to a Work Health and Safety Manual, revised in January 2016. This is currently being revised and updated.

Asset management

The Association has a comprehensive, Asset Management Plan, last reviewed in 2017

Insurance

Havelock Housing Association has 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

The Association has made considerable progress towards achieving its mission and objectives. The strength of our finances, now allow us to move forward with growth strategies we could only talk about previously. We acknowledge there is more to be done, but we are clearly moving in the right direction.

In 2017-2022 we have ambitious plans. We will continue to improve our operational efficiency, investigating technological solutions that allow us to provide scalability while decreasing our costs. We will forge positively into the growth phase of our plan, with the objective to double our housing stock. We are in the process of releasing a new Strategic plan, which demonstrates our commitment to the pursuit of future opportunities. Below is a snap shot of the Strategic plan.



The priorities include:

Accommodation solutions

- Provide quality, clean, secure accommodation solutions, appropriate to members' needs.
- Provide accommodation – ranging from single, group-share and family to specifically designed accommodation suitable for vulnerable or disabled people.

Sustainability

- We will maintain a strong Governance model, with a depth of skill, experience and expertise on our Board.
- We will run an efficient business, providing a dependable resource for our members.
- We will minimise our environmental impact and respond to our economic surroundings.

Growth

Growth for our members, our people and for the business.

- | | |
|--------------------------|-----------------------|
| • Member growth | Double the houses |
| • Personal improvement | Double the beds |
| • Employee growth | Strong balance sheet |
| • Supported but not kept | Diversify our options |

People

- Work within our community, providing an incentivised environment for our members to discuss, innovate and in some cases, transform their lives.
- To work with stakeholders: from Govt to commercial business to individuals, to collaborate to improve outcomes for members.
- Encourage our members to be involved

Our work over recent years is now allowing us to explore a strong growth strategy, which will increase accommodation options for our tenants while significantly improving service. We look forward to working with our tenants, members, guardians and stakeholders towards a healthy future.

5. Financial statements

HAVELOCK HOUSING ASSOCIATION INCORPORATED

FINANCIAL REPORT FOR THE YEAR ENDED

30 JUNE 2017

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

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**HAVELOCK HOUSING ASSOCIATION INCORPORATED
COMMITTEE'S REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

Your committee members submit the financial report of Havelock Housing Association Incorporated for the financial year ended 30 June 2017.

Committee Members

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

Rory Markham
Sarah Phillips
Craig Shannon

Christine Murray
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

Havelock Housing Association Inc. obtained 91 Disability properties from the ACT Community Services Directorate (ACT Housing).


The initial handover of 88 properties took place 12/02/2017, this has since increased to 91 with 3 properties opting to have Havelock Housing Association manage their tenancy.

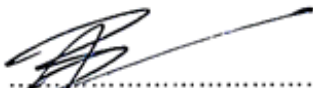
The properties accommodate tenants with varying degrees of physical and mental disabilities.

Operating Result

The result from ordinary activities amounted to a net surplus of \$570,972 (2016: surplus \$117,770). 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 14th day of November 2017

HAVELOCK HOUSING ASSOCIATION INCORPORATED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Note	\$	\$
Revenue	2	3,165,739	2,000,128
Employee benefits expense		(922,899)	(747,810)
Depreciation and amortisation expense		(123,472)	(117,785)
Rent expense		(887,162)	(508,467)
Provision for impairment of receivables		(10,186)	(4,967)
CHC affordable housing		(107,646)	(114,049)
Maintenance expense		(228,413)	(156,771)
Utilities and rates expense		(178,293)	(146,090)
Professional & Audit fees		(18,000)	(16,000)
Telephone & internet expense		(11,501)	(7,813)
Motor vehicle expense		(7,110)	(7,191)
Insurance expense		(17,045)	(15,501)
Other expenses		<u>(83,040)</u>	<u>(39,914)</u>
Surplus from operations		<u>570,972</u>	<u>117,770</u>
Other comprehensive income			
Movement in asset revaluation reserve		<u>-</u>	<u>-</u>
Total comprehensive income attributable to the members		<u>570,972</u>	<u>117,770</u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
BALANCE SHEET
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash and cash equivalents	4	1,068,212	364,670
Trade and other receivables	5	32,739	11,292
TOTAL CURRENT ASSETS		1,100,951	375,962
NON-CURRENT ASSETS			
Property, plant and equipment	6	6,576,685	6,519,659
TOTAL NON-CURRENT ASSETS		6,576,685	6,519,659
TOTAL ASSETS		7,677,636	6,895,621
CURRENT LIABILITIES			
Trade and other payables	7	375,262	166,624
Employee benefits	8	46,911	41,536
TOTAL CURRENT LIABILITIES		422,173	208,160
NON CURRENT LIABILITIES			
Employee benefits	8		2,970
TOTAL NON CURRENT LIABILITIES			2,970
TOTAL LIABILITIES		422,173	211,130
NET ASSETS		<u>7,255,463</u>	<u>6,684,491</u>
EQUITY			
Asset revaluation reserve		4,217,237	4,217,237
Retained earnings		3,038,226	2,467,254
TOTAL EQUITY		<u>7,255,463</u>	<u>6,684,491</u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Asset revaluation reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2016	4,217,237	2,349,484	6,566,721
Surplus/(deficit) attributable to members	-	117,770	117,770
Increase to asset revaluation reserve	-	-	-
Balance at 30 June 2016	4,217,237	2,467,254	6,684,491
Surplus/(deficit) attributable to members	-	570,972	570,972
Increase to asset revaluation reserve	-	-	-
Balance at 30 June 2017	4,217,237	3,038,226	7,255,463

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from clients		3,168,696	2,169,817
Payments to suppliers and employees		(2,525,404)	(1,951,917)
Government grants		235,252	36,413
Interest received		5,496	2,775
Net cash from operating activities	9	<u>884,040</u>	<u>257,088</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for equipment		(180,497)	(15,786)
Net cash used in investing activities		<u>(180,497)</u>	<u>(15,786)</u>
Net increase in cash held		703,543	241,302
Cash at beginning of financial year		364,669	123,367
Cash at end of financial year	4	<u>1,068,212</u>	<u>364,669</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 2017

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, the *Associations Incorporations Act (ACT) 1991* and the *Australian Charities and Not-for-profits Commission 2012*.

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 2017

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%
Leasehold improvements	10%

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.

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 2017

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 2017

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. 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 2017. 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.

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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 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.

AASB 1058 Income of Not-for-Profit Entities

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 1004 Contributions and clarifies the treatment of the receipt of income by notfor-profit entities. Income received where there is an associated performance obligation should be recognised in line with the principles of AASB 15, whereas donations with no future obligation may be recognised immediately. In cases where assets or services that were received below market value, such assets or services should be recognised at fair value. When an entity receives volunteer services and can reliably measure the fair value of those services, the entity may elect to recognise the services as an asset (provided the relevant asset recognition criteria are met) or an expense. Local governments, government departments, general government sectors (GGs) and whole of governments are required to recognise volunteer services if they would have been purchased if not provided voluntarily and the fair value of those services can be measured reliably. The company will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the company.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 2. REVENUE AND OTHER INCOME		
Rental income	1,427,667	1,270,418
Commonwealth rent assistance income	820,308	373,480
Government grant income	235,252	36,413
Gas/electricity levy	99,211	167,622
Community rental	104,333	90,544
Management fees	10,261	11,206
Interest income	5,496	2,775
Other income	263,211	47,670
	<u>3,165,739</u>	<u>2,000,128</u>
NOTE 3. AUDITORS' REMUNERATION		
Remuneration of the auditor of the association for:		
Auditing or reviewing the financial report	<u>19,000</u>	<u>16,000</u>
	<u>19,000</u>	<u>16,000</u>
NOTE 4. CASH AND CASH EQUIVALENTS		
Cash on hand	687	700
Cash at bank	<u>1,067,525</u>	<u>363,970</u>
	<u>1,068,212</u>	<u>364,670</u>
NOTE 5. TRADE AND OTHER RECEIVABLES		
Rental in arrears	29,387	16,259
Less: Provision for impairment	(15,154)	(4,967)
Trade receivables	5,636	-
Prepayments	<u>12,870</u>	<u>-</u>
	<u>32,739</u>	<u>11,292</u>
NOTE 6. PROPERTY, PLANT AND EQUIPMENT		
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
Accumulated depreciation	<u>(218,750)</u>	<u>(109,375)</u>
	<u>6,386,250</u>	<u>6,495,625</u>
Leasehold Improvements		
Leasehold Improvements at cost	309,613	171,715
Accumulated depreciation	<u>(165,196)</u>	<u>(159,389)</u>
	<u>144,417</u>	<u>12,326</u>
Equipment at cost	235,616	193,016
Accumulated depreciation	<u>(189,598)</u>	<u>(181,308)</u>
	<u>46,018</u>	<u>11,708</u>
Total property, plant and equipment	<u>6,576,685</u>	<u>6,519,659</u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

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

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

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 2016	6,495,625	12,326	11,708	6,519,659
Additions	-	137,898	42,600	180,498
Disposals	-	-	-	-
Depreciation expense	(109,375)	(5,807)	(8,290)	(123,472)
Carrying amount at 30 June 2017	6,386,250	144,417	46,018	6,576,685

NOTE 7. TRADE AND OTHER PAYABLES

	2017	2016
	\$	\$
Trade payables	114,696	55,555
Accrued expenses	57,039	19,416
Rent received in advance	87,013	18,443
PAYG	13,407	8,191
Other payables	103,107	65,019
	375,262	166,624

NOTE 8. EMPLOYEE BENEFITS

CURRENT

Annual leave provision	43,955	41,663
Time-in-lieu provision	2,956	(127)
	46,911	41,536

NON-CURRENT

Long service leave provision		2,970
		2,970

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 9. CASH FLOW INFORMATION		
Reconciliation of Cash Flow from operations with profit after income tax		
Profit after income tax	570,972	117,770
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- Depreciation expense	123,472	117,785
- Provision for impairment of receivables	-	4,967
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- Decrease/ (increase) in accounts receivable and other receivables	(21,447)	13,704
- (Decrease)/increase in accounts payable and other payables	208,638	3,751
- (Decrease)/increase in employee benefits	2,405	(889)
	<u>884,040</u>	<u>257,088</u>

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:

Financial assets	Note		
Cash and cash equivalents	4	1,068,212	364,670
Accounts receivable and other debtors	5	<u>32,739</u>	<u>11,292</u>
		<u>1,100,951</u>	<u>375,962</u>
Financial liabilities			
Accounts payable and other payables	7	<u>375,262</u>	<u>166,624</u>
		<u>375,262</u>	<u>166,624</u>

The association's Finance, Audit and Risk Management Committee is responsible for, among other issues, monitoring and managing financial risk exposures of the association. The Committee 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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10. FINANCIAL RISK MANAGEMENT (Continued)

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; and
- only investing surplus cash with major financial institutions.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

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.

Risk is minimised in the rental bonds held that are available for use to cover arrears if the tenant vacates the property.

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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10. FINANCIAL RISK MANAGEMENT (Continued)

Fair value estimation

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

	Footnote	2017		2016	
		Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	1,068,212	1,068,212	364,670	364,670
Accounts receivable and other receivables	(i)	32,739	32,739	11,292	11,292
Total financial assets		<u>1,100,951</u>	<u>1,100,951</u>	<u>375,962</u>	<u>375,962</u>
Financial liabilities					
Accounts payable and other payables	(i)	375,262	375,262	166,624	166,624
Total financial liabilities		<u>375,262</u>	<u>375,262</u>	<u>166,624</u>	<u>166,624</u>

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 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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 11. FAIR VALUE MEASUREMENTS (Continued)

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.

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		6,386,250		6,386,250
Total assets recognised at fair value			6,386,250		6,386,250

NOTE 12. RELATED PARTY TRANSACTIONS

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

- Rory Markham
- Sarah Phillips
- Craig Shannon
- Christine Murray
- Neil Skipper
- Adrian King

A director in the listing above is the managing partner of a firm that Havelock Housing Association engaged. All transactions were made on normal commercial terms and conditions and at market rates.

HAVELOCK HOUSING ASSOCIATION INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12. RELATED PARTY TRANSACTIONS (Continued)

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.

	2017	2016
	\$	\$
Key management personnel compensation:		
Short-term employee benefits	416,038	348,143
Other long-term employee benefits	37,628	31,991
	<u>453,666</u>	<u>380,134</u>

NOTE 13. CONTINGENT LIABILITIES

The incorporated association and Housing ACT have identified that there may be historical amounts owing to Housing ACT for invoices that relate to “fire call out” matters. Housing ACT have indicated favourable terms to rectify any amounts identified. At this time the amount outstanding cannot be determined. An assessment by the committee indicates that it is unlikely that any significant liability will arise. The committee are of the view that no material losses will arise in respect of the “fire call out” matters at the date of these financial statements.

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 2017

In the opinion of the Committee

1. The financial report, including notes, as set out on pages 4 to 19 are in accordance with the *Associations Incorporation Act (ACT) 1991*, and the *Australian Charities and Not-for-profits Commission Act 2012*, and
 - (a) Comply with the Accounting Standards; and
 - (b) Give a true and fair view of the Association's financial position as at June 30, 2017 and of its performance for the year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

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 14th day of November 2017

RSM Australia Pty Ltd

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

HAVELOCK HOUSING ASSOCIATION INCORPORATED

Opinion

We have audited the financial report of Havelock Housing Association Incorporated, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the committee's declaration.

In our opinion, the financial report of Havelock Housing Association Incorporated has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the registered entity's financial position as at 30 June 2017 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in Havelock Housing Association Incorporated's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The Committee Members of the registered entity are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for such internal control as the 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.

In preparing the financial report, management is responsible for assessing Havelock Housing Association Incorporated's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Havelock Housing Association Incorporated or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RSM Australia Pty Ltd

A handwritten signature in black ink that reads 'GED Stenhouse'.

GED STENHOUSE
Director

Canberra, Australian Capital Territory
Dated: 16 November 2017



RSM Australia Pty Ltd

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Havelock Housing Association Incorporated for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PTY LTD

GED STENHOUSE
Director

Canberra, Australian Capital Territory
Dated: 16 November 2017

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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

Attachment 1 - Staff members

As at 30th June 2017 – full time, part time or casual

Job title	Staff member	Skills and strengths
Managing Director	Mr Neil Skipper	30 years of experience in the banking, finance and business arena.
Senior Manager - Office	Ms Joanne Goodall	13 years of community housing experience working for the Association across all facets of the business.
Senior Manager - Operations	Shannon Pickles	15 years' experience in senior management and executive roles in the community sector. High level expertise and experience in technology and organisational transformation.
Senior Manager - Finance	Mr Bruce Inkpen	Over 37 years' experience in the Finance Industry in various capacities including Management, Commercial and Retail Lending.
Receptionist & Finance	Ms Wendy Mullavey	Experience in customer service, banking and finance.
Property/Tenant Management	Mr Nicholas Lefkaditis	Experience in property management. Holds 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.
Property/Tenant Management	Mrs Debbie Wray	Experience in property management. Holds a Certificate III in Property Management.
Property/Tenant Management	Mrs Bianca Alt	Experience in property management. Working towards Certificate IV in Property Management.
ICT Management	Mr Allan Bontier	Experienced in establishing and managing ICT systems for many organisations over a long period.
Arrears/Intake officer	Mrs Linda Vella	Experience in customer service and community housing. Worked in the ACT Department of Housing and Community Services.
Maintenance Officer	Mr Brett Minney	Extensive experience in the Community sector, skilled tradesman and qualified