



Annual Report 2018–19



© 2019 Havelock Housing Association

Havelock Housing Association Inc.

85 Northbourne Avenue

Turner ACT 2612

02 6257 2277

info@havelock.asn.au

Contents

From the Chair	3
Chief Executive Officer's Report	4
1. About us	5
Our heritage	5
Our service	5
Our Funding	6
Our Partnerships	7
2. Performance report	8
Feedback from our Clients	8
Our financial performance	9
Results for 2018–2019	10
3. Management and accountability	11
Governance	11
Membership	12
Chief Executive Officer	12
Our staff	12
Risk management	12
Work health and safety	12
Asset management	12
Insurance	12
4. Future directions	13
Financial statements	14

From the Chair

Once again, I am honoured to present an Annual Report to members of the Havelock Housing Association in my capacity as Chair of the Management Committee. I would like to thank the other Directors for entrusting me with the role of Chair for the past year and for the support they have provided me in acquitting the responsibility.

As many of you will be aware, the Association has been going through some significant internal changes over the past year, with some changes in key personnel. Significantly, the Association has seen the departure of the CEO of the past several years, Mr Neil Skipper, and the commencement of Mr Andrew Rowe in the role.

The strength and robustness of our finances is a testament to the work of Mr Skipper during his tenure and it has helped position Havelock Housing Association as a key Community Housing Provider in the ACT and with our stakeholders. Finding a successor was not easy, but the Association recruited a talented executive in Mr Andrew Rowe who comes to us with a substantial history in the ACT private sector and with a profile in the Social Housing sector through his role as a Board member of Common Ground Canberra. Having commenced in the role with some enthusiasm, he and his team immediately started to position the internal workings of the Association to provide a solid foundation for future consolidation and growth.

Throughout the past year the staff of the Association faced significant challenges, most especially during the period we were without a permanent CEO in place. The management of the Association through these periods would not have been possible without the dedicated efforts of the Management Committee members and the staff. We owe them all a great thanks. To those staff who departed during the year I thank them for their excellent service on our behalf and wish them great success in their future endeavours.

As you will see from the Association's financial statements, we are performing very well and on track to continue to grow and consolidate our position. Through efforts like the *Homes for Homes* program we have invested in new housing stock in the past year for the first time in a long time. It is our aspiration to continue and expand this effort over the coming year and I am confident we will achieve this with the great team we have assembled.

Our financial management and performance are fundamental to our ongoing operation. Pleasingly, after many years, we are confident that Havelock Housing Association has a strong and vital future in the Canberra community.

The second key aspect of our service is our relationship with clients and other community stakeholders. At the core of the Association is our commitment to our tenants and the Canberra community, and I remain honoured to serve the Association in delivering these outcomes and to work with a team of fantastic individuals who share this commitment.

I urge you to read this annual report and consider what we have achieved during the past year, and accept my assurance that your Association is on track and delivering on its promise. It is with some confidence that I can wish you all the very best for the New Year.

I commend the Havelock Housing Association's 31st Annual Report to you.



Craig Shannon
Chairperson

Chief Executive Officer's Report

I began working as the Chief Executive Officer of Havelock Housing in August this year, and I am immensely proud to be a part of the Havelock story. Havelock has a rich history and has played a unique part in Canberra's history. Already, I have met people whose parents stayed in Havelock when they first came to Canberra with the public service, and others whose life journey has included living in Havelock or one of our other homes, and led rewarding and connected lives.

The community should know of the Havelock Housing history, and our positive social impact. We are Canberra's largest provider of disability housing, and a significant part of the very limited options in Canberra for people on very low incomes. You will hear more about us in the coming year, as we build awareness of the Havelock Housing contribution and its continued importance to the Canberra community.

In the short time I have been in the role, I have been impressed with the passion and commitment evident in the Havelock Housing team. They are our greatest strength and make a real difference in the lives of those who make their home with us. Together, we will continue to help our existing and new tenants find a not just accommodation, but a home, link with their community, and build rich and connected lives.

Havelock Housing Association is now in a sound financial position and can invest in a greater number of homes for the coming years. The year ahead will focus on improving our operating model and strengthening our partnerships to provide a sound foundation for growth. We will continue to provide accessible, efficient, and sustainable homes for people living with a disability. We will also remain committed to helping those with high and complex service needs find stability and security.

The challenge will be how to keep this focus and maintain financial sustainability in a complex policy environment that does not fully recognise the investment challenges facing community housing providers. We recognise the commitment demonstrated by the ACT Government in improving social housing in the ACT, but there is more work to be done to ensure Community Housing Providers can invest in the future and deliver more homes in a financially sustainable way. I look forward to working with the Government and my CHP colleagues to implement new initiatives that help Canberra community housing providers make more homes available to people on lower incomes.

A major focus over the next 12 months will be to secure the future of the Havelock House building as social housing, while undertaking the renovations and refurbishment necessary to meet modern compliance requirements. This will be a major project that will require a partnership between Havelock Housing, the community, and the ACT Government.

Thank you to the Management Committee, the staff, and our supporters for your dedication, commitment, and absolute belief in what we do. I look forward to working with you all in the years ahead.

These are exciting times for Havelock Housing Association!

Yours sincerely,



Andrew Rowe

Chief Executive Officer

1. About us

Our heritage

Havelock Housing Association is a not-for-profit Community Housing Provider (CHP) providing safe, appropriate, and affordable homes for people on low to moderate income and for people with a disability across the ACT region.

The Havelock House building originally provided accommodation for public servants coming to Canberra from 1951 to 1981. In 1982, the Australian Federal Police (AFP) took occupancy and in 1983 it was proposed that Havelock House become the new AFP headquarters. The Canberra community objected to this, arguing that it should be retained as public housing for those in need. After five months of protest and picketing out the front of the building, the community prevailed and in 1988 Havelock Housing Association became the new administrators of the building.

Since then, Havelock House has been used for community housing under the management of the Havelock Housing Association. In 2014, the building was registered by the ACT Heritage Council as having Heritage Significance and is now a protected part of Canberra's rich history.

Over this time, the Havelock Housing Association has grown and now manages nearly 400 tenancies, across 171 properties. We are a passionate and committed team, working for the Canberra community, and enormously proud of our city's rich culture and history.

Our service

As a member-based community housing provider, our members contribute to the control of their home and environment by participating in the management of the Association. This model is designed to be flexible, responsive and respectful of individual rights; and contributes to and is part of a safer and more secure community.

Havelock Housing embraces the 'Housing First' philosophy – we work with the most vulnerable and at risk, we provide support for our community to access other services, our rent is income-based, and we actively build community and social inclusion. As we move into the future, Havelock Housing will improve our community development and social inclusion program – a key component of effective and high-quality community housing.

We provide quality secure and long-term community housing that integrates efficient, client-centred property management supported by innovative information systems and linking social support and referral to a variety of wrap-around services.

Our Client feedback shows that Havelock Housing's approach has contributed very positively to improved standards of living and the well-being of our tenants.

We serve a diverse tenant community, including older women, young mothers, single parent families, students, LGBTQI inclusive, migrants and refugees and people with high and complex service needs. Havelock Housing Association is the largest provider of disability housing in the ACT. Our membership is made up of people from a diverse cultural, personal, social and ethnic backgrounds, as demonstrated in the table below.




















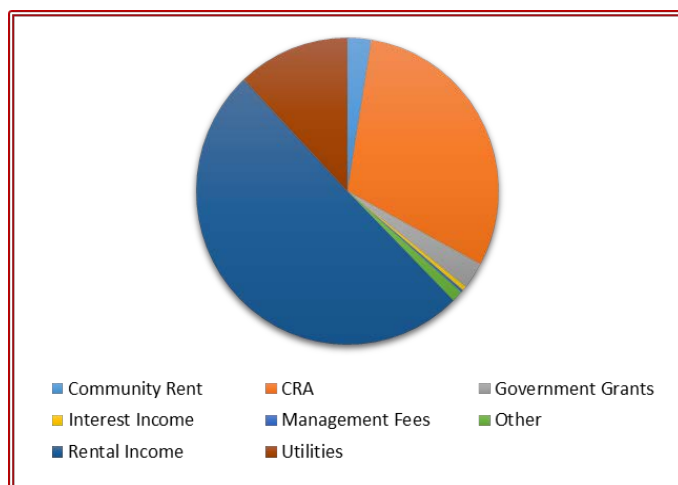
Program	Houses	Tenants
Association owned	21 	21+  Singles and families
Havelock House	1 	101  Shared singles
Gungahlin (GSA)	2 	20  Single men
CHC **	15 	15  Singles and families
Homes for Hearts	1 	2  Single women
Mental Health group	1 	4  Singles
HAAP	45 	45  Singles and families
Disability Housing	94 	199  + 68 support rooms
Commercial Offices	6 	
Conference room	1 	Federation room
Parking	32 	

Table 1 - Properties and Tenancies, as at 30 June 2019

Our Funding



Our funding comes primarily from rent receipts, grants from the ACT and Australian Governments, management fees, and Commonwealth Rental Assistance.

Government funding is provided through the National Affordable Housing Agreement and the National Partnership Agreement on Homelessness, which are jointly funded by the ACT and Australian Governments.

Detailed information about our income is provided in the financial statements.

Our Partnerships

We partner with many agencies, organisations, private sector companies, and in particular ACT Government to provide and expand our services to the community. These partnerships support us to promote social justice, maximise member participation, and maintain sound business practices.

This year, one significant and notable partnership involved a grant from *Homes 4 Homes*, a *Big Issue* initiative, that allowed us to jointly fund building a new property to provide a home for older women in need.

Havelock Housing Association Partners	
ACT Community Services Directorate	ACT Corrective Services
National Disability Insurance Agency	St Vincent de Paul Night Patrol
Homes 4 Homes (Big Issue)	Migrant and Refugee Settlement Services
Joint Pathways	ACT Shelter
ACT Neighbourhood Watch	Australian Injecting and Illicit Drug Users League
ACT Mental Health, Justice Health and Alcohol & Drug Services	AIDS Action Council of the ACT
Canberra Student Housing Cooperative	CHC Affordable Housing
Australian Federal Police	Youth Coalition
The Salvation Army Oasis Youth Services	Samaritan House
Early Morning Centre	Good360 & Big W
One Link	Canberra YWCA
Supportive Tenancy Services	

Table 2 - Partnerships

2. Performance report

During 2014-2017 the team focused on reducing vacancy rates, decreasing operating expenses, and improving the current ratio to cover operating expenses.

In 2017-2018 we focused on accumulating cash reserves to provide a solid business base for future projects and investments.

During 2018-19 we have continued to focus on improving our operational expertise, streamline our business processes, and consolidate our financial sustainability providing a foundation to support our future growth strategy.

As a result of improving our fiscal discipline and business management, we have developed our first new property, which we opened in 2019 to two new members. With a new Mental Health group home program, this marks our future growth path to expand our portfolio and provide more homes for Canberra's homeless people and people in housing stress.

During the year we

- increased housing stock with a new, dual occupant house for two tenants
- opened a new program to accommodate six people with mental health challenges
- introduced new services including
 - Vinnies Night Patrol
 - a keyless security system for Havelock House
 - providing personal items (for example sheets, blankets, pillowcase) for some new members
- reduced maintenance request response times
- improved efficiency by simplifying and streamlining our administrative and reporting systems
- maintained low vacancy rates and reduced turnaround times - our Housing Team proactively manage our properties to encourage longer term tenancies and minimise vacancy periods/turnarounds
- accumulated a six months operating expense reserve, and maintained an operating surplus
- conducted regular emergency and fire evacuation procedures at Havelock House.

Feedback from our Clients

Havelock Housing reports twice per year under a Service Funding Agreement with the ACT Government, detailing progress towards a range of milestones. In response to a recent Havelock Housing report, Housing ACT provided the following feedback:

"...Case studies continue to showcase the challenges and complexities some tenants experience that impact on their ability to sustain stable housing. It is pleasing to read the positive effect that individualised support from HHA's Housing Support Officers can have..."

"...(Housing ACT) commends HHA on securing sponsorship from Good 360, a service that repurposes items of value to those in need. It is evident from the smiles on residents' faces in the photos provided that the gifts were received with delight. Congratulations are also extended to HHA on its successful tender to the 'Homes for Homes' program to purchase a property to house two older

women; and the receipt of a Stronger Communities grant provided by the Commonwealth government.”

“...(Housing ACT) commends HHA on its commitment to communicate with tenants on a regular basis as this encourages improved results for both the residents and HHA. It appears that both verbal communication and regular visits increases the ability to effectively manage tenancies.”

Our financial performance

Over the last six years, our long-term financial strategies delivered an improved financial position, expanded member services, increased range of housing options, and we maintained safe and secure accommodation for our members.

Havelock Housing is in a strong financial position and will remain financially secure for the foreseeable future.

We will continue to consolidate our financial position and expect further efficiencies to be found by reviewing operational procedures and improved workflows to continue to reduce our cost to income ratio.

We continue to source opportunities to acquire new homes to grow our available housing stock, to ensure affordable homes are available to those who need them.

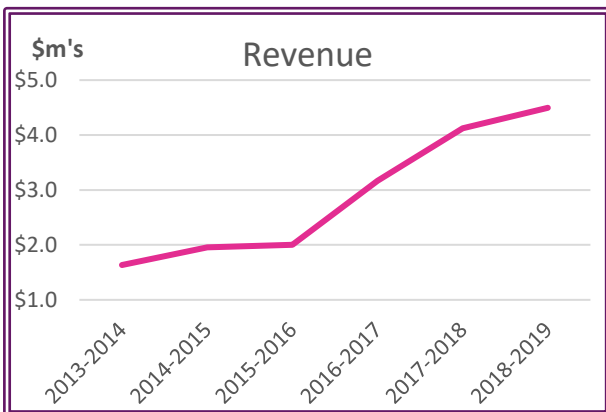


FIGURE 1 – REVENUE 2013-2019

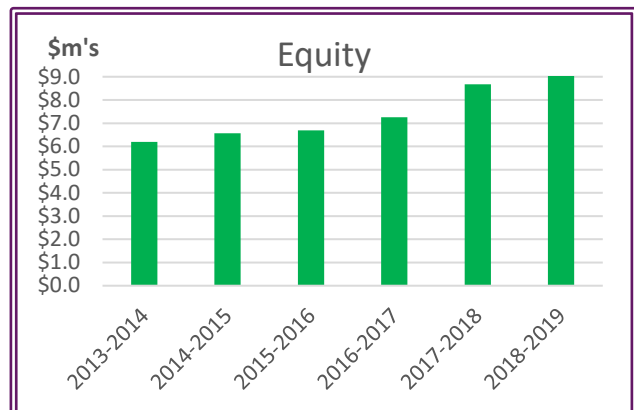









FIGURE 2 – EQUITY 2013-2019

Results for 2018–2019

Goal		Result	
Occupancy rate		96.8%	Occupancy rate has increased to 96.8% from 96.35% in the previous period.
Revenue		\$4.5m	Income is up (9%). This is attributed to increase in operational income (+2.9%) and non-operational income including grants.
Expenses		87.8%	After discounting non-operational income, cost to income ratio has improved from 90.6% to 87.8%.
Debt ratio		5.95%	A slight increase of 0.5% from 2018, however, still very manageable (total liabilities/total assets)
Cash reserves		\$2.14m	Cash holdings increased to \$2.14m (from \$1.57m), the equivalent of 7 months operational expenses
Current ratio		3.58	Current ratio slightly down from previous year (3.8), however it is consistent and in line with our growth and operational parameters
Operating surplus		9 %	Net operational surplus of 9% Return on Equity (6.1% after discounting non-operational income)

3. Management and accountability

Governance

Havelock Housing Association has a robust governance framework and meets or exceeds all requirements for National Registration as a Community Housing Provider. Our Management Committee is responsible for our strategy implementation, compliance, control framework, and risk management. Our Management Committee currently has seven elected positions.

Management Committee members as at 30 June 2019	
Craig Shannon	(Chair, Non-Executive member)
Christine Murray	(Deputy Chair, Non-Executive member)
Adrian King	(Treasurer, Non-Executive member)
vacant ¹	(Chief Executive Officer)
Sarah Phillips	(Non-Executive member)
Carol Croce	(Non-Executive member)
Dr Cressida Limon	(Non-Executive member)
Simon Rosenberg	(Non-Executive member)

The Committee members are all highly skilled and committed to our mission, and actively support the Executive and staff. In 2018-19 several members have voluntarily contributed services or arrange other considerable assistance to our operations.

Each Management Committee member has pledged their commitment to the achievement of objectives 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.

Management Committee members have qualifications including

- financial management
- law
- business management
- residential/commercial real estate management and/or community organisation management.

¹ See section titled Chief Executive Officer, below

Membership

As at 30th June, Association membership consisted of 408 members.

Chief Executive Officer

Mr Neil Skipper was the CEO until his resignation in April 2019. Neil's contribution over four-years, delivered strong financial leadership, was instrumental in guiding Havelock Housing Association to a robust and durable financial position. Havelock Housing Association expresses gratitude to Mr Skipper and is grateful and thank him for his service and guidance in the CEO role.

The Management Committee engaged a recruitment company with a community industry focus to undertake a nationwide search for a new CEO. Mr Andrew Rowe was selected and commenced in August 2019 (after this reporting period). We are delighted to have secured the services of Mr Rowe who brings considerable community expertise and a breadth of business experience, to drive the Association forward into our new growth and development phase.

Our staff

At 30 June 2019, Havelock Housing had twelve full-time, part-time or casual staff members.

One of our property managers is a qualified and licensed real estate agent and there are plans in place to increase the formal qualifications for all property managers. We currently provide on-going, in-house training, combined with on-the-job learning.

For most staff, remuneration was in accordance with the Social, Community, Homecare and Disability Services Industry Award 2010. Managers were employed under individual non-Award based contracts.

Risk management

We have a comprehensive risk management plan. Our strategic risk management register is revised and updated regularly, most recently in March 2019, and we undertake a fraud risk assessment each year.

Work health and safety

We are committed to workplace health and safety. We have an operational Work Health and Safety Manual and hold regular meetings with staff representatives and management.

Asset management

We manage our assets with a comprehensive Asset Management Plan, which we last reviewed in 2019.

Insurance

We hold appropriate insurances for our operations, including business, directors, landlord residential, motor vehicle, general liability, voluntary worker, workers compensation and association and management liability insurances.

4. Future directions

We have made progress towards achieving our mission and objectives. The strength of our finances will ensure a confident transition into a growth phase. The hard and effective work of our Management Committee, our CEO, staff, stakeholders and partners ensure we are in a strong position to build on our achievements and continue to be more effective, efficient and sustainable into the future.

Our 2017-2022 strategy highlights our plans around the priorities of:

- Accommodation solutions
- Sustainability
- Growth
- People.

We will continue to focus on improving our operational efficiency and investigating technology solutions to provide scalability while decreasing our costs. We continue to improve our maintenance response times and communication with our members, raise our profile in the community and advocate on behalf of our members.

We have a vision for the future of Community Housing in the Canberra region, the Havelock Housing Team looks forward to working with our members, stakeholders, and partners to deliver more safe and affordable homes for everyone.

Financial statements

HAVELOCK HOUSING ASSOCIATION INCORPORATED
FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

TABLE OF CONTENTS

Committee's Report	16
Financial Report	
Statement of Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Cash Flow Statement	20
Notes to the Financial Statements	21
Statement by Members of the Committee	33
Auditor's Report and Independence Declaration	34

HAVELOCK HOUSING ASSOCIATION INCORPORATED

COMMITTEE'S REPORT FOR THE YEAR ENDED 30 JUNE 2019

Your committee members submit the financial report of Havelock Housing Association Incorporated for the financial year ended 30 June 2019.

Committee Members

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

Sarah Phillips	Neil Skipper (resigned 2 nd April 2019)
Craig Shannon	Adrian King
Christine Murray	Dr Cressida Limon
Carol Croce	Simon Rosenberg (commenced 18/10/2018)

Principal Activities

The principal activities of the association during the financial year were to provide suitable, secure and housing:

- For people on low to moderate incomes;
- For people with special needs; and
- For people with a disability.

Significant Changes

Under terms of Head Lease Agreement, the 15 properties managed on behalf of CHC Australia were handed back on 30th June 2019.

The Association purchased a new property, in conjunction with part funding from Homes 4 Homes (Big Issue) which settled on 20th June 2019.

Operating Result

The result from ordinary activities amounted to a net surplus of \$865,044 (2018: surplus \$389,513).

It should be noted that the Association was successful in acquiring capital grants this financial year for approx. \$300,000 which were used towards leasehold improvements (swipe card locks, solar panels, additional CCTV cameras) and a property purchase. The full amount of the grant funds are recognised in income, however, total acquisitions costs of approx. \$600,000 is only partly reflected in expenses as these are depreciable assets.

Other non-operating income included payment of approx. \$109,000 under the Equal Remuneration order.

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 this25th day of October 2019

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	2	4,496,034	4,125,070
Operating expenses			
Rent expense		(1,292,732)	(1,525,540)
Employee benefits expense		(1,224,027)	(1,162,982)
Utilities and rates expense		(426,719)	(405,741)
Maintenance expense		(238,503)	(255,865)
Depreciation and amortisation expense		(150,459)	(140,377)
CHC affordable housing		(126,246)	(124,955)
Insurance expense		(17,019)	(20,784)
Professional and audit fees	3	(20,300)	(20,570)
Telephone & internet expense		(12,079)	(12,835)
Provision for impairment of receivables		(6,527)	(11,306)
Motor vehicle expense		(9,414)	(8,294)
Other expenses		(106,965)	(46,308)
Total Operating expenses		<u>(3,630,990)</u>	<u>(3,735,557)</u>
Surplus from operations		<u>865,044</u>	<u>389,513</u>
Other comprehensive income			
Movement in asset revaluation reserve	6	-	1,033,125
Total comprehensive income attributable to the members		<u>865,044</u>	<u>1,422,638</u>

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	4	2,139,403	1,567,013
Trade and other receivables	5	6,000	6,054
Prepayments		18,255	15,251
TOTAL CURRENT ASSETS		<u>2,163,658</u>	<u>1,588,318</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	7,966,927	7,499,894
Intangible asset	6	16,469	16,469
TOTAL NON-CURRENT ASSETS		<u>7,983,396</u>	<u>7,516,363</u>
TOTAL ASSETS		<u>10,147,054</u>	<u>9,104,681</u>
CURRENT LIABILITIES			
Trade and other payables	7	554,388	359,807
Employee benefits	8	49,521	66,773
TOTAL CURRENT LIABILITIES		<u>603,909</u>	<u>426,580</u>
TOTAL LIABILITIES		<u>603,909</u>	<u>426,580</u>
NET ASSETS		<u>9,543,145</u>	<u>8,678,101</u>
EQUITY			
Asset revaluation reserve		5,250,362	5,250,362
Retained earnings		4,292,783	3,427,739
TOTAL EQUITY		<u>9,543,145</u>	<u>8,678,101</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 2019

	Asset revaluation reserve	Retained Earnings	Total
	\$	\$	\$
Balance as at 1 July 2017	4,217,237	3,038,226	7,255,463
Surplus attributable to members	-	389,513	389,513
Increase to asset revaluation reserve	1,033,125	-	1,033,125
Balance as at 30 June 2018	5,250,362	3,427,739	8,678,101
Surplus attributable to members	-	865,044	865,044
Balance as at 30 June 2019	5,250,362	4,292,783	9,543,145

The accompanying notes form part of these financial statements.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from clients		4,129,651	4,396,326
Payments to suppliers and employees		(3,359,483)	(3,986,088)
Government grants		176,252	116,986
Other grants / funding received		220,000	-
Interest received		23,462	18,507
Net cash from operating activities	9	<u>1,189,882</u>	<u>545,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	6	(617,492)	(30,461)
Payments for intangible asset	6	-	(16,469)
Net cash used in investing activities		<u>(617,492)</u>	<u>(46,930)</u>
Net increase in cash held		572,390	498,801
Cash and cash equivalents at beginning of financial year		<u>1,567,013</u>	<u>1,068,212</u>
Cash and cash equivalents at end of financial year	4	<u>2,139,403</u>	<u>1,567,013</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 2019

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) 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.

d) 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 (i.e. trade date accounting is adopted).

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

(i) *Loans and receivables*

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

(ii) *Financial liabilities*

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

e) 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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Impairment (continued)

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.

f) 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.

g) Comparative Figures

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

h) 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.

i) 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 2019. 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 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, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. 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 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 not-for-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 (GGSs) 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 Association will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Association.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 2. REVENUE AND OTHER INCOME		
Rental income	2,175,618	2,076,913
Commonwealth rent assistance income	1,264,567	1,252,083
Government grant income	160,229	116,986
Other grants / funding received	200,000	-
Gas/electricity levy	499,620	495,724
Community rental	103,402	104,619
Management fees	11,477	11,364
Interest income	23,462	18,507
Other income	57,659	48,874
	<u>4,496,034</u>	<u>4,125,070</u>

Accounting policy

Rental income

Rental income is recognised when it is due.

Grants

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).

NOTE 3. AUDITOR'S REMUNERATION

Remuneration of the auditor of the association for:

Auditing or reviewing the financial report	<u>20,300</u>	<u>19,000</u>
--	---------------	---------------

NOTE 4. CASH AND CASH EQUIVALENTS

Cash on hand	700	700
Cash at bank	801,696	619,658
Term deposits	1,337,007	946,655
	<u>2,139,403</u>	<u>1,567,013</u>

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of six months or less, and if applicable, bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

NOTE 5. TRADE AND OTHER RECEIVABLES

Rental in arrears	21,154	21,208
Less: Provision for impairment	(15,154)	(15,154)
	<u>6,000</u>	<u>6,054</u>

Accounting policy

Trade and Other receivables including rental income are recognised at cost, less any provisions for expected credit losses.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 6. PROPERTY, PLANT AND EQUIPMENT		
Leasehold Land and Buildings*		
Leasehold land at fair value	2,855,000	2,855,000
Buildings at fair value	4,887,000	4,455,000
Accumulated depreciation	(110,650)	-
	<u>7,631,350</u>	<u>7,310,000</u>
Leasehold Improvements		
Leasehold Improvements at cost	475,249	309,613
Accumulated depreciation	(202,948)	(180,403)
	<u>272,301</u>	<u>129,210</u>
Plant and Equipment		
Equipment at cost	229,836	229,836
Accumulated depreciation	(197,517)	(182,730)
	<u>32,319</u>	<u>47,106</u>
Motor vehicles		
Motor vehicles at cost	36,356	36,241
Accumulated depreciation	(5,399)	(22,663)
	<u>30,957</u>	<u>13,578</u>
Total property, plant and equipment	<u><u>7,966,927</u></u>	<u><u>7,499,894</u></u>
Intangible Asset		
Website development at cost	<u><u>16,469</u></u>	<u><u>16,469</u></u>

* The ACT Government's interest in the leasehold land and buildings is secured by way of mortgages. Refer to note 13.

Movements in carrying amounts

Movement in the carrying amounts for each class of non-current asset between the beginning and the end of the current financial year:

	Leasehold Land and Buildings \$	Leasehold Improvements \$	Plant and equipment \$	Motor vehicles \$	Website Development \$	Total \$
Carrying amount as at 1 July 2017	6,386,250	144,417	30,377	15,641	-	6,576,685
Additions	-	-	30,461	-	16,469	46,930
Revaluation increase	1,033,125	-	-	-	-	1,033,125
Depreciation	(109,375)	(15,207)	(13,732)	(2,063)	-	(140,377)
Carrying amount as at 1 July 2018	7,310,000	129,210	47,106	13,578	16,469	7,516,363
Additions	432,000	165,636	-	19,856	-	617,492
Depreciation	(110,650)	(22,545)	(14,787)	(2,477)	-	(150,459)
Disposal (cost)	-	-	-	(19,741)	-	(19,741)
Disposal (accumulated depreciation)	-	-	-	19,741	-	19,741
Carrying amount as at 1 July 2019	7,631,350	272,301	32,319	30,957	16,469	7,983,396

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Accounting policy

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

On 30 June 2018, an independent valuer, JLL conducted a comprehensive revaluation of all land and buildings. Revaluation adjustments were made on a class basis.

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 previous revaluation increments 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.

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 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 assets	Depreciation rate
Buildings	2.5%
Motor vehicles	12.5%
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 revaluated assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 7. TRADE AND OTHER PAYABLES		
Trade payables	332,344	140,237
Accrued expenses	28,254	39,190
Rent received in advance	110,465	107,773
PAYG	9,240	14,073
Other payables	74,085	58,534
	<u>554,388</u>	<u>359,807</u>

Accounting policy

These amounts represent liabilities for outstanding goods, services and rent (landlord) payments under our Service Funding Agreement as at the end of the financial year. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are paid within agreed terms of trade.

NOTE 8. EMPLOYEE BENEFITS

CURRENT

Annual leave provision	48,290	66,188
Time-in-lieu provision	1,231	585
	<u>49,521</u>	<u>66,773</u>

Accounting policy

Provision is made for the association's liability for employee benefits arising from services rendered by employees to balance date.

NOTE 9. CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with profit after income tax

Surplus after income tax	865,044	389,513
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus:		
- Depreciation expense	150,459	140,377
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- Decrease in trade and other receivables	54	13,815
- (Increase) in prepayments	(3,004)	(2,381)
- Increase / (Decrease) in accounts payable and other payables	194,581	(15,455)
- (Decreases) / Increase in employee benefits	(17,252)	19,862
	<u>1,189,882</u>	<u>545,731</u>

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10. FINANCIAL INSTRUMENTS

Financial risk management objectives

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:

		2019	2018
		\$	\$
Financial assets	Note		
Cash and cash equivalents	4	2,139,403	1,567,013
Trade and other receivables	5	6,000	6,054
		<u>2,145,403</u>	<u>1,573,067</u>
Financial liabilities			
Trade and other payables	7	<u>554,388</u>	<u>359,807</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.

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

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10. FINANCIAL INSTRUMENTS (CONTINUED)

b) Credit risk (continued)

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.

Fair value estimation

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

				2019	2018
	Footnote	Net Carrying Value	Net Fair Value	Net Carrying Value	Net Fair Value
		\$	\$	\$	\$
Financial assets					
Cash and cash equivalents	(i)	2,139,403	2,139,403	1,567,013	1,567,013
Trade and other receivables	(i)	6,000	6,000	6,054	6,054
Total financial assets		2,145,403	2,145,403	1,573,067	1,573,067
Financial liabilities					
Trade and other payables	(i)	554,388	554,388	359,807	359,807
Total financial liabilities		554,388	554,388	359,807	359,807

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 9.

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

- Leasehold land and buildings.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11. FAIR VALUE MEASUREMENTS

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

(a) Fair Value Hierarchy

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

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

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

Valuation techniques

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

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

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

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	-	7,631,350	-	7,631,350
Total assets recognised at fair value		-	7,631,350	-	7,631,350

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12. RELATED PARTY TRANSACTIONS

The Committee Members of the association throughout the year were as follows:

- Sarah Phillips
- Craig Shannon
- Christine Murray
- Neil Skipper (resigned 2nd April 2019)
- Adrian King
- Carol Croce
- Dr Cressida Limon
- Simon Rosenberg (commenced 18th October 2019)

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

A Committee Member in the listing above is a partner with a firm that was involved in evaluation of a privately funded grant applications. Havelock Housing Association was a respondent and successful in the grant application. The Committee member abstained from being involved in Committee deliberations or voting related to this topic. The Committee member also abstained from voting as part of the grant determination.

The Association has been grateful for the work undertaken and contributed voluntarily by the PwC Vacationer groups assisting in identification of asset (housing) management options. It is also recognised that other Committee members have made available their extensive networks, expertise and experience to provide assistance to the Association

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.

	2019	2018
	\$	\$
Key management personnel compensation:		
Short-term employee benefits	588,296	463,697
Other long-term employee benefits	55,205	43,068
	<u>643,501</u>	<u>506,765</u>

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 normal 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

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” and “Tenant Responsible Maintenance” 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.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 14. COMMITMENTS

The Association has a 5 year Managed Service Plan on 2 office photocopiers – the agreement expires in August 2021.

NOTE 15. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

NOTE 16. ASSOCIATION DETAILS

The registered office of the association is:

Havelock Housing Association Incorporated
85 Northbourne Avenue
TURNER ACT 2612

HAVELOCK HOUSING ASSOCIATION INCORPORATED

COMMITTEE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2019

The 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, 2018 and of its performance for the year ended on that date.
2. In the Committee Member's 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 this25th day of October 2019

RSM Australia Pty Ltd

Equinox Building 4, Level 2, 70 Kent Street Deakin ACT 2600

GPO Box 200 Canberra ACT 2601

T +61 (0) 2 6217 0300

F +61 (0) 2 6217 0401

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 2019, 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.

A handwritten signature in black ink that reads 'RSM'.

RSM Australia Pty Ltd

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

Ged Stenhouse
Director

Canberra, Australian Capital Territory
Dated: 25 October 2019

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 2019, 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 2018 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 2019, 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.

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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Committee Members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, 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



Ged Stenhouse
Director

Canberra, Australian Capital Territory
Dated: 25 October 2019