bridge housing

linking people to a better future

FINANCIAL REPORT 2021

Bridge Housing Limited

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Bridge Housing Limited ACN 135 570 955

Financial Report for the year ended 30 June 2021

Directors' Report

The Directors present their report together with the financial statements on Bridge Housing Limited ("the Company" or "Bridge Housing") for the year ended the 30 June 2021.

Directors

Information on Directors

The names of directors who held office at any time during, or since the end of the year are set out below together with the information on each director's qualifications and skills:

Names of Directors	Qualification	Occupation	Skills	Years as Director
Mark Turner	BSc MRICS	Strategic Adviser for Commercial Property	Property Development, Finance, Real Estate	7
Gary Milligan	BSc BEng (Electrical) (Hons 1), Grad Cert Human Resource Development, MIVMA	Company Director	Asset Management	14
Shirley Liew	BBus, MBA, Grad Dip Appl Finance, FCPA, FTIA, MIIA, FAICD	Company Director/ Business and Risk Advisor	Finance and Risk	12
Carolyn Scobie	M.A. (Japanese), B.A./L.L.B. Grad Dip, CSP, GAICD	Lawyer	Legal	6
Graham Monk	BComm (Hons), FCPA MAICD	Consultant and Company Director	Finance and Risk	6
Jill Hannaford	BAppSc (AppEcG) (Hons 1), MUrbRegPlg	Technical Services Leader and Company Director	Community and Stakeholder Engagement, Social Sustainability	4
Liz Forsyth	BSW, IPAA	CEO	Social Housing Management and Community Services, Professional Services	1
Stephen Bull	BSc, BCom, MAICD, CA	Company Director	Property development, Asset management, Finance	1
Dick Persson AM (resigned on 18 November 2020)	BA, FAIM, FAPI	Company Director	Human Resources	13
Lynne Ready (resigned on 27 October 2020)	AICD Grad, MMan, GDipPA, BSocWk, DipPM, CertIV TAE	Child and Family Manager	Public policy, Management	4

Meetings of Directors

During the financial year, six Board meetings of directors were held, in addition to committee meetings shown below. Attendance by each director during the 2020-21 year was as follows:

Directors	Appt. Date	Board		Human Resources and Nominations		Assets and Procurement		Finance, Risk and Audit	
		A	B	A	B	A	B	A	B
Mark Turner	2014	6	6	X	X	6	6	X	X
Shirley Liew	2009	6	5	X	X	X	X	6	5
Gary Milligan	2007	6	6	X	X	6	6	X	X
Dick Persson AM (resigned 18 November 2020)	2008	2	2	2	1	X	X	X	X
Carolyn Scobie	2015	6	5	6	6	X	X	X	X
Graham Monk	2016	6	6	X	X	X	X	6	6
Jill Hannaford	2018	6	5	6	6	X	X	X	X
Lynne Ready (resigned 27 October 2020)	2018	2	2	X	X	2	1	X	X
Liz Forsyth	2020	4	3	X	X	4	3	X	X
Stephen Bull	2020	4	4	X	X	X	X	4	4

A: Meetings Eligible to Attend **B:** Meetings Attended **X:** Not a Member of the Committee

Chair of meeting Eligible to attend

Company Secretary

John Nicolades was Company Secretary for the whole of the financial year and continued in office until 4 October 2021 when he resigned. John joined the Company as Executive Officer in 2005 and was appointed as Chief Executive Officer in 2010. He has been the Company Secretary since 2009. John has 41 years of experience in the not for profit industry.

Corporate information

The Company is a 'not for profit' entity, registered as a company limited by guarantee. It does not issue shares to its members. Under its Constitution, it does not have the capacity to issue dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

It is registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC) Charity ABN 55760055094. As a Public Benevolent Institution, it is endorsed to access the following tax concessions; GST Concession and is FBT and Income Tax Exempt. It is also endorsed as a Deductible Gift Recipient (DGR) covered by Item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $1 each towards any outstanding obligations of the Company.

Details on members

At 30 June 2021, the number of ordinary members was 237 (2020: 243). There are no life members or honorary life members (2020: nil).

Short and long term objectives of the entity

The Company's Mission is to change peoples lives through more homes and quality services.

Strategy for achieving those objectives

The Company achieves its medium and long term objectives through three year strategic plans, and related short term objectives are implemented through detailed annual business plans. The Company's growth and success have been driven by successive strategic plans since 2006. In 2021, the Company completed the third year of Strategic Plan 2018-21. The Annual Report 2021 reports on the outcomes against the Business Plan 2020-21. A new Strategic Plan 2021-24 and Business Plan 2021-22 were approved by the Board in June 2021.

The strategic and business plans have four key objectives. These are:

1. Change lives – Quality services that deliver impact and make a difference to the lives of our residents
2. Provide more homes – more affordable homes through a growing property portfolio
3. Build a sustainable future – a strong and inclusive organisation backed by engaged and skilled people
4. Influence change in the system – leadership and advocacy that creates positive change in the housing system.

These 4 objectives are underpinned by 3 key strategic themes:

- Growing sustainably
- Partnering effectively
- Leveraging technology

Principal activities

The principal activity of the Company in the course of the financial year was the provision of social and affordable housing to the local community. There was no significant change in the nature of this activity during the financial year.

How the Company's activities assisted in achieving the Company's objectives

The cash flows of the Company will continue to be employed to improve lives through the provision of affordable homes and quality services for low to moderate income households.

How the Company measures its performance

The Company measures its performance by meeting the objectives established in the annual business plan to deliver the three year strategic plan objectives. Our performance for 2020-21 is reported in the 2021 Annual Report.

Operating results

The accounting deficit in 2021 was $1,526,513 (surplus in 2020: $522,194) whilst the underlying operating surplus in 2021 was $4,556,936 (2020: $3,731,974).

Our underlying operating result remains very strong with the key drivers generating the accounting deficit being recognition of a loss generated from lease accounting of $1,015,652 (2020: $1,615,040), interest on loans of $1,563,458 (2020: $987,495) and depreciation of $3,858,649 (2020: $2,869,277).

In response to COVID-19, the Company implemented a range of measures and service delivery protocols to ensure the safety of its staff, tenants, applicants and contractors. From a financial perspective, the Company monitored and evaluated its cash liquidity position. The Company notes that there were no impairment of assets and there was no significant impact on the Company results as a result of COVID-19.

There was no income tax expense as the Company is tax exempt.

A reconciliation from accounting (deficit) / surplus to underlying operating surplus is shown below.

	2021	2020
	$	$
Accounting (deficit)/surplus (as per statement of Profit and Loss)	(1,526,513)	522,194
Less:		
Grant Revenue for property acquisition	-	(1,967,534)
Plus:		
(Gain)/loss on derivative financial instrument	-	(18,303)
Less:		
Interest income	(308,842)	(234,520)
Plus:		
Interest expenses on loans (excluding interest on lease liabilities)	1,563,458	987,495
Depreciation & amortisation (excluding amortisation on right of use assets)	3,858,649	2,869,277
Net loss per AASB16	1,015,652	1,615,040
Less:		
Insurance compensation income	(45,468)	(41,675)
Underlying Operating Surplus	**4,556,936**	**3,731,974**

In 2020-21 Bridge Housing successfully delivered the third year of our Strategic Plan 2018-21. We delivered an improved underlying operating surplus from last year.

Whilst achieving a solid profit result, we continued to invest in people, business systems and maintenance. This year's result reflects the full year impact of properties transferred under the Social Housing Management Transfer Program (SHMTP) in 2019-20 and the impact of several new acquisitions.

With the ongoing difficult operating environment as a result of Covid 19 we focused on maintaining and delivering services to our tenants. Given the challenging environment experienced through much of the year we are extremely pleased with the delivery of the majority of our business plan objectives. Our Annual Report 2021 provides a comprehensive report on these activities.

Key highlights for 2020-21 include:

- developed a long term strategic vision and a new 3 year Strategic Plan 2021-24
- implemented new IT service provider and service desk
- upgraded our IT infrastructure and security environment
- implemented invoice automation utilsiing our document management system workflow to streamline our accounts payable process
- implemented EFTSure to enhance the security of our payment process
- paid deposit to purchasing 30 units in Glebe, utilising CHLP funding, to provide accommodation for up to 60 people
- won a NSW Land and Housing Corporation Tender to manage up to 75 dwellings in Cowper Street Glebe
- secured a City of Sydney Council site in Alexandria that could deliver between 20 to 30 affordable residential units
- re-contracted our repairs and maintenance services, lawns, ground and cleaning services and fire safety services to prepare for the management of maintenance services on the northern beaches
- reviewed our Asset team structure and expanded the team to cater for taking full management of maintenance in the Northern Beaches
- delivered our largest maintenance program to date, including undertaking $1.7 million worth of stimulus works
- implemented the Together Home program to assist homeless people to move to permanent accommodation after being housed in hotels during the Covid-19 pandemic. To date we have housed 64 people
- continued to build our HomeGround Real Estate Sydney business, with 252 properties under management
- Developed our next three years' Building Bridges Community Building and Engagement strategy to guide our tenant participation and community development activities
- Supported 26 tenants to gain employment or study through our Bridge to Work Program and secured a fourth year of funding from the Commonwealth Government.

In the 2021-22 financial year, the Company intends to continue with the following projects or initiatives:

- Deliver the first year of our Strategic Plan 2021-24
- Develop a digital strategy
- Utilise the Community Housing Leasing Program and additional debt to grow the capital owned housing portfolio
- Lodge proposal for Dulwich Hill redevelopment
- Pursue development opportunities on the Northern Beaches
- Pursue acquisition and development to target women in housing need
- Deliver the Solar PV pilot project
- Develop an Environmental Social and Governance (ESG) Framework
- Develop our next Reconciliation Action Plan in partnership with tenants and the community
- Develop and implement a Marketing and Communications Strategy to focus our efforts and maximise our influence.

Subsequent events

Post 30 June 2021 but prior to the signing of this report, Bridge Housing has settled the acquisition of 30 units in Glebe as part of our CHLP Acquisition Program, which enables the redeployment of leasehold subsidies to capital subsidies.

Our long serving CEO, John Nicolades, tendered his resignation on 7th June 2021 with his last day in that role being 4th October 2021. The current Chief Operating Officer, Rebecca Pinkstone, was appointed as the new CEO effective 5th October 2021, in line with the succession plan instigated over the last two years.

The COVID-19 pandemic has continued throughout the period post 30 June 2021 up until the date of this report. There has been no immediate or current impact on the financial position of the Company as a result of COVID-19. However, it has created unprecedented economic and societal impacts and there remains significant uncertainty which may impact the Company in the future.

At 30 June 2021 and as at the date of this report, a definitive assessment of the future effects of COVID-19 on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown, including the impact on the property market and values. The Company will continue to provide quality affordable housing to low and moderate income households.

This report is made in accordance with a resolution of the Directors.
On behalf of directors:

Mark Turner
Chairman

Graham Monk
Director

Dated this 26th day of October 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	**$**	**$**
Revenue	2	60,884,079	57,765,765
Other income	3	1,960,342	1,442,111
Tenancy and property management expenses	4	(41,514,974)	(38,964,788)
Administration expenses	4	(4,416,963)	(3,651,553)
Employee benefits	4	(10,089,837)	(9,186,643)
Depreciation expenses	4	(3,765,946)	(2,845,170)
Finance costs	4	(4,583,214)	(4,055,830)
(Deficit)/surplus before fair value loss		**(1,526,513)**	**503,891**
Gain on derivative financial instrument	5	-	18,303
(Deficit)/surplus before income tax expense		**(1,526,513)**	**522,194**
Income tax expense	1(b)	-	-
(Deficit)/surplus after income tax expense for the year attributable to the members of Bridge Housing Limited		**(1,526,513)**	**522,194**
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings	9	14,706,548	11,579,735
Other comprehensive income for the year, net of tax		14,706,548	11,579,735
Total Comprehensive income for the year attributable to the members of Bridge Housing Limited		**13,180,035**	**12,101,929**

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 2021

		2021	2020
	Notes	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	7	31,083,004	14,186,362
Other financial assets	10	18,500,000	32,500,934
Trade and other receivables	8	5,738,710	5,579,066
Total current assets		**55,321,714**	**52,266,362**
Non-current assets			
Property, plant and equipment	9	293,577,930	280,568,912
Other financial assets	10	911,821	962,244
Right of use asset	11	106,879,548	107,548,063
Total non-current assets		401,369,299	389,079,219
Total assets		**456,691,013**	**441,345,581**
Liabilities			
Current liabilities			
Trade and other payables	13	5,041,088	6,576,982
Other liabilities	14	8,865,100	5,762,887
Employee benefits	15	1,206,967	1,022,159
Lease liability	12	21,205,242	20,760,727
Total current liabilities		36,318,397	34,122,755
Non-current liabilities			
Employee benefits	15	163,017	136,936
Borrowings	16	75,616,737	75,575,685
Lease liability	12	88,304,998	88,402,376
Total non-current liabilities		164,084,752	164,114,997
Total liabilities		**200,403,149**	**198,237,752**
Net assets		**256,287,864**	**243,107,829**
Equity			
Reserves	17	148,147,950	133,441,402
Accumulated surpluses		108,139,814	109,666,427
Total equity		**256,287,864**	**243,107,829**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
	Notes	$	$
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		38,624,805	37,042,623
Cash paid to suppliers and employees (inclusive of GST)		(38,929,436)	(26,711,674)
Grants received (inclusive of GST)		27,853,501	19,267,612
Interest and other finance costs paid		(1,584,539)	(862,099)
Interest expenses on leases		(3,019,756)	(3,068,335)
Interest received		317,727	187,672
Net cash from operating activities	18	23,262,302	25,855,799
Cash flows from investing activities			
Purchase of property, plant and equipment		(479,642)	(14,505,527)
Deposit payments for property		(1,590,000)	-
Proceeds from/(payments for) term deposits		14,000,934	(32,500,934)
Net cash from/(used in) investing activities		11,931,292	(47,006,461)
Cash flows from financing activities			
(Repayment of) lease liabilities		(18,296,952)	(17,589,421)
(Repayment of) financial derivative		-	(2,313,000)
Proceeds from borrowing		-	51,341,233
Net cash (used in)/from financing activities		(18,296,952)	31,438,812
Net increase in cash and cash equivalents		16,896,642	10,288,150
Cash and cash equivalents at the beginning of the year		14,186,362	3,898,212
Cash and cash equivalents at the end of the year	**7**	**31,083,004**	**14,186,362**

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated surpluses	Reserves	Total equity
	$	$	$
Balance at 1 July 2019 as restated	**108,230,915**	**121,861,667**	**230,092,582**
Adjustment on initial adoption of AASB 15 Revenue (Refer Note 1d)	913,318	-	913,318
Balance at 1 July 2019 as restated	**109,144,233**	**121,861,667**	**231,005,900**
Surplus after income tax expense for the year	522,194	-	522,194
Other comprehensive income for the year, net of tax	-	11,579,735	11,579,735
Total comprehensive income for the year	522,194	11,579,735	12,101,929
Balance at 30 June 2020	**109,666,427**	**133,441,402**	**243,107,829**
(Deficit) after income tax expense for the year	(1,526,513)	-	(1,526,513)
Other comprehensive income for the year, net of tax Revaluation	-	14,706,548	14,706,548
Total comprehensive income for the year	(1,526,513)	14,706,548	13,180,035
Balance at 30 June 2021	**108,139,914**	**148,147,950**	**256,287,864**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

The financial report was authorised for issue by the directors on the 26 October 2021. The directors have the power to amend and reissue the financial statements.

The financial report has also been prepared on a historical cost basis, except for land and buildings deemed to be at fair value.

The financial report covers Bridge Housing Limited as an individual entity. The financial report is presented in Australian dollars, which is Bridge Housing Limited's functional and presentation currency. Bridge Housing Limited is a not-for-profit unlisted public company limited by guarantee and it is incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Income tax

As the Company is the charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

(c) GST

Revenues and expenses are recognised net of GST, except where GST incurred is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST payable to the taxation authority is included in payables in the statement of financial position.

(d) Critical accounting estimates and judgements

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

Allowance for expected credit losses

The Company measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due unless a payment arrangement has been entered into with the Company.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Land and building valuations

Critical estimates are made by the Directors in respect to the fair value of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations. This external valuation has been prepared in accordance with established valuation methodologies, international valuation standards and Australian Accounting Standards using the fair value model.

Estimation of useful lives of assets

The directors determine the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could be revised. The depreciation charge will increase where the useful lives are less than previously estimated lives, or where obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Lease term

The lease term is a significant component in the measurement of both the right-of use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances. As the Company adopted a portfolio approach, the lease term has been determined based on a historical analysis of property usage from the portfolio as well as expected future strategic trends.

Incremental borrowing rate

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

Financial Derivative

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. This value is based upon valuations provided by Financial Institutions as at reporting date and this is relied upon for recognising the fair value of the derivative contract.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

NOTE 2: REVENUE

	2021	2020
	$	$
Rental revenue	35,206,976	33,883,014
Non-rental revenue	907,453	874,099
Government grants	23,106,908	21,925,230
Private rental assistance - revenue	1,662,742	1,083,422
	60,884,079	**57,765,765**

Rental revenue is recognised on a straight line basis over the length of the term.

Revenue for services in accordance with contracts with customers is recognised over time as the performance obligations are satisfied which occurs when the services are delivered or transferred to the customer. When the Company's programs and arrangements are not accounted for as contracts with customers, the Company accounts for the arrangement as a grant or contribution. For grants and contributions of property, the Company recognises the asset when title transfers or vests, or when a lease of the property commences. The asset provided by the grantor is recognised at fair value and the Company recognised any related amount at the same time as follows:

- A contractual obligation to repay any of the contributed funds that the Company cannot avoid is recognised initially and subsequently accounted for as a financial liability.
- An obligation to make lease payments is recognised and subsequently accounted for as a lease liability.
- A transfer of funds to enable the Company to procure new housing supply that will be recognised as property by the Company is recognised as a liability and subsequently recognised as other income when the property is acquired.
- Any residual is immediately recognised as other income.

Service concession arrangements are accounted for as contracts with customers and revenue is recognised when the services are delivered or transferred to the customer or beneficiaries. Revenue is presented net of any payments that are made by the Company to the customer, including payments that are structured as lease payments. For contracts considered to be service concession agreements the company does not recognise the property or the right to use the property associated with these agreements. The company considers contracts with government to manage social housing dwellings as service concession agreements.

NOTE 3: OTHER INCOME

	2021	2020
	$	$
Fees received – services	1,114,704	909,649
Gain on lease termination	406,128	131,023
Interest income	308,842	234,520
Donation income	20,200	50,000
Insurance compensation income	45,468	41,675
Sundry income	65,000	75,244
	1,960,342	**1,422,111**

Insurance compensation income

Insurance compensation income is recognised as income in the periods when they are earned. It represents the temporary accommodation and rental loss compensation from the insurer due to tenants' relocation as a result of property damage.

Gain on lease termination

Gain on lease modification is recognised as income in the periods when the leases of the properties are modified.

Donation Income

Donation income is recognised as revenue when the money is received and any obligations are met.

Rendering of services

Income from fees received for services is recognised over time when the services are delivered or transferred to the customer.

Interest

Revenue is recognised as interest accrues using the effective interest method.

Sundry Income

Sundry income is recognised as revenue when money is received and any obligations are met.

NOTE 4: EXPENSES

	2021	2020
	$	$
Tenancy and property management expenses		
Rent paid	2,201,431	2,123,129
Amortisation expenses – right of use assets	19,080,032	18,672,479
Doubtful and bad debt expenses	103,229	206,853
Insurances	925,625	846,791
Rates and utility charges	5,000,145	4,284,381
Repairs and maintenance	12,577,227	11,778,180
Private rental assistance - expenses	1,627,285	1,052,975
	41,514,974	**38,964,788**

NOTE 4: EXPENSES (CONTINUED)

	2021	2020
	$	$
Administration expenses		
Amortisation expenses – right of use assets	690,348	663,005
Office expenses	2,014,908	1,444,399
Consultant fees	780,067	605,307
Audit and accounting fees	133,171	110,180
Amortisation of loan arrangement fees	41,053	24,106
Other expenses	637,853	713,556
Legal fees	119,563	91,000
	4,416,963	**3,651,553**

	2021	2020
	$	$
Employee benefits		
Employee benefits	9,266,761	8,462,058
Superannuation expenses	823,076	724,585
	10,089,837	**9,186,643**

	2021	2020
	$	$
Depreciation of property, plant and equipment	**3,765,946**	**2,845,170**

	2021	2020
	$	$
Finance costs (interest expenses)		
Interest expense on loans	1,563,458	987,495
Interest expense on lease liabilities	3,019,756	3,068,335
	4,583,214	**4,055,830**

NOTE 5: GAIN/ (LOSS) ON DERIVATIVE FINANCIAL INSTRUMENT

	2021	2020
	$	$
Gain on derivative financial instrument	–	18,303
	–	**18,303**

Nil gain in 2021 (2020: $18,303) was recognised by the Company during the financial year as a result of the mark to market valuation of the interest rate swap in place to hedge our variable interest rate on a proportion of the long term borrowings.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with any movements shown in the statement of profit or loss and other comprehensive income.

Derivative is no longer in place given the entering into the debt agreement with the National Housing Finance and Investment Corporation.

NOTE 6: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor (BDO Audit Pty Ltd) of the Company:

	2021	2020
	$	$
Audit of the financial statements	55,000	52,000
Other services	7,266	51,880
	62,266	**103,880**

NOTE 7: CASH AND CASH EQUIVALENTS

	2021	2020
	$	$
Cash at bank and on hand	6,083,004	6,186,362
Cash on deposit	25,000,000	8,000,000
	31,083,004	**14,186,362**

Cash and cash equivalents include cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

NOTE 8: TRADE AND OTHER RECEIVABLES

	2021	2020
	$	**$**
Trade receivables	1,357,878	996,952
Property bonds	1,489,647	1,393,947
Government grants receivable	2,764,433	2,682,781
Sundry receivables	417,252	821,513
	6,029,210	**5,895,193**
Less: allowance for expected credit losses	(290,500)	(316,127)
	5,738,710	**5,579,066**

The Company has recognised an allowance of expected credit losses of $103,229 (2020: $206,853) in the profit or loss in respect of receivables for the year ended 30 June 2021.

Movements in the allowance for expected credit losses are as follows:

	2021	2020
	$	**$**
Opening balance	316,127	311,631
Additional provisions recognised	103,229	206,853
Receivables written off during the year as uncollectable	(128,856)	(202,357)
	290,500	**316,127**

Customers with balances past due (greater than 90 days) but without provision for impairment amount to $5,671 as at 30 June 2021 (2020 $3,586).

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment (refer to Note 1 (e) for further details).

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2021	2020
	$	$
Furniture and fittings		
At cost	40,251	39,747
Less: Accumulated depreciation	(16,867)	(9,318)
	23,384	**30,429**
Motor vehicles		
At cost	150,035	150,035
Less: Accumulated depreciation	(60,051)	(30,045)
	89,984	**119,990**
Computer equipment		
At cost	1,638,743	1,867,854
Less: Accumulated depreciation	(1,135,689)	(1,396,391)
	503,054	**471,463**
Office equipment		
At cost	152,770	131,099
Less: Accumulated depreciation	(91,656)	(58,679)
	61,114	**72,420**
Land and buildings		
At fair value	290,737,522	279,088,300
	290,737,522	**279,088,300**
Leasehold improvements		
At cost	1,077,940	1,077,940
Less: Accumulated depreciation	(530,126)	(291,630)
	547,814	**786,310**
Work in Progress		
At cost	1,615,058	-
	1,615,058	**-**
Total property, plant and equipment	**293,577,930**	**280,568,912**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year is set out below:

	Furniture & fittings	Motor vehicle	Computer equipment	Office equipment	Land and buildings	Leasehold improve-ments	Work in progress (WIP)	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2019	**19,041**	**60,969**	**626,805**	**88,802**	**253,832,065**	**783,511**	**282,982**	**255,694,175**
Transfers from WIP	–	–	–	–	282,982	–	(282,982)	–
Additions	16,019	87,568	216,361	19,079	15,572,491	228,654	–	16,140,172
Disposals at Costs	–	–	(10,019)	–	–	–	–	(10,019)
Accumulated Depreciation Disposed	–	–	10,019	–	–	–	–	10,019
Depreciation	(4,631)	(28,547)	(371,703)	(35,461)	(2,178,973)	(225,855)	–	(2,845,170)
Revaluation	–	–	–	–	11,579,735	–	–	11,579,735
Balance at 30 June 2020	**30,429**	**119,990**	**471,463**	**72,420**	**279,088,300**	**786,310**	**–**	**280,568,912**
Additions	504	–	426,963	27,113	–	–	1,615,058	2,069,638
Disposals at Costs	–	–	(656,074)	(5,445)	–	–	–	(661,519)
Accumulated Depreciation Disposed	–	–	654,852	5,445	–	–	–	660,297
Depreciation	(7,549)	(30,006)	(394,150)	(38,419)	(3,057,326)	(238,496)	–	(3,765,946)
Revaluation	–	–	–	–	14,706,548	–	–	14,706,548
Balance at 30 June 2021	**23,384**	**89,984**	**503,054**	**61,114**	**290,737,522**	**547,814**	**1,615,058**	**293,577,930**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where the property is vested to the Company or is acquired with an intention to hold the property as a long term asset for the provision of social housing, the asset is treated as property, plant and equipment.

Assets acquired at no cost, or for nominal consideration, are initially recognised at fair value as at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Subsequent to recognition, the property, plant and equipment are carried at the fair value at the balance sheet date.

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations which are performed at least every 3 years.

Although the properties have restrictive covenants (social housing covenants) on the title, they have been valued on a vacant possession basis at market value. Where properties are within a complex, the valuations are performed as having separate strata title after deducting the costs to obtain individual strata. That is, it is assumed that the properties in the whole block can be sold separately.

As at 30 June 2021, all properties were valued based on having a separate strata title based on the independent third party valuer assumption that the properties within the relevant complex were able to have a separate strata title.

On this basis, the directors assessed the fair value of land and buildings at 30 June 2021 to be $290,737,522 (2020: $279,088,300). The resulting increase of $14,706,548 (2020: $11,579,735) has been recognised as an asset revaluation reserve based on the valuation reports completed between 21st May 2021 to 30th June 2021 (Refer Note 17).

The most recent valuation was completed on 30 June 2021 by an independent assessment on thirty five percent of the portfolio. The average movement by location and property type was then applied to the remainder of the portfolio to estimate fair market value. 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.

Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	**50 years**
Furniture and fittings	**5 years**
Leasehold improvements	**2-7 years**
Motor vehicles	**5 years**
Computer equipment and software	**1-5 years**
Office equipment	**3-5 years**

Leasehold improvements are amortised over the shorter period of useful life or remaining lease term.

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of property, plant and equipment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Grants relating to assets

Government grants relating to assets are offset against the carrying value of the asset and recognised when there is no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 10: OTHER ASSETS

	2021	2020
Current	**$**	**$**
Cash on term deposits	18,500,000	32,500,934
	18,500,000	**32,500,934**

	2021	2020
Non-current	**$**	**$**
Contract asset – capitalised fulfilment costs	1,008,466	1,008,466
Less: Accumulated amortisation	(96,645)	(46,221)
	911,821	**962,245**

Cash on term deposits are term deposits which are invested in the bank for the period longer than three months.

Capitalised fulfilment costs are stated at historical costs less amortisation and impairment. These are the fulfilment costs of the SHMTP contracts which have been capitalised under AASB 15. Amortisation is calculated on a straight-line basis over the remaining length of the contract.

NOTE 11: RIGHT OF USE ASSETS

	Right of Use Assets -Properties	Right of Use Assets - Office total	Right of Use Assets -Equipment	Total
Right of use assets	**$**	**$**	**$**	**$**
Balance as at 1 July 2019	**108,646,031**	**3,011,987**	**51,160**	**111,709,178**
Additions	14,165,968	688,431	-	14,854,399
De-recognition of terminated leases	(14,913,661)	-	-	(14,913,661)
Amortisation	(18,718,714)	(606,596)	(10,173)	(19,335,483)
Effect of modification to lease term	15,233,630	-	-	15,233,630
Balance as at 30 June 2020	**104,413,254**	**3,093,822**	**40,987**	**107,548,063**
Additions	19,247,907	3,660	67,197	19,318,764
De-recognition of terminated leases	(15,891,407)	-	(27,137)	(15,918,544)
Amortisation	(19,080,032)	(622,574)	(16,124)	(19,718,730)
Effect of modification to lease term	15,649,996	-	-	15,649,996
Balance as at 30 June 2021	**104,339,718**	**2,474,908**	**64,922**	**106,879,548**

Recognition and measurement

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

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

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 12: LEASE LIABILITIES

	2021	2020
Current	**$**	**$**
Lease liabilities	(21,205,242)	(20,760,726)
	(21,205,242)	**(20,760,726)**
Non-current		
Lease liabilities	(88,304,998)	(88,402,376)
	(88,304,998)	**(88,402,376)**

	2021	2020
	$	**$**
Balance at the beginning of year	(109,163,103)	(111,709,178)
Addition of new properties	(19,318,764)	(14,854,400)
De-recognition of terminated properties	16,324,672	15,044,684
Rent payment	21,316,708	20,657,756
Interest expense	(3,019,756)	(3,068,335)
Balance at the end of the year	**(93,860,243)**	**(93,929,472)**
Reassessment of the lease length	(15,649,996)	(15,233,630)
Balance at the end of the year	**(109,510,239)**	**(109,163,103)**

NOTE 13: TRADE AND OTHER PAYABLES

	2021	2020
	$	**$**
Trade payables	450,340	1,084,437
Accrued expenses	4,455,594	5,334,215
Other payables	135,154	158,330
	5,041,088	**6,576,982**

Trade and other payables represent liabilities for goods and services provided to the Company prior to year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. The carrying amount of the creditors and payables is deemed to reflect fair value.

NOTE 14: OTHER LIABILITIES

	2021	2020
	$	$
Deferred revenue-Grant subsidy	1,099,018	567,707
Deferred revenue-Grant for projects	5,300,176	3,350,914
Deferred income	2,465,906	1,844,266
	8,865,100	**5,762,887**

Deferred grant income

Grant income is deferred until the Company satisfied performance obligations which occurs when the services are delivered or transferred to the customer.

Deferred income

Deferred income is rental revenue received but not yet earned.

NOTE 15: EMPLOYEE BENEFITS

	2021	2020
Current	$	$
Annual leave	784,335	694,503
Long service leave	422,632	327,656
	1,206,967	**1,022,159**
Non-current		
Long service leave	163,017	136,936
	163,017	**136,936**

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of reporting date, are recognised in provisions in respect of employees' services rendered up to reporting date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities are included as part of employee benefits.

Liabilities for annual leave not expected to be settled within 12 months from reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. Long service leave entitlements have been measured at the amount expected to be paid when the liability is settled, plus related on-costs, which provides an estimate of the amount not materially different from the liability measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave, once 5 years' service is reached, can either be taken as leave or paid on termination of employment. This liability is shown as a current liability although it is not expected that this full amount will be paid within the next 12 months.

No provision is made for sick leave entitlements.

Amounts not expected to be settled within the next 12 months

The current liability for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next twelve months.

	2021	2020
	$	$
Employee benefits obligation expected to be settled after twelve months	180,127	150,658
	180,127	**150,658**

NOTE 16: BORROWINGS

	2021	2020
	$	$
Non-current		
Borrowings	76,000,000	76,000,000
Less: Loan arrangement fees	(383,263)	(424,315)
	75,616,737	**75,575,685**

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

The Company maintained its debt facility with the National Housing Finance and Investment Corporation (NHFIC) of $76,000,000 (2020: $76,000,000) to fund various acquisitions and developments. There is no unused line of credit as at 30 June 2021 (2020: $Nil). No loan is required to be paid until 23 May 2030.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on long-term and short-term borrowings.

NOTE 17: RESERVES

Movements in reserves in the year are as follows:

	At the start of the year	Revaluation of Land and Buildings	At the end of the year
	$	$	$
Asset revaluation	133,441,402	14,706,548	148,147,950
	133,441,402	**14,706,548**	**148,147,950**

The asset revaluation reserve is used to recognise increments and decrements in the fair value of land and buildings in accordance with note 9.

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations. As a result, the land and buildings were revalued upwards by $14,706,548 (2020: $11,579,735).

NOTE 18: CASH FLOW INFORMATION

	2021	2020
	$	$
Reconciliation of surplus to net cash flow from operating activities		
(Deficit)/surplus for the year	(1,526,513)	522,194
Depreciation	3,817,596	2,845,170
Amortisation	41,053	24,106
Fair value gain on derivative financial instrument	-	(18,303)
Amortisation – right of use asset	19,718,730	19,335,484
Gain on lease termination	(406,128)	(131,023)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(159,644)	1,213,137
(Decrease)/increase in trade creditors and other payables	(1,535,894)	4,681,479
Non-cash decrease in trade and other receivables	-	(1,515,421)
Increase in provisions and employee benefits	210,888	339,649
(Decrease)/increase in other liabilities	3,102,214	(1,440,673)
Net cash flow from operating activities	**23,262,302**	**25,855,799**

NOTE 19: CONTINGENT LIABILITIES

There is a security deposit guarantee of $385,557 for the office level 9, 59 Goulburn St, Sydney premises (2020: $385,557). Another security deposit guarantee of $60,622 for the office level 1, 660-664 Pittwater Rd, Brookvale premises (2020: $60,622).

The Company had no other contingent liabilities as at 30 June 2021 or 30 June 2020.

NOTE 20: COMMITMENTS

Capital commitment

As at 30 June 2021 there is a capital commitment $14,310,000 for the purchase of a property at 148 Bridge Road, Glebe which was subsequently settled on 1st September 2021 (2020: $Nil).

NOTE 21: RELATED PARTY TRANSACTIONS

Key management personnel

The aggregate compensation made to key management personnel of the Company is set out below:

	2021	2020
	$	$
Short-term employee benefits	1,013,563	998,869
Post-employment benefits	86,607	82,260
	1,100,170	**1,081,129**

Transactions with related parties

There were no transactions with related parties during the current or previous financial year.

Receivable from and payable to related parties

There were no trade receivables from, or trade payables to, related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

NOTE 22: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
30 June 2021	$	$	$	$
Assets				
Land and buildings	-	-	290,737,522	290,737,522
Total assets	**-**	**-**	**290,737,522**	**290,737,522**

	Level 1	Level 2	Level 3	Total
30 June 2020	$	$	$	$
Assets				
Land and buildings	-	-	279,088,300	279,088,300
Total assets	**-**	**-**	**279,088,300**	**279,088,300**

NOTE 22: FAIR VALUE MEASUREMENT (Continued)

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 3

Land and buildings have been valued based on similar assets, location and market conditions.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Land and buildings
	$
Balance at 30 June 2020	**279,088,300**
Additions/Disposal /transfers from construction in progress	-
Depreciation	(3,057,326)
Disposal	-
Revaluation increment	14,706,548
Balance at 30 June 2021	**290,737,522**

The unobservable inputs applied in the valuation methods used included direct market sale prices comparison, rental market data, rental levels, rental demands and other unobservable inputs.

NOTE 23: EVENTS AFTER REPORTING PERIOD

On 1st September, Bridge Housing has settled the acquisition of 30 units in Glebe as part of our CHLP Acquisition Program, which enables the redeployment of leasehold subsidies to capital subsidies.

Bridge Housing's long serving CEO, John Nicolades, tendered his resignation on 7th June 2021 with his last day in this role being 4th October 2021. With effect from 5th October 2021, current Chief Operating Office, Rebecca Pinkstone, was appointed as the new CEO in line with the succession plan instigated over the last two years.

The COVID-19 pandemic has continued throughout the period post 30 June 2021 up until the date of this report. There has been no immediate or current impact on the financial position of the Company as a result of COVID-19, however, it has created unprecedented economic and societal impacts and there remains significant uncertainty which may impact the Company in the future. At 30 June 2021 and as at the date of this report, a definitive assessment of the future effects of COVID-19 on the Company cannot be made, as the impact will depend on the magnitude and duration of the economic downturn, with the full range of possible effects unknown, including the impact on the property market and values.

Other than above, 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, the results of those operations or the state of affairs of the company in future financial years.

NOTE 24: FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

NOTE 24: FINANCIAL RISK MANAGEMENT (Continued)

The Company's financial instruments consist of cash and cash equivalents, interest rate swaps, trade receivables, trade payables and borrowings.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and its overall objective is to set polices that seek to reduce risk as far as possible without unduly affecting the ability of the Company to achieve its aims. Further details regarding these policies are set out below, in notes (b), (c) and (d).

(b) Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Company.

There is no concentration of credit risk with respect to current receivables.

The maximum exposure to credit risk at balance sheet date is the carrying value of these assets, net of any provision for impairment, as disclosed below:

	2020	2019
	$	$
Cash	31,083,004	14,186,362
Trade and other receivables	5,738,710	5,579,066
Term Deposits	18,500,000	32,500,934
	55,321,174	**52,266,362**

(c) Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Company is not significantly exposed to this risk, as it has $31,083,004 (2020: $14,186,362) of cash and cash equivalents to meet these obligations as they fall due.

The Company manages liquidity risk by monitoring cash flows and ensuring it has sufficient cash reserves and available borrowings to be able to pay debts as and when they become due and payable.

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

2021	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Non-derivative financial liabilities				
Trade and other payables	5,041,088	-	-	5,041,088
Borrowings		-	75,616,738	75,616,738
	5,041,088	**-**	**75,616,738**	**80,657,826**

2020	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Non-derivative financial Liabilities				
Trade and other payables	6,576,982	-	-	6,576,982
Borrowings		-	75,575,685	75,575,685
	6,576,982	**-**	**75,575,685**	**82,152,667**

As at 30 June 2021, the Company has a debt agreement with the National Housing Finance and Investment Corporation (NHFIC) for $76m.

(d) Market risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates.

NOTE 24: FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

The Company's exposure to interest rate risk is set out in the tables below:

2021	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	**$**	**$**	**$**	**$**
Financial Assets					
Cash	3,847,862	-	-	2,235,142	6,083,004
Term Deposit		43,000,000	500,000	-	43,500,000
Trade and other receivables	-	-	-	5,738,710	5,738,710
	3,847,862	**43,000,000**	**500,000**	**7,973,852**	**55,321,714**
Weighted average interest rate	**0.28%**				
Financial Liabilities					
Trade and other payables	-	-	-	5,041,088	5,041,088
Borrowings*	-	-	76,000,000	-	76,000,000
	-	**-**	**76,000,000**	**5,041,088**	**81,041,088**
Weighted average interest rate	**2.07%**				

2020	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	**$**	**$**	**$**	**$**
Financial Assets					
Cash	3,738,117	-	-	2,448,245	6,186,362
Term Deposit		40,000,934	500,000	-	40,500,934
Trade and other receivables	-	-	-	5,579,066	5,579,066
	3,738,117	**40,000,934**	**500,000**	**8,027,311**	**52,266,362**
Weighted average interest rate	**0.83%**				
Financial Liabilities					
Trade and other payables	-	-	-	6,576,982	6,576,982
Borrowings*	-	-	76,000,000	-	76,000,000
	-	**-**	**76,000,000**	**6,576,982**	**82,576,982**
Weighted average interest rate	**2.07%**				

*Borrowings are long term fixed interest bonds for 10 years and 12 years.

NOTE 24: FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

Sensitivity Analysis – Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in the risk.

The effect on the result and equity as a result of changes in interest rate, with all other variables remaining constant, would be as follows:

2021	Profit/loss after tax		Equity	
	100bp higher	100bp lower	100bp higher	100bp lower
	$	$	$	$
Effect of market interest rate movement	(760,000)	760,000	(760,000)	760,000

The above analysis assumes all other variables remain constant.

	Carrying Amount	+1%	-1%
2021	$	Result $	Result $
Cash	49,583,004	495,830	(495,830)
2020			
Cash	46,687,296	466,873	(466,873)

NOTE 25: ECONOMIC DEPENDENCY

The Company is economically dependent on the NSW State Government and the Federal Government for significant financial support in the form of subsidies and grants to assist in the delivery of affordable and social housing to the community.

NOTE 26: COMPANY DETAILS

The current address of the registered office and principal place of business is:
Level 9, 59 Goulburn St, Sydney, NSW 2000.

NOTE 27: MEMBERS' GUARANTEE

The entity is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding obligations of the entity. At 30 June 2021 the number of members was 237 (2020: 243).

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, and accompanying notes to the financial statements, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012* and
   a. comply with Australian Accounting Standards and the *Australian Charities and Not-for-Profit Commission Regulations 2013*; and
   b. give a true and fair view of the Company's financial position as at 30 June 2021 and of its performance for the year ended on that date;
2. In the directors' opinion, there are reasonable grounds to believe that Bridge Housing Limited will be able to pay its debts as and when they fall due.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Mark Turner
Chairman

Graham Monk
Director

Dated this 26th day of October 2021

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Bridge Housing Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bridge Housing Limited (the registered entity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Bridge Housing Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the registered entity's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Bridge Housing Limited, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities 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, responsible entities are responsible for assessing the registered entity'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 responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities 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. Misstatements can arise from fraud or error and are considered material if, individually or in the 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 (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit Pty Ltd

BDO

L Russell

Leah Russell

Director

Sydney, 27 October 2021

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