

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

Report on the audit of the financial statements

Our opinion

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

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

What we have audited

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

- ✓ Statement of financial position as at 30 June 2018
- ✓ Statement of profit or loss and other comprehensive income for the year then ended
- ✓ Statement of changes in equity for the year then ended
- ✓ Statement of cash flows for the year then ended
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

Basis for opinion

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

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

Other information

The company may prepare an annual report that may include the financial statements, directors' 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 Chairman'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.

Independence

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

Directors' responsibility for the financial report

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

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

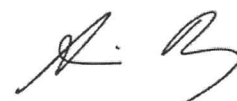
Auditor's responsibility for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 23rd day of October 2018



Adrian Downing
Lead Auditor

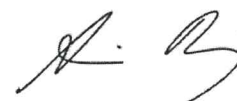
Auditor's Independence Declaration under section 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the Directors of Loddon Mallee Housing Services Ltd trading as Haven; Home, Safe

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there has been:

- i. no contraventions of the auditor's independence requirements as set out in 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, 3550
Dated this 23rd day of October 2018



Adrian Downing
Lead Auditor

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
REVENUES FROM OPERATING ACTIVITIES			
Operating grants		13,231,297	11,627,811
Capital grants	3	3,225,225	5,916,589
Rent		14,034,769	13,409,013
Fair value gains on investment properties		11,206,339	1,017,434
Other income		4,216,042	5,622,089
TOTAL REVENUES FROM OPERATING ACTIVITIES		45,913,672	37,592,936
EXPENSES FROM OPERATING ACTIVITIES			
Employee salaries, benefits and on-costs		11,268,630	10,866,335
Travel and training		493,975	377,594
Office costs		707,166	497,440
Vehicle costs		201,504	213,003
Communication costs		147,901	162,606
Support service delivery		-	239,215
Administration		1,649,925	1,362,733
Insurance		431,617	361,833
Client costs		3,184,681	2,425,689
Property costs		5,222,086	5,332,827
Rent to owners		3,390,636	2,971,191
Depreciation and amortisation		957,315	710,102
Interest		2,007,904	1,923,033
TOTAL EXPENSES FROM OPERATING ACTIVITIES		29,663,340	27,443,601
NET RESULT FOR THE YEAR		16,250,332	10,149,335
Other comprehensive income			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Net gain/(loss) on effective part of cash flow hedge		171,797	303,445
Other comprehensive income for the year		171,797	303,445
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		16,422,129	10,452,780

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

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	5	5,886,612	4,650,719
Tax assets	12	177,622	115,205
Receivables	6	4,572,449	3,411,293
TOTAL CURRENT ASSETS		10,636,683	8,177,217
NON-CURRENT ASSETS			
Property, plant and equipment	8	18,221,152	16,294,134
Investment property	9	294,332,224	274,686,429
Other assets	10	995,105	1,158,359
TOTAL NON-CURRENT ASSETS		313,548,481	292,138,922
TOTAL ASSETS		324,185,164	300,316,139
CURRENT LIABILITIES			
Accounts payable	11	1,315,775	2,442,083
Employee benefits	13	1,336,172	1,402,181
Interest bearing liabilities	15	28,333	26,577
Interest rate swap - cashflow hedge	7	158,781	278,158
Other	14	5,790,751	5,148,104
TOTAL CURRENT LIABILITIES		8,629,812	9,297,103
NON-CURRENT LIABILITIES			
Employee benefits	13	140,578	129,955
Interest bearing liabilities	15	58,616,234	50,460,251
Interest rate swap - cashflow hedge	7	126,622	179,041
TOTAL NON-CURRENT LIABILITIES		58,883,434	50,769,247
TOTAL LIABILITIES		67,513,246	60,066,350
NET ASSETS		256,671,918	240,249,789
EQUITY			
Accumulated surplus		256,671,918	240,249,789
TOTAL EQUITY		256,671,918	240,249,789

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

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

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

2017	Accumulated Surplus \$	Total \$
Balance at beginning of the financial year	229,797,009	240,249,789
Total comprehensive income for the year	10,452,780	10,149,334
Balance at end of the financial year	<u>240,249,789</u>	<u>240,249,789</u>

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

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants received		18,791,845	18,990,509
Other income		16,915,037	18,726,415
Payments to suppliers and employees		(29,679,218)	(26,474,049)
Amounts (paid)/received from Australian Tax Office - GST		45,242	(782,496)
Interest received		92,495	124,871
Interest paid		(2,006,148)	(1,916,798)
Net cash provided by operating activities	16	<u>4,159,253</u>	<u>8,668,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		55,800	121,763
Purchase of property, plant and equipment		(5,876,648)	(1,639,459)
Proceeds from sale of investment properties		1,251,429	185,828
Purchase of investment properties		(6,509,924)	(9,130,252)
Net cash used in investing activities		<u>(11,079,343)</u>	<u>(10,462,120)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds received from borrowings		8,155,983	1,188,823
Net cash received from financing activities		<u>8,155,983</u>	<u>1,188,823</u>
Net increase/(decrease) in cash held		1,235,893	(604,845)
Cash and cash equivalents at beginning of financial year		4,650,719	5,255,564
Cash and cash equivalents at end of year	5	<u>5,886,612</u>	<u>4,650,719</u>

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

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

The financial statements 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) 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 :

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
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.

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(c) Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

(d) Cash and cash equivalents

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

(e) Comparative figures

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

(f) Revenue recognition

Grants

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

Rent

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

Other income

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

(g) Interest bearing liabilities

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

(h) Provisions

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

(i) Fair value of Assets and Liabilities

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

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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

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

(j) Financial instruments

Initial Recognition And Measurement

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

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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.

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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.

(k) New Accounting Standards for application in future periods

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

Standard/Interpretation	Effective For Annual Reporting Periods Beginning On Or After	Expected To Be Initially Applied In the Financial Year Ending
AASB 9 'Financial Instruments', and the relevant amending standards.	1 January 2018	30 June 2019
AASB 15 'Revenues from contracts with customers'.	1 January 2019	30 June 2020
AASB 1058 'Income of Not-for-profit Entities'	1 January 2019	30 June 2020
AASB 16 'Leases'.	1 January 2019	30 June 2020

These standards are not expected to materially impact the organisation.

(l) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to 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.

(m) 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.

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(ii) Fair value of investment properties

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

Key judgments

(i) 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 \$115,785. 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.

(ii) 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.

(t) New and amended standards

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

NOTE 2: COMPREHENSIVE INCOME	2018	2017
	\$	\$
Comprehensive Income has been determined after:		
(a) Charging as expenses:		
Depreciation of property, plant and equipment	710,774	535,573
Amortisation of property, plant and equipment	246,541	174,529
<i>Movements in provisions</i>		
Annual leave expense	(93,464)	(43,838)
Long service leave expense	38,078	(80,628)
(b) Crediting as income:		
Interest received	92,495	124,871
Profit / (loss) on disposal of property, plant and equipment	81,192	27,416

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:

2018	2017
\$	\$

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

Grants to acquire affordable housing properties	3,225,225	5,916,589
	<u>3,225,225</u>	<u>5,916,589</u>

NOTE 4: REMUNERATION AND RETIREMENT BENEFITS

	2018	2017
	\$	\$
Total remuneration paid to directors, included in employee salaries, benefits and on-costs	162,031	128,757
	<u>162,031</u>	<u>128,757</u>

NOTE 5: CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank	2,450,389	1,184,496
Term deposit	3,436,223	3,466,223
	<u>5,886,612</u>	<u>4,650,719</u>

NOTE 6: RECEIVABLES

The company normal credit term is 30 days. Tenants are expected to pay rental in advance.

The company writes off a trade receivable when there is available information that the debtor is in severe financial difficulty and there is no realistic likelihood of recover, eg when the debtor has been placed under liquidation or has entered bankruptcy proceedings, or when the trade receivables are over two years past due date, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

	2018	2017
	\$	\$
Accrued income	4,207,314	2,967,178
Debtors and prepayments	554,655	559,900
Less Provision for impairment of receivables	(189,520)	(115,785)
	<u>4,572,449</u>	<u>3,411,293</u>

Impairment of receivables

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

1 to 3 months	79,086	55,571
3 to 6 months	110,434	60,214
	<u>189,520</u>	<u>115,785</u>

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

Opening Balance	115,785	98,128
Additional provisions recognised	105,719	84,085
Receivables written off during the year as uncollectable	(31,984)	(66,428)
	<u>189,520</u>	<u>115,785</u>

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$93,519 at 30 June 2018 (\$112,919 at 30 June 2017). 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	29,434	100,066
3 to 6 months	15,795	4,215
over 6 months overdue	48,291	8,638
	<u>93,519</u>	<u>112,919</u>

NOTE 7: DERIVATIVES

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

	2018	2017
	\$	\$
Interest rate swap - cash flow hedge - Current Liability	158,781	278,158
Interest rate swap - cash flow hedge - Non Current Liability	126,622	179,041
	<u>285,403</u>	<u>457,199</u>

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

		2018	2017
	Note	\$	\$
Land at directors' valuation		1,394,658	1,392,232
	8(a)	<u>1,394,658</u>	<u>1,392,232</u>
Buildings at directors' valuation		5,645,026	5,603,432
Less accumulated depreciation		(773,196)	(654,679)
	8(a)	<u>4,871,830</u>	<u>4,948,753</u>
Land held for sale	8(b)	3,200,927	3,200,927
		<u>3,200,927</u>	<u>3,200,927</u>
Leasehold improvements at cost		940,751	114,861
Less accumulated depreciation		(137,649)	(54,363)
	8(b)	<u>803,102</u>	<u>60,498</u>
Plant & Equipment at cost		4,062,875	2,822,628
Less accumulated depreciation		(1,978,851)	(1,441,090)

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	8(b)	2,084,024	1,381,538
Work In Progress at cost		<u>5,866,611</u>	<u>5,310,186</u>
	8(b)	5,866,611	5,310,186
Total Property, Plant and Equipment		<u>18,221,152</u>	<u>16,294,134</u>

(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:

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

	LAND HELD FOR SALE	LEASEHOLD IMPROVEMENTS	PLANT & EQUIPMENT	LAND	BUILDINGS	WIP	TOTAL
2018							
Carrying value at beginning of year	3,200,927	60,498	1,381,538	1,392,232	4,948,753	5,310,186	16,294,134
Plus additions at cost	-	825,891	1,324,588	2,426	41,595	10,469,676	12,664,176
Less disposals	-	-	(29,847)	-	-	(9,606,406)	(9,636,253)
Plus / (Less) Transfers	-	-	-	-	-	(306,844)	(306,844)
Less depreciation/amortisation	-	(83,287)	(592,256)	-	(118,518)	-	(794,060)
Asset revaluation	-	-	-	-	-	-	-
Carrying value at end of year	3,200,927	803,102	2,084,024	1,394,658	4,871,830	5,866,611	18,221,152
2017							
Carrying value at beginning of year	4,425,973	70,788	1,540,082	1,321,362	4,516,684	6,239,134	18,114,023
Plus additions at cost	-	986	359,947	2,333	611,309	1,889,929	2,864,504
Less disposals	(1,225,046)	-	(93,621)	-	-	(2,818,878)	(4,137,545)
Plus / (Less) Transfers	-	-	-	68,537	(68,537)	-	-
Less depreciation/amortisation	-	(11,276)	(424,870)	-	(110,703)	-	(546,849)
Asset revaluation	-	-	-	-	-	-	-
Carrying value at end of year	3,200,927	60,498	1,381,538	1,392,232	4,948,753	5,310,186	16,294,134

NOTE 9: INVESTMENT PROPERTY

Reconciliation of the carrying amounts of Investment Property:

	2018 \$	2017 \$
INVESTMENT PROPERTY		
Balance at the beginning of the year	274,686,429	261,906,419
Acquisition of investment property	9,328,801	13,532,229
Disposal of investment property	(889,345)	(1,769,653)
Change in fair value of investment property	11,206,339	1,017,434
Balance at the end of the year	294,332,224	274,686,429

(a) Affordable Housing Assets (classified as Investment Property) are carried at their fair value at reporting date. Fair value has been determined based on council rates notices valuations undertaken in 2016, or alternative valuation sources where council valuations are not available. As at reporting date, 94% of investment property (by value) has been included at council valuation, 4% (property still under construction) is included at cost, and the remaining 2% 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.

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

NOTE 10: OTHER NON CURRENT ASSETS

	2018 \$	2017 \$
Housing subsidy management rights	995,105	1,158,359

NOTE 11: ACCOUNTS PAYABLE

	2018 \$	2017 \$
Unsecured liabilities		
Creditors and other payables	492,099	1,368,729
Accrued expenses	823,676	1,073,354
	1,315,775	2,442,083

Refer to Note 22 for detailed information on financial instruments.

NOTE 12: TAX LIABILITY / (ASSET)

	2018 \$	2017 \$
GST (Receivable)/payable	(171,603)	(115,206)
PAYG Tax Payable	(6,019)	1
	(177,622)	(115,205)

NOTE 13: EMPLOYEE BENEFITS

	2018 \$	2017 \$
CURRENT		
Provision for annual leave	610,852	704,316
Provision for long service leave	725,320	697,865
	1,336,172	1,402,181
NON-CURRENT		
Provision for long service leave	140,578	129,955
	140,578	129,955

Movements in the provision for employee benefits are as follows :

Opening balance	1,532,136	1,656,602
Additional provisions recognised	608,404	539,324
Amounts used	(663,790)	(663,790)
	1,476,750	1,532,136

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

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

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

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

NOTE 14: OTHER CURRENT LIABILITIES

	2018	2017
	\$	\$
Rents owing to owners	262,918	215,267
Committed income	<u>5,527,833</u>	<u>4,932,837</u>
	<u>5,790,751</u>	<u>5,148,104</u>

NOTE 15: INTEREST BEARING LIABILITIES

	2018	2017
	\$	\$
Current	28,333	26,577
Non Current	<u>58,616,234</u>	<u>50,460,251</u>
	<u>58,644,567</u>	<u>50,486,828</u>
Loans to be paid as follows :		
Within One year	28,333	26,577
One to five years	<u>58,616,234</u>	<u>50,460,251</u>
	<u>58,644,567</u>	<u>50,486,828</u>

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

NOTE 16: CASH FLOW INFORMATION

	2018	2017
	\$	\$
Reconciliation of net cash provided by operating activities with net result for the year		
Net result for the year	16,250,332	10,149,335
Non - cash flows in net result for the year		
Amortisation	246,541	174,529
Depreciation	710,774	535,573
(Profit) / loss on disposal of Assets	(81,192)	(27,416)
Fair value gains on Investment Properties	(11,206,339)	(1,017,434)
Changes in assets & liabilities		
Decrease (increase) in receivables	(1,161,156)	(270,324)
Increase (decrease) in accounts payable	(1,126,308)	865,604
Increase (decrease) in tax liabilities / asset	(62,417)	(501,363)
Increase (decrease) in employee benefits provisions	(55,386)	(124,466)
Increase (decrease) in other liabilities	644,404	(1,115,586)
Net cash provided by operating activities	<u>4,159,253</u>	<u>8,668,452</u>

NOTE 17: MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that every member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. As at reporting date there were 9 full members (30/6/2017: 10 full members) to which the above provision applies. The maximum amount that the members of the company are required to contribute is \$90 (2017: \$100).

NOTE 18: RELATED PARTY DISCLOSURES

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

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

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

Sue Clarke	Jan Boynton
Ken Belfrage	David Brant
William O'Neil	Warwick Cavanagh
Melanie Rogers	Candy Broad
Andrew Cairns	
Tony Bridge	

NOTE 19: AUDITOR'S REMUNERATION

	2018	2017
	\$	\$
Remuneration of the Loddon Mallee Housing Services Ltd auditor, AFS & Associates:		
(i) for audit of the accounts	24,600	24,600
(ii) for other services provided	<u>660</u>	<u>660</u>
	<u>25,260</u>	<u>25,260</u>

LODDON MALLEE HOUSING SERVICES LTD
TRADING AS HAVEN; HOME, SAFE
A.B.N. 28 081 883 623
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 20: OPERATING LEASES

	2018 \$	2017 \$
The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements with a five-year term. Increases in the lease commitments may occur in line with the consumer price index (CPI).		
At the reporting date, Loddon Mallee Housing Services Ltd had the following obligations under non-cancellable operating leases for the commercial leasing of office premises by the company (these obligations are not recognised as liabilities at reporting date):		
Within one year	362,261	340,678
One to five years	1,323,587	836,688
Five years plus	868,740	837,088
	<u>2,554,588</u>	<u>2,014,454</u>

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

NOTE 21: COMMITMENTS

	2018 \$	2017 \$
At the reporting date, Loddon Mallee Housing Services Ltd had entered into the following commitments in respect of construction and land acquisition contracts relating to affordable housing properties (these obligations are not recognised as liabilities at reporting date):		
Within one year	4,422,599	4,376,121
One to five years	-	-
Five years plus	-	-
	<u>4,422,599</u>	<u>4,376,121</u>

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:

	2018 \$	2017 \$
<i>Financial Assets</i>		
Cash and cash equivalents	5,886,612	4,650,719
Trade and other receivables	4,572,449	3,411,293
	<u>10,459,061</u>	<u>8,062,012</u>
<i>Financial Liabilities</i>		
Trade and other payables	1,315,775	2,442,083
Interest bearing liabilities	58,644,567	50,486,828
	<u>59,960,342</u>	<u>52,928,911</u>
<i>Net Fair Values</i>		
The carrying value of financial assets and liabilities are equivalent to their net fair values.		

NOTE 23: DOMICILE AND LEGAL FORM

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

NOTE 24: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

NOTE 25: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 26: FAIR VALUE MEASUREMENT

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

	2018 \$	2017 \$
Recurring fair value measurements		
<i>Non-financial assets</i>		
Investment Properties	294,332,224	274,686,429
	<u>294,332,224</u>	<u>274,686,429</u>

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

The directors submit the financial accounts of the company for the year ended 30 June 2018.

DIRECTORS

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

Sue Clarke	Andrew Cairns	Janet Boynton	
Ken Belfrage	Warwick Cavanagh	David Brant	
William O'Neil	Candy Broad	Tony Bridge	(resigned 31/12/17)
Melanie Rogers			

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

PRINCIPAL ACTIVITIES & OBJECTIVES

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

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

Housing options:

- * short term (transitional) housing - in our own properties, in DHHS-owned properties and head lease arrangements.
- * affordable long term housing

Direct client support options:

- * intake, assessment and referral services
- * emergency relief support

Brokerage services

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

REVIEW OF OPERATIONS

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

The operating surplus for the company for the year ended 30 June 2018 was \$16,250,332. This result has been determined after application of Australian Accounting Standard AASB 118 - Revenue.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

AFTER BALANCE DATE EVENTS

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company or the state of affairs of the company in future years.

ENVIRONMENTAL ISSUES

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

MEMBER'S GUARANTEE

The company is limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. As at 30 June 2018 there were 9 full members to which the above provision applies. The total amount the members of the company are required to contribute is \$90.

DIRECTOR'S PARTICULARS

(a) Qualifications, experience, and other information.

Sue Clarke	Chairperson
Qualifications:	Grad Dip. Business, Grad Dip. S.Science, FAICD, Executive Fellow ANZSOG, Graduate AMC CMC.
Experience:	Non Executive Director of Loddon Mallee Housing Services Ltd since November 2010, also currently a Non Executive Director and Deputy Chair of Bendigo Health Care Group, Non Executive Director Loddon Mallee Medicare Locals Ltd trading as Murray PHN, Non Executive Director Ambulance Victoria, Member of AICD Bendigo Advisory Board, and Owner & Director of Nillumbik Australia P/L trading as The Light Switch, and Director of G & S Clarke Superannuation Pty Ltd. Over thirty five years experience in Community Sector Leadership and Management, sixteen years experience as a company director and governance.
William O'Neil	Director
Qualifications:	Bachelor of Arts (Urban & Regional Studies), Curtin University, Western Australia, MAICD
Experience:	Director since 2012, Owner/Director O'Neil Pollock & Associates Pty Ltd for 19 years providing specialist services in the fields of strategic town planning and local and regional economic development facilitation. Director on the Board of Coliban Water Corporation, Director of Mount View Properties (Vic) P/L, Director of WOMP P/L and Senior Sessional Member of Planning panels Victoria.
Tony Bridge	Director
Qualifications:	B. Bus. (Econ), MBA (Monash), FAICD
Experience:	Director, Bridge Advisory Group Pty Ltd. Director, Bridge Sinclair Brook Pty Ltd. Director of LMHS since 2007 and Director of Active Community Housing. Founding Partner - Burns Bridge Group (now Currie & Brown), strategic advisory and project management business since 1986. Involvement in strategic advisory in various sectors, but with specific interest in affordable housing, retirement/aged care, health, church/not for profits, and others. In 2013 founded Bridge Advisory Group, an entity that provides specialist advisory and transaction services for the aged care and seniors living sector in Australia, China and other parts of Asia.
Melanie Rogers	Director
Qualifications:	B.Sc Dip.Bus. Grad Cert. H.I. Grad Cert Prof. Acc., GAICD
Experience:	Director at Loddon Mallee Housing Service P/L since 2012. Director of Business Transformation, Central Goldfields Shire Council. Twenty five years experience in public administration, human resources and governance. Eleven years previous Board experience. Currently Director Bellarine Bayside Foreshore Committee of Management, Trust Member Geelong Cemeteries Trust, Director of Active Community Housing.
Ken Belfrage	Director
Qualifications:	Dip.Bus. Studies, FCA, GAICD
Experience:	Director since 2010. Company director with current roles on a number of boards and committees. Chartered Accountant with 34 years experience in public practice.
Andrew Cairns	Director
Qualifications:	Bachelor of Engineering (Mechanical), GAICD
Experience:	Director since November 2010, 20 years experience in senior management roles, currently Chief Executive Officer of Community Sector Banking which is a joint venture between Bendigo and Adelaide Bank Limited and Community 21 Pty Ltd that specialises in providing financial solutions to the Not For Profit Sector. Currently the Chairman of the Western Water Corporation and a Director of Social Enterprises Australia Limited.
David Brant	Director
Qualifications:	Bachelor of Engineering (Mechanical), Post Graduate Diploma Business Administration, FAICD.
Experience:	Director since September 2014, Director Nillumbik Community Health Services and Director of Birdwood International P/L. Business interests in renewable energy and manufacturing sectors. Extensive experience in non-executive and senior executive roles in the not for profit sector and private enterprise.
Janet Boynton	Director
Qualifications:	BTRP (Melb), Grad.Dip Aust. Institute Company Directors , FAICD, FPIA
Experience:	Director since April 2015. Has an extensive background working in executive positions in State and Local Government. Is a former board member of Bendigo Health, CFA and La Trobe University Council. Currently a member of the Bendigo Advisory Committee, AICD, Board Member of the Bendigo Jockey Club, Director of CVGT Australia, Director of the Bendigo Art Gallery and Member Councilor Code of Conduct Panel (State Government).
Warwick Cavanagh	Director
Qualifications:	Bachelor of Arts (Melb)
Experience:	Warwick Cavanagh is Chairperson of a key partner agency, Active Community Housing, a Director of National Disability Services (NDS), and a White Ribbon Ambassador. Highly respected across the disability sector, Warwick was the CEO of MOIRA Disability & Youth Services for 24 years, prior to joining the Loddon Mallee Housing Services Ltd Board in 2017.
Candy Broad	Director
Qualifications:	Bachelor of Commerce, GAICD, GAIST

Experience:

Former Member for Northern Victoria and former State Government Minister for Housing, Local Government, Energy and Resources and Ports, and a founding member of Emily's List. Chair of Safe Steps Family Violence Response Centre, Deputy Chair of Women's Health Victoria, Chair of PrimeSafe, a Director of the Australian Council of Superannuation Investors, a Director of First Super.

DIRECTOR MEMBERSHIP OF BOARD SUB-COMMITTEES

	Tony Bridge	Ken Belfrage	Sue Clarke	William O'Neil	Andrew Cairns	Melanie Rogers	Janet Boynton	David Brant	Warwick Cavanagh	Candy Broad
Remuneration & Assessment Committee			X		X			X		
Risk Committee				X		X	X		X	X
Corporate Strategy & Governance Committee	X		X	X	X		X			
Finance & Audit Committee	X	X				X		X	X	

DIRECTORS MEETINGS

During the financial year, 12 formal meetings were held: 10 ordinary meetings, 1 Annual General Meeting and 1 Special General Meeting.

Director's Name	Number attended	Number eligible to attend
Sue Clarke	12	12
Ken Belfrage	11	12
William O'Neil	11	12
Melanie Rogers	12	12
Andrew Cairns	8	12
Tony Bridge	2	7
Jan Boynton	10	12
David Brant	9	12
Warwick Cavanagh	11	12
Candy Broad	10	12

CORPORATE GOVERNANCE

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

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

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

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

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

Remuneration:

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

In the previous financial year remuneration was as follows:

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

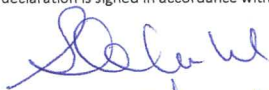
AUDIT INDEPENDENCE DECLARATION

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

BENEFITS UNDER CONTRACTS WITH DIRECTOR'S

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

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



23rd

October

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

Dated this day

2018

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

The directors of the company declare that:

1. The financial statements and notes, as set out on pages XX to XX
are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - (a) comply with Accounting Standards - Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the company's financial position
as at 30 June 2018 and of its performance for the year
ended on that date; and
2. In the directors opinion there are reasonable grounds to believe
that the company will be able to pay its debts as and when they
become due and payable.

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



Sue Clarke- Chair, Board of Directors

Dated this day 23rd October 2018