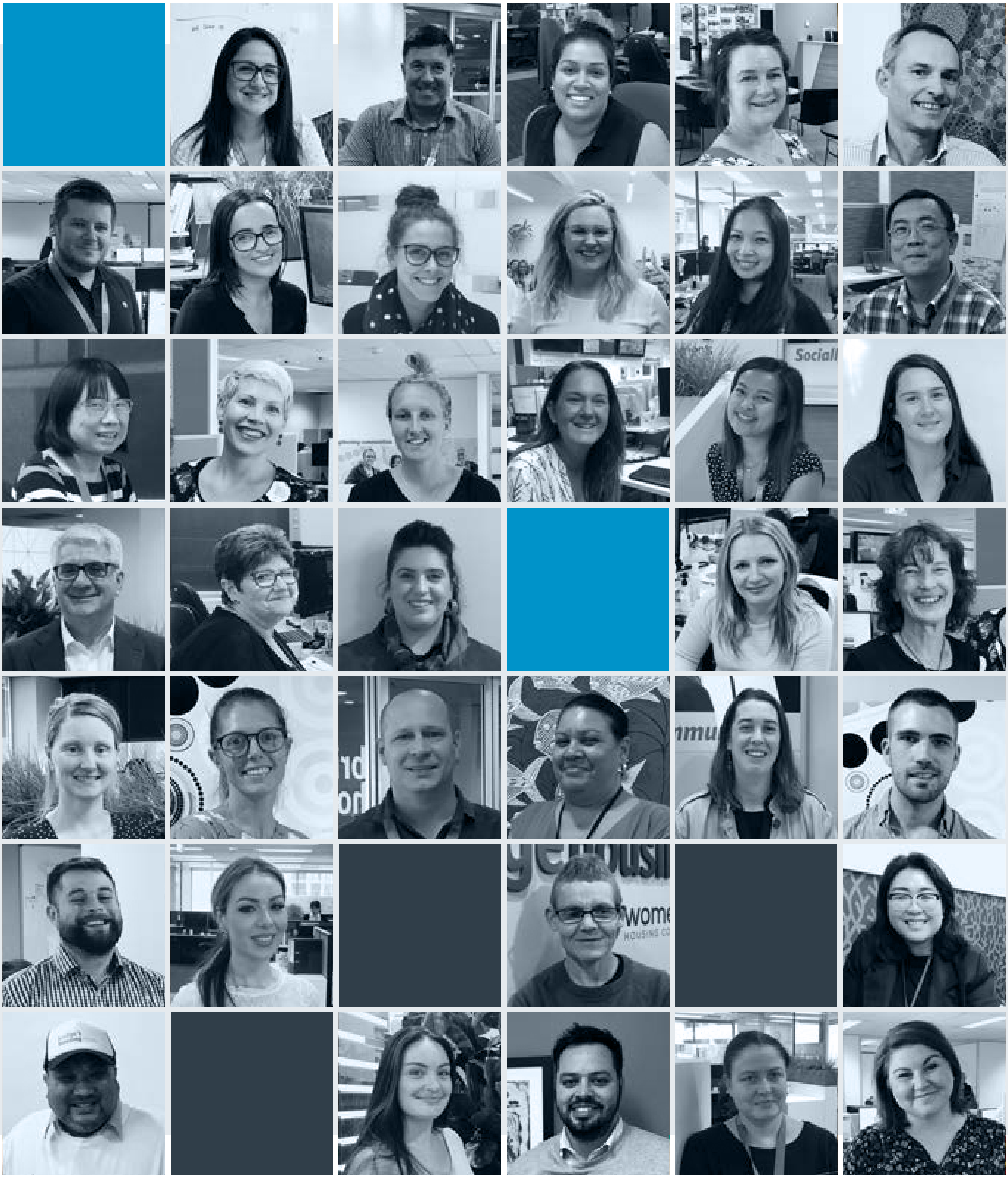
bridge housing
linking people to a better future

Financial Report 2020



Faces of Bridge Housing

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Bridge Housing Limited ACN 135 570 955

Financial Report for the year ended 30 June 2020

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 2019.

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 special responsibilities:

Names of Directors	Qualification	Occupation	Special Responsibilities	Years as Director
Mark Turner	BSc MRICS	Strategic Adviser for Commercial Property	Property Development, Finance, Real Estate	6
Gary Milligan	BSc BEng (Electrical) (Hons 1), Grad Cert Human Resource Development, MIVMA	Company Director	Asset Management	13
Shirley Liew	BBus, MBA, Grad Dip Appl Finance, FCPA, FTIA, MIIA, FAICD	Company Director/ Business and Risk Advisor	Finance and Risk	11
Dick Persson AM	BA, FAIM, FAPI	Company Director	Human Resources	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	5
Jill Hannaford	BappSc (AppEcG) (Hons 1), MUrb&RegPlg	Technical Services Leader and Company Director	Community and stakeholder engagement, social sustainability	3
Lynne Ready (Resigned 27 October 2020)	AICD Grad, MMan, GDipPA, BSocWk, DipPM, CertIV TAE	Child and Family Manager	Public policy, Management	3

Meetings of Directors

During the financial year, six Board meetings of directors were held, in addition to subcommittee meetings shown below. Attendance by each director during the 2019-20 year was as follows:

	Director since	Board meetings		Human Resources and Nominations Committee		Assets and Procurement Committee		Finance, Risk and Audit	
		A	B	A	B	A	B	A	B
Mark Turner	2014	6	6	X	X	6	4	X	X
Shirley Liew	2009	6	5	X	X	X	X	6	6
Gary Milligan	2007	6	6	X	X	6	6	X	X
Dick Persson, AM	2008	6	6	3	3	X	X	X	X
Carolyn Scobie	2015	6	5	4	4	X	X	X	X
Graham Monk	2016	6	6	X	X	X	X	6	6
Jill Hannaford	2018	6	5	1	1	X	X	6	5
Lynne Ready	2018	6	6	X	X	6	6	X	X

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 continues in office at the date of this report. 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 40 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 2020, the number of ordinary members was 243 (2019: 227). There are no life members or honorary life members (2019: nil).

Short and long term objectives of the entity

The Company's Mission is improving lives through affordable 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 2020, the Company completed the second year of Strategic Plan 2018-21. The Annual Report 2020 reports on the outcomes against the Business Plan 2019-20. The Strategic Plan 2018-21 was approved by the Board in June 2018 and the Business plan 2020-21 was approved by the Board in June 2020.

The strategic and business plans have five critical success factors as key performance drivers. These are:

1. Providing quality homes and housing services
2. Growing sustainably to meet affordable housing needs
3. Supporting our people and improving workplace wellbeing
4. Governing and managing effectively
5. Engaging our partners and enhancing our industry leadership.

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 2019-20 is reported in the 2020 Annual Report.

Operating results

The accounting surplus in 2020 was $522,194 (2019: $3,549,266) whilst the underlying operating surplus in 2020 was $3,731,974 (2019: $3,938,438).

In 2020, the Company recognised a fair value mark to market gain on an interest rate swap of $18,303 (2019: loss $1,058,665) and there is nil vesting of properties (2019: gain $7,210,375). In 2020, the Company also recognised grant revenue of $1,967,534 for property acquisition and development (2019: nil).

There are nil project costs in 2020 (2019: $2,510,178 as a result of investments in projects that did not proceed ($1,596,862) and implementation costs for the Social Housing Management Transfer Program ($913,316)). Moreover, the Company recognised a loss generated from lease accounting of $1,615,040 (2019: nil). This has resulted in a surplus for the year of $522,194 (2019: $3,549,266).

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 surplus to underlying operating surplus is shown below.

	2020	2019
	$	$
Accounting Surplus (as per statement of Profit and Loss)	522,194	3,549,266
Less:		
Gain on vested properties	-	(7,210,375)
Grant Revenue for property acquisition	(1,967,534)	-
Plus:		
One off project costs	-	2,510,178
(Gain)/loss on derivative financial instrument	(18,303)	1,058,665
Less:		
Interest income	(234,520)	(56,945)
Plus:		
Finance costs (excluding interest on lease liabilities)	987,495	1,224,713
Depreciation & amortisation (excluding amortisation on Right of use assets)	2,869,277	2,916,040
Net loss on AASB16 adoption	1,615,040	-
Less:		
Profit on disposal	-	(24,322)
Insurance compensation income	(41,675)	(28,782)
Underlying Operating Surplus	**3,731,974**	**3,938,438**

In 2019-20 Bridge Housing successfully delivered the second year of our Strategic Plan 2018-21. We delivered an operating surplus above budget and in line with 2019.

Whilst achieving a solid profit position, we continued to invest in people and business systems to ensure we managed the successful implementation of the NSW Government's Social Housing Management Transfer Program (SHMTP) in the Northern Beaches. This resulted in 1,228 properties being transferred to Bridge Housing management on 5 August 2019.

The SHMTP had a considerable impact on our business, including our property portfolio increasing by 52 per cent to 3,541 properties and our staff complement increasing by 30 per cent.

We also continued to improve the business and our service delivery, as well as the way we engage with the community through a raft of initiatives. Our Annual Report 2020 provides a comprehensive report on these activities.

Key highlights for 2019-20 include:

- the Company's portfolio increased by 52 per cent, primarily through the transfer of the Northern Beaches portfolio under the NSW Government's Social Housing Management Transfer Program or by 1,228 properties to 3,541 properties
- staff complement increased by 30 per cent, new organisational structure implemented and opened a new housing office in Brookvale to provide quality services to our 1,228 Northern Beaches residents
- secured $76m financing from the National Housing Finance and Investment Corporation (NHFIC): $40m in July 2019 to refinance existing debt, $11m in December 2019 and a further $25m in June 2020 to fund new acquisitions
- used the Community Housing Leasing Program subsidy to purchase and upgrade 30 units across three sites: 8 units in Punchbowl, 12 units in Ashfield and 10 studio units in Marrickville
- finalised the purchase of three dwellings in Dulwich Hill from LAHC in settlement of the Social Housing Subsidy Program and met our leveraging target commitments (Dulwich Hill & Ashfield) from the Leichardt vested properties
- implemented Year 2 of the STEP to Home program for long-term rough sleepers in partnership with NEAMI, Women's Housing Company and Metro Housing, housing 82 tenants, including 43 with Bridge Housing
- secured 14 placements to help residents transition to employment through the Bridge to Work partnership with CoAct
- HomeGround Real Estate business (not for profit real estate) increased from 91 properties under management to 228
- implemented several IT strategy initiatives, including the implementation of Office 365
- effected a smooth transition to a work from home environment using the capability of Office 365 as a response to the COVID-19 pandemic
- implemented a new integrated Payroll/HR system
- implemented a new online Learning Management System
- implemented new Accounting Standards, AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities & AASB 16 Leases.

In the 2020-21 financial year, the Company intends to continue with the following projects or initiatives:

- deliver the third year of our Strategic Plan 2018-21
- leverage the CHLP subsidy to pursue more opportunities to build our owned property portfolio utilising the additional $25 million debt secured from NHFIC in June 2020
- examine the opportunity provided by LAHC's Community Housing Redevelopment Program to leverage community housing provider access to low cost NHFIC debt and making use of LAHC land available on 49 year leases
- manage an additional seven households under Supported Transition and Engagement Program by June 2021
- implement Together Home program for 45 street rough sleepers through leasing private rental properties with wraparound support provided by Mission Australia, Salvation Army and St Vincent De Paul
- continue to deliver our Bridge to Work Program in partnership with CoAct to assist residents transition to employment
- implement other initiatives in our IT strategy including a new IT Service Provider and Service Desk and undertake a hardware upgrade
- implement a new Asset Management System to support a new maintenance contract
- finalise the tender for a new Maintenance Services Contract.

Subsequent events

Post 30 June 2020 but prior to the signing of this report, Bridge Housing has entered into Contract with Department of Communities and Justice to deliver Together Home Agreement to accommodate 45 rough sleepers over 2 years from 1 July 2020. The Contract provides $5 million to lease private market dwellings and purchase support services.

The COVID-19 pandemic has continued throughout the period post 30 June 2020 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 2020 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 27th day of October 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

		2020	2019
	Notes	**$**	**$**
Revenue	2	57,765,765	41,757,784
Other income	3	1,442,111	8,307,297
Tenancy and property management expenses	4	(39,011,023)	(29,513,225)
Administration expenses	4	(3,605,318)	(2,777,836)
Employee benefits	4	(9,186,643)	(6,617,491)
Depreciation and amortisation	4	(2,845,170)	(2,813,707)
Finance costs	4	(4,055,830)	(1,224,713)
Other project costs	4	-	(2,510,178)
Surplus before fair value loss		**503,891**	**4,607,931**
(Loss)/Gain on derivative financial instrument	5	18,303	(1,058,665)
Surplus before income tax expense		**522,194**	**3,549,266**
Income tax expense	1(b)	-	-
Surplus after income tax expense for the year attributable to the members of Bridge Housing Limited		**522,194**	**3,549,266**
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings	9	11,579,735	65,267,204
Other comprehensive income for the year, net of tax		11,579,735	65,267,204
Total Comprehensive income for the year attributable to the members of Bridge Housing Limited		**12,101,929**	**68,816,470**

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 2020

		2020	2019
	Notes	$	$
Assets			
Current assets			
Cash and cash equivalents	7	14,186,362	3,898,212
Other financial assets	10	32,500,934	-
Trade and other receivables	8	5,579,066	6,792,203
Total current assets		52,266,362	10,690,415
Non-current assets			
Property, plant and equipment	9	280,568,912	255,694,175
Other financial assets	10	962,244	168,152
Right of use asset	11	107,548,063	-
Total non-current assets		389,079,219	255,862,327
Total assets		**441,345,581**	**266,552,742**
Liabilities			
Current liabilities			
Trade and other payables	13	6,576,982	1,895,503
Other liabilities	14	5,762,887	7,203,560
Employee benefits	15	1,022,159	741,552
Derivative financial liability	16	-	2,331,303
Lease liability	12	20,760,727	-
Total current liabilities		34,122,755	12,171,918
Non-current liabilities			
Employee benefits	15	136,936	77,896
Borrowings	17	75,575,685	24,210,346
Lease liability	12	88,402,376	-
Total non-current liabilities		164,114,997	24,288,242
Total liabilities		**198,237,752**	**36,460,160**
Net assets		**243,107,829**	**230,092,582**
Equity			
Reserves	18	133,441,402	121,861,667
Accumulated surpluses		109,666,427	108,230,915
Total equity		**243,107,829**	**230,092,582**

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 2020

		2020	2019
	Notes	$	$
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		37,042,623	24,434,426
Cash paid to suppliers and employees (inclusive of GST)		(26,711,674)	(41,409,904)
Grants received (inclusive of GST)		19,267,612	20,721,368
Interest and other finance costs paid		(862,099)	(1,224,713)
Interest received		187,672	57,241
Net cash from operating activities	**19**	**28,924,134**	**2,578,418**
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,505,527)	(1,424,279)
Proceeds from sale of equipment		-	4,773
Deposit payments from property		-	(282,982)
Purchase of other assets		-	(1,008,307)
Payment for term deposits		(32,500,934)	-
Net cash used in investing activities		**(47,006,461)**	**(2,710,795)**
Cash flows from financing activities			
(Repayment of) lease liabilities		(20,657,756)	-
(Repayment of) financial derivative		(2,313,000)	-
Proceeds from/(repayment of) borrowing		51,341,233	(2,041,731)
Net cash from/(used in) financing activities		**28,370,477**	**(2,041,731)**
Net increase/(decrease) in cash and cash equivalents		10,288,150	(2,174,108)
Cash and cash equivalents at the beginning of the year		3,898,212	6,072,320
Cash and cash equivalents at the end of the year	**7**	**14,186,362**	**3,898,212**

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 2020

	Accumulated surpluses	Reserves	Total equity
	$	$	$
Balance at 1 July 2018	**104,681,649**	**56,594,463**	**161,276,112**
Surplus after income tax expense for the year	3,549,266	-	3,549,266
Other comprehensive income for the year, net of tax	-	65,267,204	65,267,204
Total comprehensive income for the year	3,549,266	65,267,204	68,816,470
Balance at 30 June 2019	**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**

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 27 October 2020. 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) New accounting standards and interpretations

AASB 15 - Revenue from Contracts with Customers

Bridge Housing Limited adopted AASB 15 from 1 July 2019 and have updated the accounting policies and procedures accordingly. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The implementation of the new accounting standard has primary affect the following areas of Bridge Housing Limited:

- The project revenue from contract agreements in respect to owned properties that are a mix of social and affordable housing are accounted for in accordance with AASB 15. There is no material impact on the adoption of this standard in respect to these contract agreements.
- The Company has determined that revenues and grants for community housing providers will be accounted for under AASB 15 and AASB 1058 in respect to contracts with customers and residual income values of grants.
- AASB 15 was adopted using retrospective approach without adjusting comparatives. Due to fulfilment costs in relation to the Social Housing Management Transfer Program (SHMTP) contract, there was an impact on adoption through opening retained earnings of $913,318 as at 1 July 2019 and therefore an adjustment is reflected in these financial statements.
- With the adoption of the new accounting standards, there was a minor increase in the asset values of $913,318 as the fulfilment costs of the SHMTP contract has been capitalised under AASB 15

AASB 16 - Leases

Bridge Housing Limited adopted AASB 16 from 1 July 2019 and have updated the accounting policies and procedures accordingly. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

- Agreements in respect of properties rented to provide affordable housing, motor vehicles, equipment and rental of office space will be accounted for under AASB 16 are resulting in these leases being brought onto the balance sheet. The resulting impact is an increase in non-current assets and a correlating increase in current and non-current liabilities. Moreover, there is an additional impact on the timing of expenses relating to the leases with the adoption of AASB 16 with reduced profits expected in the beginning years of the lease.

- Agreements in respect to peppercorn leases with The Land and Housing Corporation to provide social housing, including the more recent SHMTP properties that are managed by Bridge Housing, are considered to be outside the scope of AASB 16, given that they are properties owned and controlled by the government and therefore considered to be service concession arrangements accounted for under IFRIC 12.
- The Company has applied a portfolio approach to account for its leased properties. Management has determined that the leased property comprises a population of leases with similar characteristics and reasonably expect that the effects on the financial statements of applying a portfolio approach will not differ materially from applying the standard to the individual leases in the portfolio.

Impact of adoption

- AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.
- The impact of adopting the new lease accounting standard compared with the previous accounting standards on the current reporting period is as follows:

	Right of use assets	Lease liability	Net asset
	$	$	$
Balance at 30 June 2019	-	-	-
Current	-	20,760,727	(20,760,727)
Non-current	107,548,063	88,402,376	19,145,687
Total impact for the year	107,548,063	109,163,103	(1,615,040)
Balance at 30 June 2020	**107,548,063**	**109,163,103**	**(1,615,040)**

Net assets decreased by $1,615,040 (2019: nil) as a result of implementing AABS 16 in 2020.

- Reconciliation between operating lease commitments disclosed applying in prior year accounts, and opening figures as at 1 July 2019

	Total
	$
Opening lease commitment as at 30 June 2019	(9,675,274)
Effects of reassessment of lease length	(110,414,026)
Total prior to discounting	(120,089,300)
Effect of discounting opening lease liability at an annual rate of 3.00%	8,380,122
Opening lease liability as at 1 July 2019	**(111,709,178)**

AASB 1058 Income of Not-for-Profit Entities

The Company adopted AASB 1058 from 1 July 2019 and have updated the accounting policies and procedures accordingly. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives.

For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137.

The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption

AASB 1058 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019 and no impact of during the year as a result of adopting this standard.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 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

	2020	2019
	$	$
Rental revenue	33,883,014	22,628,473
Non-rental revenue	874,099	592,955
Government grants	21,925,230	18,536,356
Private rental assistance - revenue	1,083,422	-
	57,765,765	**41,757,784**

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 the Social Housing Management Transfer program contract as service concession agreement.

NOTE 3: OTHER INCOME

	2020	2019
	$	$
Fees received – services	909,649	911,873
Gain on vesting of properties	-	7,210,375
Profit on disposal of fixed Asset	-	24,322
Gain on lease termination	131,023	-
Interest income	234,520	56,945
Donation income	50,000	75,000
Insurance compensation income	41,675	28,782
Sundry income	75,244	-
	1,442,111	**8,307,297**

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 vesting of properties

Gain on vesting of properties is recognised as income in the periods when the properties are vested to the Company. There is no vested properties in 2020 (2019: $7,210,375 gain on the vested properties).

Gain on lease termination

Gain on lease termination is recognised as income in the periods when the leases of the properties are modified. The 2020 gain on lease termination as a result of implementing AASB 16 being $131,023 (2019: nil).

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

	2020	2019
	$	$
Tenancy and property management expenses		
Rent paid	2,123,129	21,573,926
Amortisation expenses – right of use assets	18,718,714	-
Doubtful and bad debt expenses	206,853	222,594
Insurances	846,791	422,490
Rates and utility charges	4,284,381	2,428,427
Repairs and maintenance	11,778,180	4,865,788
Private rental assistance - expenses	1,052,975	-
	39,011,023	**29,513,225**

	2020	2019
	$	$
Administration expenses		
Office rent	-	430,299
Amortisation expenses – right of use assets	616,770	-
Office expenses	1,444,399	1,037,305
Consultant fees	605,307	461,312
Audit and accounting fees	110,180	94,895
Amortisation of loan arrangement fees	24,106	102,333
Other expenses	713,556	555,825
Legal fees	91,000	95,867
	3,605,318	**2,777,836**

	2020	2019
	$	$
Employee benefits		
Employee benefits	8,462,058	6,099,353
Superannuation expenses	724,585	518,138
	9,186,643	**6,617,491**

	2020	2019
	$	$
Depreciation of property, plant and equipment	**2,845,170**	**2,813,707**

	2020	2019
	$	$
Finance costs (interest expenses)		
Interest expense on loans	987,495	1,224,713
Interest expense on lease liabilities	3,068,335	-
	4,055,830	**1,224,713**

	2020	2019
	$	$
Other project costs		
Project write off costs	-	1,596,862
SHMT transition costs	-	913,316
	-	**2,510,178**

Project write off costs

Project costs that were incurred and written off in the periods when it was determined that the project would no longer proceed..

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

	2020	2019
	$	$
Gain/(loss) on derivative financial instrument	18,303	(1,058,665)
	18,303	**(1,058,665)**

A gain of $18,303 (2019: loss of $1,058,665) 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 (see note 16).

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:

	2020	2019
	$	$
Audit of the financial statements	52,000	45,000
Other services	51,880	33,202
	103,880	**78,202**

NOTE 7: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank and on hand	6,186,362	3,898,212
Cash on deposit	8,000,000	-
	14,186,362	**3,898,212**

Cash and cash equivalents includes 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

	2020	2019
	$	$
Trade receivables	996,952	1,292,552
Property bonds	1,393,947	1,385,628
Social housing subsidy program receivable	-	1,515,421
Government grants receivable	2,682,781	2,707,632
Sundry receivables	821,513	202,601
	5,895,193	**7,103,834**
Less: allowance for expected credit losses	(316,127)	(311,631)
	5,579,066	**6,792,203**

The Company has recognised an allowance of expected credit losses of $206,853 (2019: $222,594) in the profit or loss in respect of receivables for the year ended 30 June 2020.

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

	2020	2019
	$	$
Opening balance	311,631	274,473
Additional provisions recognised	206,853	222,594
Receivables written off during the year as uncollect-able	(202,357)	(185,436)
	316,127	**311,631**

Customers with balances past due (greater than 90 days) but without provision for impairment amount to $3,586 as at 30 June 2020 (2019: $5,481).

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

	2020	2019
	$	$
Furniture and fittings		
At cost	39,747	23,729
Less: Accumulated depreciation	(9,318)	(4,688)
	30,429	**19,041**
Motor vehicles		
At cost	150,035	62,467
Less: Accumulated depreciation	(30,045)	(1,498)
	119,990	**60,969**
Computer equipment		
At cost	1,867,854	1,661,512
Less: Accumulated depreciation	(1,396,391)	(1,034,707)
	471,463	**626,805**
Office equipment		
At cost	131,099	112,023
Less: Accumulated depreciation	(58,679)	(23,221)
	72,420	**88,802**
Land and buildings		
At fair value	279,088,300	253,832,065
	279,088,300	**253,832,065**
Leasehold improvements		
At cost	1,077,940	849,285
Less: Accumulated depreciation	(291,630)	(65,774)
	786,310	**783,511**
Construction in progress		
At cost	-	282,982
	-	**282,982**
Total property, plant and equipment	**280,568,912**	**255,694,175**

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	Construction in progress (CIP)	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2018	**5,180**	**-**	**602,411**	**4,420**	**183,674,534**	**41,268**	**397,804**	**184,725,617**
Additions	21,729	62,467	294,138	103,216	7,338,701	849,285	282,982	8,952,518
Disposals at Costs	(11,248)	(30,960)	(20,168)	(2,916)	-	(524,069)	(397,804)	(987,165)
Accumulated Depreciation Disposed	7,005	30,960	16,294	2,434	-	493,015	-	549,708
Depreciation	(3,625)	(1,498)	(265,870)	(18,352)	(2,448,374)	(75,988)	-	(2,813,707)
Revaluation	-	-	-	-	65,267,204	-	-	65,267,204
Balance at 30 June 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**

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.

During the year, the Company has purchased 33 dwellings in Punchbowl, Dulwich Hill, Ashfield and Marrickville to accommodate affordable and social housing tenants. The properties were independently valued at the date of acquisition at $15,100,000.

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 2019 a number of properties were valued as "In one Line" based on the independent third party valuer assumption that the properties within the relevant complex were not able to have a separate strata title. As at 30 June 2020, all properties were valued based on having a separate strata title.

On this basis, the directors assessed the fair value of land and buildings at 30 June 2020 to be $279,088,300 (2019: $253,832,065). The resulting increase of $11,579,735 (2019: $65,267,204) has been recognised as an asset revaluation reserve based on the valuation reports completed between 13th May 2020 to 30th June 2020 (Refer Note 18).

The most recent valuation was completed on 30 June 2020 by an independent assessment on thirty seven percent of the portfolio. The valuation has taken into account the market downward impact on fair value due to current economic condition affected by COVID 19. The average increase/decrease 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, but not otherwise.

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

	2020	2019
Current	**$**	**$**
Cash on term deposits	32,500,934	-
	32,500,934	**-**

	2020	2019
Non-current	**$**	**$**
Contract asset - capitalised fulfilment costs	1,008,466	168,152
Less: Accumulated amortisation	(46,221)	-
	962,245	**168,152**

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 capitalized under AASB 15 (see note 1(d)). Amortisation is calculated on a straight-line basis over the remaining length of the contract. As the Company adopted AABS 15 as at 1 July 2019, there was an adjustment of opening retained earnings of $913,313 in 2020 to the cost which was expensed in 2019. Amortisation is calculated on a straight line basis to write off the net cost of the assets 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**

NOTE 12: LEASE LIABILITES

	2020	2019
Current	**$**	**$**
Lease liabilities	(20,760,726)	-
	(20,760,726)	**-**
Non-current		
Lease liabilities	(88,402,376)	-
	(88,402,376)	**-**

NOTE 13: TRADE AND OTHER PAYABLES

	2020	2019
	$	$
Trade payables	1,084,437	328,190
Accrued expenses	5,334,215	1,448,381
Other payables	158,330	118,932
	6,576,982	**1,895,503**

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

	2020	2019
	$	$
Deferred revenue-Grant subsidy	567,707	977,895
Deferred revenue-Grant for projects	3,350,914	4,994,804
Deferred income	1,844,266	1,230,861
	5,762,887	**7,203,560**

Deferred grant income

Grant income is deferred at the earlier of receipt of the funds or when the Company's entitlement to invoice the grantor is established and amounts collected fall short of the associated revenue recognised.

Deferred income

Deferred income is rental revenue received but not yet earned.

NOTE 15: EMPLOYEE BENEFITS

	2020	2019
Current	$	$
Annual leave	694,503	467,480
Long service leave	327,656	274,072
	1,022,159	**741,552**
Non-current		
Long service leave	136,936	77,896
	136,936	**77,896**

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.

NOTE 15: EMPLOYEE BENEFITS (Continued)

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.

	2020	2019
	$	$
Employee benefits obligation expected to be settled after twelve months	150,658	85,177
	150,658	**85,177**

NOTE 16: DERIVATIVE FINANCIAL LIABILITY

	2020	2019
	$	$
Current		
Interest rate swap	-	2,331,303
	-	**2,331,303**

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.

As part of entering into the new debt agreement with the National Housing Finance and Investment Corporation (see note 16), the Company settled the interest rate swap on 3 July 2019 before its due date.

NOTE 17: BORROWINGS

	2020	2019
	$	$
Non-current		
Borrowings	76,000,000	24,252,077
Less: Loan arrangement fees	(424,315)	(41,731)
	75,575,685	**24,210,346**

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 expanded its debt facility with the National Housing Finance and Investment Corporation (NHFIC) to $76,000,000 (2019: $35,000,000) to fund various acquisitions. There is no unused line of credit as at 30 June 2020 (2019: $10,747,923).

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 18: 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	121,861,667	11,579,735	133,441,402
	121,861,667	**11,579,735**	**133,441,402**

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 $11,579,735 (2019: $65,267,204).

NOTE 19: CASH FLOW INFORMATION

	2020	2019
	$	**$**
Reconciliation of surplus to net cash flow from operating activities		
Surplus for the year	522,194	4,462,582
Depreciation	2,845,170	2,813,707
Amortisation	24,106	102,333
Fair value gain on derivative financial instrument	(18,303)	1,058,665
Gain on vesting of property	-	(7,210,375)
Prior year project written off	-	324,641
Amortisation – Right of use asset	19,335,484	-
Finance costs from lease liabilities	3,068,335	-
Gain on lease modification	(131,023)	-
Changes in assets and liabilities		
Increase in trade and other receivables	1,213,137	(1,032,984)
(Decrease)/Increase in trade creditors and other payables	4,681,479	(187,155)
Non-cash decrease in trade and other receivables	(1,515,421)	-
Increase in provisions and employee benefits	339,649	143,873
(Decrease)/increase in other liabilities	(1,440,673)	2,103,131
Net cash flow from operating activities	**28,924,134**	**2,578,418**

NOTE 20: CONTINGENT LIABILITIES

There is a security deposit guarantee of $385,557 for the office level 9, 59 Goulburn St, Sydney premises (2019: $385,557). Another security deposit guarantee of $60,622 for the office level 1, 660-664 Pittwater Rd, Brookvale premises (2019: nil).

The Company had no other contingent liabilities as at 30 June 2020 or 30 June 2019.

NOTE 21: COMMITMENTS

	2020	2019
	$	$
Lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial state-ments:		
Payable – minimum lease payments:		
Within one year	-	3,551,998
One to five years	-	6,123,276
	-	**9,675,274**

Capital commitment

As at 30 June 2020 there is no capital commitment (2019: $2,520,000 for the purchase of a property at 110 Rossmore Avenue Punchbowl which was settled on 16th August 2019).

NOTE 22: RELATED PARTY TRANSACTIONS

Key management personnel

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

	2020	2019
	$	$
Short-term employee benefits	998,869	1,057,442
Post-employment benefits	82,260	91,364
	1,081,129	**1,148,806**

Transactions with related parties

There were no transactions with related parties during the current and 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 23: 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 2020	**$**	**$**	**$**	**$**
Assets				
Land and buildings	-	-	279,088,300	279,088,300
Total assets	**-**	**-**	**279,088,300**	**279,088,300**
Liabilities				
Interest rate swap	-	-	-	-
Total liabilities			**-**	**-**

	Level 1	Level 2	Level 3	Total
30 June 2019	**$**	**$**	**$**	**$**
Assets				
Land and buildings	-	-	253,832,065	253,832,065
Total assets	**-**	**-**	**253,832,065**	**253,832,065**
Liabilities	-	-		
Interest rate swap	-	-	2,331,303	2,331,303
Total liabilities			**2,331,303**	**2,331,303**

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

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:

	Interest rate swap	Land and buildings
	$	**$**
Balance at 30 June 2018	(2,331,303)	253,832,065
Additions/transfers from construction in progress	2,313,000	15,855,473
Depreciation	-	(2,178,973)
Disposals	-	-
Revaluation increment	18,303	11,579,735
Balance at 30 June 2019	**-**	**279,088,300**

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

NOTE 24: EVENTS AFTER REPORTING PERIOD

Bridge Housing has entered into Contract with department of Communities and Justice to deliver Together Home agreement to accommodate 45 rough sleepers over 2 years from 1 July 2020 . The Contract provides $5.0 m to lease private market dwellings and purchase support services.

The COVID-19 pandemic has continued throughout the period post 30 June 2020 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 2020 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.

NOTE 25: 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.

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	14,186,362	3,898,212
Trade and other receivables	5,579,066	6,792,203
Term Deposits	32,500,934	-
	52,266,362	**10,690,415**

(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 $14,186,362 (2019: $3,898,212) 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.

Financing arrangements

The Company has the following unused borrowing facilities as at reporting date:

	2020	2019
	$	$
Borrowings – bank loan	-	10,747,923
	-	**8,747,923**

NOTE 25: FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk (continued)

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.

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**
Derivative financial liabilities				
Interest rate swap	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**

2019	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	**$**	**$**	**$**
Non-derivative financial Liabilities				
Trade and other payables	1,895,503	-	-	1,895,503
Borrowings	-	-	24,210,346	24,210,346
	1,895,503	**-**	**24,210,346**	**26,105,849**
Derivative financial liabilities				
Interest rate swap	2,331,303	-	-	2,331,303
Total liabilities	**2,331,303**	**-**	**-**	**2,331,303**

As at 30 June 2020, the Company had entered into a debt agreement with the National Housing Finance and Investment Corporation (NHFIC) for $76m to refinance the current NAB debt facility. This new debt facility was drawn down during 2020, with the NAB loan being repaid on the first loan drawn down date on 3 July 2019.

(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 25: FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

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

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
Interest rate swap	-	-	-	-	-
	-	**-**	**76,000,000**	**6,576,982**	**82,576,982**
Weighted average interest rate	**2.07%**				

2019	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	1,930,771	-	-	1,967,441	3,898,212
Trade and Other Receivables	-	-	-	6,792,203	6,792,203
	1,930,771	**-**	**-**	**8,759,644**	**10,690,415**
Weighted average interest rate	**0.4%**				
Financial Liabilities					
Trade and Other Payables	-	-	-	1,895,503	1,895,503
Borrowings	24,252,077	-	-	-	24,252,077
Interest rate swap	2,331,303	-	-	-	2,331,303
	26,583,380	**-**	**-**	**1,895,503**	**28,478,883**
Weighted average interest rate	**3.49%**				

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

NOTE 25: FINANCIAL RISK MANAGEMENT (Continued)

(d) Market risk (continued)

The maturity profile and the weighted average interest rate of the fixed derivatives held at 30 June 2019 represented by an Interest rate swap is summarised below (2020: nil). The interest rate swap which was originally expired on 1 July 2025 was settled on 3 July 2019.

2020	<1 year	1-5 years	>5 years	Total
	$	$	$	$
Interest rate swap (fixed)	-	-	-	-
Average fixed rate	**-**	**-**	**-**	**-**

2019	<1 year	1-5 years	>5 years	Total
	$	$	$	$
Interest rate swap (fixed)	16,000,000	-	-	16,000,000
Average fixed rate	**3.69%**	**-**	**-**	**3.69%**

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:

2020	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%
2020	**$**	**Result $**	**Result $**
Cash	**14,186,362**	**141,863**	**(141,863)**
2019			
Cash	**3,898,212**	**38,982**	**(38,892)**

NOTE 26: 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 27: COMPANY DETAILS

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

NOTE 28: 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 and obligations of the entity. At 30 June 2020 the number of members was 243 (2019: 227).

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 2020 and of its performance for the year ended on that date;

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 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 27th day of October 2020

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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 2020, 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 2020 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 registered entity's directors' report, 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 East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 27 October 2020

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