
Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe

ABN: 28 081 883 623

Financial Report

For the year ended 30 June 2021

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe

30 June 2021

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Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe Directors' Report

For the Year Ended 30 June 2021

The directors present their report of Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe (herein referred to as HHS) for the year ended 30 June 2021.

Directors

The names of the directors in office at any time during, or since the end of the year are:

Names	Position
Damien Tangey	Chair
Ken Belfrage	Director
Melanie Rogers	Director
Janet Boynton	Director
David Brant	Director
Warwick Cavanagh	Director
Gerard Jose	Director
Jan Snell	Director
Anne Terry (appointed 2 March 2021)	Director
Michael Page (appointed 2 March 2021)	Director
Candy Broad (resigned 18 December 2020)	Director
Andrew Cairns (resigned 18 December 2020)	Director

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

Principal Activities

HHS 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

We have more than 1,800 properties that we either own or manage on behalf of the DHHS or via head lease arrangement with partners including short term (transitional) housing and affordable long term housing.

Direct client support options

- intake, assessment and referral services.
- support services for particular cohorts including housing support for the aged, families at risk, community connections and other wrap around services.
- client brokerage services including emergency relief assistance.

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, HHS has been able to offer more homes and more supports to specific groups of vulnerable people in our community through programs such as Moving On assisting those fleeing Domestic abuse, Housing Direct assisting those that are homeless into Housing First options with wrap around and tailored support and Rough Sleepers through the Victorian Rough Sleeper Action Plan.

Loddon Mallee Housing Services Ltd.

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Directors' Report

For the Year Ended 30 June 2021

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 impact of changes in the Australian economy, the property market and Covid-19 more generally has been considered as part of the annual fair value assessment of fair value of investment properties which is this year supported by external valuation data. The company has not experienced any reduction in revenues or material increase in costs that create any concerns for our solvency or ability to trade as a going concern.

The operating surplus for the company for the year ended 30 June 2021 was \$46,411,754 (2020: \$2,570,282).

Significant Changes in the State of Affairs

In response to COVID-19, HHS has continued to act to protect the health and safety of our clients, staff and contractors by implementing a range of measures. The company invested considerable resources in providing most staff with the digital capacity to work from home, as well as making significant changes within the office environment, including new visitor engagement protocols and office hygiene practices. Resources were redeployed where possible to manage the increase in client engagement via telephone and video link rather than face-to-face contact. The company continues to invest in new technology, policies and procedures to provide operational flexibility and to embed more agile ways of working across the organisation.

There were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this financial report.

After Balance Date Events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by HHS at the reporting date. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on HHS, its operations, its future results and financial position. The state of emergency in Victoria was extended on 26 August 2021 until 23 September 2021.

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of HHS, the results of those operations or the state of affairs of HHS in future financial years.

Environmental issues

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

Benefits under contracts with Directors'

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

Loddon Mallee Housing Services Ltd.

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Directors' Report

For the Year Ended 30 June 2021

Members' Guarantee

HHS is a company 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 the reporting date there were 10 full members (30/6/2020: 11 full members) to which the above provision applies. The maximum amount that the members of the company are required to contribute is \$100 (2020: \$110).

Information on Directors

Damien Tangey, Chairperson

Qualifications: B Bus (Prop) AAPI, GAICD, CEA
Experience: Damien Tangey is the Managing Director of Birchgrove Property, a Bendigo-based business specialising in residential development. He has significant experience in the property sector and has a strong understanding of the tiers of policy and market forces impacting the housing affordability framework. Damien also serves as a Board member of the Victorian Planning Authority and the Bendigo Business Council – Be.Bendigo. Other community commitments include roles as a committee member of the Loddon Mallee Regional Development Australia Committee and as President of the Bendigo Senior Secondary College Council. Damien is a Past President of the Urban Development Institute of Australia (Vic).

Ken Belfrage

Qualifications: Dip.Bus. Studies, FCA, GAICD
Experience: Ken was, until his retirement, a Partner at a regional accounting and audit practice. He is a chartered accountant with 34 years in public accounting.

Melanie Rogers

Qualifications: B.Sc Dip.Bus. Grad Cert. H.I. Grad Cert Prof. Acc., GAICD
Experience: Melanie Rogers is an experienced governance and HR/IT executive with many years' experience in local government and community sector. Melanie is also a Trust Member of the Geelong Cemeteries Trust.

Janet Boynton

Qualifications: BTRP (Melb), Grad.Dip Aust. Institute Company Directors, FAICD, FPIA
Experience: Jan Boynton 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.

David Brant

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 management consultancy to businesses looking to improve their top and bottom lines.

Loddon Mallee Housing Services Ltd.

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Directors' Report

For the Year Ended 30 June 2021

Information on Directors (continued)

Warwick Cavanagh

Qualifications: Bachelor of Arts (Melb)
Experience: Warwick Cavanagh is highly respected across the disability sector and is a Director of National Disability Services (NDS). Warwick served as the CEO of MOIRA Disability and Youth services for 24 years and is now the CEO of Bayley House.

Gerard Jose

Qualifications: Dip. Bus Management of MBA (Local Government), Post Graduate, Human Services
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 privileged to be CEO with Bendigo Community Health Services, and previously served as CEO with Mildura Regional City. Gerard is a people-oriented leader committed to ethical stewardship and social justice with outstanding contemporary team-based leadership, communication, analytical and creative problem-solving skills.

Jan Snell

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 & Human Services (DHHS). She is a Fellow of the Australian Institute Company Directors. She has many years of experience in delivering services to Victorian communities and in 2015 received a Public Service Medal in recognition of this work.

Anne Terry (appointed 2 March 2021)

Qualifications: Master of Laws (Honours), MBA, Graduate Diploma in Chartered Accounting (Certificate of Public Practice, Institute of Chartered Accountants)
Experience: Anne has senior commercial, financial, governance, risk, and legal executive experience with several ASX100 companies including Macquarie Capital, Kennelly Constructions, and Lend Lease.

Michael Page (appointed 2 March 2021)

Qualifications: Bachelor of Civil Engineering, GAICD
Experience: Michael has senior management experience at both the corporate and board level in property, finance, and construction, including 15 years of experience in social, affordable, and disability-related housing.

Loddon Mallee Housing Services Ltd.

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Directors' Report

For the Year Ended 30 June 2021

Information on Directors (continued)

Candy Broad (resigned 18 December 2020)

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, a Director of the Australian Council of Superannuation Investors and Independent Trustee Director, First Super Pty Ltd.

Andrew Cairns (resigned 18 December 2020)

Qualifications:	Bachelor of Engineering (Electrical), GAICD
Experience:	Andrew Cairns was the CEO of Community Sector Banking and has 15 years experience in senior management roles. He was also the Chair of the regional urban water authority, Western Water.

Director Membership of Board Sub-Committees

	Finance and Development Committee	Risk Committee	Quality and Services Committee	Remuneration and assessment committee
Damien Tangey				X
Ken Belfrage	X			
Melanie Rogers	X	X	X	
Janet Boynton			X	X
David Brant				X
Warwick Cavanagh		X	X	
Gerard Jose			X	
Jan Snell		X	X	X
Anne Terry (appointed 2 March 2021)	X	X		
Michael Page (appointed 2 March 2021)	X	X		
Candy Broad (resigned 18 December 2020)				
Andrew Cairns (resigned 18 December 2020)				

Loddon Mallee Housing Services Ltd.

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Directors' Report

For the Year Ended 30 June 2021

Meetings of Directors

During the financial year, 19 formal meetings were held: 10 ordinary meetings, 1 Annual General Meeting and 8 Extraordinary Meetings.

Attendance by each director were as follows:

	Board of Directors		Finance and Development Committee		Risk Committee		Quality and Services Committee		Remuneration and assessment committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Damien Tangey	19	19	12	11	-	-	3	3	5	5
Ken Belfrage	19	19	12	12	-	-	-	-	2	2
Melanie Rogers	19	19	12	12	4	4	5	5	-	-
Janet Boynton	19	19	11	11	4	4	5	5	5	5
David Brant	19	19	7	7	-	-	-	-	5	5
Warwick Cavanagh	19	19	9	5	4	4	3	3	1	1
Gerard Jose	19	18	3	3	-	-	5	4	-	-
Jan Snell	19	19	11	11	4	4	5	5	5	5
Anne Terry (app. 2 Mar 21)	6	5	4	4	2	2	-	-	-	-
Michael Page (app. 2 Mar 21)	6	6	4	4	2	2	2	2	-	-
Candy Broad (res. 18 Dec 20)	11	11	4	4	2	2	-	-	-	-
Andrew Cairns (res.18 Dec 20)	11	10	6	4	1	1	1	1	1	1

Corporate Governance

The governance framework of HHS 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.

HHS operates within, and must remain compliant with:

- Relevant legislation, including, but not limited to, the *Corporations Act 2001* (Cth)
- Regulators, including, but not limited to, the Victorian Housing Registrar, ASIC, ACNC and ATO
- Contractual commitments with agencies including, but not limited to, DHS (Vic) and DHS (Cth)

The Board of Directors influences the HHS 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 first ordinary meeting after the AGM.

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe Directors' Report

For the Year Ended 30 June 2021

Auditors' Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 8 of the financial reports.

The directors' report is signed in accordance with a resolution of the board of directors.



Damien Tangey, Chairperson

Dated this 7th day of October 2021

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 Limited t/as Haven; Home, Safe

As lead auditor for the audit of Loddon Mallee Housing Services Limited t/as Haven; Home, Safe for the year ended 30 June 2021, 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 7 day of October 2021



Brad Ead
Lead Auditor

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
Revenue	2	19,343,812	15,811,897
Other income	2	73,235,305	25,527,449
Employee salaries, benefits and on-costs		(16,470,059)	(14,907,236)
Depreciation and amortisation expense	3(a)	(1,632,314)	(1,405,920)
Travel and training		(303,666)	(442,471)
Office costs		(646,211)	(454,679)
Vehicle costs		(199,130)	(280,991)
Communication costs		(324,556)	(236,214)
Administration		(1,872,035)	(2,166,113)
Insurance		(731,659)	(683,957)
Client costs		(6,719,795)	(4,836,774)
Property costs		(7,347,287)	(7,278,523)
Rent to owners		(4,092,380)	(4,495,952)
Interest		(1,444,243)	(1,580,234)
Partner support services		(652,085)	-
Other expenses	3(c)	(3,731,944)	-
Surplus for the year		46,411,753	2,570,282
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of land and buildings		1,405,332	-
Net gain/(loss) on effective part of cash flow hedge		-	112,594
Merger equity contribution		-	8,481,771
Total other comprehensive income		1,405,332	8,594,365
Total comprehensive income for the year		47,817,085	11,164,647

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.

t/as Haven; Home, Safe

Statement of Financial Position

As at 30 June 2021

	Notes	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	4	16,071,496	12,353,738
Trade and other receivables	5	4,532,594	4,278,369
Other assets	6	430,038	639,638
Total current assets		21,034,128	17,271,745
Non-current assets			
Property, plant and equipment	7	9,949,182	9,525,675
Investment property	8	371,189,486	323,759,462
Right-of-use assets	9	4,846,137	4,063,686
Intangible assets	10	505,343	668,597
Total non-current assets		386,490,148	338,017,420
Total assets		407,524,276	355,289,165
Current liabilities			
Trade and other payables	11	3,268,567	1,994,159
Contract liabilities	12	6,653,172	4,238,941
Lease liabilities	13	385,718	274,840
Employee benefits	14	2,012,480	1,717,715
Other liabilities	15	427,771	460,021
Total current liabilities		12,747,708	8,685,676
Non-current liabilities			
Lease liabilities	13	4,573,153	3,864,231
Employee benefits	14	216,612	569,540
Borrowings	16	65,000,000	65,000,000
Total non-current liabilities		69,789,765	69,433,771
Total liabilities		82,537,473	78,119,447
Net assets		324,986,803	277,169,718
Equity			
Accumulated Surplus		324,986,803	277,169,718
Total equity		324,986,803	277,169,718

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

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Statement of Changes in Equity

For the Year Ended 30 June 2021

	Accumulated surplus	Total
	\$	\$
Balance at 1 July 2019	267,738,882	267,738,882
Cumulative impact of adoption of AASB 15, 16 and 1058	(1,733,811)	(1,733,811)
Restated balance at 1 July 2019	266,005,071	266,005,071
Total comprehensive income for the year	11,164,647	11,164,647
Balance at 30 June 2020	277,169,718	277,169,718
Balance at 1 July 2020	277,169,718	277,169,718
Total comprehensive income for the year	47,817,085	47,817,085
Balance at 30 June 2021	324,986,803	324,986,803

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

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Grants received		19,343,812	18,517,359
Other income		30,265,939	23,615,949
Payments to suppliers and employees		(43,851,826)	(38,036,717)
Net amounts received from / (paid to) Australian Taxation Office - GST		(1,218,300)	1,348,838
Interest received		54,267	121,762
Interest paid		(1,364,031)	(1,519,866)
Interest payments on lease liabilities		(80,212)	(85,250)
Net cash provided by operating activities	17	3,149,649	3,962,075
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		64,945	62,621
Payments for property, plant and equipment		(466,963)	(1,002,037)
Proceeds from sale of investment properties		12,502,443	2,433,552
Purchase of investment properties		(11,253,425)	(18,605,040)
Merger acquisition, net cash acquired		-	493,019
Net cash provided by/(used in) investing activities		847,000	(16,617,885)
Cash flows from financing activities			
Proceeds received from/(payments for) borrowings		-	16,615,624
Payment of cashflow hedge		-	(631,375)
Lease liability repayments		(278,891)	(231,267)
Net cash provided by/(used in) financing activities		(278,891)	15,752,982
Net increase in cash held		3,717,758	3,097,172
Cash and cash equivalents at the beginning of the financial year		12,353,738	9,256,566
Cash and cash equivalents at the end of the financial year	4	16,071,496	12,353,738

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

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial statements cover Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe (herein referred to as HHS) as an individual association, incorporated and domiciled in Australia. HHS is a not-for-profit, company limited by guarantee primarily 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.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows of the company as a result of the change in the basis of preparation.

These financial statements were authorised for issue by the Board of Directors on 7 October 2021.

Functional and presentation currency and rounding

These financial statements are presented in Australian dollars, which is the company's functional currency. The amounts have been rounded to the nearest dollar.

Impact of global COVID-19 pandemic

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, HHS was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which HHS operates.

HHS introduced a range of measures to ensure we were able to provide a safe working environment for staff, comply with Government directives and maintain service delivery in both the prior and current year, including implementing work from home arrangements where appropriate.

As restrictions eased towards the end of the financial year HHS were able to revise some measures where appropriate. Subsequent to year end however, the Victorian Government issued further lockdown restrictions for regional Victoria commencing 21 August, with no end date yet released. During this period of time HHS have reintroduced such measures.

For further details refer to Note 21 Events After the Reporting Period.

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies

(a) Changes in accounting policies and estimates

The directors have elected to apply AASB 1060: *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* prior to its mandatory effective date (annual reporting periods beginning on or after 1 July 2021).

As a result of the early application of AASB 1060, these financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures.

Previous reporting framework and transition adjustments

The company previously prepared general purpose financial statements under Tier 2 - Reduced Disclosure Requirements. There were no transition adjustments other than a few disclosure changes on the adoption of Australian Accounting Standards - Simplified Disclosures.

(b) Revenue

Government grants

When the company receives grant revenue, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the company:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at the time of which services are rendered.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

If a contract liability is recognised as a related amount above, the company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Payment of grants are typically due either at the inception of the contract, or as and when applicable payment milestones are satisfied, which may occur over the term of the contract. Such contracts do not typically contain a significant financing component. Where such contracts contain variable consideration, the recognition of such consideration is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur.

The Company's grant funding agreements typically contain sufficiently specific performance obligations. This means that under AASB 15 such funds are recognised as revenue when or as it satisfies its obligations under the contract. Where necessary, The Company will seek to work closely with funding bodies to ensure future funding agreements contain obligations that have sufficient specificity to enable deferral and recognition of revenue to depict the transfer of goods/services to customers under AASB 15.

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(b) Revenue (continued)**Capital grants**

When the company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The company recognises income in profit or loss when or as the company satisfies its obligations under terms of the grant.

Rental revenue

Rental revenue derived from properties managed or owned by, HHS is recognised on an accrual basis.

Donations

Donations are generally recognised upon receipt as they do not contain sufficiently specific and enforceable performance obligations.

Other revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. The gain or loss on disposal of non-current asset sales are recognised at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

All revenue is stated net of the amount of goods and services tax.

(c) Income tax

No provision for income tax has been raised as the company is exempt from income tax under subdivision 50-B of the *Income Tax Assessment Act 1997*.

(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.

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(e) 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.

Freehold property

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) based on periodic valuations, less subsequent depreciation for buildings. In periods where the freehold property is not subject to an independent valuation, the directors conduct directors' valuations to ensure that the carrying amount for the land and buildings is not materially different to the fair value.

Where the property has been 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 recognised in other comprehensive income and accumulated in equity. Revaluation decreases that offset previous increases of the same asset shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

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.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

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 the recoverable amount is made when impairment indicators are present.

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(e) Property, Plant and Equipment (continued)**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, which are consistent with the previous reporting period, are as follows:

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

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

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.

(f) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets (new assets where the underlying asset value is \$10,000 or less). Lease payments on these assets are expensed to profit or loss as incurred.

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(g) Intangible assets

National Rental Affordability Scheme (NRAS) subsidies are initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. The subsidies have an estimated useful life of ten years. They are assessed annually for impairment.

(h) Financial Instruments**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the company 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.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and Subsequent Measurement**Financial liabilities**

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.

HHS classify trade and other payables, lease liabilities and borrowings in this category.

A financial liability cannot be reclassified.

Financial assets

Financial assets are measured at amortised costs if both of the following criteria are met:

- 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.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

HHS recognises cash and cash equivalents and trade and other receivables in this category.

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(h) Financial Instruments (continued)**Derecognition**

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

Derecognition of financial liabilities

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
- HHS 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.

Recognition of expected credit losses in financial statements

The company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

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 company 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 client base, appropriate groupings of its historical loss experience etc.).

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

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(i) Impairment of Assets

At the end of each reporting period, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on the company which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation reserve for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) 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.

Long-term employee benefits

The company classifies employee's long service 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 government 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-60 days of recognition.

(l) Contract liabilities

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

(m) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used
- residual guarantee
- lease term
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(n) 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.

(o) Goods and Services Tax (GST)

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.

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(o) Goods and Services Tax (GST) (continued)

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 trade and other receivables or trade and 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 in receipts from customers or payments to suppliers.

(p) Comparative Figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(q) Judgements and key sources of estimation uncertainty

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying the company's accounting policies. These judgements have the most significant effect on the amounts recognised in the financial statements.

Fair value of investment properties

The company measures the fair value of its investment properties on a recurring basis. Independent valuations sourced within the current period are utilised where available, with capital improved values assessed on council rates notices used as a secondary valuation source. Where neither of these valuations are available, alternative methodologies are used to provide the closest equivalent observable market pricing.

Identifying performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

When reviewing funding agreements under AASB 15, the company has identified that the performance obligations as per funding agreements entered into with the State and Commonwealth governments were sufficiently specific. Accordingly, such funding is recognised as revenue as the performance obligations are satisfied.

Determination and timing of revenue recognition under AASB 15

For each revenue stream, the company applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation.

The output method is used to recognise revenue once performance obligations are satisfied and goods/services to are transferred to a customer. Such goods/services are typically transferred over time.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(q) Judgements and key sources of estimation uncertainty (continued)*Lease term*

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the company will make.

The company determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the company, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

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.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal, which incorporate a number of key estimates and assumptions.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Contract liabilities

Depending on the nature of the agreement, some grant payments will be required to be recognised as contract liabilities until grant conditions are satisfied. There is some element of judgement in determining partial completion of some grant conditions.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(r) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value either on a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

"Fair value" is the price the company would sell an asset or would have to pay to transfer a liability in an orderly (i.e. 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 information.

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. 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 company at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset and 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 participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities 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.

(s) Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to HHS and their potential impact when adopted in future periods is outlined below:

- AASB 2020-8: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (applicable for reporting periods commencing on or after 1 January 2021). Adoption of this standard is not expected to have a material impact.
- AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.
- AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.
- AASB 17: *Insurance Contracts* (applicable for reporting periods commencing on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to HHS in future periods.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

		2021	2020
Note 2.	Revenue and Other Income	Note	
		\$	\$
	Revenue from contracts with customers	2(a)	19,343,812
	Other sources of income	2(b)	73,235,305
	Total revenue and other income		92,579,117
(a) Disaggregated revenue			
The company has disaggregated revenue by the nature of revenue and timing of revenue recognition.			
Categories of disaggregation			
<u>Funding bodies:</u>			
Funding from government		19,343,812	15,811,897
Total disaggregated revenue from contracts with customers under AASB 15		19,343,812	15,811,897
Timing of revenue recognition			
Services transferred to customers:			
- at a point in time		-	-
- over time		19,343,812	15,811,897
		19,343,812	15,811,897
(b) Other sources of income			
Rental income		17,668,085	17,554,810
Other income		5,660,807	5,710,352
Interest received		60,011	121,762
Donations		54,267	24,558
Capital funding		1,344,116	3,637,333
Gain/(Loss) from sale of property, plant and equipment		1,515,218	(116,680)
Fair value gain/(loss) on investment properties		46,932,801	(1,404,686)
Total other sources of income		73,235,305	25,527,449

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

			2021	2020
Note 3.	Material Profit or Loss Items	Notes	\$	\$
The company has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the company's financial performance.				
(a) Depreciation and amortisation expense				
-	Depreciation of property, plant and equipment		1,152,820	936,014
-	Depreciation of right-of-use assets		316,240	306,652
-	Amortisation of property, plant and equipment		163,254	163,254
			<u>1,632,314</u>	<u>1,405,920</u>
(b) Movements in provisions				
-	Annual leave expense		32,826	386,118
-	Long service leave expense		(57,217)	133,285
			<u>(24,391)</u>	<u>519,403</u>
(c) Other expenses				
-	Repayment of capital funding		3,731,944	-
			<u>3,731,944</u>	<u>-</u>
Note 4. Cash and Cash Equivalents				
	Cash at bank and on hand		10,529,712	6,770,587
	Short term bank deposits		5,541,784	5,583,151
	Total cash and cash equivalents	18	<u>16,071,496</u>	<u>12,353,738</u>
Short term bank deposits are highly liquid investments with a maturity of six months or less.				
Note 5. Trade and Other Receivables				
	Trade receivables		464,074	379,978
	Allowance for expected credit loss		(370,486)	(241,911)
	Accrued income		4,439,006	4,140,302
	Total trade and other receivables		<u>4,532,594</u>	<u>4,278,369</u>
(a) Financial assets at amortised cost classified as trade and other receivables (note 18)				
	Total trade and other receivables		4,532,594	4,278,369
	Allowance for expected credit loss		370,486	241,911
	Total financial assets at amortised cost	18	<u>4,903,080</u>	<u>4,520,280</u>

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
Note 6. Other Assets	\$	\$
Prepaid expenses	327,539	240,426
GST receivable	102,499	399,212
Total other assets	430,038	639,638
Note 7. Property, Plant and Equipment		
Land and Buildings		
Freehold land		
At valuation	1,068,000	1,399,074
	1,068,000	1,399,074
Buildings		
At valuation	5,832,000	5,645,026
Less accumulated depreciation	-	(1,013,731)
	5,832,000	4,631,295
Total land and buildings	6,900,000	6,030,369
Plant and Equipment		
Plant and equipment		
At cost	5,157,445	4,998,622
Less accumulated depreciation	(3,371,024)	(2,842,331)
	1,786,421	2,156,291
Leasehold improvements		
At cost	1,871,613	1,682,150
Less accumulated depreciation	(608,852)	(343,135)
	1,262,761	1,339,015
Total plant and equipment	3,049,182	3,495,306
Total property, plant and equipment	9,949,182	9,525,675

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 7. Property, Plant and Equipment (continued)

(a) Reconciliation of movements in carrying amounts for each class of asset

	Land held for sale	Freehold Land	Buildings	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
1 July 2019	358,986	1,396,810	4,751,563	2,006,623	1,223,985	9,737,967
Additions	-	2,264	-	886,230	220,142	1,108,636
Transfers	-	-	-	-	1,888	1,888
Disposals	(358,986)	-	-	(29,094)	-	(388,080)
Depreciation	-	-	(120,268)	(707,468)	(107,000)	(934,736)
1 July 2020	-	1,399,074	4,631,295	2,156,291	1,339,015	9,525,675
Additions	-	-	-	442,278	189,463	631,741
Transfers	-	(340,439)	-	-	-	(340,439)
Revaluation	-	9,365	1,395,967	-	-	1,405,332
Disposals	-	-	(75,836)	(44,471)	-	(120,307)
Depreciation	-	-	(119,426)	(767,677)	(265,717)	(1,152,820)
30 June 2021	-	1,068,000	5,832,000	1,786,421	1,262,761	9,949,182

(b) Land and buildings (other than Affordable Housing Assets classified as Investment Property) are carried at valuation, less accumulated depreciation on buildings to reporting date since the date of last revaluation (where applicable). At 30 June 2021 one property held by the company was revalued by an independent valuer, Knight Frank. The second property held by the company was revalued with reference to council rates notices undertaken in 2021. The fair value of the freehold land and buildings, based on their fair values less cost to sell, based on an active market, or council rates notice was determined to be \$6,900,000.

Note 8. Investment Property	2021 \$	2020 \$
Investment properties	358,857,993	310,885,612
Investment properties in progress	12,331,493	12,873,850
Total investment properties	371,189,486	323,759,462
Reconciliation of the carrying amounts of investment properties		
Balance at the beginning of the year	323,759,462	301,263,878
Acquisition of investment property	11,593,864	26,484,029
Disposal of investment property	(11,096,641)	(2,583,759)
Change in fair value of investment property	46,932,801	(1,404,686)
Balance at the end of the year	371,189,486	323,759,462

Loddon Mallee Housing Services Ltd.

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Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 8. Investment Property (continued)

- (a) Affordable Housing Assets (classified as Investment Property) are carried at their fair value at reporting date. Fair value has been determined based on independent valuations undertaken in June 2021 by JLL valuers where available, independent valuations completed as at 30 June 2020 indexed to 30 June 2021, council rates notices valuations undertaken in 2021 and council rates notices valuations undertaken in 2020 indexed to 30 June 2021. As at reporting date, 76% of investment property (by value) have been included at independent valuation, 22% at council valuation and 2% (new property and land still under development) is included at cost. 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 the 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 National Housing Finance & Investment Corporation.

	2021	2020
Note 9. Right of Use Assets	\$	\$
Leased buildings	5,469,029	4,370,338
Accumulated depreciation	(622,892)	(306,652)
Total right-of-use assets	4,846,137	4,063,686

- (a) Reconciliation of movements in carrying amounts for each class of asset

	Leased buildings	Total
	\$	\$
1 July 2019	4,370,338	4,370,338
Addition to right-of-use asset	-	-
Depreciation expense	(306,652)	(306,652)
1 July 2020	4,063,686	4,063,686
Addition to right-of-use asset	1,098,691	1,098,691
Depreciation expense	(316,240)	(316,240)
30 June 2021	4,846,137	4,846,137

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Notes to the Financial Statements

For the Year Ended 30 June 2021

		2021	2020
Note 10. Intangible assets	Notes	\$	\$
NRAS subsidies - at cost		1,632,538	1,632,538
Less accumulated amortisation		(1,127,195)	(963,941)
Total intangibles assets		505,343	668,597
Note 11. Trade and Other Payables			
Trade payables		710,414	860,853
Accrued expenses		2,558,153	1,133,306
Total trade and other payables	18	3,268,567	1,994,159
Note 12. Contract liabilities			
Contract liabilities		6,653,172	4,238,941
Total contract liabilities		6,653,172	4,238,941

Note 13. Lease Liabilities

The company's lease portfolio includes office premises. The lease terms of the arrangements are between 1.5 and 20 years.

		2021	2020
	Notes	\$	\$
<i>CURRENT</i>			
Lease liability		477,864	355,052
Unexpired interest		(92,146)	(80,212)
Total current lease liabilities		385,718	274,840
<i>NON-CURRENT</i>			
Lease liability		5,179,702	4,476,180
Unexpired interest		(606,549)	(611,949)
Total non-current lease liabilities		4,573,153	3,864,231
Total lease liability		5,657,566	4,831,232
Total unexpired interest		(698,695)	(692,161)
Total present value of lease liability	18	4,958,871	4,139,071
Payable			
- not later than 12 months		477,864	355,052
- between 12 months and 5 years		1,760,949	1,374,066
- greater than 5 years		3,418,753	3,102,114
Total undiscounted lease payments		5,657,566	4,831,232
Unexpired interest		(698,695)	(692,161)
Present value of lease liabilities		4,958,871	4,139,071

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 14. Employee benefits		
<i>Current</i>		
Provision for annual leave	1,201,443	1,168,617
Provision for long service leave	811,037	549,098
	2,012,480	1,717,715
<i>Non-Current</i>		
Provision for long service leave	216,612	569,540
Total employee benefits	2,229,092	2,287,255

Provision for Employee Benefits

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 rates have been determined based on historical employee attrition data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(j).

	2021	2020
	\$	\$
Note 15. Other liabilities		
Rent owing to owners	427,771	460,021
Total other liabilities	427,771	460,021
Note 16. Borrowings		
Interest bearing liabilities	65,000,000	65,000,000
Total borrowings	65,000,000	65,000,000
Payable		
- not later than 12 months	-	-
- between 12 months and 5 years	-	-
- greater than 5 years	65,000,000	65,000,000
Total payable	65,000,000	65,000,000

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
	\$	\$
Note 17. Cash Flow Information		
Reconciliation of surplus to net cash provided by operating activities		
Surplus	46,411,753	2,570,282
Non cash items:		
- amortisation	479,494	469,906
- depreciation	1,152,820	936,014
- (profit)/loss on disposal of assets	(1,515,218)	116,680
- fair value losses/(gains) on investment properties	(46,932,801)	1,404,686
- net gain on sale of developed land	-	973,922
- cumulative impact of adoption of AASB 15/1058	-	(1,733,811)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(254,225)	651,060
- (Increase)/decrease in other assets	209,600	(2,073,325)
- Increase/(decrease) in trade and other payables	1,274,408	943,501
- Increase/(decrease) in other liabilities	2,381,981	(816,243)
- Increase/(decrease) in employee benefits	(58,163)	519,403
Net cash flows provided by operating activities	3,149,649	3,962,075

Note 18. Financial Risk Management

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021	2020
		\$	\$
Financial assets			
Cash and cash equivalents	4	16,071,496	12,353,738
Trade and other receivables	5(a)	4,903,080	4,520,280
Total financial assets		20,974,576	16,874,018
Financial liabilities			
Trade and other payables	11	3,268,567	1,994,159
Lease liabilities	13	4,958,871	4,139,071
Borrowings	16	65,000,000	65,000,000
Total financial liabilities		73,227,438	71,133,230

Loddon Mallee Housing Services Ltd.

t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 19. Contingent Liabilities and Contingent Assets

There are no known contingent assets or contingent liabilities for HHS as at 30 June 2021.

Note 20. Capital commitments

At the reporting date, HHS 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):

	2021	2020
	\$	\$
Within one year	506,032	8,522,615
One to five years	52,446,629	52,446,629
Five years plus	-	-
	<u>52,952,661</u>	<u>60,969,244</u>

Note 21. Events after the Reporting Period

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by HHS at the reporting date. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on HHS, its operations, its future results and financial position. The state of emergency in Victoria was extended on 26 August 2021 until 23 September 2021.

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of HHS, the results of those operations or the state of affairs of HHS in future financial years.

Note 22. Director Remuneration and Related Party Disclosures

The totals of remuneration paid to the board directors of HHS during the year are as follows:

	2021	2020
	\$	\$
Remuneration paid to directors included in employee salaries, benefits and on-costs	229,479	277,803
Total remuneration of directors	<u>229,479</u>	<u>277,803</u>

Outside of ordinary business operation transactions with HHS, there were no related parties transactions that involved key management personnel, their close family members and their personal business interest. No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2020: None noted).

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe

Notes to the Financial Statements

For the Year Ended 30 June 2021

	2021	2020
Note 23. Auditor's Remuneration	\$	\$
Remuneration of the Auditors, Andrew Frewin Stewart for:		
- auditing the financial report	30,750	25,750
- other services	3,400	10,290
Total auditor's remuneration	34,150	36,040

Note 24. Members Guarantee

HHS is a company 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 the reporting date there were 10 full members (30/6/2020: 11 full members) to which the above provision applies. The maximum amount that the members of the company are required to contribute is \$100 (2020: \$110).

Note 25. Registered Office/Principal Place of Business

The registered office is:
10-16 Forest Street
Bendigo VICTORIA 3550

The principle place of business is:
10-16 Forest Street
Bendigo VICTORIA 3550

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe

Directors' Declaration

In accordance with a resolution of the directors of Loddon Mallee Housing Services Ltd. t/as Haven; Home Safe, the directors of the entity declare that:

- 1 The financial statements and notes, as set out on pages 9 to 34, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a. comply with Australian Accounting Standards – Simplified Disclosures, and
 - b. give a true and fair view of the company's financial position as at 30 June 2021 and of its performance for the year ended on that date.
- 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*.

Damien Tangey, Chairperson



Dated this 7th day of October 2021

Independent auditor's report to the members of Loddon Mallee Housing Services Limited t/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 Limited t/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 2021 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 Limited t/as Haven; Home, Safe's (the company) financial report comprises the:

- Statement of financial position as at 30 June 2021
- 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.

Independence

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

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.

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.

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 7 day of October 2021



Brad Ead
Lead Auditor