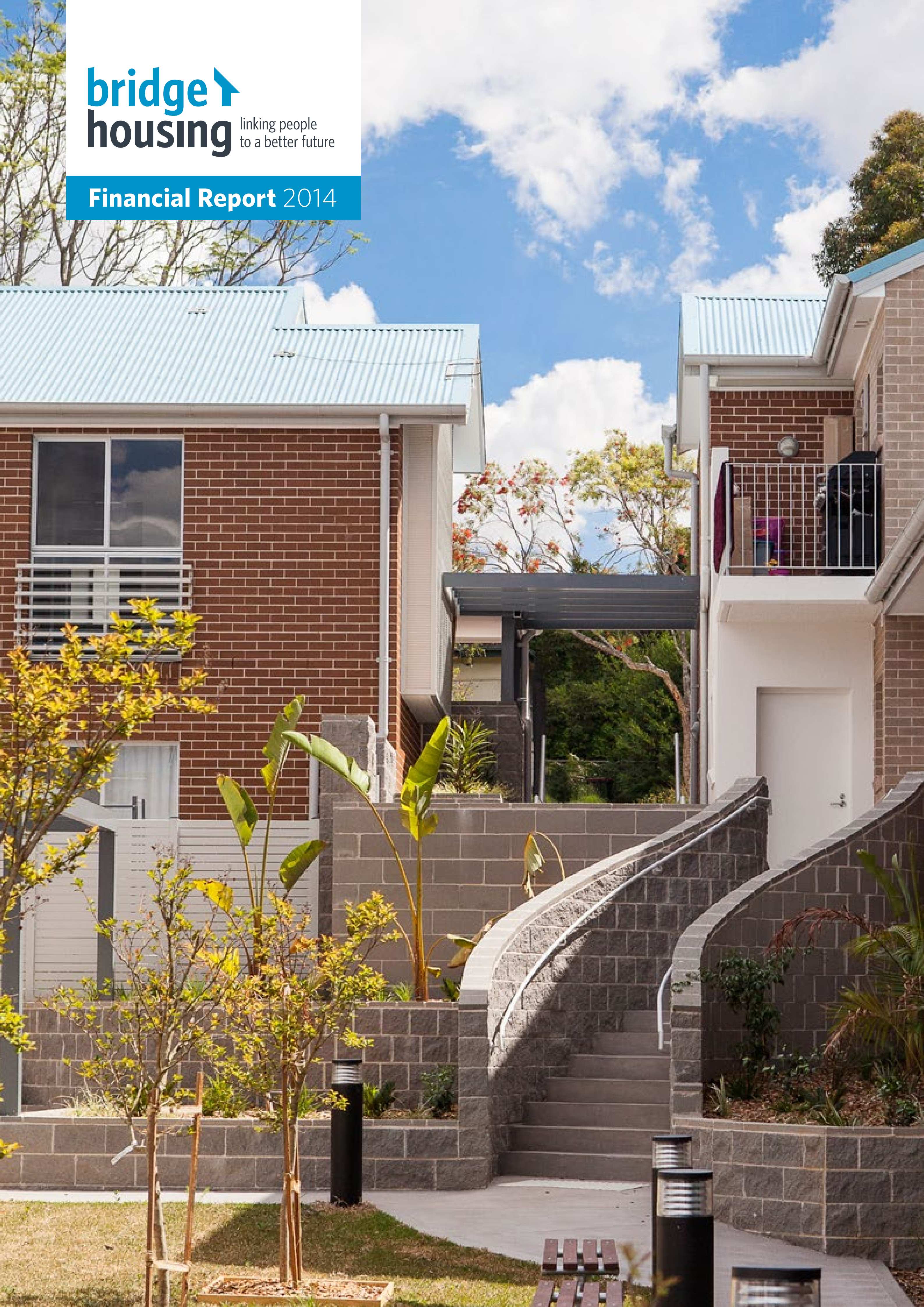
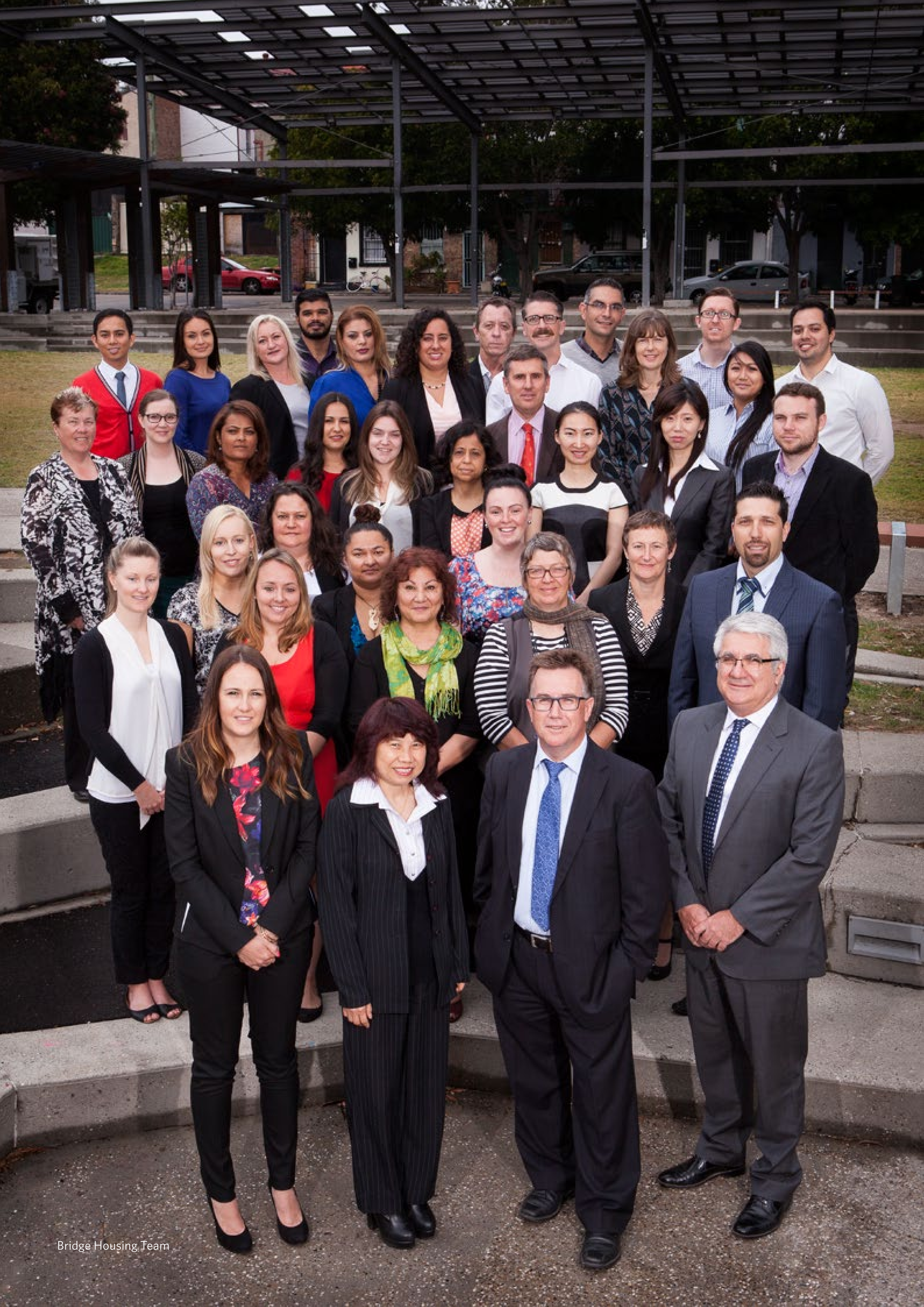
bridge housing
linking people to a better future

Financial Report 2014





Bridge Housing Team

Bridge Housing Limited
Financial Report 2014

Contents

Bridge Housing Limited

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ABN: 55 760 055 094 **ACN:** 135 570 955 **ISBN:** 978-0-987-4433-4-2

Directors' Report

The Directors present their report together with the financial statements on Bridge Housing Limited ("the Company") for the year ended the 30 June 2014.

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
Vicki Allen	BBus, MBA, DFP, FAICD	Company Director	Human Resources	7
Gary Milligan	BSc BEng (Electrical) (Hons 1), Grad Cert Human Resource Development, MIVMA	Company Director	Asset Management	7
Helen Wood	BSc (Hons) Psychology, MRICS, MAHI	Development Manager	Social Housing and Development	12
John Kell	BA, LLB, MEnvStud, FAICD	Lawyer	Law	5
Shirley Liew	BBus, MBA, Grad Dip Appl Finance, FCPA, FTIA, MIIA, FAICD	Company Director/ Business and Risk Advisor	Finance and Risk	5
Dick Persson AM	BA, FAIM, FAPI	Company Director	Human Resources	5
Alan Revell	MBA (Syd), FCPA, FCIS, FAICD, FAIM, FAPI, SMP (Harv), FGIA	Principal Property and Corporate Advisor	Finance and Risk	2

Meeting 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 year was as follows:

	Board Meetings		Human Resources and Nominations Committee		Assets and Procurement Committee		Finance, Risk and Audit Committee	
	A	B	A	B	A	B	A	B
Vicki Allen	6	6	5	5	X		X	
John Kell	6	5	2	2	X		X	
Shirley Liew	6	5	X		X		6	6
Gary Milligan	6	4	X		5	5	X	
Dick Persson, AM	6	4	5	5	X		X	
Alan Revell	6	6	X		1	1	6	6
Helen Wood	6	5	X		5	2	X	

Chair of meeting   Eligible to attend

A Number of meetings eligible to attend **B** Number of meetings attended **X** Not a member of the committee

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 34 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 2014 the number of ordinary members was 289 (2013: 284). There are no life members or honorary life members (2013: nil).

Directors' Report (Continued)

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 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 successive Strategic Plans since 2006. It has completed the second year of Strategic Plan 2012-2015. The Strategic Plan is operationalised through annual Business Plans. The Annual Report 2013-14 reports on the outcomes in the Business Plan 2013-14.

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 2012-2015 and Business Plan 2013-2014 are available on the Company'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 the Company's Activitys 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 plan to deliver the three year strategic plan objectives. Our performance for 2013-14 is reported in the 2014 Annual Report.

Operating results

The surplus from ordinary activities for the year is $25,490,656 (2013: $139,134). There was no income tax expense as the Company is tax exempt. The major item contributing to the increase in surplus from 2013 was the title transfer of 79 vested properties of $24,489,552 in August 2013. In addition, the Company received a ARH SEPP grant of $775,000 to fund a property acquisition in Ashfield and a $500,000 donation for Affordable Housing.

These three items are abnormal one off items. Our underlying net operating profit before depreciation in 2013-14 was $865,814. A reconciliation of this result is shown below.

Surplus from operating activities	$25,490,656
Less:	
Gain on vested assets	$24,489,552
Project Grant Funding	$775,000
Donation Income	$500,000
Plus:	
Depreciation	$1,139,710
Net Operating Profit before Depreciation	**$865,814**

Significant factors affecting our performance were:

- Vesting of the remaining 79 NBESP properties was approved by the Minister of Finance and Services in March 2013 and title was transferred to the Company in August 2013. The delay in vesting of these remaining properties has affected the ability of Bridge Housing to secure affordable housing opportunities to meet our ten year NBESP commitment of 75 affordable housing properties.
- Since 2011 NSW Government's has placed the Property Transfer Program on hold , the main growth driver for Bridge Housing and the community housing sector, has delayed the management transfer of the remaining 36 properties at the South Coogee and Balmain Estates.
- The Cowper St, Glebe redevelopment to deliver 153 seniors units with 153 NRAS subsidies was to be completed by December 2013. However NSW Government review of vesting from 2011 to 2013 has delayed project commencement, and completion is now scheduled by December 2016.
- Receiving a donation of $500,000 from Sylvia Hale

Notwithstanding the challenging policy environment, Bridge Housing's portfolio grew, at a slower rate than forecast in the 2012-15 Strategic Plan. Key highlights for the year include:

- The Company's portfolio increased by 21 properties to 1,649 properties. Our total properties include 104 Fee for Service properties which we manage for a fee.
- Securing an additional 21 of the 123 new build properties in the Canterbury Bankstown LGA through Housing NSW New Supply Program.
- Won NSW Urban Growth's Tender to to deliver 65 affordable housing dwellings by late 2015.
- Acquiring a redevelopment site in Ashfield to deliver 9 studio apartments under the New Generation Boarding House SEPP by June 2015. Secured the Sydney Olympic Park Authorities Tender to manage its affordable housing program of up to 50 affordable housing units. The first 19 units will come on line by June 2015.

- Won Housing NSW's New Supply Tender to manage 18 dwellings in Telopea in the Parramatta LGA.
- Negotiating the management of 3 affordable housing properties secured through the Affordable Housing SEPP.
- Successfully completed the extension of our flagship homelessness program Platform 70 to house an additional 30 rough sleepers. In total 105 rough sleepers were housed over 4 years under a $2.79m 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.

In the 2014-15 financial year the Company intends to continue with the following development projects or tenders:

- Procure and develop affordable housing by meet our Nation Building affordable housing leveraging targets
- Complete and transfer the management of the remaining 63 dwellings in the Canterbury Bankstown new supply program
- Partner with Housing NSW and City West to commence the redevelopment of Cowper St, Glebe to deliver 153 seniors units by December 2016.
- Work with the Land and Housing Corporation in the Department of Family and Community Services to complete the transfer of the remaining 36 properties on the South Coogee and Balmain estate.
- Develop the Ashfield property acquired in May 2014 into 9 studio apartments
- Progress the development of 65 dwellings in the Bunya Estate.
- Secure the management of 18 dwellings from the Telopea new supply program
- Secure debt finance, through a Tender from financial institutions to fund the development of Bunya, Ashfield, Cowper St, and to meet our NBESP leveraging target.

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

Auditors Independence Delcaration

A copy of the auditor's independence declaration is set out on the page 6.

This report is made in accordance with a resolution of the Directors.

On behalf of directors:

Vicki Allen
Director

Shirley Liew
Director

Dated this 28th day of October 2014

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Australia

DECLARATION OF INDEPENDENCE BY TIM SYDENHAM TO THE DIRECTORS OF BRIDGE HOUSING LIMITED

As lead auditor of Bridge Housing Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the Australian professional ethical pronouncements in relation to the audit; and
2. no contraventions of any applicable code of professional conduct in relation to the audit.

Tim Sydenham

Partner

BDO East Coast Partnership

Sydney, 28 October 2014

Statement of Profit or Loss and other Comprehensive Income for the Year Ended 30 June 2014

		2014	2013
	Notes	**$**	**$**
Revenue	2	28,448,601	26,238,362
Other income	3	26,580,642	809,950
Tenancy and property management expenses	4	(22,911,761)	(20,933,039)
Administration expenses	4	(6,626,826)	(5,976,139)
Surplus before income tax expense		25,490,656	139,134
Income tax expense	1(k)	-	-
Surplus after income tax expense for the year attributable to the members of Bridge Housing Limited		**25,490,656**	**139,134**
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings		7,570,578	1,577,024
Other comprehensive income for the year, net of tax		7,570,578	1,577,024
Total comprehensive income for the year attributable to the members of Bridge Housing Limited		**33,061,234**	**1,716,158**

Statement of Financial Position as at 30 June 2014

		2014	2013
	Notes	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	6	11,332,328	10,733,902
Trade and other receivables	7	1,772,496	3,300,514
Other assets	8	464,027	-
Total current assets		**13,568,851**	**14,034,416**
Non-current assets			
Property, plant and equipment	9	80,747,779	47,377,159
Total non-current assets		80,747,779	47,377,159
Total assets		**94,316,630**	**61,411,575**
Liabilities			
Current liabilities			
Trade and other payables	10	1,270,050	954,292
Other liabilities	11	1,936,526	2,422,766
Employee benefits	12	295,197	274,729
Provisions	13	-	62,300
Total current liabilities		3,501,773	3,714,087
Non-Current Liabilities			
Employee benefits	12	67,995	74,160
Provisions	13	62,300	-
Total non-current liabilities		130,295	74,160
Total liabilities		**3,632,068**	**3,788,247**
Net assets		**90,684,562**	**57,623,328**
Equity			
Reserves	14	9,147,602	1,577,024
Accumulated surpluses		81,536,960	56,046,304
Total equity		**90,684,562**	**57,623,328**

The accompanying notes form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2014

		2014	2013
	Notes	**$**	**$**
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		16,901,656	15,622,775
Cash paid to suppliers and employees (inclusive of GST)		(30,072,818)	(27,333,707)
Grants received (inclusive of GST)		16,391,224	11,984,000
Interest received		292,591	387,973
Net cash inflow from operating activities	15	**3,512,653**	**661,041**
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,450,200)	(536,906)
Deposit paid on land and buildings		(464,027)	-
Net cash outflow from investing activities		**(2,914,227)**	**(536,906)**
Cash flows from financing activities			
Net cash outflow from financing activities		**-**	**-**
Net (decrease)/increase in cash and cash equivalents		**598,426**	**124,135**
Cash and cash equivalents at the beginning of the year		10,733,902	10,609,767
Cash and cash equivalents at the end of the year	6	**11,332,328**	**10,733,902**

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the Year Ended 30 June 2014

	Accumulated Surpluses	Reserves	Total Equity
	$	$	$
Balance at 1 July 2012	51,554,635	4,352,535	55,907,170
Total comprehensive income for the year			
Surplus after income tax expense for the year	139,134	-	139,134
Other comprehensive income for the year, next of tax	-	1,577,024	1,577,024
Total comprehensive income for the year	139,134	1,577,024	1,716,158
Transfer (to)/from reserves	4,352,535	(4,352,535)	-
Balance at 30 June 2013	**56,046,304**	**1,577,024**	**57,623,328**
Total comprehensive income for the year			
Surplus after income tax expense for the year	25,490,656	-	25,490,656
Other comprehensive income for the year, net of tax	-	7,570,578	7,570,578
Total comprehensive income for the year	25,490,656	7,570,578	33,061,234
Balance at 30 June 2014	**81,536,960**	**9,147,602**	**90,684,562**

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2014

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 ACNC Act 2012, as appropriate for not-for-profit oriented entities.

The financial report was authorised for issue by the directors on the 28 October 2014. 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 the company of 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) Revenue recognition

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

Donation Income

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

Rendering of services

Income 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 revenue

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

Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the company has satisfied 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) Other assets

Payments made for deposits and costs for the development or construction of capital projects are recognised as other assets (work in progress) when the payments have been made.

(f) Impairment of assets

At each reporting date the company assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the 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.

(g) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. The most recent valuation was completed on 10 June 2014 and was based on an independent assessment. 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 the asset revaluation reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the asset revaluation 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.

Where the property is vested to the company 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.

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.

Assets acquired at no cost, or for nominal consideration, are initially recognised as 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.

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, fittings and equipment	5 years
- Leasehold improvements	years
- Motor vehicles	5 years
- Computer equipment and software	1-5 years
- Office equipment	3-5 years

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 derecognised upon disposal or when there is no future economic benefit to the consolidated entity. 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.

(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) 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.

(j) Employee benefits

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of balance sheet date are recognised in provisions 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.

Liabilities for annual leave and long service 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 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.

(k) Income tax

The company is exempt from income tax as it is endorsed as an income tax exempt entity.

(l) 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.

(m) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2014. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(n) 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.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Land and building valuations

The directors engage an independent third party valuation company who hold recognised and relevant professional qualifications and have recent experience in the location and category of the property being valued. This valuation has been prepared in accordance with established valuation methodologies, international valuation standards and Australian Accounting Standard *AASB116 – Property, plant and equipment* using the fair value model.

Note 2: Revenue

	2014	2013
	$	$
Rental income	16,094,649	14,954,147
Government grants - general	12,353,952	11,284,215
	28,448,601	**26,238,362**

Government grants - general

Government grants of $12,353,952 (2013: $11,284,215) 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.

Note 3: Other Income

	2014	2013
	$	$
Fees received – services	226,487	220,751
Interest received	313,882	384,049
Donations received	500,000	-
Government grant – project funding	775,000	-
Gain on properties vested	24,489,552	-
Miscellaneous income	275,721	205,150
	26,580,642	**809,950**

Government grant – project funding

Grant income of $775,000 (2013: nil) were recognised by the company during the financial year. There are no unfulfilled conditions or other contingencies attaching to this grant.

Gain on vested properties

A gain on vested properties of $24,489,552 (2013: nil) was recognised by the company during the financial year. This represents the market value of the remaining 79 properties which were vested to the Company under the Property Transfer Program.

Note 4: Expenses

	2014	2013
	$	$
Tenancy and property management expenses		
Rent paid	16,701,977	15,919,794
Doubtful debt expense	248,581	78,219
Insurances	216,388	180,935
Rates and utility charges	1,533,062	1,481,776
Repairs and maintenance	3,225,574	2,551,892
Other	986,179	720,423
	22,911,761	**20,933,039**
Administration expenses		
Salaries, fees and on costs	3,589,274	3,266,804
Superannuation expenses	286,480	246,653
Office rent	244,524	156,283
Office expenses	501,285	446,628
Consultant fees	475,998	633,698
Audit and accounting fees	53,441	53,251
Depreciation	1,139,710	833,298
Other expenses	317,715	321,895
Legal fees	18,399	17,629
	6,626,826	**5,976,139**

Note 5: Auditors' Recommendations

	2014	2013
	$	$
Audit services – BDO East Coast Partnership	248,581	78,219
Audit of the financial statements	31,500	28,000
	31,500	**28,000**

Note 6: Cash and Cash Equivalents

	2014	2013
	$	$
Cash at bank and on hand	2,698,269	1,864,309
Cash on deposit	8,634,059	8,869,593
	11,332,328	**10,733,902**

Cash at bank and on hand is non-interest bearing. Deposits at call bear interest rates between 3.0% to 3.6% (2013: 3.2% to 4.2%).

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:

	2014	2013
	$	$
Balance as above	11,332,328	10,733,902
Balance per statement of cash flows	11,332,328	10,733,902

Note 7: Trade and Other Receivables

	2014	2013
	$	$
Trade receivables	893,449	648,566
Property bonds	1,190,303	1,112,795
Sundry receivables	**4,060**	**1,773,244**
	2,087,812	3,534,605
Less: Provision for doubtful debts	**(315,316)**	**(234,091)**
	1,772,496	**3,300,514**

The company has recognised a loss of $248,581 (2013: $78,219) in profit or loss in respect of receivables for the year ended 30 June 2014.

The ageing of the receivables provided for above are as follows:

	2014	2013
	$	$
0 to 1 month overdue	23,924	19,912
1 to 2 months overdue	6,618	3,727
2 to 3 months overdue	3,998	3,074
Over 3 months overdue	280,776	207,378
	315,316	**234,091**

Movements in the doubtful debt provision for receivables are as follows:

	2014	2013
	$	$
Opening balance	234,091	307,175
Additional provisions recognised	248,581	78,219
Receivables written off during the year as uncollectable	(167,356)	(151,303)
Closing balance	**315,316**	**234,091**

Past due but not impaired:

Customers with balances past due (greater than 90 days) but without provision for doubtful debts amount to nil as at 30 June 2014 (nil as at 30 June 2013).

Note 8: Other Assets

	2014	2013
	$	$
Deposits	434,000	-
Work in progress	30,027	-
	464,027	-

Other assets of $464,027 (2013: nil) were recognised by the Company during the financial year. These are the deposits and expenses made towards the projects which are classified as work in progress.

Note 9: Property, Plant and Equipment

	Notes	2014	2013
		$	$
Furniture and fittings			
At cost		2,000	-
Accumulated depreciation		(2,000)	-
Motor vehicles			
At cost		30,960	30,960
Accumulated depreciation		(21,153)	(14,961)
		9,807	**15,999**
Computer equipment			
At cost		609,697	647,477
Accumulated depreciation		(185,759)	(114,400)
		423,938	**533,077**
Office equipment			
At cost		31,272	31,722
Accumulated depreciation		(19,715)	(13,910)
		11,557	**17,812**
Land and buildings			
At fair value	(a)(b)(c)	80,228,299	46,704,414
		80,228,299	**46,704,414**
Leasehold improvements			
At cost		425,977	373,102
Accumulated depreciation		(351,799)	(267,245)
		74,178	105,857
		80,747,779	**47,377,159**

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 and fittings	Motor vehicle	Computer equipment	Office equipment	Land and buildings	Leasehold improvements	Total
	$	$	$	$	$	$	$
Balance at 30 June 2012	**6,825**	**22,150**	**131,670**	**22,467**	**45,496,175**	**181,487**	**45,860,774**
Reclassificat-ion	-	-	-	-	245,000	-	245,000
Revaluation	-	-	-	-	1,577,024	-	1,577,024
Additions	-	-	483,241	1,864	51,801	-	536,906
Disposals	-	-	(9,247)	-	-	-	(9,247)
Depreciation	(6,825)	(6,151)	(72,587)	(6,519)	(665,586)	(75,630)	(833,298)
Balance at 30 June 2013	**-**	**15,999**	**533,077**	**17,812**	**46,704,414**	**105,857**	**47,377,159**
Revaluation	-	-	-	-	7,570,578	-	7,570,578
Additions	2,000	-	62,722	-	26,867,989	52,876	26,985,587
Disposals - Cost	-	-	(100,502)	-	-	-	(100,502)
Disposals - Accumulated Depreciation	-	-	54,667	-	-	-	54,667
Depreciation	(2,000)	(6,192)	(126,027)	(6,255)	(914,682)	(84,554)	(1,139,710)
Balance at 30 June 2014	**-**	**9,807**	**423,937**	**11,557**	**80,228,299**	**74,179**	**80,747,779**

(a) On 16 August 2013, the Land and Housing Corporation in the NSW Department of Family and Community Services vested title of the remaining 79 NBESP properties to the Company with an estimated value of $24,489,552 (Land $7,802,345 and Buildings $16,687,207). 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 Section 67L 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.

(b) The Company acquired a property at 114 Victoria Street, Ashfield NSW 2131 (Lot B Plan DP188484) for $2,360,000 with government funding of $775,000. The settlement date was on 12 May 2014.

(c) The fair value of the land and buildings at reporting date is assessed by valuer who performed independent valuations in June 2014, to ensure that the carrying amount of land and buildings does not differ materially from its fair value at reporting date. On this basis, the directors assessed the fair value of land and buildings at 30 June 2014 to be $80,747,779. The resulting increase of $7,570,578 has been recognised as an asset revaluation reserve (Refer Note 14).

Note 10: Trade and Other Payables

	2014	2013
	$	$
Trade and other payables	1,270,050	954,292
	1,270,050	**954,292**

Note 11: Other Liabilities

	2014	2013
	$	$
Deferred income	1,936,526	2,422,766
	1,936,526	**2,422,766**

Note 12: Employee Benefits

	2014	2013
	$	$
Current		
Employee benefits – Annual leave	229,506	211,847
Employee benefits – Long service leave	65,691	62,882
	295,197	**274,729**
Non - Current		
Employee benefits – Long service leave	67,995	74,160
	67,995	**74,160**

(a) Amounts not expected to be settled within the next 12 months

The current provision 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.

	2014	2013
	$	$
Employee benefits obligation expected to be settled after twelve months	45,420	43,843
	45,420	**43,843**

Note 13: Provisions

	2014	2013
	$	$
Current		
Make good provisions	-	62,300
	-	**62,300**
Non - Current		
Make good provisions	62,300	-
	62,300	**-**

Note 14: Reserves

Movements on reserves in the year are as follows:

	At the start of the year	Transfer from retained surpluses	Revaluation of Land and Buildings	At the end of the year
	$	$	$	$
Asset Revaluation	1,577,024	-	7,570,578	9,147,602
	1,577,024	**-**	**7,570,578**	**9,147,602**

The Company engaged a valuation company to undertake a revaluation of all the owned properties. $7,570,578 was revalued upwards for the land and buildings. The Company still evaluates the likely maintenance costs of its property portfolio through the 10 Year Planned Maintenance Program and allocates funds accordingly in formulating its annual, medium and long term budgets and forecasts.

Asset Revaluation Reserve: This reserve is used to recognise increments and decrements in the fair value of land and buildings in accordance with note 1 (g).

Note 15: Cash Flow Information

	2014	2013
	$	$
Reconciliation of surplus to net cash flow from operating activities		
Surplus for the year	25,490,656	139,134
Depreciation and amortisation	1,139,710	833,298
Loss on disposal of property, plant and equipment - Cost	-	9,247
Gain on vested properties	(24,489,552)	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	1,528,018	(63,950)
(Decrease)/increase in trade creditors and other payables	315,758	86,718
- Increase in provisions	14,303	72,494
- Decrease in deferred income	(486,240)	(415,900)
Net cash flow from operating activities	**3,512,653**	**661,041**

Note 16: Contingent Liabilities

There is a security deposit guarantee of $40,183 for the office level 11 premises.

The company has an unrecognised capital commitment of $8,246,000 as at the reporting date for the final settlement of land purchase as a result of our successful tender for the Bunya project. This payment is contingent on upon the DA applications being approved by council.

The company had no other contingent liabilities as at 30 June 2014.

Note 17: Commitments

	2014	2013
	$	$
Lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		-
Within one year	1,937,272	2,670,688
One to five years	523,507	-
	2,460,779	**2,670,688**

The lease for Level 9, Tower 1, 1 Lawson Square, Redfern 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 existed to renew the lease at the end of the five year term for an additional term. The lease has been extended for 2 years.

The lease for Level 11, Tower 1, 1 Lawson Square, Redfern is a non-cancellable lease which commenced on 1 June 2013 for a twelve month and fourteen days term to be in line with Level 9, with rent payable monthly in advance. We have sub-leased half of the floor on the same terms as our head lease. An option exists to renew the lease at the end of the one year term for an additional term of five years. The lease has been extended for 2 years.

Bridge Housing also has lease commitments under our leasehold program. These properties are sub let to social housing tenants. We receive a NSW Government subsidy to meet the difference between the market rent and the rental income received from our sub leases. These lease commitments are non-cancellable operating leases contracted between 3 weeks and 2 year. Increases in lease commitments may occur in line with changes in market rent but any increase is under written by our lease subsidy arrangements with the government.

Capital commitment

The Company had no capital commitments as at 30 June 2014 (2013: nil).

Note 18: Related Party Transactions

Key management personnel

The aggregate compensation made to directors and other members of key management personnel of the company is set out below

	2014	2013
	$	$
Short-term employee benefits	669,280	644,279
Post-employment benefits	60,646	57,985
	729,926	**702,264**

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 19: Events After Reporting Period

There are no other matters or circumstance that 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 20: Financial Risk Management

(b) 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 and trade payables.

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, in notes (b), (c), (d) and (e).

(c) 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:

	2014	2013
	$	$
Cash	11,332,328	10,733,902
Trade and other receivables	1,772,496	3,300,514
	13,104,824	**14,034,416**

(d) 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 $11,332,328 (2013: $10,733,902) 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 company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

2014	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Financial Liabilities				
Trade and Other Payables	1,270,050	-	-	1,270,050
	1,270,050	**-**	**-**	**1,270,050**

2013	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Financial Liabilities				
Trade and Other Payables	954,292	-	-	954,292
	954,292	**-**	**-**	**954,292**

Continued on page 22

Note 20: Financial Risk Management (Continued)

(e) 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.

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

2014	Floating interest rate	Fixed interest <1 year	Fixed interest 1-3 year and over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	2,629,982	6,004,077	-	2,698,269	11,332,328
Trade and Other Receivables	-	-	-	1,772,496	1,772,496
	2,629,982	**6,004,077**	**-**	**4,470,765**	**13,104,824**
Weighted average interest rate	**2.5%**	**3.44%**			
Financial Liabilities					
Trade and Other Payables	-	-	-	1,270,050	1,270,050
	-	**-**	**-**	**1,270,050**	**1,270,050**

2013	Floating interest rate	Fixed interest <1 year	Fixed interest 1-3 year and over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	1,302,468	7,567,125	-	1,864,309	10,733,902
Trade and Other Receivables	-	-	-	3,300,514	3,300,514
	1,302,468	**7,567,125**	**-**	**5,164,823**	**14,034,416**
Weighted average interest rate	**3.2%**	**4.2%**			
Financial Liabilities					
Trade and Other Payables	-	-	-	954,292	954,292
	-	**-**	**-**	**954,292**	**954,292**

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:

2014	Carrying Amount	+1%	-1%
	$	Result $	Result $
Cash	11,332,328	86,341	(86,341)

The above analysis assumes all other variables remain constant.

2013	Carrying Amount	+1%	-1%
	$	Result $	Result $
Cash	10,733,902	88,696	(88,696)

The above analysis assumes all other variables remain constant.

Note 21: Economic Dependency

The company 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 22: Company Details

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

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

Note 23: 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 outstanding and obligations of the entity. At 30 June 2014 the number of members was 289 (2013: 284).

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 *ACNC Act 2012* and
   - **a.** comply with Accounting Standards and the *ACNC Regulations 2013*; and
   - **b.** give a true and fair view of the company's financial position as at 30 June 2014 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:

Vicki Allen
Director

Shirley Liew
Director

Dated this 28th day of October 2014

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Bridge Housing Limited

Report on the Financial Report

We have audited the accompanying financial report of Bridge Housing Limited, which comprises the statement of financial position as at 30 June 2014, the statement profit or loss and other 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.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *ACNC Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view 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 Australian professional accounting bodies. We confirm that the independence declaration which has been given to the directors of Bridge Housing Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Bridge Housing Limited is in accordance with the *ACNC Act 2012*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *ACNC Regulations 2013*; and

BDO East Coast Partnership

BDO

Tim Sydenham
Partner

Sydney, 28 October 2014

bridge housing
linking people to a better future

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