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

ABN 28 081 883 623

Financial Report - 30 June 2023

Contents

Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe
Directors' Report
30 June 2023

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 2023.

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
Janet Boynton	Director
David Brant	Director
Warwick Cavanagh	Director
Gerard Jose	Director
Jan Snell	Director
Anne Duggan	Director
Michael Page	Director
Patrick Archer	Director (Appointed 3 November 2022)
Danni de Krester	Director (Appointed 3 November 2022)
Ken Belfrage	Director (Resigned 3 November 2022)
Melanie Rogers	Director (Resigned 3 November 2022)

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
Our objectives are to have greater impact on our purpose to connect people with housing options and integrated supports so they can find and keep a place to call home as well as delivering more homes and more supports to vulnerable Victorians through developing more partnerships and capacity.

Strategy for achieving objectives
In the context of the increasing challenges faced by more people in the community to secure affordable housing, we have recognised the need to transform what we do. Through our continuous improvement program, we will achieve our objectives with a focus on clients at the core, excellence in service delivery, resourcing for the future, ensuring certainty in delivery and enhancing our employee experience.

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."

To meet this commitment we provide a range of services including:

Housing

We own or manage over 2,200 properties across the state on behalf of the Department of Families, Fairness and Housing or via head lease arrangement with partners, including short term (transitional) housing and affordable long-term housing.

We are continuing to look at ways we can create diverse funding solutions to diversify our housing options along the continuum.

Support services

As well as maintaining our intake, assessment and referral services, support services for vulnerable cohorts and client brokerage services, we are streamlining our services around a new operating model that sees three key areas of Client Care, Integrated Client Services and Service Hub set up around the needs of our clients.

We’re also continuing to deliver on our Homeless to a Home program, Rough Sleeper program and Targeted Care packages.

Impactful partnerships

We are leveraging values-aligned partners and their capability to create future opportunities for clients. Through a mix of government and private investment, we're exploring social, affordable, key worker and shared equity models that are replicable and can be developed at scale across regional Victoria. Through our Reflect Reconciliation Action Plan we are taking actions to deepen our understanding and commitment to supporting the self-determination of Aboriginal and Torres Strait Islander people in line with First Order Principles. Our partnerships with Mallee District Aboriginal Services, Dja Dja Wurrung and Wathaurong Aboriginal Co-operative are demonstrative of our commitment to work in partnership and play our part in Reconciliation.

How principal activities helped achieve our objectives
By putting the people we serve at the centre of our decision-making processes by listening and understanding, we can have an evidence-led approach to simplify, streamline, invest and grow to better meet the needs of the clients and communities we work with.

Leveraging our state-wide influence to extend our partnerships means we can explore new ways of creating value and building greater capacity. This sees us able to deliver more housing, and with wrap-around supports where needed combined with our investment in placemaking, we can ensure those tenancies are more likely to thrive.

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 2023 was:

2023 **$**	**2022** **$**
3,121,229	76,924,536

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 2023.

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:

	2021 $	2021 %	2022 $	2022 %	2023 $	2023 %	Average last 3 years $	Average last 3 years %
Fair Value Gain/(Loss)	46,932,801	14.5%	57,997,285	14.9%	(8,252,961)	(1.6%)	32,225,708	9.3%

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.

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.

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 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 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 Duggan

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

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.

Patrick Archer (Appointed 3 November 2022)

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.

Danni de Kretser (Appointed 3 November 2022)

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 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.

Ken Belfrage (Resigned 3 November 2022)

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 (Resigned 3 November 2022)

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 and Chair of the Bellarine Bayside Foreshore Committee of Management.

Meetings of directors
During the financial year, 12 formal meetings were held, 9 Ordinary meetings, 1 Annual General Meeting 1 Special General Meeting and 1 Extraordinary Meeting.

	Board of Directors Eligible	Board of Directors Attended	Finance and Development Committee Eligible	Finance and Development Committee Attended	Client, Quality and Risk Committee Eligible	Client, Quality and Risk Committee Attended
Damien Tangey	12	12	9	9	3	3
Janet Boynton	12	12	5	5	5	5
David Brant	12	12	8	8	1	1
Warwick Cavanagh	12	10	2	2	5	3
Gerard Jose	12	7	-	-	5	1
Jan Snell	12	12	9	7	5	5
Anne Duggan	12	11	10	-	-	-
Michael Page	12	11	10	9	-	-
Patrick Archer	7	7	7	7	-	-
Danni de Krester	7	7	-	-	4	4
Ken Belfrage	5	5	3	2	-	-
Melanie Rogers	5	4	3	3	1	1

	Remuneration and Assessment Committee Eligible	Remuneration and Assessment Committee Attended	Strategy and Partnerships Committee Eligible	Strategy and Partnerships Committee Attended
Damien Tangey	5	5	4	4
Janet Boynton	5	5	1	1
David Brant	5	5	4	4
Warwick Cavanagh	1	1	-	-
Gerard Jose	-	-	-	-
Jan Snell	5	5	1	1
Anne Duggan	-	-	4	4
Michael Page	-	-	4	4
Patrick Archer	-	-	3	3
Danni de Krester	-	-	3	1
Ken Belfrage	-	-	1	1
Melanie Rogers	-	-	-	-

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.

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Damien Tangey
Chairperson

5 October 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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(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 2023, 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 5th day of October 2023

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 2023

	Note	2023 $	2022 $
Total revenue and other income	3	52,169,879	127,707,200
Expenses			
Employee benefits expense		(18,441,775)	(18,263,173)
Depreciation and amortisation expense	4	(1,452,255)	(1,488,158)
Travel and training		(435,355)	(425,976)
Office costs		(553,633)	(409,492)
Vehicle costs		(268,583)	(214,144)
Communications cost		(310,411)	(268,944)
Administration		(3,836,395)	(5,338,442)
Insurance		(859,769)	(730,252)
Client costs		(5,010,281)	(8,548,562)
Property costs		(9,345,093)	(8,038,745)
Rent to owners		(6,218,873)	(5,616,512)
Interest		(2,316,227)	(1,440,264)
Surplus before income tax expense		3,121,229	76,924,536
Income tax expense		-	-
Surplus after income tax expense for the year		3,121,229	76,924,536
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,121,229	76,924,536

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 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	5	23,866,798	6,478,286
Trade and other receivables	6	5,012,758	15,926,155
Other assets	7	423,810	488,897
Total current assets		29,303,366	22,893,338
Non-current assets			
Property, plant and equipment	8	9,715,376	9,956,554
Investment properties	9	507,885,693	448,069,270
Right-of-use assets	10	4,868,098	4,324,994
Intangible assets	11	272,767	342,090
Total non-current assets		522,741,934	462,692,908
Total assets		552,045,300	485,586,246
Liabilities			
Current liabilities			
Trade and other payables	12	4,424,366	4,963,434
Contract liabilities	13	7,562,617	6,383,043
Borrowings	17	699,050	-
Lease liabilities	14	458,996	403,704
Employee benefits	15	2,063,064	2,059,322
Other liabilities	16	228,955	636,634
Total current liabilities		15,437,048	14,446,137
Non-current liabilities			
Lease liabilities	14	4,624,832	4,040,071
Employee benefits	15	162,923	188,699
Borrowings	17	126,787,929	65,000,000
Total non-current liabilities		131,575,684	69,228,770
Total liabilities		147,012,732	83,674,907
Net assets		405,032,568	401,911,339
Equity			
Reserves		6,134,000	860,000
Retained surplus		398,898,568	401,051,339
Total equity		405,032,568	401,911,339

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 2023

	Reserves $	Retained surplus $	Total equity $
Balance at 1 July 2021	-	324,986,803	324,986,803
Surplus after income tax expense for the year	-	76,924,536	76,924,536
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	76,924,536	76,924,536
Transactions with members in their capacity as members:			
Transfers	860,000	(860,000)	-
Balance at 30 June 2022	860,000	401,051,339	401,911,339

	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
Transactions with members in their capacity as members:			
Transfers	5,274,000	(5,274,000)	-
Balance at 30 June 2023	6,134,000	398,898,568	405,032,568

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 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Grants received		49,375,348	38,839,112
Other income		25,467,679	25,079,507
Payments to suppliers and employees		(47,541,755)	(51,247,826)
Net amounts received from / (paid to) Australian Taxation Office - GST		(496,349)	(632,158)
Interest received		139,482	26,168
Interest paid		(2,218,908)	(1,347,623)
Interest payments on lease liabilities		(97,319)	(92,641)
Net cash from operating activities	18	24,628,178	10,624,539
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		33,500	-
Payments for property, plant and equipment		(593,265)	(510,755)
Proceeds from sale of investment properties		5,273,630	12,766,449
Purchase of investment properties		(73,980,342)	(32,072,699)
Payments for intangibles	11	(96,614)	-
Net cash used in investing activities		(69,363,091)	(19,817,005)
Cash flows from financing activities			
Lease liability repayments		(363,554)	(400,744)
Proceeds from borrowings		62,486,979	-
Net cash from/(used in) financing activities		62,123,425	(400,744)
Net increase/(decrease) in cash and cash equivalents		17,388,512	(9,593,210)
Cash and cash equivalents at the beginning of the financial year		6,478,286	16,071,496
Cash and cash equivalents at the end of the financial year	5	23,866,798	6,478,286

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

Note 1. Significant accounting policies

The financial statements cover Loddon Mallee Housing Services Ltd. t/as Haven; Home, Safe (herein referred to as HHS) as an individual company, 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."

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 5 October 2023.

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.

Note 1. Significant accounting policies (continued)

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.

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.

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.

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses, assets and liabilities 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.

Note 1. Significant accounting policies (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 with the net amounts received from/paid to the Australian Tax Office disclosed separately as part of cash flows arising from operating activities. 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.

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.

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 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.

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.

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

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.

Note 3. Revenue and other income

	2023 $	2022 $
Revenue from contracts with customers	23,933,098	25,696,401
Other sources of income		
Rental income	18,312,700	17,825,002
Capital grants	11,495,037	18,916,859
Interest received	139,482	26,168
Donations	499,741	686,159
Gain/(loss) from sale of property, plant and equipment	(626,481)	(32,746)
Fair value gain/(loss) on investment properties	(8,252,961)	57,997,285
Other income	6,669,263	6,592,072
	28,236,781	102,010,799
Total revenue and other income	52,169,879	127,707,200

Note 3. Revenue and other income (continued)

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

	2023 $	2022 $
Categories of disaggregation		
Homelessness to Homes (H2H)	4,309,361	6,199,764
Housing Establishment Fund (HEF)	1,394,647	4,583,052
Private Rental Assistance (PRAP)	1,597,073	1,415,963
Homelessness Case Coordination (HCC) & Homelessness Hub (HH)	2,729,452	-
Supported Residential Services (SRS)	1,405,605	868,286
Transitional Housing Management (THM)	4,680,649	1,337,591
Emergency Relief Funding (ERF)	401,289	721,789
Affordable Housing (AHA)	-	2,465,107
Initial Assessment and Planning (IAP)	2,104,265	1,862,487
Other	5,310,757	6,242,362
Total disaggregated revenue from contracts with customers under AASB 15	23,933,098	25,696,401
Timing of revenue recognition		
Goods/services transferred over time	23,933,098	25,696,401

Accounting policy for revenue and other income

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: *Financial Instruments*, AASB 16: *Leases*, AASB 116: *Property, Plant and Equipment* and AASB 138: *Intangible Assets*)
- 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: *Income of Not-for-Profit Entities*.

If a contract liability is recognised as a related amount above, the company recognises revenue 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.

Note 3. Revenue and other income (continued)

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.

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.

Note 4. Expenses

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of motor vehicles	240,071	241,451
Depreciation of furniture and fittings	44,078	49,210
Depreciation of leasehold improvements	139,520	129,917
Depreciation of office equipment	280,502	377,077
Depreciation of buildings	121,644	120,459
Depreciation of right-of-use assets	460,503	406,791
Amortisation of intangible assets	165,937	163,253
	1,452,255	1,488,158

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:

Note 4. Expenses (continued)

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%

Note 5. Cash and cash equivalents

	2023 $	2022 $
Current assets		
Cash at bank and on hand	16,766,798	3,308,273
Short term bank deposits	7,100,000	3,170,013
	23,866,798	6,478,286

Accounting policy for cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of six months or less.

Note 6. Trade and other receivables

	2023 $	2022 $
Current assets		
Trade receivables	1,392,803	10,686,356
Allowance for expected credit losses	(262,387)	(466,274)
Accrued income	3,882,342	5,706,073
	5,012,758	15,926,155

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

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.

Note 7. Other assets

	2023 $	2022 $
Current assets		
Prepayments	423,810	488,897

Accounting policy for prepayments
Prepayments include expense items paid for in advance for which the company will receive a benefit in the following reporting period.

Note 8. Property, plant and equipment

	2023 $	2022 $
Non-current assets		
Freehold land - at valuation	1,068,000	1,068,000
Buildings - at valuation	5,832,000	5,832,000
Less accumulated depreciation	(242,102)	(120,458)
	5,589,898	5,711,542
Leasehold improvements - at cost	2,314,114	2,295,364
Less accumulated depreciation	(878,289)	(738,769)
	1,435,825	1,556,595
Plant and equipment - at cost	5,536,724	5,538,354
Less accumulated depreciation	(4,150,985)	(3,917,937)
	1,385,739	1,620,417
Work in progress - at cost	235,914	-
	9,715,376	9,956,554

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 2022	1,068,000	5,711,542	1,556,595	1,620,417	-	9,956,554
Additions	-	-	18,750	338,601	235,914	593,265
Disposals	-	-	-	(8,628)	-	(8,628)
Revaluation increments	-	-	-	-	-	-
Revaluation decrements	-	-	-	-	-	-
Depreciation expense	-	(121,644)	(139,520)	(564,651)	-	(825,815)
Balance at 30 June 2023	1,068,000	5,589,898	1,435,825	1,385,739	235,914	9,715,376

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.

Freehold land and buildings
Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm’s length transaction) 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.

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. The directors conclude the fair values recorded in the financial statements are considered materially consistent with their fair value had an independent valuation been undertaken at balance date.

Note 8. Property, plant and equipment (continued)

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.

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.

Note 9. Investment properties

	2023 $	2022 $
Non-current assets		
Investment properties	477,584,692	416,731,903
Investment properties in progress	30,301,001	31,337,367
	507,885,693	448,069,270

Reconciliation
Reconciliation of the carrying amounts of investment properties

	2023 $	2022 $
Balance at the beginning of the year	448,069,270	371,189,486
Acquisition of investment property	73,980,342	31,648,948
Disposal of investment property	(5,910,958)	(12,766,449)
Change in fair value of investment property	(8,252,961)	57,997,285
Balance at the end of the year	507,885,693	448,069,270

Accounting policy for investment properties

Note 9. Investment properties (continued)

Affordable Housing Assets (classified as Investment Property) are carried at their fair value at reporting date. For 415 properties, fair value has been determined based on independent valuations undertaken at 30 June 2023 by JLL Valuers. For the remaining 758 properties, independent valuations completed as at 30 June 2021 and 30 June 2022 have been indexed by JLL Valuers to 30 June 2023. 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 10. Right-of-use assets

	2023 **$**	**2022** **$**
Non-current assets		
Leased buildings	6,027,110	5,218,560
Less accumulated depreciation	(1,159,012)	(893,566)
	4,868,098	4,324,994

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

	Leased buildings $	Total $
Balance at 1 July 2022	4,324,994	4,324,994
Additions	693,710	693,710
Remeasurement	309,897	309,897
Disposals	-	-
Revaluation decrements	(460,503)	(460,503)
Depreciation expense	-	-
Balance at 30 June 2023	4,868,098	4,868,098

Accounting policy for 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.

Note 10. Right-of-use assets (continued)

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.

Note 11. Intangible assets

	2023 $	2022 $
Non-current assets		
NRAS subsidies - at cost	1,632,538	1,632,538
Less accumulated amortisation	(1,453,701)	(1,290,448)
	178,837	342,090
Other intangibles - at cost	96,614	-
Less accumulated amortisation	(2,684)	-
	93,930	-
	272,767	342,090

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 12. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	2,085,170	2,081,536
Tax payables	85,671	349,342
Accrued expenses	2,253,525	2,532,556
	4,424,366	4,963,434

	Note	2023 $	2022 $
Financial liabilities classified as trade and other payables			
Total trade and other payables		4,424,366	4,963,434
GST payable		(85,671)	(349,342)
	19	4,338,695	4,614,092

Accounting policy for 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.

Note 13. Contract liabilities

	2023 $	2022 $
Current liabilities		
Contract liabilities	7,562,617	6,383,043

Accounting policy for 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.

Note 14. Lease liabilities

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

	2023 $	2022 $
Current liabilities		
Lease liability	458,996	403,704
Non-current liabilities		
Lease liability	4,624,832	4,040,071
	5,083,828	4,443,775

	2023 $	2022 $
Payable		
Not later than 12 months	574,589	467,401
Between 12 months and 5 years	2,135,455	1,704,604
Greater than 5 years	3,171,583	3,103,501
Total undiscounted lease payments	5,881,627	5,275,506
Unexpired interest	(797,799)	(831,731)
Present value of lease liabilities	5,083,828	4,443,775

Accounting policy for 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.

Note 14. 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.

Note 15. Employee benefits

	2023 $	2022 $
Current liabilities		
Provision for annual leave	1,392,894	1,443,334
Provision for long service leave	670,170	615,988
	2,063,064	2,059,322
Non-current liabilities		
Provision for long service leave	162,923	188,699
	2,225,987	2,248,021

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. 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.

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. Upon the remeasurement of obligations for 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.

Note 16. Other liabilities

	2023 $	2022 $
Rent owing to owners	228,955	636,634

Note 17. Borrowings

	2023 $	2022 $
Current liabilities		
Loan - Treasury Corporation of Victoria	699,050	-
Non-current liabilities		
Interest bearing liabilities	65,000,000	65,000,000
Loan - Treasury Corporation of Victoria	52,787,929	-
Loan - NHFIC Development Facility	9,000,000	-
	126,787,929	65,000,000
	127,486,979	65,000,000
Payable		
Not later than 12 months	699,050	-
Between 12 months and 5 years	68,268,825	-
Greater than 5 years	58,519,104	65,000,000
Total payable	127,486,979	65,000,000

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 18. Cash flow information

Reconciliation of surplus to net cash provided by operating activities:

	2023 $	2022 $
Surplus after income tax expense for the year	3,121,229	76,924,536
Non cash items:		
Amortisation	69,323	163,253
Depreciation	1,382,932	1,324,905
(Profit)/loss on disposal of assets	626,481	9,020
Fair value losses/(gains) on investment properties	8,252,961	(57,997,285)
Bad debts	102,149	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	10,811,248	(11,393,561)
(Increase)/decrease in other assets	51,062	(58,859)
Increase/(decrease) in trade and other payables	(539,068)	1,694,867
Increase/(decrease) in other liabilities	(407,679)	208,863
increase/(decrease) in grants in advance	1,179,574	(270,129)
Increase/(decrease) in employee benefits	(22,034)	18,929
Net cash from operating activities	24,628,178	10,624,539

Note 19. 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	2023 $	2022 $
Financial assets			
Cash and cash equivalents	5	23,866,798	6,478,286
Trade and other receivables	6	5,012,758	15,926,155
Total financial assets at amortised cost		28,879,556	22,404,441

	Note	2023 $	2022 $
Financial liabilities			
Trade and other payables	12	4,338,695	4,614,092
Lease liabilities	14	5,083,828	4,443,775
Borrowings	17	126,787,929	65,000,000
Total financial liabilities at amortised cost		136,210,452	74,057,867

Accounting policy for 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.

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.

Note 19. Financial risk management (continued)

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.

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

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.

Note 20. 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.

Note 20. Contingent liabilities and contingent assets (continued)

There are no other known contingent liabilities and no contingent assets for HHS as at 30 June 2023 (2022: nil).

Note 21. 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):

	2023 $	2022 $
Within one year:	9,204,008	64,984,322

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2023 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 23. 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
Ken Belfrage	Director
Melanie Rogers	Director
Janet Boynton	Director
David Brant	Director
Warwick Cavanagh	Director
Gerard Jose	Director
Jan Snell	Director
Anne Duggan	Director
Michael Page	Director
Patrick Archer	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
Jacqualyn Turfrey	Chief Business Services Officer

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

	2023 $	2022 $
Remuneration paid to key management personnel included in employee salaries, benefits and on-costs	1,548,039	1,680,094

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 (2022: nil).

Note 24. Auditor's remuneration

Remuneration of the Auditors, Andrew Frewin Stewart for:

	2023 $	2022 $
Audit services -		
Audit of the financial statements	41,000	36,650
Other services -		
Preparation of financial statements	3,820	3,570
	44,820	40,220

Note 25. 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 (2022: 10 full members) to which the above provision applies. The maximum amount that the members of the company are required to contribute is $100 (2022: $100).

Note 26. 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
30 June 2023

In the directors' opinion the financial statements and notes, as set out on pages 9 to 30, 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 2023 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

5 October 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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(03) 5443 0344

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 2023
- 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 2023 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 2013.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We 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
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(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 5th day of October 2023

Brad Ead
Lead Auditor