

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

ABN 28 081 883 623

Financial Report - 30 June 2024

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe
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**Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe
Directors' Report
30 June 2024**

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 2024.

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
Jan Snell	Director
Anne Duggan	Director
Michael Page	Director
Patrick Archer	Director
David Brant	Director (End of term 2 November 2023, co-opted 2 November 2023)
Gerard Jose	Director (End of term 2 November 2023, co-opted 2 November 2023)
Robert Camm	Director (Co-opted 7 September 2023, appointed 5 October 2023)
Niraj Pau	Director (Co-opted 3 August 2023, appointed 5 October 2023)
Janet Boynton	Director (End of term 2 November 2023)
Warwick Cavanagh	Director (End of term 2 November 2023)
Danni de Krester	Director (Resigned 3 July 2023)

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

Short and long term objectives

This financial year saw the launch of Strategy 2040, our roadmap to respond to the housing and homelessness crisis. The strategy outlines how we can have more impact on people's lives through housing, support and community connection. Our short and long term objectives to deliver our vision of better futures for all Victorian are outlined under a multi-horizon framework: Live Well (2024- 2029), Live Better (2030 – 2034) and Better Futures (2035 – 2040).

Strategy for achieving objectives

In the context of continued and increasing challenges faced by more people in the community to secure appropriate affordable housing, we are committed to delivering more diverse housing options throughout the housing continuum. We acknowledge housing alone is not enough and we continue to partner to create connected communities where our clients live. A robust strategic decision making approach ensures we are investing where we can create long-term impact for clients, aligned with our vision and purpose.

Principal activities

Our three impact areas within Strategy 2040 are impactful housing and support, impactful partnerships and capacity for impact. Our priorities and deliverables are outlined against each impact area:

Impactful housing and support

- Deliver housing solutions across the continuum
- Pursue regional urbanisation opportunities
- Ensure a people-centred approach to everything we do
- Strengthening our tenancy, maintenance and asset management
- Embed placemaking.

Impactful partnerships

- Apply our deep understanding of community needs to deliver community-led solutions
- Focus on homelessness prevention
- Invest in mutually beneficial partnerships.

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Capacity for impact

- Strengthen our culture
- Invest in digital uplift
- Invest in new solutions
- Have collective impact through our ESG+ Impact reporting and assessment tool
- Focus on outcomes over ownership
- Be able to anticipate and adapt to change.

How principal activities helped achieve our objectives

Leading with a people-centred approach and a focus on key priorities across housing, support, partnerships and organisational capacity, means we can create impact for clients whilst building our capacity to grow and pursue innovative ways to create value.

Performance measures

The company measures its performance through the use of both quantitative and qualitative benchmarks. The benchmarks will be used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

Review of operations

The operating surplus for the company for the year ended 30 June 2024 was:

2024 \$	2023 \$
3,843,088	3,121,229

The impact of changes in the Australian economy and the property market have been considered as part of the annual fair value assessment 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.

As expected there has been a decline in the fair value of investment properties recorded during the year ended 30 June 2024.

As an affordable housing association, HHS is a long term property owner. We acknowledge the impact interest rate movements has had on the market volatility and realise market normalisation may take an extended period of time. HHS has experienced the following revaluation movements over the last three years:

	2022 \$	2022 %	2023 \$	2023 %	2024 \$	2024 %	Average last 3 years \$	Average last 3 years %
Fair Value Gain/(Loss)	<u>57,997,285</u>	14.9%	<u>(8,252,961)</u>	(1.6%)	<u>(9,590,947)</u>	(1.9%)	<u>13,384,459</u>	3.8%

Significant changes in the state of affairs

There were no 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.

Events after the reporting period

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.

Information on Directors

Damien Tangey, Chairperson

Qualifications:

B.Bus (Prop) AAPI CEA GAICD LMUDIA

Experience:

Damien Tangey commenced his career as a property valuer over 30 years ago and has significant experience in the property industry across a range of sectors including planning, development, infrastructure and construction. He has a strong understanding of the tiers of policy, regulation and market forces defining settlement patterns and the housing delivery and affordability framework in Victoria including metropolitan, peri urban, regional and rural areas. He is the founder of Birchgrove, a Bendigo based business which has grown residential communities for over 20 years.

Damien also serves as the Deputy Chair of the Victorian Planning Authority Board.

Damien is a life member of the Urban Development Institute of Australia (Vic) (UDIA) and has previously served with UDIA in a range of elected roles including as President and also as Vice President of the UDIA National Council. He also has a history of serving in a number of both government and community based board and committee roles including with Regional Development Australia Loddon Mallee, La Trobe University Planning Advisory Committee and the Bendigo Business Council.

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 Duggan

Qualifications:

Master of Laws (Honours), MBA, Graduate Diploma in Chartered Accounting (Certificate of Public Practice, Institute of Chartered Accountants), Bachelor of Business and Bachelor of Law

Experience:

Anne has senior commercial, financial, governance, risk and legal executive experience with several ASX100 companies including Macquarie Capital, Lendlease, Suez Environment and Leighton Contractors. Anne has also held a partnership with KPMG and has extensive experience in advising Commonwealth & State Governments and the private sector on infrastructure and property development projects.

Michael Page

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.

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Patrick Archer

Qualifications

MBA

Experience

Patrick is COO of an ASX listed property development company and has more than 30 years' experience in property, construction and development, delivering large scale projects across the residential, retail and commercial sectors. He has an interest in affordable housing and has delivered many projects at the affordable end of the housing spectrum.

David Brant (End of term 2 November 2023, co-opted 2 November 2023)

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.

Gerard Jose (End of term 2 November 2023, co-opted 2 November 2023)

Qualifications:

Dip. Bus Management of MBA (Local Government), Post Graduate, Human Services Research.

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 Rural Care Australia, and previously served as CEO with Bendigo Community Health Services and 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.

Robert Camm (Co-opted 7 September 2023, appointed 5 October 2023)

Qualifications:

Bachelor of Commerce, Graduate Diploma in Business System, Certified Practising Accountant, FCPA, MACS, MAICD

Experience:

Robert is a highly skilled and experienced Executive and Board Director with broad experience across many roles in the private, public, and not-for-profit sectors. Robert has a proven record in the successful delivery of major and complex change projects. As a qualified CPA, Robert has extensive fiscal management ability and strong commercial acumen. Robert understands numbers. Robert has worked across all aspects of the finance and corporate functions in organisations including, procurement, accounts payable and receivable, contract management, financial reporting, and ICT.

Niraj Pau (Co-opted 3 August 2023, appointed 5 October 2023)

Qualifications:

Bachelor of Commerce (Advanced Accounting & Auditing), Chartered Accountant (ICAI India), CPA Australia, GAICD

Experience:

Easy to approach, result oriented, amicable and hands-on ambitious professional with more than 20 years of experience working in various countries and in a variety of industries. Demonstrated experience in the areas of people management, corporate services (finance, technology, facilities, engineering and procurement) and governance.

Janet Boynton (End of term 2 November 2023)

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.

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Warwick Cavanagh (End of term 2 November 2023)

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.

Danni de Kretser (Resigned 3 July 2023)

Qualifications: Bachelor of Engineering, Masters of Business Administration.
Experience: Danni is a senior consultant supporting digital and service transformation projects in the public sector. She has had a 20 year career in the Victorian public sector most recently at Deputy Secretary level. She has held numerous senior executive positions leading Victorian social care services in multiple departments, including social housing and homelessness services.

Meetings of directors

During the financial year, 11 formal meetings were held, 9 Ordinary meetings, 1 Annual General Meeting and 1 Extraordinary Meeting.

	Board of Directors Eligible	Board of Directors Attended	Finance and Development Committee Eligible	Finance and Development Committee Attended
Damien Tangey	11	11	9	8
Jan Snell	11	9	4	3
Anne Duggan	11	11	3	-
Michael Page	11	9	9	9
Patrick Archer	11	10	9	9
David Brant	11	10	9	5
Gerard Jose	11	9	-	-
Robert Camm	10	10	8	7
Niraj Pau	11	9	6	5
Janet Boynton	4	3	2	2
Warwick Cavanagh	4	4	-	-
Danni de Kretser	-	-	-	-

	Client, Quality and Risk Committee Eligible	Client, Quality and Risk Committee Attended	Strategy and Partnerships Committee Eligible	Strategy and Partnerships Committee Attended
Damien Tangey	5	4	4	4
Jan Snell	5	5	-	-
Anne Duggan	-	-	4	4
Michael Page	-	-	4	4
Patrick Archer	-	-	-	-
David Brant	4	1	4	2
Gerard Jose	5	4	-	-
Robert Camm	-	-	3	2
Niraj Pau	4	4	-	-
Janet Boynton	1	1	1	1
Warwick Cavanagh	1	1	-	-
Danni de Kretser	-	-	-	-

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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 *Australian Charities and Not-for-profits Commission Act 2012* and the *Corporations Act 2001* (Cth)
- Regulators, including, but not limited to, the Victorian Housing Registrar, the Australian Securities and Investments Commission, the Australian Charities and Not-for-profits Commission and the Australian Taxation Office.
- 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.

Auditors' Independence Declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit for financial year is provided with this report.

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



Damien Tangey
Chairperson

3 October 2024



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

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 trading as Haven; Home, Safe

As lead auditor for the audit of Loddon Mallee Housing Services Limited trading as Haven; Home, Safe for the year ended 30 June 2024, 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 3rd day of October 2024

A handwritten signature in black ink, appearing to read 'Adrian Downing', is positioned above the printed name.

Adrian Downing
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 2024**

	Note	2024 \$	2023 \$
Total revenue and other income	3	50,338,950	52,169,879
Expenses			
Employee benefits expense		(20,452,055)	(18,441,775)
Depreciation and amortisation expense		(1,595,450)	(1,452,255)
Travel and training		(426,234)	(435,355)
Office costs		(335,646)	(374,334)
Vehicle costs		(293,891)	(268,583)
Communications cost		(223,886)	(310,411)
Administration		(3,082,270)	(3,836,395)
Insurance		(681,924)	(859,769)
Client costs		(4,212,559)	(5,010,281)
Property costs		(9,968,917)	(9,524,392)
Rent to owners		(1,818,886)	(6,218,873)
Interest		(3,404,144)	(2,316,227)
Surplus before income tax expense		3,843,088	3,121,229
Income tax expense		-	-
Surplus after income tax expense for the year		3,843,088	3,121,229
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>3,843,088</u>	<u>3,121,229</u>

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 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	5	16,226,866	23,866,798
Trade and other receivables	6	8,801,387	5,012,758
Other assets		1,810,338	423,810
Total current assets		<u>26,838,591</u>	<u>29,303,366</u>
Non-current assets			
Trade and other receivables	6	193,258	-
Property, plant and equipment	7	10,224,905	9,715,376
Investment properties	8	511,451,994	507,885,693
Right-of-use assets	9	4,312,794	4,868,098
Intangible assets	10	77,310	272,767
Total non-current assets		<u>526,260,261</u>	<u>522,741,934</u>
Total assets		<u>553,098,852</u>	<u>552,045,300</u>
Liabilities			
Current liabilities			
Trade and other payables	11	4,131,085	4,424,366
Contract liabilities	12	6,064,056	7,562,617
Borrowings	16	747,369	699,050
Lease liabilities	13	378,707	458,996
Employee benefits	14	2,325,355	2,063,064
Other liabilities	15	-	228,955
Total current liabilities		<u>13,646,572</u>	<u>15,437,048</u>
Non-current liabilities			
Lease liabilities	13	4,274,238	4,624,832
Employee benefits	14	245,149	162,923
Borrowings	16	126,057,237	126,787,929
Total non-current liabilities		<u>130,576,624</u>	<u>131,575,684</u>
Total liabilities		<u>144,223,196</u>	<u>147,012,732</u>
Net assets		<u>408,875,656</u>	<u>405,032,568</u>
Equity			
Reserves		12,262,000	6,134,000
Retained surplus		<u>396,613,656</u>	<u>398,898,568</u>
Total equity		<u>408,875,656</u>	<u>405,032,568</u>

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 2024

	Reserves	Retained surplus	Total equity
	\$	\$	\$
Balance at 1 July 2022	860,000	401,051,339	401,911,339
Surplus after income tax expense for the year	-	3,121,229	3,121,229
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	3,121,229	3,121,229
<i>Transactions with members in their capacity as members:</i>			
Transfers	5,274,000	(5,274,000)	-
Balance at 30 June 2023	<u>6,134,000</u>	<u>398,898,568</u>	<u>405,032,568</u>
	Reserves	Retained surplus	Total equity
	\$	\$	\$
Balance at 1 July 2023	6,134,000	398,898,568	405,032,568
Surplus after income tax expense for the year	-	3,843,088	3,843,088
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	3,843,088	3,843,088
<i>Transactions with members in their capacity as members:</i>			
Transfers	6,128,000	(6,128,000)	-
Balance at 30 June 2024	<u>12,262,000</u>	<u>396,613,656</u>	<u>408,875,656</u>

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 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Grants received		33,303,988	49,375,348
Other income		23,686,593	25,467,679
Payments to suppliers and employees		(45,132,409)	(47,541,755)
Net amounts received from / (paid to) Australian Taxation Office - GST		(210,990)	(496,349)
Interest received		632,248	139,482
Interest paid		(3,278,791)	(2,218,908)
Interest payments on lease liabilities		(125,353)	(97,319)
Net cash from operating activities	17	<u>8,875,286</u>	<u>24,628,178</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	33,500
Payments for property, plant and equipment		(2,264,199)	(593,265)
Proceeds from sale of investment properties		8,041,854	5,273,630
Purchase of investment properties		(21,199,102)	(73,980,342)
Payments for intangibles	10	-	(96,614)
Net cash used in investing activities		<u>(15,421,447)</u>	<u>(69,363,091)</u>
Cash flows from financing activities			
Lease liability repayments		(411,398)	(363,554)
Proceeds from borrowings		-	62,486,979
Repayment of borrowings		(682,373)	-
Net cash from/(used in) financing activities		<u>(1,093,771)</u>	<u>62,123,425</u>
Net increase/(decrease) in cash and cash equivalents		(7,639,932)	17,388,512
Cash and cash equivalents at the beginning of the financial year		<u>23,866,798</u>	<u>6,478,286</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>16,226,866</u></u>	<u><u>23,866,798</u></u>

The above Statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

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*.

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 otherwise stated.

These financial statements were authorised for issue by the Board of Directors on 3 October 2024.

Statement of compliance

The company does not have 'public accountability' as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060: *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

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.

Historical cost convention

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

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

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*.

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.

Note 1. Material accounting policy information (continued)

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.

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.

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.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

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 the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Note 2. 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 are completed on one third of the investment portfolio on an annual basis. Where independent valuations are not completed, indexation rates are applied to the remaining properties to ensure the valuations of the entire portfolio are fairly stated at the end of each reporting period.

Identifying performance obligations under AASB 15: Revenue from Contracts with Customers (AASB15)

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 are transferred to a customer. Such goods/services are typically transferred over time.

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.

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Note 2. Judgements and key sources of estimation uncertainty (continued)

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.

Note 3. Revenue and other income

	2024 \$	2023 \$
Revenue from contracts with customers	22,422,847	23,933,098
<i>Other sources of income</i>		
Rental income	16,356,886	18,312,700
Capital grants	14,078,706	11,495,037
Interest received	632,248	139,482
Donations	15,209	499,741
Gain/(loss) from sale of property, plant and equipment	(890,497)	(626,481)
Fair value gain/(loss) on investment properties	(9,590,947)	(8,252,961)
Other income	7,314,498	6,669,263
	<u>27,916,103</u>	<u>28,236,781</u>
Total revenue and other income	<u>50,338,950</u>	<u>52,169,879</u>

Disaggregation of revenue

The company has disaggregated revenue by the nature of revenue and timing of revenue recognition.

	2024 \$	2023 \$
Categories of disaggregation		
Homelessness to Homes (H2H)	2,537,391	4,309,361
Housing Establishment Fund (HEF)	2,000,820	1,394,647
Private Rental Assistance (PRAP)	1,563,684	1,597,073
Homelessness Case Coordination (HCC) & Homelessness Hub (HH)	3,324,906	2,729,452
Supported Residential Services (SRS)	637,607	1,405,605
Transitional Housing Management (THM)	3,321,694	4,680,649
Emergency Relief Funding (ERF)	480,056	401,289
Initial Assessment and Planning (IAP)	2,169,930	2,104,265
Other	6,386,759	5,310,757
Total disaggregated revenue from contracts with customers under AASB 15	<u>22,422,847</u>	<u>23,933,098</u>
Timing of revenue recognition		
Goods/services transferred over time	<u>22,422,847</u>	<u>23,933,098</u>

Note 3. Revenue and other income (continued)

Accounting policy for revenue and other income

Government grants

Grants are received from commonwealth and state government to facilitate affordable housing and associated services. When the company receives a grant, it assesses whether there is a contract that is enforceable and whether the contract contains sufficiently specific performance obligations, in accordance with *AASB 15 Revenue from Contracts with Customers*.

Where sufficiently specific performance obligations are identified, the company defers the grant income as a contract liability and recognises revenue as and when the performance obligations are met, which is over time.

Where the grant is not enforceable or sufficiently specific, the company recognises income in accordance with *AASB 1058 Income of Not-For-Profit Entities*.

The types of government grants recognised under AASB 15: Revenue from Contracts with Customers include:

Homelessness to Homes	This program funds support for people experiencing homelessness by offering stable housing and related services to help them transition into long-term accommodation. HHS is required to provide emergency response support to clients. Revenue is recognised over time, as and when the support is provided. HHS uses the output method to measure its progress in satisfying its performance obligations.
Housing Establishment Fund	This program funds financial assistance to individuals and families experiencing or at risk of homelessness to secure short-term or emergency accommodation. HHS is required to provide a certain number of assists. Revenue is recognised over time, as and when the assistance is provided. HHS uses the output method to measure its progress in satisfying its performance obligations.
Private Rental Assistance	This program funds support and practical assistance to help individuals and families experiencing or at risk of homelessness to access and sustain private rental housing. HHS is required to provide a number of new support periods, and new tenancies (established or sustained). Revenue is recognised over time, as and when the support is provided. HHS uses the output method to measure its progress in satisfying its performance obligations.
Homeless Case Coordination	This program funds tailored support and case management services to individuals and families experiencing homelessness. HHS is required to support a number of clients. Revenue is recognised over time, as and when the support is provided. HHS uses the output method to measure its progress in satisfying its performance obligations.
Homelessness Hub	This program funds centralised service hubs that provide integrated assistance, including housing, health, and social support services, to individuals and families experiencing homelessness. HHS is required to support a number of clients. Revenue is recognised over time, as and when the support is provided. HHS uses the output method to measure its progress in satisfying its performance obligations.
Transitional Housing Management	This program funds temporary housing and support services to individuals and families experiencing homelessness, helping them transition into stable, long-term accommodation. HHS is required to provide a number of support periods. Revenue is recognised over time, as and when the support is provided. HHS uses the output method to measure its progress in satisfying its performance obligations.
Initial Assessment and Planning	This program funds support services that provide the first point of contact for individuals and families experiencing homelessness. HHS is required to provide assessments to a number of new clients. Revenue is recognised over time, as and when the service is provided to clients. HHS uses the output method to measure its progress in satisfying its performance obligations.

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.

Note 3. Revenue and other income (continued)

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.

Note 4. Expenses

Depreciation and amortisation expense

	2024	2023
	\$	\$
Depreciation of motor vehicles	243,452	240,071
Depreciation of furniture and fittings	42,344	44,078
Depreciation of leasehold improvements	148,854	139,520
Depreciation of office equipment	307,879	280,502
Depreciation of buildings	121,644	121,644
Depreciation of right-of-use assets	535,819	460,503
Amortisation of intangible assets	195,458	165,937
	<u>1,595,450</u>	<u>1,452,255</u>

Accounting policy for expenses

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:

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%

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Note 5. Cash and cash equivalents

	2024	2023
	\$	\$
<i>Current assets</i>		
Cash at bank and on hand	12,226,866	16,766,798
Short term bank deposits	4,000,000	7,100,000
	<u>16,226,866</u>	<u>23,866,798</u>

Note 6. Trade and other receivables

	2024	2023
	\$	\$
<i>Current assets</i>		
Trade receivables	5,420,997	1,392,803
Allowance for expected credit losses	(452,067)	(262,387)
Accrued income	3,358,517	3,882,342
PLSA receivables	438,591	-
Tax receivables	35,349	-
	<u>8,801,387</u>	<u>5,012,758</u>
<i>Non-current assets</i>		
PLSA receivables	193,258	-
	<u>8,994,645</u>	<u>5,012,758</u>
Note	2024	2023
	\$	\$
<i>Financial assets classified as trade and other receivables</i>		
Total trade and other receivables	8,994,645	5,012,758
GST refundable	(35,349)	-
18	<u>8,959,296</u>	<u>5,012,758</u>

Accounting policy for trade and other receivables

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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Note 7. Property, plant and equipment

	2024	2023
	\$	\$
<i>Non-current assets</i>		
Freehold land - at valuation	1,068,000	1,068,000
Buildings - at valuation	5,832,000	5,832,000
Less accumulated depreciation	(363,746)	(242,102)
	<u>5,468,254</u>	<u>5,589,898</u>
Leasehold improvements - at cost	2,070,616	2,314,114
Less accumulated depreciation	(789,389)	(878,289)
	<u>1,281,227</u>	<u>1,435,825</u>
Plant and equipment - at cost	5,752,199	5,536,724
Less accumulated depreciation	(3,501,312)	(4,150,985)
	<u>2,250,887</u>	<u>1,385,739</u>
Work in progress - at cost	156,537	235,914
	<u><u>10,224,905</u></u>	<u><u>9,715,376</u></u>

Reconciliation of movements in carrying amounts for each class of asset:

	Freehold Land	Buildings	Leasehold Improvements	Plant and Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	1,068,000	5,589,898	1,435,825	1,385,739	235,914	9,715,376
Additions	-	-	8,727	1,544,002	-	1,552,729
Disposals	-	-	(14,471)	(85,187)	-	(99,658)
Reallocations	-	-	-	-	(79,377)	(79,377)
Depreciation expense	-	(121,644)	(148,854)	(593,667)	-	(864,165)
Balance at 30 June 2024	<u><u>1,068,000</u></u>	<u><u>5,468,254</u></u>	<u><u>1,281,227</u></u>	<u><u>2,250,887</u></u>	<u><u>156,537</u></u>	<u><u>10,224,905</u></u>

Accounting policy for 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.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

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Note 8. Investment properties

	2024 \$	2023 \$
<i>Non-current assets</i>		
Investment properties	466,298,618	477,584,692
Investment properties in progress	45,153,376	30,301,001
	<u>511,451,994</u>	<u>507,885,693</u>
<i>Reconciliation</i>		
Reconciliation of the carrying amounts of investment properties		
Balance at the beginning of the year	507,885,693	448,069,270
Acquisition of investment property	6,252,107	73,980,342
Disposal of investment property	(8,041,854)	(5,910,958)
Change in fair value of investment property	(9,590,947)	(8,252,961)
Changes in investment properties in progress	14,946,995	-
Balance at the end of the year	<u>511,451,994</u>	<u>507,885,693</u>

Accounting policy for investment properties

Affordable Housing Assets (classified as Investment Property) are carried at their fair value at reporting date. For 130 properties, fair value has been determined based on independent valuations undertaken at 30 June 2024 by JLL Valuers. Seven properties were based on separate valuations received, and five properties were based on cost. For the remaining 1,025 properties, independent valuations completed as at 30 June 2022 and 30 June 2023 have been indexed by JLL Valuers to 30 June 2024. 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 appraisal of the properties.

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.

Various Funding Deeds have been executed over previous years between HHS and the Victorian State Government, in which the Victorian State Government generally retains a legal interest in the properties and places certain restrictions on the use of those assets. While there are a number of different arrangements in place, the restrictions generally have the effect of restricting legal dealings of these properties without consent of the Victorian State Government, via the Housing Director, under the respective Funding Deeds.

The company is able to borrow against these property assets and secure borrowings by mortgage. HHS current NHFIC borrowings have a Priority Deed or similar between the Victorian State Government and NHFIC which entitles NHFIC access to 100% of the value of all nominated assets used as security.

Note 9. Right-of-use assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
Leased buildings	5,958,349	6,027,110
Less accumulated depreciation	(1,645,555)	(1,159,012)
	<u>4,312,794</u>	<u>4,868,098</u>

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Note 9. Right-of-use assets (continued)

Reconciliations

Reconciliation of movements in carrying amounts for each class of asset:

	Leased buildings \$	Total \$
Balance at 1 July 2023	4,868,098	4,868,098
Additions	198,711	198,711
Remeasurement	(169,185)	(169,185)
Disposals	(49,011)	(49,011)
Depreciation expense	(535,819)	(535,819)
Balance at 30 June 2024	<u>4,312,794</u>	<u>4,312,794</u>

Accounting policy for right-of-use assets

Right-of-use assets are recognised and measured in accordance with AASB 16 Leases.

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.

Note 10. Intangible assets

	2024 \$	2023 \$
<i>Non-current assets</i>		
NRAS subsidies - at cost	1,632,538	1,632,538
Less accumulated amortisation	(1,616,954)	(1,453,701)
	<u>15,584</u>	<u>178,837</u>
Other intangibles - at cost	96,614	96,614
Less accumulated amortisation	(34,888)	(2,684)
	<u>61,726</u>	<u>93,930</u>
	<u>77,310</u>	<u>272,767</u>

Accounting policy for intangible assets

National Rental Affordability Scheme (NRAS) subsidies are initially recognised 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.

Note 11. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	2,922,252	2,085,170
Tax payables	-	85,671
Accrued expenses	1,208,833	2,253,525
	<u>4,131,085</u>	<u>4,424,366</u>

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Note 11. Trade and other payables (continued)

	Note	2024 \$	2023 \$
<i>Financial liabilities classified as trade and other payables</i>			
Total trade and other payables		4,131,085	4,424,366
GST payable		-	(85,671)
	18	<u>4,131,085</u>	<u>4,338,695</u>

Note 12. Contract liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Contract liabilities	<u>6,064,056</u>	<u>7,562,617</u>

Accounting policy for contract liabilities

Contract liabilities represent the company's undelivered performance obligations.

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.

	2024 \$	2023 \$
<i>Current liabilities</i>		
Lease liability	<u>378,707</u>	<u>458,996</u>
<i>Non-current liabilities</i>		
Lease liability	<u>4,274,238</u>	<u>4,624,832</u>
	<u>4,652,945</u>	<u>5,083,828</u>
	2024 \$	2023 \$
Payable		
Not later than 12 months	476,934	574,589
Between 12 months and 5 years	1,930,313	2,135,455
Greater than 5 years	2,890,305	3,171,583
Total undiscounted lease payments	<u>5,297,552</u>	<u>5,881,627</u>
Unexpired interest	<u>(644,607)</u>	<u>(797,799)</u>
Present value of lease liabilities	<u>4,652,945</u>	<u>5,083,828</u>

Accounting policy for lease liabilities

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.

Note 13. Lease liabilities (continued)

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.

Exceptions to lease accounting

The company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets (assets whose underlying value is \$10,000 or less. The company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Note 14. Employee benefits

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Provision for annual leave	1,357,232	1,392,894
Provision for long service leave	968,123	670,170
	<u>2,325,355</u>	<u>2,063,064</u>
<i>Non-current liabilities</i>		
Provision for long service leave	245,149	162,923
	<u>2,570,504</u>	<u>2,225,987</u>

Accounting policy for employee benefits

Short-term employee benefits

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.

Long-term employee benefits

The company classifies employee's long service leave entitlements as 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 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.

Note 15. Other liabilities

	2024	2023
	\$	\$
Rent owing to owners	<u>-</u>	<u>228,955</u>

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Note 16. Borrowings

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Loan - Treasury Corporation of Victoria	747,369	699,050
<i>Non-current liabilities</i>		
Interest bearing liabilities	65,000,000	65,000,000
Loan - Treasury Corporation of Victoria	52,057,237	52,787,929
Loan - NHFIC Development Facility	9,000,000	9,000,000
	<u>126,057,237</u>	<u>126,787,929</u>
	<u>126,804,606</u>	<u>127,486,979</u>
 Payable		
Not later than 12 months	747,369	699,050
Between 12 months and 5 years	68,427,338	68,268,825
Greater than 5 years	57,629,899	58,519,104
 Total payable	<u>126,804,606</u>	<u>127,486,979</u>

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 17. Cash flow information

Reconciliation of surplus to net cash provided by operating activities:

	2024	2023
	\$	\$
Surplus after income tax expense for the year	3,843,088	3,121,229
Non cash items:		
Amortisation	195,458	69,323
Depreciation	1,399,992	1,382,932
(Profit)/loss on disposal of assets	890,497	626,481
Fair value losses/(gains) on investment properties	9,590,947	8,252,961
Bad debts	-	102,149
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(3,981,887)	10,811,248
(Increase)/decrease in other assets	(1,386,528)	51,062
Increase/(decrease) in trade and other payables	(293,282)	(539,068)
Increase/(decrease) in other liabilities	(228,955)	(407,679)
increase/(decrease) in grants in advance	(1,498,561)	1,179,574
Increase/(decrease) in employee benefits	344,517	(22,034)
 Net cash from operating activities	<u>8,875,286</u>	<u>24,628,178</u>

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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	2024 \$	2023 \$
Financial assets			
Cash and cash equivalents	5	16,226,866	23,866,798
Trade and other receivables	6	8,959,296	5,012,758
Total financial assets at amortised cost		<u>25,186,162</u>	<u>28,879,556</u>
	Note	2024 \$	2023 \$
Financial liabilities			
Trade and other payables	11	4,131,085	4,338,695
Lease liabilities	13	4,652,945	5,083,828
Borrowings	16	126,057,237	126,787,929
Total financial liabilities at amortised cost		<u>134,841,267</u>	<u>136,210,452</u>

Accounting policy for financial instruments

Financial assets

HHS subsequently measure cash and cash equivalents and trade and other receivables at amortised cost.

Financial liabilities

HHS subsequently measure trade and other payables, lease liabilities and borrowings at amortised cost using the effective interest method.

A financial liability cannot be reclassified.

Recognition of expected credit losses in financial statements

The company recognises a loss allowance for expected credit losses using the simplified approach, as applicable under AASB 9.

Note 19. Contingent liabilities and contingent assets

Various Funding Deeds have been executed over previous years between HHS and the Victorian State Government, in which the Victorian State Government generally retains a legal interest in the properties and places certain restrictions on the use of those assets. The ability of the Victorian State Government to exercise their interest in the relevant properties is contingent upon the property being disposed of by HHS. The value of any proceeds to be remitted to the Victorian State Government reflecting their interest in a disposed property cannot be reliably estimated until such a point in time as that property is disposed. To date however, the Victorian State Government has not enforced this right and HHS have secured 100% of the proceeds on disposed properties.

There are no other known contingent liabilities and no contingent assets for HHS as at 30 June 2024 (2023: nil).

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):

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30 June 2024**

Note 20. Capital commitments (continued)

	2024 \$	2023 \$
Within one year:	<u>24,784,336</u>	<u>9,204,008</u>

Note 21. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 22. Key management personnel remuneration and related party disclosures

The Board of Directors, Group Chief Executive Officer, Chief Executive Officer and the Executive Leadership Team of HHS are deemed to be key management personnel.

Name	Position Title
Damien Tangey	Chair
Jan Snell	Director
Anne Duggan	Director
Michael Page	Director
Patrick Archer	Director
David Brant	Director
Gerard Jose	Director
Robert Camm	Director
Niraj Pau	Director
Janet Boynton	Director
Warwick Cavanagh	Director
Danni de Krester	Director
Andrew Cairns	Group Chief Executive Officer
Trudi Ray	Chief Executive Officer
Vanessa Brotto	Chief Operations Officer
Blake Hogan	Chief Commercial Officer
Bernie Moss	Chief People and Change Officer
Jacquelyn Turfrey	Chief Business Services Officer

The totals of remuneration paid to the key management personnel of HHS during the year are as follows:

	2024 \$	2023 \$
Remuneration paid to key management personnel included in employee salaries, benefits and on-costs	1,743,082	1,548,039

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 (2023: nil).

Note 23. Auditor's remuneration

Remuneration of the Auditors, Andrew Frewin Stewart for:

	2024 \$	2023 \$
<i>Audit services -</i> Audit of the financial statements	43,400	41,000
<i>Other services -</i> Preparation of financial statements	4,120	3,820
	47,520	44,820

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 9 full members (2023: 10 full members) to which the above provision applies. The maximum amount that the members of the company are required to contribute is \$90 (2023: \$100).

Note 25. Registered office/principal place of business

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

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

**Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe
Directors' Declaration
30 June 2024**

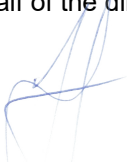
In the directors' opinion the financial statements and notes, as set out on pages 9 to 28, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

- comply with Australian Accounting Standards - Simplified Disclosures, and
- give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the year ended on that date.

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*.

On behalf of the directors



Damien Tangey
Chairperson

3 October 2024

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

Report on the audit of the financial statements

Opinion

We have audited the financial report of Loddon Mallee Housing Services Limited trading as Haven; Home, Safe (the company), which comprises:

- Statement of financial position as at 30 June 2024
- 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 company.

In our opinion, the financial report of Loddon Mallee Housing Services Limited 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 2024 and of its financial performance for the year ended on that date, and
- ii. complying with Australian Accounting Standards - Simplified Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2022.

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

We are independent of the company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
afs@afsbendigo.com.au
03 5443 0344

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 - Simplified 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.



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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 3rd day of October 2024

Adrian Downing
Lead Auditor