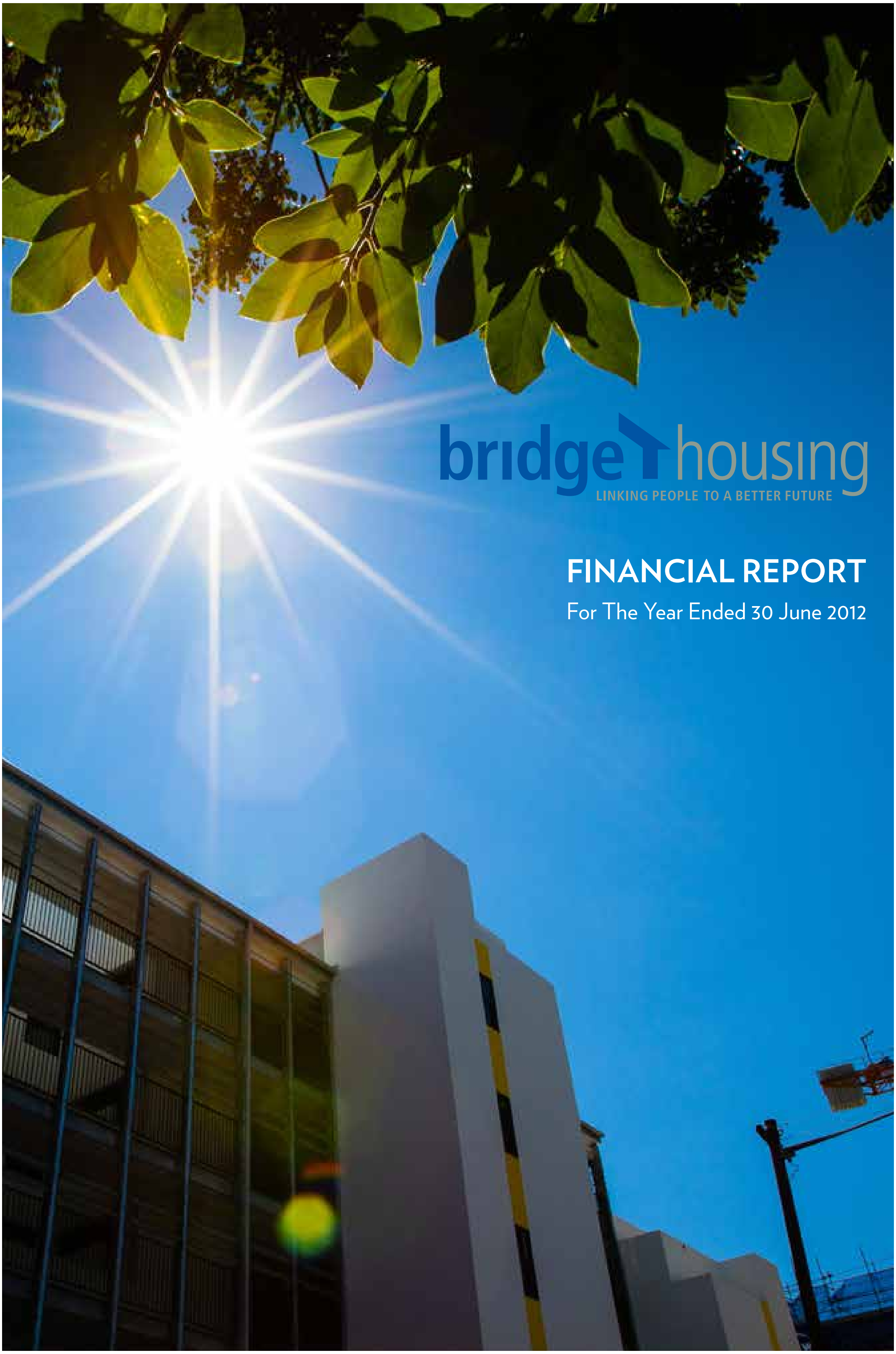

bridge housing
LINKING PEOPLE TO A BETTER FUTURE

FINANCIAL REPORT

For The Year Ended 30 June 2012

Bridge Housing Limited Financial Report 2012

Bridge Housing Limited

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Contents

Director's Report

The Directors present their report on the financial statements of Bridge Housing Limited ("the Company") year ended the 30 June 2012.

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 experience, qualifications and special responsibilities:

Names of Directors	Occupation	Special Responsibilities	Years as Director
Current Directors			
Vicki Allen	Company Director	Human Resources	5
Gary Milligan	Asset Management	Asset Management	5
Helen Wood	Development Manager	Social housing and Development	10
John Kell	Lawyer	Law	3
Gary Spreckley Resigned 23/3/2012	Chief Financial Officer	Finance	3
Shirley Liew	Company Director/Business and risk advisory	Finance and Risk	3
Dick Persson AM	Company Director	Human Resources	3
Alan Revell Appointed 18/4/2012	Principal Property and Corporate Advisory	Finance and Risk	0

Meetings of Directors

During the financial year, 7 meetings of Directors were held. Attendances by each Director during the year are as follows:

Director's Meetings	Eligible to attend	Number attended
Vicki Allen	7	7
Gary Milligan	7	5
Helen Wood	7	5
John Kell	7	6
Gary Spreckley Resigned 23/3/2012	5	3
Shirley Liew	7	6
Dick Persson AM	7	5
Alan Revell Appointed 18/4/2012	2	2

Company Secretary

John Nicolades was Company Secretary of the Company 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 32 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.

The Company has varying classes of membership as set out below:

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. At 30 June 2012 the number of members was 266 (2011: 259)

Details on Members

Each class of membership in the Company

Class	Number		Liability of members on a wind up	
	2012	2011	2012	2011
Ordinary Members	266	259	$266	$259
Life Members	0	0	0	0
Honorary Life Members	0	0	0	0
Total	266	259	$266	$259

Short and Long Term Objectives of the Entity

The Company's mission is to build sustainable communities through the provision of affordable housing for low to moderate households and to focus on the promotion of the social housing in the community.

Strategy for Achieving Those Objectives

The Company achieves its medium and long term objectives through three year strategic plans and related short term objectives through detailed annual business plans. The Company's growth has been driven by its current Strategic Plan 2009–12.
The Strategic Plan 2012–15 was developed over 2011/12 and approved by the Board in June 2012. The 2011-12 Annual report reports on the outcomes in the Business Plan 2011–12.

The strategic and business plans have 6 critical success factors as key performance drivers.

These are:

1. Strategic portfolio growth
2. Quality Service delivery
3. Effective Governance
4. Business sustainability
5. Develop our People
6. Increase our Profile

The Strategic Plan 2012-15 and Business Plan 2012-13 is available on the Bridge Housing Limited's website **www.bridgehousing.org.au.**

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 Those Activities Assisted In Achieving The Company's Objectives

The cash flows of the Company will continue to be employed to build sustainable communities through the provision of affordable housing for low to moderate income earners.

How The Company Measures Its Performance

The Company measures its performance by meeting the objectives established in the annual business plans to deliver the three year strategic plan objectives.

Operating results

The profit from ordinary activities for the year is $2,403,530 (2011: $1,592,256). There was no income tax expense as the Company is tax exempt.

The total profit for the Company included a non operating government grant of $1.3m due to the completion of the Department of Ageing, Disability and Home Care (ADHC) property in Ashfield.

Significant factors affecting our performance were:

- Bridge Housing Limited portfolio increased by 98 properties or 7% to 1552 properties through the Nation Building Economic Stimulus Package (NBESP) and Platform 70 programs. The 1,552 properties include 98 Fee for Service properties which we manage for a fee. Our most significant contract is with Waverley Council where we manage 84 properties.
- Completed the conversion of an existing house into a group home suitable for 4 children with high physical disability needs, requiring 24 hour on site support under a $1.3 million government grant.

- Winning the Housing NSW tender for 128 new build properties in the Canterbury /Bankstown local government area (LGA) to be delivered between 2012-2014. The first sites of 19 homes for seniors were delivered in June 2012. The remaining sites will be delivered in 2013/14.
- Shortlisted in May 2012 for Sydney Metropolitan Development Authorities North Eveleigh Affordable Housing Request for Tender after a very competitive Expression of Interest (EOI) process.
- Implement and manage Platform 70 to house 70 rough sleepers over 3 years ending 2012/13 under $2.7 million funding agreement. Properties are leased from the private rental market, brokering with other community housing providers and partnering with Neami which provides the support services to ensure successful tenancies.
- Completed upgrade planned repairs and maintenance works on Housing NSW Crisis Accommodation Upgrade program. This involved upgrading 19 properties under a $1.15 million funding agreement.
- Discharge on the 22 February 2012 of an outstanding loan of $400,000 on affordable housing property in Wiley Park providing 8 x 2 bedroom units of affordable housing accommodation. The property was purchased in 2008 through our successful tender for Housing NSW Debt Equity Program, this required the community housing provider to contribute to 20% of the property's purchase price and undertake any upgrade works.
- The NSW Land and Housing Corporation vested title for 163 NBESP Stage 2 properties to Bridge Housing during the 2010/11 financial year resulting in BHL total equity increasing from $8 million to $53 million. The vesting of the remaining NBESP Stage 1 and Stage 2 properties scheduled for the 2011/12 financial year but was delayed pending a decision by the Minister Finance and Services until 2012/13 financial year.

In the next financial year the Company intends to continue with the following projects or tenders:

- Commence work on a public housing redevelopment site at Cowper St Glebe, to deliver 153 seniors units by December 2015 in partnership with Department of Finance and Services.
- Decision on our tender for the North Eveleigh Affordable Housing to deliver up to 80 affordable housing units on the site by the end 2014. This will also require Bridge Housing Limited to undertake borrowing to finance this procurement. Consequently in future years, the Company will manage both property delivery and financial risk.
- Decision on our tender for the management of Waverley Council's Social and Affordable Housing program.
- Decision on our tender for two packages for the Housing NSW Community Housing Repairs and Maintenance Tender deliver repairs, maintenance and upgrading services to crisis and transitional accommodation properties in metropolitan Sydney.
- The NSW Land and Housing Corporation vesting of title for the remaining 49 NBESP Stage 1 and 30 NBESP Stage 2 properties to Bridge Housing subject to the approval by the Minister of Finance and Services are scheduled for the 2012/13 financial year.

The Company will continue to provide quality affordable housing to low and moderate income households.

Auditor's and Directors' Declarations

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the page 7.

Signed in accordance with a resolution of the Directors.

Vicki Allen
Director

Alan Revell
Director

Dated this 23rd day of October 2012

Directors' Declaration

The directors of the company declare that:

1. The financial statements comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements
   (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 2012 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
Dated this 23rd day of October 2012

Alan Revell
Director

Grant Thornton

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Auditor's Independence Declaration
To the Directors of Bridge Housing Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Bridge Housing Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton
GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

Max Perry
Partner - Audit & Assurance

Sydney, 23 October 2012

Statement of Comprehensive Income

For the year ended 30 June 2012

		2012	2011
	Notes	**$**	**$**
Revenue	2	25,416,223	21,424,254
Other Income	3	1,001,939	44,060,356
Tenancy and Property Management Expenses	4	(19,010,873)	(17,343,452)
Administration Expenses	4	(4,985,168)	(3,119,540)
Finance Expenses		(18,591)	(29,362)
Profit before income tax		2,403,530	44,992,256
Income tax expense		-	-
Net Surplus for the year attributable to members		**2,403,530**	**44,992,256**
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year attributable to members		**2,403,530**	**44,992,256**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2012

	Notes	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	6	10,609,767	11,436,818
Trade and other receivables	7	3,236,564	2,662,686
Total current assets		**13,846,331**	**14,099,504**
Non-current assets			
Property, plant and equipment	8	45,860,774	45,148,630
Investment properties	9	245,000	245,000
Total non-current assets		**46,105,774**	**45,393,630**
Total assets		**59,952,105**	**59,493,134**
LIABILITIES			
Current liabilities			
Trade and other payables	10	3,706,240	5,357,330
Provisions	11	209,626	127,563
Borrowings		-	7,723
Total current liabilities		**3,915,866**	**5,492,616**
Non-current liabilities			
Provisions	11	129,069	94,501
Borrowings		-	402,377
Total non-current liabilities		**129,069**	**496,878**
Total liabilities		**4,044,935**	**5,989,494**
Net assets		**55,907,170**	**53,503,640**
EQUITY			
Reserves	13	4,352,535	4,331,278
Retained earnings	13	51,554,635	49,172,362
Total equity		**55,907,170**	**53,503,640**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2012

		2012	2011
	Notes	**$**	**$**
Cash flows from operating activities			
Cash receipts from customers		24,437,868	23,823,814
Cash paid to suppliers and employees		(24,009,745)	(20,374,634)
Cash receipts from BACH		-	17,000
Interest paid		(18,591)	(29,362)
Interest received		674,198	409,158
Net cash inflow from operating activities	14	**1,083,730**	**3,845,976**
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,500,682)	(148,838)
Net cash outflow from investing activities		**(1,500,682)**	**(148,838)**
Cash flows from financing activities			
Repayment of borrowings		(410,099)	(7,313)
Net cash outflow from financing activities		**(410,099)**	**(7,313)**
Net (decrease)/increase in cash and cash equivalents		(827,051)	3,689,825
Cash and cash equivalents at the beginning of the year		11,436,818	7,746,993
Cash and cash equivalents at the end of the year	6	**10,609,767**	**11,436,818**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2012

	Note	Retained Earnings	Reserves	Total Equity
		$	$	$
Balance at 1 July 2010		4,217,661	4,293,723	**8,511,384**
Total Comprehensive Income for the Year				
Profit for the year		44,992,256	-	**44,992,256**
Other Comprehensive Income for the Year				
Transfer to/from reserves		(37,555)	37,555	**-**
Total Comprehensive Income for the Year		44,954,701	37,555	**44,992,256**
Balance at 30 June 2011		49,172,362	4,331,278	**53,503,640**
Total Comprehensive Income for the Year				
Profit for the year		2,403,530	-	**2,403,530**
Other Comprehensive Income for the Year				
Transfer to/from reserves		(21,257)	21,257	**-**
Total Comprehensive Income for the Year		2,382,273	21,257	**2,403,530**
Balance at 30 June 2012		51,554,635	4,352,535	**55,907,170**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2012

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 23 October 2012.

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 Australian International Financial Reporting Standards (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. Collectability 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.

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 improvements	5 years
> Motor vehicles	5 years
> Computer equipment	3 years
> Office equipment	3 years

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value 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.

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.

Revaluation of Property Plant and Equipment

Physical non-current assets are valued at fair value in accordance with AASB116 Property, Plant and Equipment.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, assets' fair value is measured at its buying price, the best indicator of which is depreciated replacement cost.

The Company revalues each class of property, plant and equipment at least every five years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The most recent valuation was completed on 11 August 2011 and was based on an independent assessment.

Where the property is vested to the Company with an intention to hold property as a long term asset for the provision of social housing, the Asset is treated as Property, Plant and Equipment.

Plant and Equipment (continued)

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated. For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously/recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

Impairment of Property, Plant and Equipment

As a not-for-profit entity with no cash generating units, the Company is effectively exempted from AASB 136 Impairment of Assets and impairment testing. This is because AASB 136 modifies the recoverable amount test to the higher fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(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 Company prior to the 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.

(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 than 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.

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.

No provision is made for sick leave entitlements.

(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 statement of financial position.

(n) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Company's assessment of the impact of these new standards and interpretations. There is no impact of these standards for 30 June 2012 reporting periods.

(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

	2012	2011
	$	$
Rental Income	13,519,812	11,313,833
Government Grants	10,575,154	10,072,866
Special Government Fund	1,300,000	-
SEPP 10 Developer Contributions	21,257	37,555
	25,416,223	**21,424,254**

Government grants

Government grants of $10,575,154 (2011: $10,072,866) 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.

Special Government Fund

Special government fund of $1.3 million was funded by Department of Ageing, Disability and Home Care ("ADHC") to purchase an appropriate property and to provide the housing service in accordance with the funding agreement. A caveat was lodged by ADHC to claim the interest on the purchased land (Refer note 8(b)).

SEPP 10 Developer Contributions

Developer contributions of $21,257 (2011: $37,555) 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.

Note 3: Other Revenue

	2012	2011
	$	$
Fees Received – Services	195,518	144,124
Interest	649,452	328,293
Miscellaneous Income	156,969	187,939
Other Contribution-Properties Vested (a)	-	43,400,000
	1,001,939	**44,060,356**

Housing NSW vested title of 163 NBESP properties to Bridge Housing on 18 April 2011. An independent valuation was undertaken valuing the properties at a fair value of $43.4 million (refer to note 8).

Note 4: Expenses

	2012	2011
	$	$
Tenancy and Property Management Expenses		
Rent Paid	14,401,092	13,011,627
Provision for Doubtful Debts	281,771	147,130
Insurances	185,547	180,246
Rates and Utility Charges	1,227,212	959,506
Repairs and Maintenance	2,144,408	2,409,567
Other	770,843	635,376
	19,010,873	**17,343,452**

	2012	2011
	$	$
Administration Expenses		
Salaries, Fees and On Costs	2,983,252	2,023,830
Office Rent	143,454	132,603
Office Expenses	374,242	241,507
Consultant Fees	380,924	143,894
Audit and Accounting Services	41,274	34,343
Depreciation	787,394	279,203
Other Expenses	261,645	255,583
Legal Fees	12,983	8,577
	4,985,168	**3,119,540**

Note 5: Auditor's Remuneration

	2012	2011
	$	$
Audit services		
Amounts payable to GT for the audit of the financial report	26,539	-
Amounts payable to BDO for the audit of the financial report	-	31,143
	26,539	**31,143**
Other services		
Amounts payable to BDO for non-audit services	-	3,200
Amounts payable to other auditor for non-audit services (internal control review)	14,735	-
	41,274	**34,343**

Note 6: Cash and Cash Equivalents

	2012	2011
	$	$
Cash - at bank and in hand	1,748,934	1,656,615
Cash - cash management and term deposit	8,860,833	9,780,203
	10,609,767	**11,436,818**

Cash at bank and in hand is non-interest bearing. Deposits at call bear the interest rates between 4.53% to 4.65% (2011: 3.06% to 5.8%)

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:

	2012	2011
	$	$
Balance as above	10,609,767	11,436,818
Balance per statement of cash flows	**10,609,767**	**11,436,818**

Note 7: Trade And Other Receivables (Current)

	2012	2011
	$	$
Trade receivables	494,901	205,878
Property bonds	1,010,252	961,454
Sundry receivables	2,038,586	1,589,931
	3,543,739	2,757,263
Less: Provision for impairment of receivables	(307,175)	(94,577)
	3,236,564	**2,662,686**

Note 8: Property, Plant and Equipment

	2012	2011
	$	**$**
Furniture & Fittings		
At cost	15,856	15,856
Accumulated depreciation	(9,031)	(5,860)
	6,825	**9,996**
Motor vehicle		
At cost	30,960	16,091
Accumulated depreciation	(8,810)	(4,023)
	22,150	**12,068**
Computer Equipment		
At cost	218,028	193,785
Accumulated depreciation	(86,358)	(111,090)
	131,670	**82,695**
Office Equipment		
At cost	41,519	65,549
Accumulated depreciation	(19,052)	(33,657)
	22,467	**31,892**
Land and Buildings		
Land	13,707,000	13,201,000
Building and Improvement	32,597,682	31,781,089
Accumulated depreciation	(808,507)	(171,524)
	45,496,175	**44,810,565**
Leasehold Improvement		
At cost	373,102	320,172
Accumulated depreciation	(191,615)	(118,758)
	181,487	**201,414**
	45,860,774	**45,148,630**

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 & Building	Leasehold Improvement	Total
Balance at the beginning of the year	9,996	12,068	82,695	31,892	44,810,565	201,414	**45,148,630**
Additions	-	14,869	107,950	2,340	1,322,593	52,930	**1,500,682**
Disposals	-	-	(1,144)	-	-	-	**(1,144)**
Depreciation	(3,171)	(4,787)	(57,831)	(11,765)	(636,983)	(72,857)	**(787,394)**
Balance at the end of year	**6,825**	**22,150**	**131,670**	**22,467**	**45,496,175**	**181,487**	**45,860,774**

Housing NSW vested title of 163 NBESP properties to the Company on 18 April 2011. An independent valuation of $43.4 million (Land $12,705,000 and Buildings $30,695,000) as at 2 September 2011 was based on the assessment of their current market value. This valuation was performed on the basis that the title was free of any encumbrance noted on title which subjects the land to the provisions of Section67L of Housing Act 2001. The Directors believe this valuation is appropriate as there is nothing to indicate that Housing NSW will not remove the encumbrance to allow them to sell the properties at market value.

The Company acquired the property at 3 Pembroke Street, Ashfield (Lot5 Plan DP16256) with the funding of $1.3 million from the Ageing Disability and Home Care, Department of Family and Community Services (ADHC). The settlement date was 9 August 2011. A caveat was lodged by ADHC to claim the interest on the land by virtue of the Funding Agreement which notes the Minister's equitable interest in the land having provided capital funds for the purchase of the land. In the event that Bridge Housing sells or otherwise disposes of Property or Equipment of $5,000 or more in value, Bridge Housing will pay to the ADHC an equivalent proportion of the selling price or market value of the Property or Equipment, whichever is greater upon completion of the sale.

Note 9: Investment Property

	2012	2011
	$	$
Balance at the beginning of the year	245,000	245,000
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) purchased property at 47 and 49 Philip Street, Bondi, NSW. ESHRA obtained a 7.8% equity interest in the property at a cost of $45,000. This interest transferred to the Company 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 (Current)

	2012	2011
	$	**$**
Other payables	1,318,522	1,586,835
Deferred income	2,387,718	3,770,495
	3,706,240	**5,357,330**

Note 11: Provisions

	2012	2011
	$	**$**
CURRENT		
Employee benefits – annual leave	171,508	127,563
Employee benefits – long service leave	38,118	-
	209,626	127,563
NON - CURRENT		
Employee benefits – long service leave	66,769	32,201
Make good provisions	62,300	62,300
	129,069	**94,501**

Note 12: Borrowings

	2012	2011
CURRENT	**$**	**$**
Bank loan	-	7,723
NON-CURRENT		
Bank loan	-	402,377
	-	**410,100**

As at 30 June 2012, the Company repaid the 25 years long-term bank loan.

Note 13: Retained Earnings & Reserves

	2012	2011
	$	$
Retained Earnings		
Balance at the beginning of the year	49,172,362	4,217,661
Transfer to reserves	(21,257)	(37,555)
Profit for the year	2,403,530	44,992,256
Balance at the end of the year	**51,554,635**	**49,172,362**
Reserves		
Balance at the beginning of the year	4,331,278	4,293,723
Transfer from retained earnings	21,257	37,555
Balance at the end of the year	**4,352,535**	**4,331,278**

Movements on reserves in the year are as follows:

	At the start of the year	Transfer from retained earnings	At the end of the year
Maintenance	2,232,856	-	2,232,856
General	756,109	-	756,109
SEPP10	1,342,313	21,257	1,363,570
	4,331,278	**21,257**	**4,352,535**

Maintenance Reserve: Established to meet long term maintenance on the Company's capital property portfolio. The provision is approximately equal to one and a half years of average 10 Year Asset Management Plan. There is no requirement to increase provisions as the Company's operating surpluses are producing sufficient funds to meet a 10 Year Asset Management Plan.

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.)

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.

Note 14: Cash Flow Information

	2012	2011
	$	$
Reconciliation of profit to net cash flow from operating activities		
Profit for the year	2,403,530	44,992,256
Depreciation and amortization	787,394	279,203
Other Contribution – Properties vested	-	(43,400,000)
Loss on disposal of property, plant and equipment	1,144	-
Changes in assets and liabilities		
(Decrease) in trade and other receivables	(573,878)	(525,907)
(Decrease)/ increase in trade creditors and other payables	(268,314)	421,307
- Increase in provisions	116,631	80,142
- (Decrease)/Increase in deferred income	(1,382,777)	1,998,975
Net cash flow from operating activities	**1,083,730**	**3,845,976**

Note 15: Contingent Liabilities

At 30 June 2012, the Company had no other contingent liability other than that was disclosed in the note 8 (b).

Note 16: Commitments

	2012	2011
	$	$
Lease commitment		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		
Within one year	136,922	137,084
Later than one year but not later than 5 years	131,213	268,454
	268,135	**405,538**

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.

Capital commitment

On 22 March 2012, Bridge Housing Limited entered the software and services agreement with SDM Housing Software Ltd to perform an upgrade to the Company's operational software. The capital expenditure contracted for at the reporting date but not recognised as liability is $106,668.

Note 17: Events After Reporting Period

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial year.

Note 18: Financial Risk Management

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 polices 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, note from (b) to (d):

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:

	2012	2011
	$	$
Cash	10,609,767	11,436,818
Trade and other receivables	3,236,565	2,662,686
	13,846,332	**14,099,504**

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 $10,609,767 (2011: $11,436,818) 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.

Maturities of financial liabilities

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

2012	Less than 12 months	Between 1-3 years	Over 3 years	Total
Financial Liabilities				
Trade and Other Payables	3,706,240	-	-	3,706,240
Non-interest bearing				
Borrowings				
Variable rate				
Fixed Rate				
	3,706,240	-	-	3,706,240

2011	Less than 12 months	Between 1-3 years	Over 3 years	Total
Financial Liabilities				
Trade and Other Payables		-	-	5,357,330
Non-interest bearing				
Borrowings				
Variable rate	3,990	23,940	378,437	406,367
Fixed Rate	3,732	-	-	3,732
	5,365,052	23,940	378,437	5,767,429

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:

2012	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
Financial Assets					
Cash	534,187	8,326,646	-	1,748,934	10,609,767
Trade and other receivables				3,236,564	3,236,564
	534,187	8,326,646	-	4,985,498	13,846,331
Weighted average interest rate	3.5%	4.64%			
Financial Liabilities					
Trade and other payables	-	-	-	1,318,522	1,318,522
Borrowings	-	-	-	-	-
	-	-	-	1,318,522	1,318,522
Weighted average interest rate					

2011	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
Financial Assets					
Cash	811,308	8,968,895	-	1,656,615	11,436,818
Trade and other receivables	-	-	-	2,662,686	2,662,686
	811,308	8968,895	-	4,319,301	14,099,504
Weighted average interest rate	3.06%	5.81%			
Financial Liabilities					
Trade and other payables	-	-	-	5,451,831	5,451,831
Borrowings	406,367	3,733	-	-	410,100
	406,367	3,733	-	5,451,831	5,861,931
Weighted average interest rate	7.09%	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:

2012	Carrying Amount	+1%	-1%
		Profit $	Profit $
Cash	10,609,767	88,608	(88,608)

The above analysis assumes all other variables remain constant.

2011	Carrying Amount	+1%	-1%
		Profit $	Profit $
Cash	11,436,818	97,802	(97,802)

The above analysis assumes all other variables remain constant.

Note 19: Economic Dependency

Bridge Housing Limited is economically dependent on the NSW State 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 20: Company Details

The financial report of Bridge Housing Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the Directors on the 23 October 2012.

The financial report is presented in the Australian currency.

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

Level 9, Tower 1, 1 Lawson Square,
Redfern, NSW 2016.

Note 21: Members' Guarantee

The entity is incorporated under the Corporations Act 2001 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 outstandings and obligations of the entity. At 30 June 2012 the number of members was 266 (2011: 259).

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Independent Auditor's Report
To the Members of Bridge Housing Limited

We have audited the accompanying financial report of Bridge Housing Limited (the "Company"), which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company .

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of the Company, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion:

the financial report of Bridge Housing Limited is in accordance with the Corporations Act 2001, including:

i giving a true and fair view of the Company's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

ii complying with Australian Accounting Standards and the Corporations Regulations 2001.

GRANT THORNTON NSW
Chartered Accountants

Max Perry
Partner

Dated in Sydney, this 23rd day of October, 2012

bridge housing
LINKING PEOPLE TO A BETTER FUTURE

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