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Independent auditor's report to the members of Loddon Mallee Housing Services Ltd trading as Haven; Home, Safe

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Loddon Mallee Housing Services Ltd trading as Haven; Home, Safe, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date and
ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013.*

What we have audited

Loddon Mallee Housing Services Ltd trading as Haven; Home, Safe's (the company) financial report comprises the:

- ✓ Statement of financial position as at 30 June 2019
- ✓ Statement of profit or loss and other comprehensive income for the year then ended
- ✓ Statement of changes in equity for the year then ended
- ✓ Statement of cash flows for the year then ended
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

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

Other information

The company may prepare an annual report that may include the financial statements, director's report and declaration and our audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairperson's report and reports covering governance and other matters.

The directors are responsible for the other information. An annual report has not been made available to us as of the date of this auditor's report.

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

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Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Directors' responsibility for the financial report

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

In preparing the financial report, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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. Misstatement can arise from fraud or error and are considered material if, individually or in 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/home.aspx. This description forms part of our auditor's report.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 3rd day of October 2019

Brad Ead
Lead Auditor

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Lead auditor's independence declaration under *section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012* to the directors of Loddon Mallee Housing Services Ltd trading as Haven; Home, Safe

As lead auditor for the audit of Loddon Mallee Housing Services Ltd trading as Haven; Home, Safe for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit and
ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 3rd day of October 2019

Brad Ead
Lead Auditor

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
REVENUES FROM OPERATING ACTIVITIES			
Operating grants		13,244,666	13,231,297
Capital grants	3	3,928,980	3,225,225
Rent		14,576,495	14,034,769
Fair value gains on investment properties		2,610,529	11,206,339
Other income		8,335,435	4,216,042
TOTAL REVENUES FROM OPERATING ACTIVITIES		42,696,105	45,913,672
EXPENSES FROM OPERATING ACTIVITIES			
Employee salaries, benefits and on-costs		11,887,665	11,268,630
Travel and training		368,821	493,975
Office costs		548,588	707,166
Vehicle costs		239,572	201,504
Communication costs		117,810	147,901
Administration		1,736,032	1,649,925
Insurance		536,135	431,617
Client costs		4,072,419	3,184,681
Property costs		5,028,892	5,222,086
Rent to owners		3,685,720	3,390,636
Depreciation and amortisation		1,000,706	957,315
Interest		1,948,216	2,007,904
TOTAL EXPENSES FROM OPERATING ACTIVITIES		31,170,576	29,663,340
NET RESULT FOR THE YEAR		**11,525,529**	**16,250,332**
Other comprehensive income			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Net gain/(loss) on effective part of cash flow hedge		(458,565)	171,797
Other comprehensive income for the year		(458,565)	171,797
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**11,066,964**	**16,422,129**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	5	9,256,566	5,886,612
Tax assets	12	-	177,622
Receivables	6	5,169,855	4,572,449
TOTAL CURRENT ASSETS		14,426,421	10,636,683
NON-CURRENT ASSETS			
Property, plant and equipment	8	10,352,905	18,221,152
Investment property	9	301,263,878	294,332,224
Interest rate swap - cashflow hedge	7	-	-
Other assets	10	831,851	995,105
TOTAL NON-CURRENT ASSETS		312,448,634	313,548,481
TOTAL ASSETS		326,875,055	324,185,164
CURRENT LIABILITIES			
Accounts payable	11	1,050,658	1,315,775
Tax liability	12	1,674,113	-
Employee benefits	13	1,566,785	1,336,172
Interest bearing liabilities	15	24,882	28,333
Interest rate swap - cashflow hedge	7	531,231	158,781
Other	14	5,490,323	5,790,751
TOTAL CURRENT LIABILITIES		10,337,992	8,629,812
NON-CURRENT LIABILITIES			
Employee benefits	13	201,067	140,578
Interest bearing liabilities	15	48,384,376	58,616,234
Interest rate swap - cashflow hedge	7	212,738	126,622
TOTAL NON-CURRENT LIABILITIES		48,798,181	58,883,434
TOTAL LIABILITIES		59,136,173	67,513,246
NET ASSETS		**267,738,882**	**256,671,918**
EQUITY			
Accumulated surplus		267,738,882	256,671,918
TOTAL EQUITY		**267,738,882**	**256,671,918**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

2019	Accumulated Surplus $	Total $
Balance at beginning of the financial year	256,671,918	256,671,918
Total comprehensive income for the year	11,066,964	11,066,964
Balance at end of the financial year	**267,738,882**	**267,738,882**

2018	Accumulated Surplus $	Total $
Balance at beginning of the financial year	240,249,789	240,249,789
Total comprehensive income for the year	16,422,129	16,422,129
Balance at end of the financial year	**256,671,918**	**256,671,918**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019	2018
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		20,597,928	18,791,845
Other income		29,408,960	16,915,037
Payments to suppliers and employees		(29,870,366)	(29,679,218)
Amounts received from Australian Tax Office - GST		126,479	45,242
Interest received		177,363	92,495
Interest paid		(1,951,667)	(2,006,148)
Net cash provided by operating activities	16	18,488,697	4,159,253
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		167,689	55,800
Purchase of property, plant and equipment		(2,553,463)	(5,876,648)
Proceeds from sale of investment properties		2,446,285	1,251,429
Purchase of investment properties		(4,947,396)	(6,509,924)
Purchase of other non-current assets		-	-
Net cash provided by/(used in) investing activities		(4,886,885)	(11,079,343)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received from/(payments for) borrowings		(10,231,858)	8,155,983
Net cash received from/(payments for) financing activities		(10,231,858)	8,155,983
Net increase/(decrease) in cash held		3,369,954	1,235,893
Cash and cash equivalents at beginning of financial year		5,886,612	4,650,719
Cash and cash equivalents at end of year	5	**9,256,566**	**5,886,612**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

Loddon Mallee Housing Services Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 3 October 2019 by the directors of the entity.

(b) Property, plant and equipment

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

Land and buildings

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), less accumulated depreciation for buildings. Municipal rate assessments are reviewed annually to consider the fair value of these assets, and this information is supplemented by external property valuations obtained in accordance with the debt facility agreement held with the bank.

Where the asset is purchased or constructed during the current financial year, the Directors have assessed that cost reflects fair value.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and other comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset.

A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	*Depreciation Rate*
Motor Vehicles	20%
Furniture	10%
Computer Equipment	33%
Other Office Equipment	20%
Buildings - Non Affordable Housing Association Properties - Offices	2%
Buildings - Non Affordable Housing Association Properties - Other	3%
Leasehold Improvements	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(c) Employee benefits

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, annual leave and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligation for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits
The company classifies employee's long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wages and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates the approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligation for long-term employee benefits are presented as non-current liabilities in the statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(d) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks, but excludes cash investments with more than 180 days to maturity.

(e) Comparative figures

Comparative figures for the previous year have been included as required.

(f) Revenue recognition

Grants
Operating and capital grants are recognised on an accrual basis in accordance with Accounting Standard AASB 118 - Revenue. Where grants received during the financial year were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged at balance date, the unused grant amount has been recognised as committed income for the subsequent period and disclosed at note 14 as a current liability.

Rent
Rental income derived from properties managed by, but not owned by, Loddon Mallee Housing Services Ltd is recognised on a cash basis.
Rental income derived from properties managed and owned by Loddon Mallee Housing Services Ltd is recognised on an accrual basis.

Other income
Interest revenue is recognised on a proportional basis when the payment is due, or the payment is received, whichever occurs first.
Profit or loss on disposal of property, plant & equipment is determined when control of the asset has irrevocably passed to the buyer.
All other revenues, including subsidies and other fees for service, are recognised when the service has been provided, or the payment is received, whichever occurs first.

(g) Interest bearing liabilities

Interest bearing liabilities are recognised at the face value payable at the expiration of the agreed term.
Interest expense is recognised when payable.

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

(I) Fair value of Assets and Liabilities
The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.
"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
As fair value is a market- based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participants ability to use the asset in its higher and best use or to sell it to another market participant that would use the asset in its highest or best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(j) Financial instruments

Initial Recognition And Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification And Subsequent Measurement
Financial liabilities

Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:
- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combination* applies;
- held for trading; or
- initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:
- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

Derecognition of financial instruments

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the simplified approach, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. The approach is applicable to trade receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the Statement of Financial Position to recognise the loss allowance.

(k) New Accounting Standards for application in future periods

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation	Effective For Annual Reporting Periods Beginning On Or After	Expected To Be Initially Applied In the Financial Year Ending
AASB 15 'Revenues from contracts with customers'.	1 January 2019	30 June 2020
AASB 1058 ' Income of Not-for-profit Entities'	1 January 2019	30 June 2020

The company is yet to undertake a detailed assessment of the impact of AASB15 and AASB 1058. However based on the entity's preliminary assessment, the account for the revenue stream "operating grants" will be primarily affected by these new standards. The income recognition for each grant will be assessed on a high level basis to determine whether it is enforceable and whether it's performance obligations are sufficiently specific. Where grant agreements that are not enforceable or the performance obligations are not sufficiently specific, this will result in the immediate income recognition under AASB 1058. Income will be defered under AASB 15 otherwise. The likely impact of the first time adoption under this accounting treatment for the year ending 30 June 2020 includes:

- There will be a signficant increase in deferred grant funding recognised in the Statement of Financial Position and a corresponding decrease in the grant funding revenue in the Statement of Profit or Loss and Other Comprehensive Income.

AASB 16 'Leases'.	1 January 2019	30 June 2020

The company is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the company's preliminary assessment, the likely impact of the first time adoption of the Standard for the year ending 30 June 2020 includes:

- There will be a significant increase in right of use assets and financial liabilities recognised on the Statement of Financial Position.
- The reported equity will reduce as the carrying amount the lease asset will reduce more quickly than the carrying amount of the lease liabilities.
- EBIT in the Statement of Profit or Loss and Other Comprehensive Income will be higher as the implicit interest in lease payments for former off Statement of Financial Position leases will be presented as part of finance costs, rather than being included in operating expenses.
- EBITDA in the Statement of Profit or Loss and Other Comprehensive Income will be higher as depreciation on the right of use assets will be recognised, rather than having operating leases expense recognised.
- Operating cash outflows will be lower and financing cash flows will be higher in the Statement of Cash Flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.

(l) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(m) Impairment of assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.
Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.
Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(n) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets (including affordable housing properties) that necessarily take a substantial period of time to prepare for their intended use or sale are capitalised to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) 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 Australian Taxation Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Income Tax

Loddon Mallee Housing Services Ltd is a not-for-profit public benevolent institution, endorsed as an income tax exempt charitable entity under subdivision 50-B of the Income Tax Assessment Act 1997,and as such is exempt from payment of income tax.

(r) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments 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 Company.

Key estimates

(i) Fair value of investment properties
The Company measures the fair value of its investment properties on a recurring basis. Capital Improved Values as assessed on annual council rate notices are used wherever possible. Where these are not available, alternative methodologies are used to provide the closest equivalent observable market pricing.

Key judgments

(i) Employee benefits
For the purpose of measurement, AASB 119: *Employee Benefits* defines our obligations for short-term employment benefits as obligations to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. As the company expects that most employees will use all of their annual leave entitlements in the same year in which they are earned, the Directors believe that obligations for annual leave entitlements satisfy the definition of short-term employee benefits.

(s) New and amended standards

Initial application of AASB9: Financial Instruments.
The company has adopted AASB 9 on the effective date of 1 July 2018. The company has performed an impact assessment and there is no significant change to the measurement basis from adoption of the new classification and measurement model under AASB 9. Receivables previously accounted for at amoritsed cost are held to collect contractual cashflows and give rise to cashflows representing solely payments of principal and interest. As a result these are now classified and measured as debt instruments at amoritsed cost under AASB 9.

AASB 9 changed the company's accounting for impairment losses for financial assets by replacing the incurred loss approach under AASB 139 with the forward looking expected credit loss approach on all trade and other receivables. The company has adopted the simplified approach and records lifetime expected losses on all trade receivables and has established a provision matrix that is based on the company's historical credit loss experience, adjusted for forward looking factors specific to debtors and the economic environment. On adoption of AASB 9, there was no significant impact to the impairment loss allowance.

Under AASB 9, the hedge accounting rules will align the account for hedging instruments more closely with the company's risk management practices and this has been applied prospectively from 1 July 2018. The company has determined that all existing hedge relationships would qualify as continuing hedges under AASB 9. Accordingly, there is no impact on the accounting for its hedging relationships.

NOTE 2: COMPREHENSIVE INCOME

	2019 $	2018 $
Comprehensive Income has been determined after:		
(a) Charging as expenses:		
Depreciation of property, plant and equipment	737,078	710,774
Amortisation of property, plant and equipment	263,628	246,541
Movements in provisions		
Annual leave expense	171,647	(93,464)
Long service leave expense	119,455	38,078
(b) Crediting as income:		
Interest received	177,363	92,495
Profit /(loss) on disposal of property, plant and equipment	497,060	81,192

NOTE 3: CAPITAL GRANTS

During the year specific purpose capital grants were received and either expended on non - current assets or unspent at year end. In accordance with Australian Accounting Standard AASB 118 - Revenue, these grants have been recognised as operating income and the assets, where purchased, have been capitalised and depreciated. The amount recognised as operating revenue are:

	2019 $	2018 $
Grants to acquire affordable housing properties	3,928,980	3,225,225
	3,928,980	3,225,225

NOTE 4: REMUNERATION AND RETIREMENT BENEFITS

	2019 $	2018 $
Total remuneration paid to directors, included in employee salaries, benefits and on-costs	197,288	162,031
	197,288	162,031

NOTE 5: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash at bank	6,673,415	2,450,389
Term deposit	2,583,151	3,436,223
	9,256,566	5,886,612

NOTE 6: RECEIVABLES

The company's normal credit term is 30 days. Tenants are expected to pay rental in advance.
The company writes off a trade receivable when there is available information that the debtor is in severe financial difficulty and there is no realistic likelihood of recovery, E.g. when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the trade receivables are over two years past due date, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

	2019 $	2018 $
Accrued income	3,750,515	4,207,314
Debtors and prepayments	1,604,491	554,655
Less Provision for impairment of receivables	(185,151)	(189,520)
	5,169,855	4,572,449

NOTE 7: DERIVATIVES

The company is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in cash flow due to fluctuations in interest rates in accordance with Loddon Mallee Housing Services Ltd's financial risk management policies. Loddon Mallee Housing Services Ltd has entered into an interest rate swap contract, which requires settlement of net interest receivable or payable at 30 day intervals. The fair value of the interest rate swaps at reporting date are recognised in the Statement of Financial Position as follows:

	2019 $	2018 $
Interest rate swap - cash flow hedge - Current Liability	531,231	158,781
Interest rate swap - cash flow hedge - Non Current Liability	212,738	126,622
	743,969	285,403

Interest rate swaps are used to hedge cash flow risk associated with future transactions. Gains and losses arising from changes in the fair value of derivatives are initially recognised directly in a hedge reserve in the equity section of the statement of financial position. At the date of the transaction, amounts included in the hedge reserve are transferred from equity and included in either the statement of profit or loss and other comprehensive income or the cost of assets. The statement of changes in equity includes any transfers to and from the hedge reserve.

NOTE 8: PROPERTY PLANT AND EQUIPMENT

	Note	2019 $	2018 $
Land at Directors' valuation		1,396,810	1,394,658
	8(a)	1,396,810	1,394,658
Buildings at Directors' valuation		5,645,026	5,645,026
Less accumulated depreciation		(893,463)	(773,196)
	8(a)	4,751,563	4,871,830
Land held for sale	8(b)	358,986	3,200,927
		358,986	3,200,927
Leasehold improvements at cost		1,462,009	940,751
Less accumulated depreciation		(238,024)	(137,649)
	8(b)	1,223,985	803,102
Plant & Equipment at cost		4,253,729	4,062,875
Less accumulated depreciation		(2,247,106)	(1,978,851)
	8(b)	2,006,623	2,084,024
Work In Progress at cost		614,938	5,866,611
	8(b)	614,938	5,866,611
Total Property, Plant and Equipment		**10,352,905**	**18,221,152**

(a) Land and buildings (other than Affordable Housing Assets classified as Investment Property) are carried at their fair value, less accumulated depreciation on buildings to reporting date since the date of last revaluation. Land and buildings were last re-valued on 30 June 2010 based on council rates notices valuations undertaken in 2010. As at reporting date, the Directors have assessed objective evidence to determine that the carrying value of land and buildings is fair, based on current market data and subsequent appraisal of properties.

(b) Reconciliation of the carrying amounts of each class of assets:

2019	LAND HELD FOR SALE	LEASEHOLD IMPROVEMENTS	PLANT & EQUIPMENT	LAND	BUILDINGS	WIP	TOTAL
Carrying value at beginning of year	3,200,927	803,102	2,084,023	1,394,658	4,871,830	5,866,612	18,221,152
Plus additions at cost	688,530	521,257	659,938	2,152	-	15,667,208	17,539,085
Less disposals	(3,530,471)	-	(89,417)	-	-	(22,646,372)	(26,266,260)
Plus / (Less) Transfers	-	(2,214)	-	-	-	1,727,490	1,725,276
Less depreciation/amortisation	-	(98,160)	(647,921)	-	(120,267)	-	(866,348)
Asset revaluation	-	-	-	-	-	-	-
Carrying value at end of year	358,986	1,223,985	2,006,623	1,396,810	4,751,563	614,938	10,352,905

2018	LAND HELD FOR SALE	LEASEHOLD IMPROVEMENTS	PLANT & EQUIPMENT	LAND	BUILDINGS	WIP	TOTAL
Carrying value at beginning of year	3,200,927	60,498	1,381,538	1,392,232	4,948,753	5,310,186	16,294,134
Plus additions at cost	-	825,891	1,324,588	2,426	41,595	10,469,676	12,664,176
Less disposals	-	-	(29,847)	-	-	(9,606,406)	(9,636,253)
Plus / (Less) Transfers	-	-	-	-	-	(306,844)	(306,844)
Less depreciation/amortisation	-	(83,287)	(592,256)	-	(118,518)	-	(794,061)
Asset revaluation	-	-	-	-	-	-	-
Carrying value at end of year	3,200,927	803,102	2,084,023	1,394,658	4,871,830	5,866,612	18,221,152

NOTE 9: INVESTMENT PROPERTY

Reconciliation of the carrying amounts of Investment Property:

INVESTMENT PROPERTY	2019 $	2018 $
Balance at the beginning of the year	294,332,224	274,686,429
Acquisition of investment property	8,073,118	9,328,801
Disposal of investment property	(3,751,993)	(889,345)
Change in fair value of investment property	2,610,529	11,206,339
Balance at the end of the year	301,263,878	294,332,224

(a) Affordable Housing Assets (classified as Investment Property) are carried at their fair value at reporting date. Fair value has been determined based on council rates notices valuations undertaken in 2019, or alternative valuation sources where council valuations are not available. As at reporting date, 96% of investment property (by value) has been included at council valuation, 1% (property still under construction) is included at cost, and the remaining 3% is based on other independent valuations undertaken within the last 2 years. As at reporting date the Directors have assessed objective evidence to determine that the carrying value of Investment Property is fair, based on current market data and subsequent appraisal of properties.

(b) The Director of Housing has a registered interest on the titles of the Company's affordable housing association properties. A registration of the Director's interest under the provisions of the *Housing Act 1983 has the effect of preventing dealings in the title without the consent* of the Director of Housing. It is intended that the company will still be able to borrow against the asset and secure borrowing by mortgage. The company has a first registered mortgage over nominated affordable housing association titles with The Bendigo and Adelaide Bank Limited.

NOTE 10: OTHER NON CURRENT ASSETS

	2019 $	2018 $
Housing subsidy management rights	831,851	995,105

NOTE 11: ACCOUNTS PAYABLE

	2019 $	2018 $
Unsecured liabilities		
Creditors and other payables	513,240	492,099
Accrued expenses	537,418	823,676
	1,050,658	1,315,775

Refer to Note 22 for detailed information on financial instruments.

NOTE 12: TAX LIABILITY/(ASSET)

	2019 $	2018 $
GST (receivable)/payable	1,674,113	(171,603)
PAYG Tax (receivable)/payable	-	(6,019)
	1,674,113	(177,622)

NOTE 13: EMPLOYEE BENEFITS

	2019 $	2018 $
CURRENT		
Provision for annual leave	782,499	610,852
Provision for long service leave	784,286	725,320
	1,566,785	1,336,172
NON-CURRENT		
Provision for long service leave	201,067	140,578
	201,067	140,578

Movements in the provision for employee benefits are as follows :		
Opening balance	1,476,750	1,532,136
Additional provisions recognised	1,050,854	608,404
Amounts used	(759,752)	(663,790)
	1,767,852	1,476,750

Provision for employee benefits represents amounts accrued for annual leave and long service leave.
The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(c).

NOTE 14: OTHER CURRENT LIABILITIES

	2019 $	2018 $
Rents owing to owners	203,279	262,918
Committed income	5,287,044	5,527,833
	5,490,323	5,790,751

NOTE 15: INTEREST BEARING LIABILITIES

	2019 $	2018 $
Current	24,882	28,333
Non Current	48,384,376	58,616,234
	48,409,258	58,644,567

Loans to be paid as follows :		
Within One year	24,882	28,333
One to five years	48,384,376	58,616,234
	48,409,258	58,644,567

The interest-bearing debt is secured by a first registered mortgage over nominated freehold properties owned by Loddon Mallee Housing Services Ltd.

NOTE 16: CASH FLOW INFORMATION

Reconciliation of net cash provided by operating activities with net result for the year

	2019 $	2018 $
Net result for the year	11,525,529	16,250,332
Non - cash flows in net result for the year		
Amortisation	263,628	246,541
Depreciation	737,078	710,774
(Profit) / loss on disposal of Assets	(497,060)	(81,192)
Fair value gains on Investment Properties	(2,610,529)	(11,206,339)
Net gain on sale of developed land	8,093,616	-
Changes in assets & liabilities		
Decrease (increase) in receivables	(597,406)	(1,161,156)
Increase (decrease) in accounts payable	(265,117)	(1,126,308)
Increase (decrease) in tax liabilities / asset	1,851,735	(62,417)
Increase (decrease) in employee benefits provisions	291,102	(55,386)
Increase (decrease) in other liabilities	(303,879)	644,404
Net cash provided by operating activities	18,488,697	4,159,253

NOTE 17: MEMBERS GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the Constitution states that every member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. As at reporting date there were 11 full members (30/6/2018: 10 full members) to which the above provision applies.
The maximum amount that the members of the Company are required to contribute is $110 (2018: $100).

NOTE 18: RELATED PARTY DISCLOSURES

(a) Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Mr Andrew Cairns, a Director, is an employee of Bendigo and Adelaide Bank Ltd which is the primary bank of Loddon Mallee Housing Services Ltd.

(b) The names of those who held a position as director of the company at any time during the year are as follows:

Sue Clarke	Jan Snell
Damien Tangey	Gerard Jose
Jan Boynton	Warick Cavanagh
David Brant	William O'Neil
Melanie Rogers	Candy Broad
Ken Befrage	Andrew Cairns

NOTE 19: AUDITOR'S REMUNERATION

	2019 $	2018 $
Remuneration of the Loddon Mallee Housing Services Ltd auditor, AFS & Associates:		
(i) for audit of the accounts	25,000	24,600
(ii) for other services provided	16,671	660
	41,671	25,260

NOTE 20: LEASES

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increases in the lease commitments may occur in line with the consumer price index (CPI).

At the reporting date, Loddon Mallee Housing Services Ltd had the following obligations under non-cancellable operating leases for the commercial leasing of office premises by the company (these obligations are not recognised as liabilities at reporting date):

	2019	2018
	$	$
Within one year	362,261	362,261
One to five years	1,049,968	1,323,587
Five years plus	868,740	868,740
	2,280,969	2,554,588

At reporting date, Loddon Mallee Housing Services Ltd has no finance leases.

NOTE 21: COMMITMENTS

At the reporting date, Loddon Mallee Housing Services Ltd had entered into the following commitments in respect of construction and land acquisition contracts relating to affordable housing properties (these obligations are not recognised as liabilities at reporting date):

	2019	2018
	$	$
Within one year	2,362,034	4,422,599
One to five years	-	-
Five years plus	-	-
	2,362,034	4,422,599

NOTE 22: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, borrowings and leases.

The carrying amounts 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		
Cash and cash equivalents	9,256,566	5,886,612
Trade and other receivables	5,169,855	4,572,449
	14,426,421	10,459,061
Financial Liabilities		
Trade and other payables	1,050,658	1,315,775
Interest bearing liabilities	48,409,258	58,644,567
	49,459,916	59,960,342

Net Fair Values

The carrying value of financial assets and liabilities are equivalent to their net fair values.

NOTE 23: DOMICILE AND LEGAL FORM

Loddon Mallee Housing Services Ltd is a company limited by guarantee that is incorporated in Australia and operates under the trading name Haven; Home, Safe. The registered office is located at 61 Bull Street, Bendigo, and the principal place of business (head office) is located at 10-16 Forest Street Bendigo.

NOTE 24: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Loddon Mallee Housing Services Ltd is party to a "Funding Deed" with the Director of Housing. The Funding Deed provides the mechanism with which the Company obtains funding from the State Government for the purpose of funding capital projects to achieve the Victorian State Government's and Loddon Mallee Housing Services Ltd's objectives of providing affordable rental housing to tenants on low incomes.

Loddon Mallee Housing Services Ltd received capital grants during the year.

These amounts are included at note 3 - Capital Grants. The Funding Deed provides that if the Funding Deed or any project funded under the Funding Deed is terminated for any reason, Loddon Mallee Housing Services Ltd is required to repay to the Director of Housing within 30 days of termination, the Director's proportion of the market value of the terminated projects and properties acquired under the Funding Deed. The Director's proportion is calculated as the "Total funds by the Director/Market value at the time funding provided of property and assets acquired with funding x current market value of property and assets acquired with funding." The Directors are not aware of any circumstances that currently exist to cause the Funding Deed to be terminated.

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

Haven; Home, Safe has announced a merger with Preston-based housing provider Active Community Housing Ltd. An Asset Transfer Deed was signed on 27/06/2019, with the merger completed on 1/7/19, at which time Haven; Home, Safe acquired the operations and net assets of Active Community Housing Limited.

NOTE 26: FAIR VALUE MEASUREMENT

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition.

The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements	2019	2018
	$	$
Non-financial assets		
Investment Properties	301,263,878	294,332,224
	301,263,878	294,332,224

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
28 081 883 623
DIRECTOR'S REPORT

The Directors submit the financial accounts of the company for the year ended 30 June 2019.

DIRECTORS

The names of each person who has been a director during the year and to the date of this report are:

Sue Clarke	David Brant		Damien Tangey	(appointed 6/12/18)
Ken Belfrage	Warwick Cavanagh		William O'Neil	(resigned 31/12/18)
Melanie Rogers	Candy Broad			
Andrew Cairns	Gerard Jose	(appointed 6/12/18)		
Janet Boynton	Jan Snell	(appointed 7/2/19)		

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES & OBJECTIVES

Loddon Mallee Housing Services Ltd is focused on delivering *More Homes* and *More Supports* to vulnerable Victorians through developing *More Partnerships* and *More Capacity*. This is reflected in Our Purpose: "*In a world where homelessness and housing crisis exist, we connect people with housing options and integrated supports so that they can find and keep a place to call home*", and in our 2017-2022 Strategic Plan.

To meet this commitment we provide a range of services including:
Housing options:
* short term (transitional) housing - in our own properties, in DHHS-owned properties and head lease arrangements.
* affordable long term housing

Direct client support options:
* intake, assessment and referral services
* emergency relief support

Brokerage services

While there have not been specific changes to the range of services offered this year, as funding has become available through the State Government's '*Homes for Victorians*' policy initiatives, Loddon Mallee Housing Services Ltd has been able to offer more homes and more supports to specific groups of vulnerable people in our community, including those fleeing family violence, and rough sleepers.

REVIEW OF OPERATIONS

A review of the operations of the company during the financial year and the results of those operations is as follows:

The operating surplus for the company for the year ended 30 June 2019 was $11,525,529. This result has been determined after application of Australian Accounting Standard AASB 118 - Revenue.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the year.

AFTER BALANCE DATE EVENTS

Haven; Home, Safe has announced a merger with Preston-based housing provider Active Community Housing Ltd. An Asset Transfer Deed was signed on 27/06/2019, with the merger completed on 1/7/19, at which time Haven; Home, Safe acquired the operations and net assets of Active Community Housing Limited.
At 30/6/2019, the net assets of Active Community Housing Limited total approximately $8.5m.

ENVIRONMENTAL ISSUES

The entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

MEMBER'S GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company. As at 30 June 2019 there were 11 full members to which the above provision applies. The total amount the members of the company are required to contribute is $110.

DIRECTOR'S PARTICULARS

(a) Qualifications, experience, and other information.

Sue Clarke	Chairperson
Qualifications:	Grad Dip. Business, Grad Dip. S.Science, FAICD, Executive Fellow ANZSOG, Graduate AMC CMC.
Experience:	Sue has held senior positions in Health and Community Services over the past four decades including 12 years as CEO of Bendigo Community Health Services. She also holds board positions as a Director of Ambulance Victoria, Bendigo Health Care Group, Murray PHN, Zonta Club of Bendigo, and is a member of the Central Victorian AICD Advisory Committee.
Ken Belfrage	Director
Qualifications:	Dip.Bus. Studies, FCA, GAICD
Experience:	Ken was until his retirement a Partner at AFS and Associates accounting practice. He was a chartered accountant with 34 years in public accounting.
Melanie Rogers	Director
Qualifications:	B.Sc Dip.Bus. Grad Cert. H.I. Grad Cert Prof. Acc., GAICD
Experience:	Director at Loddon Mallee Housing Service P/L since 2012. Director of Business Transformation, Central Goldfields Shire Council. Twenty five years experience in public administration, human resources and governance. Eleven years previous Board experience. Currently Member Bellarine Bayside Foreshore Committee of Management, Trust Member Geelong Cemeteries Trust, Director of Active Community Housing.
Andrew Cairns	Director
Qualifications:	Bachelor of Engineering (Mechanical), GAICD
Experience:	Andrew Cairns is the CEO of Community Sector Banking and has 15 years2 experience in senior management roles. He is also the Chair of the regional urban water authority, Western Water.
Janet Boynton	Director
Qualifications:	BTRP (Melb),Grad.Dip Aust. Institute Company Directors , FAICD, FPIA
Experience:	Jan is an independent executive consultant with over 25 years' experience at Executive and CEO level in local and state government and the not-for-profit sector across regional Victoria. Jan is currently a member of the Bendigo Advisory Committee, AICD, Board Member of the Bendigo Jockey Club, Director of CVGT Australia, Director of the Bendigo Art Gallery and Member Councilor Code of Conduct Panel (State Government).
David Brant	Director
Qualifications:	Bachelor of Engineering (Mechanical), Post Graduate Diploma Business Administration, FAICD.
Experience:	David Brant, former North-East Housing Service Director and London Business School graduate with extensive skills in strategy development and implementation. With over 20 years' experience in Corporate Governance in Australia and a number of countries in Asia, David provides managment consultancy to businesses looking to improve their top and bottom lines.
Warwick Cavanagh	Director
Qualifications:	Bachelor of Arts (Melb)
Experience:	Warwick Cavanagh is Chairperson of a key partner agency, Active Community Housing, a Director of National Disability Services (NDS), and a White Ribbon Ambassador. Highly respected across the disability sector, Warwick was the CEO of MOIRA Disability & Youth Services for 24 years, prior to joining the Loddon Mallee Housing Services Ltd Board in 2017.
Candy Broad	Director
Qualifications:	Bachelor of Commerce, GAICD, GAIST
Experience:	Former Member for Northern Victoria and former State Government Minister for Housing, Local Government, Energy and Resources and Ports, and a founding member of Emily's List. Deputy Chair and Board Director of Women's Health Victoria, Chair and Board Director of PrimeSafe Statutory Authority Victorian Government, a Director of the Australian Council of Superannuation Investors and Independent Trustee Director, First Super Pty Ltd.
Gerard Jose	Director
Qualifications:	Dip. Bus Management of MBA (Local Government), Post Graduate, Human Services Research, Monitoring and Evaluation, Assoc. Dip. Welfare Studies.
Experience:	Gerard has significant experience in community engagement, change management, organisation development, policy facilitation and program evaluation. He has had an extensive career in Local Government and is currently the CEO of Bendigo Community Health Services. Gerard is a people oriented leader committed to ethical stewardsihp and social justice with outstanding contemporary team based leadership communication, analytical and creative problem solving skills.
Jan Snell	Director
Qualifications:	FAICD, Master of Health Sciences (Nursing), Post Grad Cardio-Thoracic Surgery

Experience:	Jan has had a long and distinguished career in the Victorian Public Service and has held a number of senior executive positions, more recently Deputy Secretary, North Division Department Health and Human Services (DHHS). She is a Fellow of the Australian Institute of Company Directors. Jan has many years of experience in delivering services to Victorian communities and in 2015 received the Public Service Medal in recognition of this work.
Damien Tangey	Director
Qualifications:	B Bus (Prop) AAPI, GAICD, CEA
Experience:	Damien has significant experience in property development and a strong understanding of national, State and Local Government policy impacting the housing affordability framework. Damien has a Bachelor of Business (Property) and has experience in business management of a multi-faceted health industry business before progressing through to the establishment of his property development company in 2000.
William O'Neil	Director
Qualifications:	Bachelor of Arts (Urban & Regional Studies), Curtain University, Western Australia, MAICD
Experience:	Director since 2012, Owner/Director O'Neil Pollock & Associates Pty Ltd for 19 years providing specialist services in the fields of strategic town planning and local and regional economic development facilitation. Director on the Board of Coliban Water Corporation, Director of Mount View Properties (Vic) P/L, Director of WOMP P/L and Senior Sessional Member of Planning panels Victoria.

DIRECTOR MEMBERSHIP OF BOARD SUB-COMMITTEES

	Sue Clarke	Ken Belfrage	Melanie Rogers	Andrew Cairns	Janet Boynton	David Brant	Warwick Cavanagh	Candy Broad	Gerard Jose	Jan Snell	Damien Tangey	William O'Neil
Remuneration & Assessment Committee	x			x	x	x						
Risk Committee			x				x	x		x		
Corporate Strategy & Governance Committee	x			x	x				x			x
Development Committee	x	x		x							x	
Finance & Audit Committee		x	x			x	x				x	

DIRECTORS MEETINGS

During the financial year, 12 formal meetings were held: 9 ordinary meetings, 1 Annual General Meeting and 2 Extraordinary Meetings.

Director's Name	Number attended	Number eligible to attend
Sue Clarke	11	12
Damien Tangey	4	6
Jan Boynton	12	12
David Brant	11	12
Melanie Rogers	11	12
Ken Befrage	10	12
Jan Snell	4	5
Gerard Jose	5	6
Warick Cavanagh	10	12
William O'Neil	1	1
Candy Broad	9	12
Andrew Cairns	10	12

CORPORATE GOVERNANCE

The Governance Framework of Loddon Mallee Housing Services Ltd is shaped by its constitution, organisational policies and external factors such as regulations, community expectations and law. The pillars of the governance framework are its Constitution, Board Charter and Code of Conduct and various Board policies that are designed to assist Directors execute their roles and responsibilities transparently and appropriately. The Board reviews its Strategic Plan annually.

Loddon Mallee Housing Services Ltd operates within, and must remain compliant with:

- Relevant legislation, including, but not limited to, the Corporations Act (Cth)
- Regulators, including, but not limited to, the Victorian Housing Registrar, ASIC ACNC and ATO
- Contractual commitments with agencies including, but not limited to, DHHS (Vic) and DHS (Cth)

The Board of Directors influences the Loddon Mallee Housing Services Ltd governance environment to best meet its purpose, values and overall strategies as defined in the organisation's Strategic Plan and in alignment with its Constitution.

The composition of the Board is in accordance with the Constitution of the Company. The Chair is elected by Board Directors at the AGM.

Remuneration:

Total remuneration	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 - \$39,9999
Number of directors	5	4	1

In the previous financial year remuneration was as follows:

Total remuneration	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 - \$39,9999
Number of directors	9	1	0

AUDIT INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under the *Australian Charities and Not-For-Profits Commissions Act 2012* is set out on page X.

BENEFITS UNDER CONTRACTS WITH DIRECTORS

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

This declaration is signed in accordance with a resolution of the Board of Directors.

S Clarke

.... Sue Clarke - Chair, Board of Directors

Dated this day 2019

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
28 081 883 623
DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages XX to XX are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
    (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
    (b) give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
2. In the directors opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

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Sue Clarke- Chair, Board of Directors

Dated this day 2019