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Small Fish Big Fish

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Report 2010 please contact

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Director's report

For the year ended 30 June 2010

The Directors of Bridge Housing Limited present their report and the audited financial statements for the financial year ended the 30th June 2010

Directors

The names and particulars of the directors in office at any time during, or since the end of, the financial year are:

Director	Occupation	Elected	Resigned
John Dunn	Finance	2005	23 July 2010
Vicki Allen	Chief Operating Officer	2007	
Gary Milligan	Asset Management	2007	
Helen Wood	Development Manager	2007	
John Kell	Lawyer	2009	
Gary Spreckley	Chief Financial Officer	2009	
Shirley Liew	Risk and Assurance Consultant	2009	
Dick Persson AM	Company Director	2008	

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

Company Secretary

The following person held the position of company secretary at the end of the financial year: John Nicolades

Principal Activity

The principal activity of the company in the course of the financial year was the provision of the services to the local community in particular in regards to housing. There was no significant change in the nature of this activity during the financial year.

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the company for the financial year.

Operating Results

Operations for the year resulted in a surplus of \$987,383 (2009: \$1,994,981). There was no income tax expense as the Company is tax exempt.

Review of Operations

BHL attained Class 1 Registration under the Housing Act 2001(NSW) and Housing Regulation 2009.

BHL portfolio increased by 150 properties to 1250 properties through the Property Transfer Program and 50 properties through the Nation Building Economic Stimulus Package (Stage 1) NBESP.

BHL submitted a successful tender for 193 NBESP (Stage 2) properties in the Parramatta LGA in February 2010. Properties are under construction and It is expected that the transfer will commence in September 2010 and be conclude by end February 2011.

Successfully implemented Housing Pathways, the combined application system for social and community housing.

Dividends

The constitution of the Company prohibits the payment or distribution of the assets or income of the Company by the way of dividend or bonus to the members of the Company. Accordingly, no dividend has been paid or declared since the end of the previous financial year.

Future Developments

The Company will continue to provide quality affordable housing to low and moderate income earners residing in the inner Metropolitan region of Sydney.

After Balance Date Events

As at the date of this directors' report, the directors are not aware of any matter of circumstance that has arisen that has 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 the financial years subsequent to 30 June 2010.

Environmental Issues

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

Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendance by each director during the year are as follows:

	Director's Meetings	
	Eligible to attend	Number attended
John Dunn	7	5
Gary Milligan	7	7
Vicki Allen	7	7
Helen Wood	7	6
Dick Persson AM	7	6
John Kell	7	5
Gary Spreckley	7	6
Shirley Liew	7	6

Directors Benefits

Since the end of the previous financial year no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the accounts or received as the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or by a related corporation with the Director or with a firm of which the Director is a member or with a corporation in which a Director has a substantial financial interest.

Directors Interests

No Director holds any interest, whether directly or indirectly, in a contract or proposed contract with the company.

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 4.

Signed in accordance with a resolution of the Directors.



Vicki Allen
Director



Shirley Liew
Director

Dated this 11th day of October 2010

Directors Declaration / Auditors Declaration

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 20, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company;
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:



Vicki Allen
Director



Shirley Liew
Director

Dated this 11th day of October 2010

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Bridge Housing Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there has been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



BDO Audit (NSW-VIC) Pty Limited



Max Perry
Director

Dated in Sydney this 11th day of October 2010

Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Revenue	2	18,696,089	12,337,708
Other Income	3	563,563	849,961
Tenancy and Property Management Expenses (15,922,327) (9,942,558)	4		
Administration Expenses	4	(2,319,912)	(1,234,983)
Finance Expenses		(30,030)	(15,147)
Profit before income tax		987,383	1,994,981
Income tax expense		-	-
Net surplus for the year attributable to members		987,383	1,994,981
Other comprehensive income			
Transfer from ESRHA	17	534,403	1,209,951
Other comprehensive income for the year		534,403	1,209,951
Total Comprehensive Income for the year attributable to members		1,521,786	3,204,932

The accompanying notes form part of these financial statements.

Statement of Financial Position

For the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Assets			
Current assets			
Cash and cash equivalents	6	7,746,993	4,619,417
Trade and other receivables	7	2,136,779	1,803,010
Total current assets		9,883,772	6,422,427
Non-current assets			
Property, plant and equipment	8	1,930,745	1,651,695
Investment Properties	9	245,000	245,000
Total non-current assets		2,175,745	1,896,695
Total assets		12,059,517	8,319,122
Liabilities			
Current liabilities			
Trade and other payables	10	2,882,269	672,493
Provisions	11	73,580	51,279
Borrowings	12	7,206	6,702
Total current liabilities		2,963,055	730,474
Non-current liabilities			
Trade and other payables	10	106,529	181,529
Provisions	11	68,342	-
Borrowings	12	410,207	417,521
Total non-current liabilities		585,078	599,050
Total liabilities		3,548,133	1,329,524
Net assets		8,511,384	6,989,598
Equity			
Reserves	13	4,293,723	4,102,858
Retained earnings	13	4,217,661	2,886,740
Total equity		8,511,384	6,989,598

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts from customers		18,713,998	11,621,697
Cash paid to suppliers and employees		(17,243,239)	(11,076,845)
Cash receipts from BACH		-	500,000
Cash receipts from ESRHA	17	534,403	714,390
Interest paid		(30,030)	(15,147)
Interest received		204,506	130,214
Net cash inflow from operating activities	14	2,179,638	1,874,309
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		15,778	-
Proceeds from government grants		1,300,000	855,000
Purchase of property, plant and equipment		(361,030)	(1,645,869)
Net cash outflow from investing activities		954,748	(790,869)
Cash flows from financing activities			
Proceeds from borrowings		-	430,000
Repayment of borrowings		(6,810)	(5,777)
Net cash outflow from financing activities		(6,810)	424,223
Net increase in cash and cash equivalents		3,127,576	1,507,663
Cash and cash equivalents at the beginning of the year		4,619,417	3,111,754
Cash and cash equivalents at the end of the year	6	7,746,993	4,619,417

Statement of Changes in Equity

For the year ended 30 June 2010

	Retained Earnings	Reserves	Total Equity
Note	\$	\$	\$
Balance at 1 July 2008	491,416	3,293,250	3,784,666
Total Comprehensive Income for the Year			
Profit for the year	1,994,981	-	1,994,981
Other Comprehensive Income for the Year			
Transfer from ESRHA	518,756	691,195	1,209,951
Transfer to/from reserves	(118,413)	118,413	-
Total Comprehensive Income for the Year	2,395,324	809,608	3,204,932
Balance at 30 June 2009	2,886,740	4,102,858	6,989,598
Total Comprehensive Income for the Year			
Profit for the year	987,383	-	987,383
Other Comprehensive Income for the Year			
Transfer from ESRHA	17 534,403	-	534,403
Transfer to/from reserves	(190,865)	190,865	-
Total Comprehensive Income for the Year	1,330,921	190,865	1,521,786
Balance at 30 June 2010	4,217,661	4,293,723	8,511,384

Note 1: Summary Of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report was authorised for issue by the directors on the 11th October 2010.

The financial report has also been prepared on a historical cost basis, except for investment properties, land and buildings, plant and equipment deemed to be at fair value on transition to AIFRS, derivatives, available-for-sale financial assets and held-for-trading investments that have been measured at fair value. Non-current assets and disposal group held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

The financial report covers the company of Bridge Housing Limited as an individual entity. Bridge Housing Limited is a public company limited by guarantee and it is incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of Services

Revenue from Fees Received for Services is recognised when the service is provided.

Interest

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

Rental Income

Rental income is recognised as income in the periods when they are earned.

Government Grants

Grants from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

(c) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, 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.

(d) Trade Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectibility of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms.

(e) Impairment of Assets

At each reporting date the Company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the income statement where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(f) Property, Plant and Equipment

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

Plant and equipment

Plant and equipment is recognised at historic cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

Notes to the Financial Statement

For the year ended 30 June 2010

(f) Plant and Equipment (continued)

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful life, or in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term, as follows:

- Buildings	50 years
- Furniture, fittings and equipment	5 years
- Leasehold	5 years
- Motor Vehicles	5 years
- Computer Equipment	3 years
- Office Equipment	3 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

(g) Investment Properties

Investment properties are initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, which is based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, alternative valuation methods are used such as recent prices in less active markets or discounted cash flow projections. Gains and losses arising from changes in fair values of investment properties are included in profit or loss as part of other income in the year in which they arise.

(h) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms.

(i) Interest Bearing Liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the loans and borrowings using the effective interest method.

Borrowing costs are expensed when incurred.

(j) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. For service warranties, the likelihood that an outflow will be required to settle the obligation is determined by considering the class of obligations as a whole. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Employee Benefit Provisions

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

No provision is made for sick leave entitlements.

Long service leave entitlements are provided only for staff exceeding five years in employment with the Company.

(l) Income Tax

The Company is exempt from income tax as it is endorsed as an income tax exempt charity.

(m) GST

Revenues and expenses are recognised net of GST, except where GST incurred on a purchase 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 balance sheet.

(n) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

- i) AASB 2009-8 Amendments to Australia Accounting Standards – Group Cash-Dettled Share-based Payment Transaction [AASB2] (effective from 1 January 2010)

This amendment is not applicable to the Company as the Company does not have share-base payment transactions.

- ii) AASB 2009-10 Amendments to Australian Accounting Standards –Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

This amendment is not applicable to the Company as the Company does not have made any such rights issues.

- iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 February 2013)

This standard is not applicable until 1 January 2013 but is available for early adoption. There is no impact of the Company as the company does not have available for sale financial assets.

- iv) Revised AASB 124 Related Party Disclosures and AASB2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

This amendment is not applicable to the Company as the Company is not government related entity.

- v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

This amendment is not applicable to the Company as the company does not have any debt for equity swap transactions.

- vi) AASB 2009-14 Amendments to Australian Interpretation –Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

This amendment does not have any impact on the Company as the Company does not make any such prepayments.

(o) 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.

The directors have made no key estimates and judgements in the financial report.

Note 2: Revenue

	2010	2009
	\$	\$
Rental Income	9,364,960	5,633,397
Government Grants	9,140,263	6,585,898
SEPP 10 Developer Contributions	190,866	118,413
	18,696,089	12,337,708

Government grants

Government grants of \$9,140,263, (2009: \$6,585,898) were recognised by the Company during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants. The Company did not benefit directly from any other forms of government assistance.

SEPP 10 Developer Contributions

Developer contributions of \$190,866, (2009: \$118,413) were recognised by the Company during the financial year through the State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation. These are generated through Developer Contributions to mitigate for the loss of low income housing. The Company collects these funds for the purposes of purchasing or constructing accommodation for low to moderate income households eligible under State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation.

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 3: OTHER REVENUE

	2010	2009
	\$	\$
Fees Received – Services	151,826	149,974
Interest	240,071	130,214
Profit on Disposal of Assets	7,379	-
Miscellaneous Income	164,287	69,773
Other Contribution	-	500,000
	563,563	849,961

NOTE 4: EXPENSES

	2010	2009
	\$	\$
Tenancy and Property Management Expenses		
Rent Paid	12,162,616	7,731,288
Provision for Doubtful Debts	63,758	11,674
Insurances	206,317	148,611
Rates and Utility Charges	769,608	562,610
Repairs and Maintenance	1,955,814	985,221
Other	764,214	503,154
	15,922,327	9,942,558
Administration Expenses		
Salaries, Fees and On Costs	1,532,390	848,944
Office Rent	148,418	67,228
Office Expenses	181,357	110,975
Consultant Fee	160,195	66,287
Audit and Accounting Services	23,280	29,720
Depreciation	135,881	34,227
Other Expenses	130,697	61,338
Legal Fees	7,694	16,264
	2,319,912	1,234,983

NOTE 5: AUDITOR'S REMUNERATION

	2010	2009
	\$	\$
Audit services		
Amounts payable to BDO for the audit of the financial report	20,750	25,220
	20,750	25,220
Other services		
Amounts payable to BDO for non-audit services	2,530	4,500
	23,280	29,720

NOTE 6: CASH AND CASH EQUIVALENTS

	2010	2009
	\$	\$
Cash - at bank and in hand	999,857	1,509,287
Cash - cash management and term deposit	6,747,136	3,110,130
	7,746,993	4,619,417

Cash at bank and in hand is non-interest bearing. Deposits at call bear the interest rates between 4.5% to 5.6% (2009: 2.85% to 3%)

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

	2010	2009
	\$	\$
Balance as above	7,746,993	4,619,417
Balance per statement of cash flows	7,746,993	4,619,417

NOTE 7: TRADE AND OTHER RECEIVABLES (CURRENT)

	2010	2009
	\$	\$
Trade receivables	94,226	120,248
Property bonds	866,439	820,833
Sundry receivables	1,249,869	867,290
	2,210,534	1,808,371
Less: Provision for impairment of receivables	(73,755)	(5,361)
	2,136,779	1,803,010

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2010	2009
	\$	\$
Furniture & Fittings		
At cost	12,037	42,094
Accumulated depreciation	(3,018)	(33,468)
	9,019	8,626
Motor vehicle		
At cost	16,091	16,222
Accumulated depreciation	(805)	(6,836)
	15,286	9,386
Computer Equipment		
At cost	153,585	93,863
Accumulated depreciation	(53,485)	(34,232)
	100,100	59,631
Office Equipment		
At cost	35,946	25,883
Accumulated depreciation	(27,709)	(15,557)
	8,237	10,326
Land and Buildings		
Land – at cost	496,000	496,000
Building and Improvement – at cost	1,086,089	1,073,091
Accumulated depreciation	(27,022)	(5,365)
	1,555,067	1,563,726
Leasehold Improvement		
At Cost	297,481	-
Accumulated depreciation	(54,445)	-
	243,036	-
	1,930,745	1,651,695

Refer note 12 for information on non-current assets pledged as security by the Company.

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:

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Continued)

	Furniture & Fittings	Motor Vehicle	Computer Equip-ment	Office Equip-ment	Land & Building	Leasehold Improvements	Total
Balance at the beginning of the year	8,626	9,386	59,631	10,326	1,563,726	-	1,651,695
Additions	3,438	16,090	83,261	10,063	12,998	297,481	423,331
Disposals	(1,175)	(7,225)	-	-	-	-	(8,400)
Depreciation	(1,870)	(2,965)	(42,792)	(12,152)	(21,657)	(54,445)	(135,881)
Balance at the end of year	9,019	15,286	100,100	8,237	1,555,067	243,036	1,930,745

NOTE 9: INVESTMENT PROPERTY

	2010	2009
	\$	\$
Balance at the beginning of the year	245,000	200,000
Transfer from ESRHA	-	45,000
Balance at the end of the year	245,000	245,000

The NSW Office of Community Housing and the Company entered into a funding agreement in 2002 to purchase property at 14 Church St, Marrickville, NSW. The Company obtained a 26% equity interest in the property at a cost of \$200,000.

The NSW office of Community Housing and Eastern Suburbs Rental Housing Association Limited (ESRHA) to purchase property at 47 and 49 Philip Street, Bondi, NSW. The Company obtained a 7.8% equity interest in the property at a cost of \$45,000. This interest transferred to Bridge Housing Limited in March 2009 in accordance with the Deed of Assignment as disclosed in Note 17.

Both the properties have been valued at the year-end by the NSW Office of Community Housing in accordance with their internal valuation policy, and as such the fair value of the Company's investment is deemed to be not materially different to the cost.

NOTE 10: TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
CURRENT		
Other payables	1,058,999	672,493
Deferred Income	1,823,270	-
	2,882,269	672,493
Non-Current		
Other payables	106,529	181,529
	2,988,798	854,022

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 11: PROVISIONS

	2010	2009
	\$	\$
Current		
Employee benefits – Annual Leave	73,580	51,279
	73,580	51,279
Non - Current		
Employee benefits – Long Service Leave	6,042	-
Make Good Provisions	62,300	-
	68,342	-

NOTE 12: BORROWINGS

	2010	2009
	\$	\$
Current		
Bank Loan	7,206	6,702
Non-Current		
Bank Loan	410,207	417,521
	417,413	424,223

The bank loan is secured by a first registered mortgage on the land and buildings with carrying value of \$1,555,067 (note 8) at 30 June 2010.

The bank loan is for a term of 25 years and bears fixed interest of 7.09% per annum in the first three years.

NOTE 13: RETAINED EARNINGS & RESERVES

	2010	2009
	\$	\$
Retained Earnings		
Balance at the beginning of the year	2,886,740	491,416
Transfer to reserves	(190,865)	(118,413)
Transfer from ESRHA	534,403	518,756
Profit for the year	987,383	1,994,981
Balance at the end of the year	4,217,661	2,886,740

Reserves

Balance at the beginning of the year	4,102,858	3,293,250
Transfer from retained earnings	190,865	118,413
Transfer from ESRHA	-	691,195
Balance at the end of the year	4,293,723	4,102,858

Movements on reserves in the year are as follows:

	At the start of the year	Transfer from retained earnings	Reclassification	At the end of the year
Maintenance	2,232,856	-	-	2,232,856
General	756,109	-	-	756,109
SEPP10	1,113,893	190,865	-	1,304,758
	4,102,858	190,865	-	4,293,723

Maintenance Reserve: Established to meet long term maintenance on the Company's capital property portfolio.

SEPP10: The Company receives these funds for the purposes of purchasing or constructing accommodation for low to moderate income households eligible under State Environmental Planning Policy. No 10—Retention of Low-Cost Rental Accommodation. (Refer to note 2.). This Policy was superseded by the State Environmental Planning Policy (Affordable Rental Housing) 2009. BHL will no longer receive contributions except where the Development Application was approved prior to the gazettal of State Environmental Planning Policy (Affordable Rental Housing) 2009

NOTE 13: RETAINED EARNINGS & RESERVES (Continued)

Property Development Fund: This fund is used as equity for the purpose of purchasing or constructing accommodation for low to moderate income households. The Company may draw on retained profits to increase equity within prudent operational requirements and SEPP 10 funds.

Pursuant to a director's resolution, the directors resolved to transfer the balances of reserves of bonds and property development fund to the General Reserve.

NOTE 14: CASH FLOW INFORMATION

	2010	2009
	\$	\$
Reconciliation of profit to net cash flow from operating activities		
Profit for the year	987,383	1,994,981
Depreciation and amortization	135,881	34,227
Grant income to purchase property	-	(855,000)
Profit on disposal of property, plant and equipment	(7,379)	-
Changes in assets and liabilities		
- increase in trade and other receivables	(333,769)	(827,001)
- increase in trade creditors and other payables	311,506	372,105
- increase in equity from ESRHA	534,403	1,159,501
- increase / (decrease) in provisions	28,343	(4,504)
- Increase in deferred income	523,270	-
Net cash flow from operating activities	2,179,638	1,874,309

Notes to the Financial Statements

For the year ended 30 June 2010

NOTE 15: CONTINGENT LIABILITIES

At 30 June 2010, the Company had no contingent liabilities.

NOTE 16: COMMITMENTS

	2010	2009
	\$	\$
Lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		
Within one year	130,983	87,039
Later than one year but not later than 5 years	442,012	589,350
	572,995	676,389

The lease is a non-cancellable lease which commenced on 15 June 2009 for a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

NOTE 17: MERGER

On 31 March 2009, the Company signed a Deed of Assignment with Eastern Suburbs Rental Housing Association (“ESRHA”) under which the Company was assigned the right, title and interest to the Contracts and Leases entered into by ESRHA. These rights transferred to the Company on the 1 April 2009. As part of this transaction the Company was also assigned any money held by ESRHA relating to these Contracts and Leases and a liability owed to the Office of Community Housing. The transfer of these assets and liabilities were recorded at their fair value as set out below:

	2010	2009
	\$	\$
Assets:		
Cash	534,403	714,390
Receivables (Current)	-	748,514
Plant and Equipment	-	5,450
Investment property	-	45,000
Liabilities:		
Payables (Current)	-	(121,874)
Payables (Non-Current)	-	(181,529)
Equity:		
Reserves (SEPP10)	-	(65,224)
Retained Earnings	-	(625,971)
	534,403	518,756

NOTE 18: 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, 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 policies 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:

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 date is the carrying value of these assets, net of any provision for doubtful debts, as disclosed below:

	2010	2009
	\$	\$
Cash	7,746,993	4,619,417
Trade and other receivables	2,136,779	1,803,010
	9,883,772	6,422,427

NOTE 18: FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Market Risk

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

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

	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
2010					
Financial Assets					
Cash	1,029,252	5,717,884	-	999,857	7,746,993
Trade and Other Receivables	-	-	-	2,136,779	2,136,779
	1,029,252	5,717,884	-	3,136,636	9,883,772
Weighted average interest rate	4.5%	5.49%	-	-	
Financial Liabilities					
Trade and Other Payables	-	-	-	2,988,798	2,988,798
Borrowings	406,475	7,206	3,732	-	417,413
	406,475	7,206	3,732	2,988,798	3,406,211
Weighted average interest rate	7.09%	7.09%	7.09%		

Notes to the Financial Statements

For the year ended 30 June 2010

	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
2009					
Financial Assets					
Cash	1,591,590	1,518,540	-	1,509,287	4,619,417
Trade and Other Receivables	-	-	-	1,803,010	1,803,010
	1,591,590	1,518,540	-	3,312,297	6,422,427
Weighted average interest rate	3%	2.85%	-	-	
Financial Liabilities					
Trade and Other Payables	-	-	-	854,022	854,022
Borrowings			424,223	-	424,223
			424,223	854,022	1,278,245
Weighted average interest rate	-	-	7.09%	-	

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

	Carrying Amount	Profit \$ +1%	Profit \$ -1%
2010			
Cash	7,746,993	67,471	(67,471)
The above analysis assumes all other variables remain constant.			
2009			
Cash	4,619,417	31,101	(31,101)

The above analysis assumes all other variables remain constant.

NOTE 19: COMPANY DETAILS

The financial report of Bridge Housing Limited for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the directors on the 11th October 2010.

The financial report is presented in the Australian currency.

The current address of the registered office and principal place of business is:

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