

**havelock  
housing**

*Safe Homes Secure Futures*

# ANNUAL REPORT

## 2021-2022



## OUR VISION

Reduce homelessness and housing insecurity by providing safe secure homes to our community.

## OUR MISSION

Work with government and community to reduce homelessness by increasing awareness and support, and delivering high-quality inclusive housing services.

## OUR OBJECTIVES

- Relief of poverty through safe, secure and affordable homes for low income people including those at risk or experiencing homelessness, or with a disability.
- Tenancy management and support services ensure quality, sustainable and stable tenancies.
- Social support services (including employment services, social welfare and counselling, health services) are appropriate for and accessible by our residents.
- Principles of diversity, inclusion, peer support and community leadership are exhibited among our community of residents.
- Government policy and regulation and broad community awareness is conducive to achieving the beneficial social impact of community-based non-profit housing and promoting its role in and contribution to society.
- Cooperative partnerships, networks and alliances support the furtherance of these Objects.
- To carry out activities necessary and incidental to the above objects.

**Havelock Housing Association acknowledges** and respects the Traditional Owners and Custodians of the Canberra region, the Ngunnawal people, and to Elders past and present. We are grateful that we share this land today, and sorrowful for the costs of that sharing. It is our hope and belief that together we are moving to a place of equity, justice and partnership in the future.

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# IMPACT SNAPSHOT 2021/2022

**This year saw significant structural change to the former Housing team - the newly created Tenancy and Communities team.**

This, year we saw a significant increase in demand for our services due to Covid 19 leading to a lack of well-being and security for many of our program participants and many coming into our doors experiencing long term homelessness.

However it's in times like this that the team rises to the challenge using their skills, experience and understanding of the sector to lessen the impact of homelessness on our tenants working tirelessly to find safe and secure homes for their community in need.

During the past twelve months, the team has managed 227 properties and supported 430 tenants across eight property portfolios. We proudly hold an 11% vacancy rate across all portfolios.

Many of the tenants have high complex needs and come to us experiencing extreme homelessness. Havelock Housing has remained a strong advocate for improved solutions to addressing housing and homelessness challenges. We look forward to continuing to work with the government colleagues in this important work.

The team are committed to providing services for the community in times of great challenges I'm grateful to them for their hard work.





## OUR RESIDENT PORTFOLIO SNAPSHOT:

With Covid 19 being an evolving presence it's been a timely an important reminder about what we can do to support the community and help them thrive during these unexpected times the team approached the work we do in new ways and reflected on how we deliver and continue to support the community through strong tenancy support and management.

Disability Housing

**174 residents across  
91 properties**

Havelock House

**103 tenants across  
20 shared units**

**108 standalone  
properties with  
108 tenants**

There are

**119 shared  
accommodations  
with 280 tenants**

Residents come from

**48 different  
countries**

Havelock owned Properties

**12 residents in  
8 properties**

Residents'

**ages range between  
19 to 75 years**

Across the ACT properties span

**62 suburbs**



# Chairman's Report



## As Chair of the Havelock Housing, I am proud to present the 34th Havelock Housing Annual Report.

In 2021/22, Havelock Housing continued its mission of looking after almost 400 vulnerable Canberrans in properties across the territory including the heritage-listed Havelock House on Northbourne Avenue.

It was a challenging year but one with many things to acknowledge and celebrate:

- Transitioned to a company limited by guarantee.
- Completed a major organisational restructure which sets Havelock up for the future.
- Resolved legacy shared equity property arrangements with Housing ACT unlocking DHA's balance sheet for future investment in the property portfolio.
- Settled on the acquisition of two parcels of land to further grow the Havelock property portfolio.
- Navigated successfully through the second COVID lockdown in Canberra without incident.

The period ahead for Havelock Housing is very exciting with a focus on investing in the future via expanding our portfolio of properties.

Operating a not-for-profit community housing provider is not without challenges, however Havelock's culture and commitment to learning, adapting and getting better at our core mission will hold us in good stead going forward.

The operation of a busy not-for-profit would not be possible without the efforts of many dedicated people:

- Thanks to the Havelock staff for their tireless dedication and commitment to Havelock's clients. Havelock Housing and the achievement of its mission is not possible without its staff and the extraordinary job they do. I would like to particularly welcome all the new Havelock staff including the new Executive team Ms Kylie Wilson, Mr Justin Wakefield and Mr Jay Jayashankar.
- Thanks to our Company Secretary Mr Alistair Robertson for his support of the Board and his outstanding contribution particularly in leading Havelock's transition to becoming a company limited by guarantee.
- Special thanks to Mr Tim Sunwoo for his contribution as Havelock Housing CEO. I would like to also acknowledge the significant contribution of Ms Janelle Goulding who provide invaluable guidance to Tim through the organisational structure.
- I would like to acknowledge the service of former Directors Ms Louise Gray and Ms Christine Murray and thank them for their significant contribution to Havelock. Louise served on the Committee for two years including as Chair of the People & Culture sub-committee. Christine served on the Committee for almost 10 years, was a member of the Finance and Risk sub-committee, and was Vice-Chair for many years.
- I am pleased to announce that Havelock has appointed three new Directors in September 2022 - welcome to Ms Nicole Sheikh, Mr John Morrissey and Ms Tharanie Vithanage.
- Sincerest thanks also to Havelock Directors Treasurer Mr Adrian King, Mr Craig Shannon, Ms Carol Croce and Mr Daniel Landon for their outstanding ongoing contribution.
- I would also like to acknowledge the continued support of the ACT Government and particularly thank Ms Louise Gilding and the team at Housing ACT.

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

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

**Dan Carton**  
Chair Havelock Housing



# CEO's Report



**We are delighted to introduce and publish our 2022 annual report. It has been an exciting year that saw major developments in our governance structure, and transformational changes to the organisation.**

In September 2022, Havelock Housing Association converted to Havelock Housing Limited, thereby becoming a Company Limited by Guarantee (CLG). This is a common company structure found in most Not for Profit organisations today. Practically speaking, there is no change in the way we currently operate. In the future, the CLG structure will give Havelock Housing more flexibility in terms of geographical reach and growth opportunities. I would like to recognise the significant effort of Mr. Alistair Robertson, our Company Secretary, in accomplishing this.

Following an organisational review in early 2022, Havelock implemented changes that sought to make our operation more streamlined, efficient and sustainable. The following new executives have joined Havelock:

**Head of Tenancy and Community, Ms Kylie Wilson –** Kylie has held senior positions with Northside Community, most recently in Community Housing and Engagement. She was also a National Manager with Lifeline Australia. Kylie brings many years of NFP leadership experience and a keen strategic mindset to Havelock.

**Head of Corporate Services, Mr Jay Jayashankar –** Jay is a qualified CPA and has extensive executive experience in quality, risk and assurance, combined with many years as a financial controller. His NFP experience includes GM of Risk, Quality and Assurance at Goodwin Group, and EM of Internal Audit at Vincent Care Victoria. Previously, he was a financial controller for companies in the logistics and leisure industries. He was most recently an Associate Director at Protiviti, a leading international management consultancy.

**Head of Property Assets, Mr Justin Wakefield –** Justin has a background in environmental engineering, facilities and assets. He has also worked in government as a Community Liaison Officer for Senator Ursula Stephens. Justin was previously a Maintenance and Assets Operations Manager at Argyle Housing

The new executive team has hit the ground running executing on the refined Vision and Mission of Havelock Housing. The Havelock Board has endorsed the following in 2022:

## **Our Vision**

**Reduce homelessness and housing insecurity by providing safe secure homes to our community**

## **Our Mission**

**Work with government and community to reduce homelessness by increasing awareness and support, and delivering high-quality inclusive housing services**

The revamped organisational structure will enable the organisation to achieve its strategic objectives with enhanced efficiencies and effective resource allocation.

The ACT, just like elsewhere in Australia, is experiencing greater housing affordability stress than ever. We continue to see this firsthand. To this end, we welcome the new Government's commitments to safer and more affordable housing although, there is so much more to be done.

We continue to be committed to reducing housing affordability stress. Havelock Housing was recently successful in acquiring land from the Suburban Land Agency. In 2020/2023 we plan to make progress on the two land acquisitions. They will represent the first instance of Havelock Housing designing and developing properties and adding to the desperately needed capacity in the social, affordable and disability housing stock in the Territory. These are certainly exciting times for HHL that would set into motion a strong foundation for growth and sustenance in the future.

We are grateful for the invaluable support we receive from our government partners, the advocates for social justice, other likeminded not-for-profit organisations, and all the individuals that touch Havelock Housing to make a difference – all part of the valuable community that always seem to come together in times of need to produce amazing outcomes

In this report, you will see highlights of significant moments throughout the year of which we are humbled to have been a part of.

**Tim Sunwoo**

Chief Executive Officer, Havelock Housing

## Highlight of the year that's past and plans for the future

**This year Havelock Housing went through a time of reform and change.**

This reform was vital for Havelock Housing to remain on the front foot of industry change and the new tendering process in the ACT Government and with the Social housing sector one of the first groups to be reviewed through the commissioning process.

The team have embraced this change and we all saw this change as an opportunity advocate for change and build a culture of trust, cohesion and future direction for Havelock. Havelock Housing is positioning itself to be a thought leader in social housing and the structural change that occurred will build a solid foundation of an organisation that cares for it people and clients.

This is an exciting time for Havelock and we are excited to see where the future leads as a new and enthusiastic team.

## Our community – new developments, RAP, Coffee van project

**With a new team starting this year we have taken the time to review our current Community Development (CD) Strategy we are keen to start placing a greater CD lens on tenant wellbeing across all portfolios.**

Community Development in social housing is vital for tenancy success and sustainability, we have been looking at identifying community engagement and participation options to reduce isolation, build resident capacity to engage, empower tenants, and understand the type of activities needed.

We appreciate that community engagement is led from the bottom up and not the top down so therefore it is important that we review our current approach and look inwards to ensure we using a ABCD methodology by; informing people, listening to people, working with people, seeking input from people, bringing people together, empowering people in a way that the tenants want not a way we think is the right way. Over the next 12 months we will start thinking more strategically with CD activities and approaches.







That said we've had some exciting activities happened over the last 12 months the team have worked tirelessly to provide an exciting program of community development activities, particularly for residents of Havelock House.

With the lifting of COVID restrictions the CD team we were able to organise more group activities under our Social Inclusion through Sport and Physical Activity Grant, in the reporting period we provided tenants with opportunities to participate in, tennis, yoga, bike club, basketball, walking group, and ten pin bowling.

The team conducted weekly chat room social activities, and coordinated organisational support from our community partners, including ACT Dental Health Services, Orange Sky Laundry, weekly bakery donations from Coles, Brumbies and Knead Bakery, food supplies from Oz Harvest, clothing from Big W, and support for our emergency food pantry from Helping ACT.

Working in partnership with Helping Hands ACT we administer flu vaccinations prior to the flu season to ensure that tenants were as protected as they could be, we did this in collaboration with Common Ground Gungahlin (CGG), by taking the Havelock bus to CGG to collect tenants bring them back after their vaccination.

With continued support from Oz Harvest Canberra the tenant enjoyed six weeks of the NEST (Nutrition Education Skills Training) program. This program is a easy fun way to learn healthy eating habits and how to cook simple and low cost meals. The session ran for 2 hours a week for six weeks. It included interactive activities, practical cooking classes and then the enjoyment of sharing a meal together.

The tenants were invited to a State of Origin night for the tenants where they had pizza and watched the match on the big screen, all participants enjoyed the night and are excited to attend another similar event in the future. Similarly, the tenants – thanks to the Raiders – enjoyed a great sunny Saturday afternoon at GIO stadium to enjoy the 'green machine' play a home game.

The team worked closely with the in-house Counsellor, who attends Havelock House two half days a week. An average of eight counselling sessions weekly are provided to Havelock residents, and appointments are always fully subscribed. This service has proven to be invaluable to a large percentage of residents and contributes positively to the running of Havelock. During this reporting period, 35 residents benefitted from 150 individual counselling sessions, which is testament to the consistent support the CD team have given the tenants and the open encouragement to seek support in times of need. This is a service that was initially grant funded, but due to the success it was decided to continue the service at the cost of Havelock Housing.





Havelock Housing has entered into an agreement with Canberra PCYC which will see them position one of their Cruisin' Café's on site here at Havelock House. With the idea of running a Havelock Social Enterpriser - PCYC generously brought in their mobile café so they can provide us with data on their sales and profitability on site with a view to HHL ultimately buying our own mobile coffee/food van and operating it here ourselves.

Doing this real life testing will help us prepare a business plan and use genuine, concrete figures for the preparation and presentation of a business plan. Gathering this data will prepare us and support our initiative of such a van.

We wanted to work in partnership with CPCYC as they are another not-for-profit organisation here in the ACT who have successfully operated their Cruisin Café's for many years and they do significant positive community and social work in the Capital region.

This year also saw the launch of the Humans of Havelock Project. This is solely a social media campaign - The Humans of Havelock Campaign simply put is one picture, one person, one story, told once a month.

With growth and sustainability high on the agenda we felt with Havelock's rich history it was important to reflect on the past while preparing for the future. This is when the Humans of Havelock Project was developed.

We are hopeful that the project raises awareness of the rich history of Havelock and shine a light on the vital role Havelock plays in Canberra and the support of the most vulnerable at risk of homelessness.

The Tenancy and Communities teams do amazing work across a broad range of services and operate under the approach that they will provide the best possible engagement and leave long lasting meaningful interactions with all the people in our community. Everyday our team is looking at ways to support the tenants and encourage participation to further enhance and development community led programmes and activities were committed to providing the best service possible for the community and look forward to seeing what could be achieved in the next 12 months.





# Board profile

**Dan Carton**  
Director, Carton Associates;  
Former Defence Housing Australia Executive

**Carol Croce**  
Director, Carol Croce Consulting;  
Former Executive Director at Community Housing  
Federation of Australia

**Daniel Landon**  
Senior Director, ACT Health

**Adrian King**  
Partner, PWC

**John Morrissey**  
Special Counsel, MVIaw

**Craig Shannon**  
CEO, ClubsACT

**Nicole Sheikh**  
Director, KPMG

**Tharanie Vithanage**  
Assistance Secretary, Australian Department of  
Agriculture, Water and Environment



L-R Daniel Landon, John Morrissey, Adrian King, Carol Croce, Dan Carton, Craig Shannon, Nicole Sheikh & Tharanie Vithanage .

# **HAVELOCK HOUSING ASSOCIATION**

## **FINANCIAL REPORT FOR THE YEAR ENDED**

### **30 JUNE 2022**

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#### **FINANCIAL REPORT**

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## HAVELOCK HOUSING ASSOCIATION INCORPORATED

### COMMITTEE'S REPORT FOR THE YEAR ENDED 30 JUNE 2022

Your committee members submit the financial report of Havelock Housing Association Incorporated for the financial year ended 30 June 2022.

#### Committee Members

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

Dan Carton	Christine Murray
Adrian King	Craig Shannon
Carol Croce	Daniel Landon
Louise Gray	

#### Principal Activities

The principal activities of Havelock Housing 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.

Havelock Housing also provided Community and Social Engagement Programs to our tenants.

#### Significant Changes

On June 30th 2022, following an agreement reached in February 2022 with Housing ACT, Housing ACT agreed to discharge the mortgages held over the four properties under debt covenant for a sum of \$1.35M. Concurrently, Housing ACT agreed to purchase 14 properties under the equity covenant for a sum of \$742K. Housing ACT further entered into a head lease arrangement with HHA in order to minimise the disruption of the current tenancies and ensure continuity of services.

#### Operating Result

The result from ordinary activities amounted to a net deficit of \$437,975 (2021: surplus of \$794,330).

The Association is also working strongly across all programs to improve our occupancy rate including local Care Providers in filling long term vacancies in the Disability Housing portfolio.

In line with the operating deficit and grants held in advance, cash assets have decreased to \$2,576,462.

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 Dan Carton, Chair



Mr Adrian King, Treasurer

Dated this .....12..... day of ...October 2022

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>Revenue</b>			
Operating activities	2	4,114,118	4,258,510
<b>Total revenue</b>		<b>4,114,118</b>	<b>4,258,510</b>
<b>Operating expenses</b>			
Rent expense		(1,389,554)	(700,083)
Employee benefits expense		(1,782,148)	(1,450,778)
Utilities and rates expense		(539,238)	(445,484)
Maintenance expense		(255,054)	(288,878)
Depreciation and amortisation expense		(187,767)	(184,828)
Insurance expense		(36,311)	(26,027)
Professional and audit fees	3	(22,330)	(20,900)
Telephone & internet expense		(14,404)	(17,126)
Provision for impairment of receivables		(79,684)	(11,270)
Motor vehicle expense		(12,750)	(17,622)
Finance expense		(1,310)	(1,543)
Other expenses		(231,543)	(299,641)
<b>Total operating expenses</b>		<b>(4,552,093)</b>	<b>(3,464,180)</b>
<b>Surplus from operations</b>		<b>(437,975)</b>	<b>794,330</b>
<b>Other comprehensive income</b>			
Movement in asset revaluation reserve		(2,938,296)	-
<b>Total comprehensive income attributable to the members</b>		<b>(3,376,271)</b>	<b>794,330</b>

*The accompanying notes form part of these financial statement*

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	2,576,462	4,160,393
Trade and other receivables	5	33,718	25,203
Other receivables		99,823	18,304
<b>TOTAL CURRENT ASSETS</b>		<b>2,710,003</b>	<b>4,203,900</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	6	5,690,906	7,716,019
Intangible asset	6	-	5,489
Loan receivable	7	98,709	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,789,615</b>	<b>7,721,508</b>
<b>TOTAL ASSETS</b>		<b>8,499,618</b>	<b>11,925,408</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	523,650	549,798
Financial liabilities	9	13,630	12,163
Employee benefits	10	48,913	60,121
<b>TOTAL CURRENT LIABILITIES</b>		<b>586,193</b>	<b>622,082</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	9	20,000	33,630
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,000</b>	<b>33,630</b>
<b>TOTAL LIABILITIES</b>		<b>606,193</b>	<b>655,712</b>
<b>NET ASSETS</b>		<b>7,893,425</b>	<b>11,269,696</b>
<b>EQUITY</b>			
Asset revaluation reserve		2,312,066	5,250,362
Retained earnings		5,581,359	6,019,334
<b>TOTAL EQUITY</b>		<b>7,893,425</b>	<b>11,269,696</b>

*The accompanying notes form part of these financial statements.*

HAVELOCK HOUSING ASSOCIATION INCORPORATED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2022

	Asset revaluation reserve	Retained Earnings	Total
	\$	\$	\$
<b>Balance as at 30 June 2021</b>	<b>5,250,362</b>	<b>6,019,334</b>	<b>11,269,696</b>
Deficit attributable to members	(2,938,296)	(437,975)	(3,376,271)
<b>Balance as at 30 June 2022</b>	<b>2,312,066</b>	<b>5,581,359</b>	<b>7,893,425</b>

*The accompanying notes form part of these financial statements*



# HAVELOCK HOUSING ASSOCIATION INCORPORATED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from clients		3,788,462	3,899,457
Payments to suppliers and employees		(4,630,602)	(3,070,246)
Government grants received		364,620	448,030
Interest received		2,523	9,641
Interest paid		(1,310)	(1,543)
<b>Net cash (used in)/from operating activities</b>	<b>11</b>	<b>(476,307)</b>	<b>1,285,339</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchases of fixed assets	<b>6</b>	(1,837,961)	(63,147)
Proceeds from sales of fixed assets		742,500	-
<b>Net cash (used in)/from investing activities</b>		<b>(1,095,461)</b>	<b>(63,147)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loan		56,600	56,600
Repayment of loan		(68,763)	(10,807)
<b>Net cash (used in)/from in financing activities</b>		<b>(12,163)</b>	<b>45,793</b>
Net increase/(decrease) in cash held		(1,583,931)	1,267,985
Cash and cash equivalents at beginning of financial year		4,160,393	2,892,408
<b>Cash and cash equivalents at end of financial year</b>	<b>4</b>	<b>2,576,462</b>	<b>4,160,393</b>

*The accompanying notes form part of these financial statements.*

## HAVELOCK HOUSING ASSOCIATION INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **New or amended Accounting Standards and Interpretations adopted**

Havelock Housing Association Incorporated has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of Havelock Housing Association Incorporated.

The following Accounting Standards and Interpretations are most relevant to the incorporated association:

##### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The incorporated association has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the incorporated association's financial statements.

##### *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The incorporated association has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel and related parties.

##### **Basis of Preparation**

These General Purpose Financial Statements – Simplified Disclosures have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the *Associations Incorporations Act (ACT) 1991* and the *Australian Charities and Not-for-profits Commission Act 2012*.

##### *Historical cost convention*

The financial statements have been prepared under the historical cost convention.

##### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Havelock Housing Association Incorporated's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(g).

##### **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.

## HAVELOCK HOUSING ASSOCIATION INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in Havelock Housing Association Incorporated's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in Havelock Housing Association Incorporated's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

##### d) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

##### e) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

##### f) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## HAVELOCK HOUSING ASSOCIATION INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### g) Critical Accounting Estimates

Havelock Housing Association Incorporated 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.

	2022 \$	2021 \$
<b>NOTE 2. REVENUE AND OTHER INCOME</b>		
Rental income	1,936,535	2,028,215
Commonwealth rent assistance income	1,178,488	1,217,817
Government grant income	331,473	407,300
Gas/electricity levy	496,554	476,245
Community rental	101,066	58,421
Management fees	33,787	16,682
Interest income	2,523	9,641
Other income	33,692	44,189
	<b>4,114,118</b>	<b>4,258,510</b>

#### Accounting policy

##### Revenue recognition

Havelock Housing Association Incorporated recognises revenue as follows:

##### *Rental income*

Rental income is recognised when it is due.

##### *Grants*

Grant revenue is recognised in Statement of Comprehensive Income when Havelock Housing satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before Havelock Housing is eligible to retain the contribution, the grant will be recognised in the Statement of Financial Position as a liability until those conditions are satisfied.

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 2022

	2022 \$	2021 \$
<b>NOTE 3. AUDITOR'S RENUMERATION</b>		
Remuneration of the auditor of Havelock Housing for:		
Auditing or reviewing the financial report	<u>22,330</u>	<u>20,900</u>

	2022 \$	2021 \$
<b>NOTE 4. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	-	700
Cash at bank	315,705	1,900,692
Term deposits	<u>2,260,757</u>	<u>2,259,001</u>
	<u><b>2,576,462</b></u>	<u><b>4,160,393</b></u>

### Accounting policy

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	2022 \$	2021 \$
<b>NOTE 5. TRADE AND OTHER RECEIVABLES</b>		
Rental in arrears	38,974	40,357
Less: Provision for impairment	<u>(5,256)</u>	<u>(15,154)</u>
	<u><b>33,718</b></u>	<u><b>25,203</b></u>

### Accounting policy

Trade and other receivables including rental income are recognised at amortised cost, less any allowance for expected credit losses.

HAVELOCK HOUSING ASSOCIATION INCORPORATED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
<b>NOTE 6. PROPERTY, PLANT AND EQUIPMENT &amp; INTANGIBLE ASSET</b>		
<b>Leasehold Land and Buildings</b>		
Leasehold land and buildings at fair value	5,454,520	7,742,000
Accumulated depreciation	(33,300)	(355,000)
	<u>5,421,220</u>	<u>7,387,000</u>
<b>Leasehold Improvements</b>		
Leasehold Improvements at cost	470,891	508,326
Accumulated depreciation	(285,874)	(262,709)
	<u>185,017</u>	<u>245,617</u>
<b>Plant and Equipment</b>		
Equipment at cost	246,172	218,492
Accumulated depreciation	(209,228)	(197,510)
	<u>36,944</u>	<u>20,982</u>
<b>Motor vehicles</b>		
Motor vehicles at cost	87,066	87,066
Accumulated depreciation	(39,341)	(24,646)
	<u>47,725</u>	<u>62,420</u>
<b>Total property, plant and equipment</b>	<u>5,690,906</u>	<u>7,716,019</u>
<b>Intangible Asset</b>		
Website development at cost	16,469	16,469
Accumulated depreciation	(16,469)	(10,980)
	<u>-</u>	<u>5,489</u>

## HAVELOCK HOUSING ASSOCIATION INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### NOTE 6. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSET (CONTINUED)

##### *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
	\$	\$	\$	\$	\$	\$
<b>Carrying amount at 1 July 2021</b>	<b>7,387,000</b>	<b>245,617</b>	<b>20,982</b>	<b>62,420</b>	<b>5,489</b>	<b>7,721,508</b>
Additions	1,810,280	-	27,681	-	-	1,837,961
Revaluation	(2,911,385)	-	-	-	-	(2,911,385)
Disposals	(742,500)	(26,911)	-	-	-	(769,411)
Depreciation	(122,175)	(33,689)	(11,719)	(14,695)	(5,489)	(187,767)
<b>Carrying amount at 30 June 2022</b>	<b>5,421,220</b>	<b>185,017</b>	<b>36,944</b>	<b>47,725</b>	<b>-</b>	<b>5,690,906</b>

##### **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*

During 2021-22 financial year JLL and Opeon have performed valuations of 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.

# HAVELOCK HOUSING ASSOCIATION INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### NOTE 6. PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSET (CONTINUED)

#### Accounting policy (continued)

##### 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%
Plant and 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.

	2022 \$	2021 \$
<b>NOTE 7. LOAN RECEIVABLE</b>		
Trade payables	168,709	-
Accrued expenses	(70,000)	-
	<u>98,709</u>	<u>-</u>

	2022 \$	2021 \$
<b>NOTE 8. TRADE AND OTHER PAYABLES</b>		
Trade payables	123,988	90,398
Accrued expenses	54,024	36,597
Rent received in advance	238,887	120,681
Grant received in advance	68,337	205,341
PAYG	-	25,460
Other payables	38,414	71,321
	<u>523,650</u>	<u>549,798</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.



# HAVELOCK HOUSING ASSOCIATION INCORPORATED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

	2022 \$	2021 \$
<b>NOTE 9. FINANCIAL LIABILITIES</b>		
<b>CURRENT</b>		
Motor vehicle loan	13,630	12,163
	<u>13,630</u>	<u>12,163</u>
<b>NON-CURRENT</b>		
Motor vehicle loan	20,000	33,630
	<u>20,000</u>	<u>57,956</u>
	<u><b>33,630</b></u>	<u><b>70,119</b></u>

A loan agreement was signed on 17 August 2020 by the Incorporated Association to purchase a motor vehicle. The loan is for 3 years.

	2022 \$	2021 \$
<b>NOTE 10. EMPLOYEE BENEFITS</b>		
<b>CURRENT</b>		
Annual leave provision	47,839	59,176
Time-in-lieu provision	1,074	945
	<u><b>48,913</b></u>	<u><b>60,121</b></u>

### Accounting policy

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

	2022 \$	2021 \$
<b>NOTE 11. CASH FLOW INFORMATION</b>		
Reconciliation of Cash Flow from operations with profit after income tax		
Surplus/(deficit) after income tax	(437,975)	794,330
Cash flows excluded from surplus attributable to operating activities		
Non-cash flows in surplus/(deficit):		
- Depreciation expense	187,767	184,828
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- Decreases / (increases) in trade and other receivables	(8,515)	45,959
- Decreases / (increases) in prepayments	(81,519)	6,125
- Increases / (decreases) in accounts payable and other payables	(26,148)	241,785
- Increases / (decreases) in employee benefits	(11,208)	12,312
	<u><b>(377,598)</b></u>	<u><b>1,285,339</b></u>

## HAVELOCK HOUSING ASSOCIATION INCORPORATED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### NOTE 12. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year.

#### NOTE 13. KEY MANAGEMENT PERSONNEL

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

	2022	2021
	\$	\$
<b>Key management personnel compensation:</b>		
Aggregate compensation	<u>580,698</u>	<u>456,724</u>

#### NOTE 14. CONTINGENT LIABILITIES

In 2021 the ACT Government held mortgages over 18 properties, acquired with funds from a Commonwealth grant scheme between 1993-97 and 2004-05. These acquisitions pre-dated the National Regulatory System for Community Housing, and in the absence of this the mortgages were established to secure the use of the properties as social housing.

During 2022 financial year out of the 18 properties part owned (as shared equity properties) with a lien on these properties by HACT, Housing ACT and Havelock Housing have mutually agreed to the following:

- Transfer 14 properties to HACT for \$742,500. Housing ACT have entered into head lease agreement with Havelock housing for these 14 properties, after the transfer resulting in no changes to the rental income.
- Havelock Housing received the full ownership of the balance 4 properties, which were held under shared equity for the price of \$1,353,200.

#### NOTE 15. COMMITMENTS

Havelock Housing had a 5-year Managed Service Plan on 2 office photocopiers – the agreement expired in August 2021. A new rental arrangement has been entered into under a rental arrangement.

#### NOTE 16. EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for Havelock Housing up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Havelock Housing Association is planning to change its status as an entity from an incorporated Association to a Company Limited by Guarantee in October of 2022, with the consent being granted by the Deputy Registrar-General of the Territory Government to apply for registration under the Corporations Act 2001 and the relevant application for such registration has been submitted.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect Havelock Housing's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

## **HAVELOCK HOUSING ASSOCIATION INCORPORATED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

#### **NOTE 17. ECONOMIC DEPENDENCY**

The company receives significant financial support from the ACT Government in the form of Commonwealth Rental Assistance and grant funding.

The grant agreement with the ACT Government Community Services for Havelock Housing Association operational expenditure has been renewed through to 30 June 2023.

The contract with Housing ACT will continue until 30th June 2023 and currently the Committee is of the view that the contract will be renewed. However, if this does not occur, the entity's operations will need to be significantly scaled back.

#### **NOTE 18. ASSOCIATION DETAILS**

The registered office of Havelock Housing is:

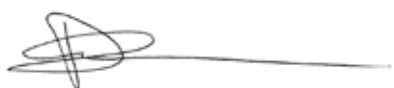
Havelock Housing Association Incorporated  
85 Northbourne Avenue  
TURNER ACT 2612

**HAVELOCK HOUSING ASSOCIATION INCORPORATED**  
**COMMITTEE DECLARATION**  
**FOR THE YEAR ENDED 30 JUNE 2022**

In the opinion of the Committee

1. The financial report, including notes, as set out on pages 4 to 17 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 – Simplified Disclosures; and
  - (b) Give a true and fair view of the Association's financial position as at June 30 2022 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 Havelock Housing 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 Dan Carton, Chair



Mr Adrian King, Treasurer

Dated this .....12..... day of ...October 2022

**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 2022, 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: 12 October 2022

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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 2022, 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 2022 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures 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 – Simplified Disclosures. 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 2022, 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**

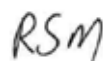
The Committee Members of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal 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 – Simplified Disclosures 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](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: 12 October 2022

