STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	(Restated) 2015 $
REVENUES FROM OPERATING ACTIVITIES			
Operating grants		10,057,334	10,021,347
Capital grants	3	231,085	910,410
Rent		13,194,462	12,668,188
Fair value gains/(losses) on investment properties		3,418,124	(1,373,618)
Other income		5,938,470	3,765,861
TOTAL REVENUES FROM OPERATING ACTIVITIES		**32,839,475**	**25,992,188**
EXPENSES FROM OPERATING ACTIVITIES			
Employee salaries, benefits and on-costs		10,336,390	8,427,774
Travel and training		510,630	326,218
Office costs		496,015	406,948
Vehicle costs		214,301	205,907
Communication costs		194,339	145,759
Support service delivery		34,568	14,071
Administration		1,397,670	1,008,814
Insurance		330,638	258,483
Client costs		2,076,403	2,023,818
Property costs		5,138,476	4,352,601
Rent to owners		2,843,720	2,432,361
Depreciation and amortisation		805,963	465,124
Interest		2,144,893	3,283,940
TOTAL EXPENSES FROM OPERATING ACTIVITIES		26,524,006	23,351,818
NET RESULT FOR THE YEAR		**6,315,469**	**2,640,370**
Other comprehensive income			
Net gain/(loss) on effective part of cash flow hedge		(411,423)	886,934
Merger equity contribution		—	4,559,083
Other comprehensive income for the year		(411,423)	5,446,017
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**5,904,046**	**8,086,387**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 $	(Restated) 2015 $
CURRENT ASSETS			
Cash and cash equivalents	5	5,255,564	7,395,145
Tax assets	12	—	54,459
Receivables	6	3,140,969	2,413,074
TOTAL CURRENT ASSETS		**8,396,533**	**9,862,678**
NON-CURRENT ASSETS			
Property, plant and equipment	8	18,114,023	16,497,251
Investment property	9	261,906,419	256,505,919
Interest rate swap – cashflow hedge	7	—	47,734
Other assets	10	1,321,612	1,028,538
TOTAL NON-CURRENT ASSETS		**281,342,054**	**274,079,442**
TOTAL ASSETS		**289,738,587**	**283,942,120**
CURRENT LIABILITIES			
Accounts payable	11	1,576,479	1,059,624
Tax liability	12	386,158	—
Employee benefits	13	1,422,267	1,293,728
Interest bearing liabilities	15	20,342	30,505
Interest rate swap – cashflow hedge	7	229,524	396,956
Other	14	6,269,924	7,916,318
TOTAL CURRENT LIABILITIES		**9,904,694**	**10,697,131**
NON-CURRENT LIABILITIES			
Employee benefits	13	234,335	155,539
Interest bearing liabilities	15	49,271,428	49,196,487
Interest rate swap – cashflow hedge	7	531,121	–
TOTAL NON-CURRENT LIABILITIES		**50,036,884**	**49,352,026**
TOTAL LIABILITIES		**59,941,578**	**60,049,157**
NET ASSETS		**229,797,009**	**223,892,963**
EQUITY			
Accumulated surplus		229,797,009	223,892,963
TOTAL EQUITY		**229,797,009**	**223,892,963**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

2016	**Revaluation Surplus Reserve $**	**Accumulated Surplus $**	**Total $**
Balance at beginning of the financial year	223,892,963	—	223,892,963
Total comprehensive income for the year	5,904,046	—	5,904,046
Write back of revaluation decrement	—	—	—
Change in Accounting Policy – Investment Property	—	—	—
BALANCE AT END OF THE FINANCIAL YEAR	**229,797,009**	**—**	**229,797,009**
2015 (Restated)			
Balance at beginning of the financial year	215,806,576	—	215,806,576
Total comprehensive income for the year	8,086,387	—	8,086,387
Write back of revaluation decrement	—	—	—
Change in Accounting Policy – Investment Property	—	—	—
BALANCE AT END OF THE FINANCIAL YEAR	**223,892,963**	**—**	**223,892,963**

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $	(Restated) 2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		10,638,621	13,895,716
Other income		18,589,235	15,483,128
Payments to suppliers and employees		(24,827,697)	(20,189,280)
Amounts (paid)/received from Australian Tax Office – GST		403,405	(606,518)
Interest received		22,355	302,995
Interest paid		(2,155,056)	(3,303,935)
Net cash provided by operating activities	**16**	**2,670,863**	**5,582,106**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		168,062	234,788
Purchase of property, plant and equipment		(621,742)	(710,841)
Proceeds from sale of investment properties		1,899,077	1,433,769
Purchase of investment properties		(6,037,708)	(5,765,622)
Merger acquisition, net cash acquired		—	2,363,676
Purchase of other non-current assets		(293,074)	(1,028,538)
Net cash used in investing activities		**(4,885,385)**	**(3,472,768)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds (used in)/received from borrowings		74,941	(3,281,847)
Net cash received from/(used in) financing activities		**74,941**	**(3,281,847)**
Net decrease in cash held		(2,139,581)	(1,172,509)
Cash and cash equivalents at beginning of financial year		7,395,145	8,567,654
Cash and cash equivalents at end of year	**5**	**5,255,564**	**7,395,145**

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

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

Loddon Mallee Housing Services Ltd, trading as Haven; Home, Safe (HHS) has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. Accordingly, the entity has also early adopted AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements and AASB 2012-7: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements in respect of AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets and AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income.

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

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

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

The financial statements are presented in Australian dollars, which is also the company's functional currency.

(b) Correction of prior period errors

(i) The company voluntarily elected to classify Affordable Housing Assets (Land and Buildings) for the financial year ending 30 June 2015 as Investment Properties in accordance with AASB 140 'Investment Property'. As at 30 June 2015 land held at Wattlewood Estate, Carrum Downs, was classified in total as Investment Property. This reclassifcation included both the land to be retained (fair value of $1.6m) and the land to be sold (fair value of $5.5m). The total fair value gain recognised on the Wattlewood land totalled $2.6m. The company has since identified that the land held for sale did not meet the recognition criteria of investment property. As land held for sale, this should have been accounted for in accordance with AASB 102 'Inventories'.

(ii) In the prior year $538,794 of long service leave was classified as a non-current liability as it was not expected that those entitlements would be consumed within 12 months. As there was no unconditional right to defer the payment of this balance if the entitlement was taken, it should have been recorded as a current liability under AASB 101 'Presentation of Financial Statements'. On this basis, the amount of $538,794 has been reclassified from non-current to current as disclosed below.

Given the material nature of the errors, the financial statements for the year ended 30 June 2016 have been retrospectively restated.The table below provides a summary of the affected financial statement line items for prior periods, as follows:

	Previous Amount $	Adjustment $	Restated Amount $
2015			
Consolidated statement of profit and loss			
REVENUES FROM OPERATING ACTIVITIES			
Fair value gains/(losses) on investment properties	1,227,994	(2,601,612)	(1,373,618)
NET PROFIT	10,687,999	(2,601,612)	8,086,387
Consolidated statement of financial position			
NON-CURRENT ASSETS			
Property, plant and equipment	7,190,080	9,307,171	16,497,251
Investment property	268,414,702	(11,908,783)	256,505,919
CURRENT LIABILITIES			
Employee Benefits	754,934	538,794	1,293,728
NON-CURRENT LIABILITIES			
Employee Benefits	694,333	(538,794)	155,539
EQUITY			
Accumulated surplus	226,494,575	(2,601,612)	223,892,963
As at 1 July 2014			
Consolidated statement of financial position			
NON-CURRENT ASSETS			
Property, plant and equipment	7,047,752	8,019,092	15,066,844
Investment property	260,862,486	(8,019,092)	252,843,394
EQUITY			
Accumulated surplus	215,806,576	—	215,806,576

(c) Property, plant and equipment

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

Land and buildings

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

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

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

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

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

Plant and equipment

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

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

Depreciation

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(d) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(e) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks, but excludes cash investments with more than 90 days to maturity.

(f) Comparative figures

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

(g) Revenue recognition

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

Rent
Rental income derived from properties managed by, but not owned by, HHS is recognised on a cash basis. Rental income derived from properties managed and owned by HHS is recognised on an accrual basis.

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

(h) Interest bearing liabilities

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

(i) Financial instruments

Initial Recognition And Measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie: trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification And Subsequent Measurement
Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:
i. the amount at which the financial asset or financial liability is measured at initial recognition;
ii. less principal repayments;
iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
iv. less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

i. **Financial assets at fair value through profit or loss**
Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

ii. **Loans and receivables**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

iii. **Held-to-maturity investments**
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

iv. **Available-for-sale financial assets**
Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. **Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

vi. **Derivative Instruments**

Derivatives are held for hedging purposes and they are measured at net present value (refer to Note 7).

The company designates certain derivatives as either:
(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(ii) hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the company's risk management objective and strategy for undertaking various hedge transactions, is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, are also documented.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. Amounts accumulated in the hedge reserve in equity are transferred to the statement of comprehensive income in the periods when the hedged item will affect profit or loss and included in 'other comprehensive income'.

The gain or loss relating to any ineffective portion is recognised immediately in the statement of comprehensive income as an item of revenue or expense from operating activities.

Fair Value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) New Accounting Standards for application in future periods

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

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards.	1 January 2018	30 June 2018
AASB 16 'Leases'.	1 January 2019	30 June 2019

These standards are not expected to materially impact the organisation.

(k) Leases

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

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

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

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

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

(l) Impairment of assets

At the end of each reporting period, the Company assesses 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. 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 in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

(m) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(n) Trade and other payables

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

(o) Borrowing costs

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

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

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(q) Income Tax

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

(r) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates

(i) Impairment – general
The Company assesses impairment at each reporting date by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing the recoverable amounts incorporate a number of key estimates.

Key judgments

(i) Provision for impairment of receivables
Included in receivables at the end of the reporting period is an amount receivable from tenants in respect of rent in arrears amounting to $98,128. While there is inherent uncertainty in relation to the collectability of this debt, the directors understand that the full amount of the debt is unlikely to be recoverable from the tenants, and therefore a provision for impairment has been made.

(s) New and amended standards

The Company have not added any new or amended standards which have impacted on these financial statements.

(t) Consolidation

During the prior year HHS merged with Preston-based housing provider North East Housing Services Ltd. An Asset Transfer Deed was signed on the 18/6/14, with the merger completed on 30/9/14, at which time HHS acquired the operations and net assets of North East Housing Services Ltd. At balance date, the North East Housing Services Ltd entity has wound up operations. HHS had control of the entity during the 2015 year, and elected to disclose the asset balances held within North East Housing Services Ltd below. North East Housing Services Ltd, included in Statement Of Financial Position of HHS.

	2016 $	2015 $
Cash	—	483,430
Investment Properties	—	2,189,000
	—	**2,672,430**

NOTE 2: COMPREHENSIVE INCOME

	2016 $	2015 $
Comprehensive Income has been determined after:		
(a) Charging as expenses:		
Movements in provisions		
Depreciation of property, plant and equipment	484,476	454,898
Amortisation of property, plant and equipment	321,487	10,226
Annual leave expense	130,935	157,609
Long service leave expense	76,400	214,870
(b) Crediting as income:		
Interest received	22,355	302,995
Profit / (loss) on disposal of property, plant and equipment	(187,200)	(71,635)

NOTE 3: CAPITAL GRANTS

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

	2016 $	2015 $
Grants to acquire affordable housing properties	231,085	910,410
	231,085	**910,410**

NOTE 4: REMUNERATION AND RETIREMENT BENEFITS

	2016 $	2015 $
Total remuneration paid to directors, included in employee salaries, benefits and on-costs	131,000	78,498
	131,000	**78,498**

NOTE 5: CASH AND CASH EQUIVALENTS

	2016 $	2015 $
Cash at bank	1,680,352	3,855,922
Money held in trust	10,964	4,975
Term deposit	3,564,248	3,534,248
	5,255,564	**7,395,145**

Money held in trust represents funds held on behalf of the Community Enterprise Foundation Pty Ltd that are being applied to a Tsunami reconstruction project in Sri Lanka.

NOTE 6: RECEIVABLES

	2016 $	2015 $
Accrued income	2,814,778	2,150,435
Debtors and prepayments	424,319	328,715
Less Provision for impairment of receivables	(98,128)	(66,076)
	3,140,969	**2,413,074**

Impairment of receivables

The ageing of the impaired receivables recognised above are as follows :

1 to 3 months	69,482	48,837
3 to 6 months	28,646	17,239
	98,128	**66,076**

Movements in the provision for impairment of receivables are as follows :

Opening Balance	66,076	57,118
Additional provisions recognised	86,811	84,197
Receivables written off during the year as uncollectable	(54,759)	(75,239)
	98,128	**66,076**

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to $53,440 at 30 June 2016 ($56,324 at 30 June 2015). Management did not consider a credit risk on the aggregate balances after reviewing agency credit information and credit terms of customers based on recent collection practices. The ageing of the past due but not impaired receivables are as follows :

1 to 3 months	31,124	10,856
3 to 6 months	2,861	1,448
over 6 months overdue	19,455	44,020
	53,440	**56,324**

NOTE 7: DERIVATIVES

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

	2016 $	2015 $
Interest rate swap – cash flow hedge – Current Liability	229,524	396,956
Interest rate swap – cash flow hedge – Non Current Liability/(Asset)	531,121	(47,734)
	760,645	**349,222**

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

NOTE 8: PROPERTY PLANT AND EQUIPMENT

	Note	2016 $	(Restated) 2015 $
		1,321,362	1,318,811
Land at directors' valuation	8(a)		
		1,321,362	1,318,811
Buildings at directors' valuation		5,060,659	5,049,071
Less accumulated depreciation		(543,975)	(440,224)
	8(a)	4,516,684	4,608,847
		4,425,973	5,532,466
Land held for sale	8(b)		
		4,425,973	5,532,466
Leasehold improvements at cost		113,875	96,886
Less accumulated depreciation		(43,087)	(32,526)
	8(b)	70,788	64,360
Plant & Equipment at cost		2,720,493	2,269,526
Less accumulated depreciation		(1,180,411)	(1,071,464)
	8(b)	1,540,082	1,198,062
Work In Progress at cost		6,239,134	3,774,705
	8(b)	6,239,134	3,774,705
Total Property, Plant and Equipment		**18,114,023**	**16,497,251**

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

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

2016	LAND HELD FOR SALE	LEASEHOLD IMPROVEMENTS	PLANT & EQUIPMENT	LAND	BUILDINGS	WIP	TOTAL
Carrying value at beginning of year	5,532,466	64,360	1,198,062	1,318,811	4,608,847	3,774,705	16,497,251
Plus additions at cost	—	16,989	780,867	2,551	11,588	2,464,429	3,276,424
Less disposals	(1,106,493)	—	(58,103)	—	—	—	(1,164,596)
Less depreciation/amortisation	—	(10,561)	(380,744)	—	(103,751)	—	(495,056)
Asset revaluation	—	—	—	—	—	—	—
Carrying value at end of year	**4,425,973**	**70,788**	**1,540,082**	**1,321,362**	**4,516,684**	**6,239,134**	**18,114,023**
2015 (Restated)							
Carrying value at beginning of year	5,532,466	65,460	1,002,794	1,316,267	4,663,231	2,486,626	15,066,844
Plus additions at cost	—	9,126	717,072	2,544	46,814	1,288,079	2,063,635
Less disposals	—	—	(168,104)	—	—	—	(168,104)
Less depreciation/amortisation	—	(10,226)	(353,699)	—	(101,198)	—	(465,123)
Asset revaluation	—	—	—	—	—	—	—
Carrying value at end of year	**5,532,466**	**64,360**	**1,198,062**	**1,318,811**	**4,608,847**	**3,774,705**	**16,497,251**

NOTE 9: INVESTMENT PROPERTY

(a) Reconciliation of the carrying amounts of Investment Property:

INVESTMENT PROPERTY	2016 $	(Restated) 2015 $
Balance at the beginning of the year	256,505,919	252,843,394
Acquisition of investment property	3,088,869	6,520,643
Disposal of investment property	(1,106,493)	(1,484,500)
Change in fair value of investment property	3,418,124	(1,373,618)
Balance at the end of the year	**261,906,419**	**256,505,919**

(b) Affordable Housing Assets (classified as Investment Property) are carried at their fair value at reporting date. Fair value has been determined based on council rates notices valuations undertaken in 2016, or alternative valuation sources where council valuations are not available. As at reporting date, 97% of investment property (by value) has been included at council valuation, 2% (property still under construction) is included at cost, and the remaining 1% is based on other independent valuations undertaken in July 2014. As at reporting date the Directors have assessed objective evidence to determine that the carrying value of Investment Property is fair, based on current market data and subsequent appraisal of properties.

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

NOTE 10: OTHER NON CURRENT ASSETS

	2016 $	2015 $
Housing subsidy management rights	1,321,612	1,028,538

NOTE 11: ACCOUNTS PAYABLE

Unsecured liabilities		
Creditors and other payables	1,296,509	543,239
Accrued expenses	279,970	516,385
	1,576,479	**1,059,624**

Refer to Note 22 for detailed information on financial instruments.

NOTE 12: TAX LIABILITY / (ASSET)

Unsecured liabilities		
GST (Receivable)/payable	195,674	(147,258)
PAYG Tax Payable	190,484	92,799
	386,158	**(54,459)**

NOTE 13: EMPLOYEE BENEFITS

	2016 $	(Restated) 2015 $
CURRENT		
Provision for annual leave	748,154	617,219
Provision for long service leave	674,113	676,509
	1,422,267	**1,293,728**
NON-CURRENT		
Provision for long service leave	234,335	155,539
	234,335	**155,539**

Movements in the provision for employee benefits are as follows :

	2016 $	(Restated) 2015 $
Opening balance	1,449,267	1,076,788
Additional provisions recognised	871,125	966,919
Amounts used	(663,790)	(594,440)
	1,656,602	**1,449,267**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

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

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

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

NOTE 14: OTHER CURRENT LIABILITIES

	2016 $	2015 $
Rents owing to owners	213,130	207,337
Committed income	6,056,794	7,708,981
	6,269,924	**7,916,318**

NOTE 15: INTEREST BEARING LIABILITIES

Current	20,342	30,505
Non Current	49,271,428	49,196,487
	49,291,770	**49,226,992**
Loans to be paid as follows :		
Within One year	20,342	30,505
One to five years	49,271,428	49,196,487
	49,291,770	**49,226,992**

The interest-bearing debt is secured by a first registered mortgage over nominated freehold properties owned by HHS.

NOTE 16: CASH FLOW INFORMATION

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

	2016 $	2015 $
Net result for the year	6,315,469	2,640,370
Non – cash flows in net result for the year		
Amortisation	321,487	10,226
Depreciation	484,476	454,898
(Profit) / loss on disposal of Assets	187,200	71,635
Fair value gains on Investment Properties	(3,418,124)	1,373,618
Changes in assets & liabilities		
Decrease (increase) in receivables	(727,895)	(767,079)
Increase (decrease) in accounts payable	516,855	22,368
Increase (decrease) in tax liabilities / asset	440,617	(319,053)
Increase (decrease) in employee benefits provisions	207,335	372,479
Increase (decrease) in other liabilities	(1,656,557)	1,722,644
Net cash provided by operating activities	**2,670,863**	**5,582,106**

NOTE 17: MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the Memorandum and Articles of Association states that every member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the company. As at reporting date there were 10 full members (30/6/2015: 10 full members) to which the above provision applies. The maximum amount that the members of the company are required to contribute is $100 (2015: $100).

NOTE 18: RELATED PARTY DISCLOSURES

(a) Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. Mr Andrew Cairns, a director, is an employee of Bendigo and Adelaide Bank Ltd which is the primary bank of HHS.

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

Sue Clarke	**Linda Dewar**
Ken Belfrage	**Tony Bridge**
William O'Neil	**Jan Boynton**
Melanie Rogers	**David Brant**
Andrew Cairns	**John Murphy**

NOTE 19: AUDITOR'S REMUNERATION

	2016 $	2015 $
Remuneration of the auditor, Andrew Frewin Stewart, of HHS:		
(i) for audit of the accounts	23,765	21,900
(ii) for other services provided	660	3,005
	24,425	**24,905**

NOTE 20: OPERATING LEASES

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

Within one year	139,313	242,534
One to five years	155,733	92,490
Five years plus	—	—
	295,046	**335,024**

At reporting date, HHS has no finance leases.

NOTE 21: 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):

Within one year	1,706,898	1,930,070
One to five years	—	—
Five years plus	—	—
	1,706,898	**1,930,070**

NOTE 22: FINANCIAL RISK MANAGEMENT

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

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets		
Cash and cash equivalents	5,255,564	7,395,145
Trade and other receivables	3,140,969	2,413,074
	8,396,533	**9,808,219**
Financial Liabilities		
Trade and other payables	1,576,479	1,059,624
Interest bearing liabilities	49,291,770	49,226,992
	50,868,249	**50,286,616**

Net Fair Values

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

NOTE 23: DOMICILE AND LEGAL FORM

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

NOTE 24: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

HHS is party to a "Funding Deed" with the Director of Housing. The Funding Deed provides the mechanism with which HHS obtains funding from the Victorian State Government for the purpose of funding capital projects to achieve the Victorian State Government's and HHS's objective of providing affordable rental housing to tenants on low incomes. HHS received capital grants during the year. These amounts are included at note 3 – Capital Grants. The Funding Deed provides that if the Funding Deed or any project funded under the Funding Deed is terminated for any reason, HHS is required to repay to the Director of Housing within 30 days of termination, the Director's proportion of the market value of the terminated projects and properties acquired under the Funding Deed. The Director's proportion is calculated as the "Total funds by the Director/Market value at the time funding provided of property and assets acquired with funding x current market value of property and assets acquired with funding." The directors are not aware of any circumstances that currently exist to cause the Funding Deed to be terminated.