bridge housing
LINKING PEOPLE TO A BETTER FUTURE

FINANCIAL REPORT 2013

Bridge Housing Team

BRIDGE HOUSING LIMITED FINACIAL REPORT 2013

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Bridge Housing Limited
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DIRECTORS' REPORT

The Directors present their report on the financial statements of Bridge Housing Limited ("the Company") for the year ended the 30 June 2013.

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	Qualification	Occupation	Special Responsibilities	Years as Director
Vicki Allen	BBus, MBA, DFP, FAICD	Company Director	Human Resources	6
Gary Milligan	BSc BEng (Electrical), (Hons 1), Grad Cert, Human Resource, Development, MIVMA	Asset Management	Asset Management	6
Helen Wood	BSc (Hons) Psychology, MRICS, MAHI	Development Manager	Social Housing and Development	11
John Kell	BA, LLB, MEnvStud, GAICD	Lawyer	Law	4
Shirley Liew	BBus, MBA, Grad Dip, Appl Finance, FCPA, FTIA, MIIA, GAICD	Company Director/ Business and Risk Advisory	Finance and Risk 4	
Dick Persson, AM	BA, FAIM, FAPI	Company Director	Human Resources	4
Alan Revell	MBA (Syd), FCPA , FCIS, FAICD, FAIM, FAPI, SMP (Harv), GAICD	Principal Property and Corporate Advisory	Finance and Risk	1

MEETING OF DIRECTORS

During the financial year, 6 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	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Vicki Allen	6	6	5	5	X		X	
John Kell	6	4	X		X		X	
Shirley Liew	6	3	X		X		6	6
Gary Milligan	6	5	X		4	4	X	
Dick Persson, AM	6	5	5	5	X		X	
Alan Revell	6	6	X		X		6	4
Helen Wood	6	5	X		4	4	X	

A: Number of meetings eligible to attend. **B:** Number of meetings attended.
X: Not a member of the relevant committee Committee Chair

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 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.

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.

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 2013 the number of members was 284 (2012: 266)

DETAILS ON MEMBERS

Each class of membership in the company

Class	**Number**		**Liability of members on a windup**	
	2013	2012	2013	2012
Ordinary Members	284	266	$284	$266
Life Members	-	-	-	-
Honorary Life Members	-	-	-	-
Total	284	266	$284	$266

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 Plan since 2006. It has completed the first year of Strategic Plan 2012-2015. The Strategic Plan is operationalised through annual Business Plans. The Annual report 2012-13 reports on the outcomes in the Business Plan 2012-13.

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 2012-2013 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.

Operating results

The surplus from ordinary activities for the year is $139,134 (2012: $2,403,530). There was no income tax expense as the Company is tax exempt. The major item contributing to the decrease in surplus from 2012 was the one off recognition of a $1.3m government grant in 2012. In addition there was a decrease in interest income as a result of lower interest rate, higher overhead costs from additional IT consultancy and salary costs and implementation of a new Information Management System to build organisational capacity.

Significant factors affecting our performance were:

- The NSW State government's Property Transfer Program, the main growth driver for Bridge Housing and the community housing sector, remained on hold in 2012-13. This also stopped the transfer of the remaining 36 properties at the South Coogee and Balmain Estates.
- Vesting of the remaining 79 NBESP properties was approved by the Minister of Finance and Services in March 2013, after an 18 month review of vesting to the community housing providers. This delayed the ability of Bridge Housing to locate affordable housing opportunities to meet our ten year NBESP commitment of 75 affordable housing properties.

The Cowper St, Glebe redevelopment to deliver 153 seniors units by December 2013, was also delayed until the Minister approved vesting in March 2013. The project is now scheduled for completion in December 2016.

Notwithstanding the challenging policy environment, Bridge Housing's portfolio grew, albeit at a slower rate. Key highlights include:

- The Company's portfolio increased by 76 properties or 5% to 1,628 properties through the Camperdown development, the Canterbury/Bankstown LGA tender programs, and the Community Housing Leasehold program. The 1,628 properties include 102 Fee for Service properties which we manage for a fee.
- The management handover of a multi unit complex of 27 one bedroom units on Parramatta Rd, Camperdown in August 2012.
- Securing an additional 20 of the 128 new build properties in the Canterbury/Bankstown LGA to be delivered through Housing NSW new supply program in 2012-2014.
- Negotiating the management of 7 affordable housing properties secured through the Affordable Housing SEPP.
- Shortlisted to finance and construct 80 affordable housing units at North Eveleigh in a very hard fought tender process. Our Tender reflected our ability to build an effective bid consortium, produce a well designed building and secure finance to fund the development.
- Enhanced our property development and procurement capacity by employing a Development Manager in the Assets Team which will enhance our capacity to secure and deliver development opportunities.
- Winning the tender for the management of Waverley Council's Social and Affordable Housing programs.
- Successfully completed Platform 70 to house 70 rough sleepers over 3 years ending 2012/13 under a $2.7m 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. The success of the program has resulted in approval by the Minister of Family and Community Services of Housing NSW to extend the program for 12 months with retained funding to house an extra 30 rough sleepers during 2013/14.
- Successfully recruited two new General Managers; GM of Finance and Corporate Services in October 2013 and GM of Housing and Community in June 2013.

In the 2013-14 financial year the Company intends to continue with the following development projects or tenders:

- Procure and develop affordable housing by meeting our Nation Building affordable housing leveraging targets and progressing 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 2016.
- Work with Housing NSW and Department of Finance and Services to complete the transfer of the remaining 36 properties on the South Coogee and Balmain estate.
- Deliver on the extension of the Platform 70 program to provide a further 30 homes for rough sleepers, in addition to the existing 70 rough sleepers housed in 2012-13.
- Completion of Vesting of the remaining 79 NBESP properties from The NSW Land and Housing Corporation to Bridge Housing Limited by August 2013.

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

AUDITORS AND DIRECTORS DECLARATIONS

Auditors 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 9.

Signed in accordance with a resolution of the Directors.

Vicki Allen
Director

Alan Revell
Director

Dated this 28th day of October 2013

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 Corporations Act 2001 and
   a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
   b. give a true and fair view of the company's financial position as at 30 June 2013 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

Alan Revell
Director

Dated this 28th day of October 2013

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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 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* 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 2013

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013	2012
		$	$
Revenue	2	26,238,362	25,416,223
Other income	3	809,950	1,001,939
Tenancy and property management expenses	4	(20,933,039)	(19,010,873)
Administration expenses	4	(5,976,139)	(4,985,168)
Finance expenses		-	(18,591)
Surplus before income tax expense		139,134	2,403,530
Income tax expense		-	
Surplus after income tax expense for the year attributable to the members of Bridge Housing Limited		**139,134**	**2,403,530**
Other comprehensive income for the year, net of tax		1,577,024	-
Total comprehensive income for the year attributable to the members of Bridge Housing Limited		**1,716,158**	**2,403,530**

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Notes	2013	2012
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	10,733,902	10,609,767
Trade and other receivables	7	3,300,514	3,236,564
Total current assets		**14,034,416**	**13,846,331**
Non-current assets			
Property, plant and equipment	8	47,377,159	45,860,774
Investment properties		-	245,000
Total non-current assets		47,377,159	46,105,774
Total assets		**61,411,575**	**59,952,105**
LIABILITIES			
Current liabilities			
Trade and other payables	9	3,377,058	3,706,240
Provisions	10	337,029	209,626
Total current liabilities		3,714,087	3,915,866
Non-current liabilities			
Provisions	10	74,160	129,069
Total non-current liabilities		74,160	129,069
Total liabilities		**3,788,247**	**4,044,935**
Net assets		**57,623,328**	**55,907,170**
EQUITY			
Reserves	11	1,577,024	4,352,535
Accumulated surpluses		56,046,304	51,554,635
Total equity		**57,623,328**	**55,907,170**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013	2012
		$	$
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		15,622,775	14,676,813
Cash paid to suppliers and employees (inclusive of GST)		(27,333,707)	(24,009,745)
Grants received (inclusive of GST)		11,984,000	9,761,055
Interest paid		-	(18,591)
Interest received		387,973	674,198
Net cash inflow from operating activities	**12**	**661,041**	**1,083,730**
Cash flows from investing activities Purchase of property, plant and equipment		(536,906)	(1,500,682)
Net cash outflow from investing activities		**(536,906)**	**(1,500,682)**
Cash flows from financing activities			
Repayment of borrowings		-	(410,099)
Net cash outflow from financing activities		**-**	**(410,099)**
Net (decrease)/increase in cash and cash equivalents		124,135	(827,051)
Cash and cash equivalents at the beginning of the year		10,609,767	11,436,818
Cash and cash equivalents at the end of the year	**6**	**10,733,902**	**10,609,767**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Accumulated Surpluses	Reserves	Total Equity
	$	$	$
Balance at 1 July 2011	49,172,362	4,331,278	53,503,640
Total comprehensive income for the year			
Surplus after income tax expense for the year	2,403,530	-	2,403,530
Other comprehensive income for the year, next of tax	-	-	-
Total comprehensive income for the year	2,403,530	-	2,403,530
Transfer (to)/from reserves	(21,257)	21,257	-
Balance at 30 June 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, net 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

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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 Corporations Act 2001, as appropriate for not-forprofit oriented entities.

The financial report was authorised for issue by the directors on the 28 October 2013.

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. 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:

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, 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.

(f) 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 11 August 2011 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	5 years
▪ Motor vehicles	5 years
▪ Computer equipment and software	3-5 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.

(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) 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.

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 charity.

(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 2013. 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.

(o) Reclassification of investment property

During the year, $245,000 was reclassified from investment property to property, plant and equipment. As such, we have made an adjustment to depreciation charges of $16,926 to recognise these properties. The adjustment was made to ensure consistent accounting treatment of land and buildings.

NOTE 2: REVENUE

	2013	2012
	$	$
Rental income	14,954,147	13,519,812
Government grants	11,284,215	10,575,154
Special government fund	-	1,300,000
SEPP 10 developer contributions	-	21,257
	26,238,362	**25,416,223**

Government grants

Government grants of $11,284,215 (2012: $10,575,154) 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

	2013	2012
	$	$
Fees received – services	220,751	195,518
Interest	384,049	649,452
Miscellaneous income	205,150	156,969
	809,950	**1,001,939**

NOTE 4: EXPENSES

	2013	2012
	$	$
Tenancy and property management expenses		
Rent paid	15,919,794	14,401,092
Doubtful debt expense	78,219	281,771
Insurances	180,935	185,547
Rates and utility charges	1,481,776	1,306,754
Repairs and maintenance	2,551,892	2,144,408
Other	720,423	691,301
	20,933,039	**19,010,873**

	2013	2012
	$	$
Administration expenses		
Salaries, fees and on costs	3,266,804	2,759,161
Superannuation expenses	246,653	224,090
Office rent	156,283	143,454
Office expenses	446,628	374,242
Consultant fees	633,698	380,924
Audit and accounting fees	53,251	41,274
Depreciation	833,298	787,394
Other expenses	321,895	261,645
Legal fees	17,629	12,984
	5,976,139	**4,985,168**

NOTE 5: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor of the company

	2013	2012
	$	$
Audit services – BDO East Coast Partnership	220,751	195,518
Audit of the financial statements	28,000	-
	28,000	-
Audit services – Grant Thornton		
Audit of the financial statements	-	26,539
	28,000	**26,539**

NOTE 6: CASH AND CASH EQUIVALENTS

	2013	2012
	$	$
Cash - at bank and on hand	1,864,309	1,748,934
Cash - on deposit	8,869,593	8,860,833
	10,733,902	**10,609,767**

Cash at bank and on hand is non-interest bearing. Deposits at call bear the interest rates between 3.2% to 4.2% (2011: 3.5% to 4.6%)

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:

	2013	2012
	$	$
Balance as above	10,733,902	10,609,767
Balance per statement of cash flows	10,733,902	10,609,767
	10,733,902	**10,609,767**

NOTE 7: TRADE AND OTHER RECEIVABLES

	2013	2012
	$	$
Trade receivables	648,566	751,094
Property bonds	1,112,795	1,010,252
Sundry receivables	1,773,244	1,782,393
	3,534,605	3,543,739
Less: Provision for doubtful debts	(234,091)	(307,175)
	3,300,514	**3,236,564**

The company has recognised a loss of $234,091 (2012: $307,175) in profit or loss in respect of receivables for the year ended 30 June 2013.

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

	2013	2012
	$	$
0 to 1 month overdue	19,912	143,775
1 to 2 months overdue	3,727	11,376
2 to 3 months overdue	3,074	5,531
Over 3 months overdue	207,378	146,493
	234,091	**307,175**

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

	2013	2012
	$	$
Opening balance	307,175	94,568
Additional provisions recognised	78,219	281,771
Receivables written off during the year as uncollectable	(151,303)	(69,164)
Closing balance	**234,091**	**307,175**

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 2013 ($120,075 as at 30 June 2012).

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	$	$
Furniture and fittings		
At cost	-	15,856
Accumulated depreciation	-	(9,031)
	-	**6,825**
Motor vehicles		
At cost	30,960	30,960
Accumulated depreciation	(14,961)	(8,810)
	15,999	**22,150**
Computer equipment		
At cost	647,477	218,028
Accumulated depreciation	(114,400)	(86,358)
	533,077	**131,670**
Office equipment		
At cost	31,722	41,519
Accumulated depreciation	(13,910)	(19,052)
	17,812	**22,467**
Land and buildings		
At fair value (a)(b)(c)	46,704,414	46,304,682
Accumulated depreciation	-	(808,507)
	6,704,414	**45,496,175**
Leasehold improvement		
At Cost	373,102	373,102
Accumulated depreciation	(267,245)	(191,615)
	105,857	181,487
	47,377,159	**45,860,774**

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 1 July 2011	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 30 June 2012	6,825	22,150	131,670	22,467	45,496,175	181,487	45,860,774
Reclassification	-	-	-	-	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**

(a) Housing NSW vested title of 163 NBESP properties to the Company on 18 April 2011. An independent valuation of $43,400,000 (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 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 3 Pembroke Street, Ashfield (Lot 5 Plan DP16256) with the funding of $1,300,000 from the Ageing Disability and Home Care, Department of Family and Community Services (ADHC). The settlement date was on 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 the Company sells or otherwise disposes of Property or Equipment of $5,000 or more in value, the Company 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.

(c) The fair value of the land and buildings at reporting date is assessed by the board of directors, who consider the result of recent independent valuations performed as well as external market conditions 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 2013 to be $46,704,414. The resulting increase of $1,577,024 has been recognised as an asset revaluation reserve (Refer Note 11).

NOTE 9: TRADE AND OTHER PAYABLES

	2013	2012
	$	$
Other payables	1,405,240	1,318,522
Deferred income	1,971,818	2,387,718
	3,377,058	**3,706,240**

NOTE 10: PROVISIONS

	2013	2012
	$	$
CURRENT		
Employee benefits – Annual leave	211,847	171,508
Employee benefits – Long service leave	62,882	38,118
Make good provisions	62,300	-
	337,029	209,626
NON - CURRENT		
Employee benefits – Long service leave	74,160	66,769
Make good provisions	-	62,300
	74,160	**129,069**

NOTE 11: 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
	$	$	$	$
Maintenance	2,232,856	(2,232,856)	-	-
General	756,109	(756,109)	-	-
SEPP10	1,363,570	(1,363,570)	-	-
Asset Revaluation	-	-	1,577,024	1,577,024
	4,352,535	**(4,352,535)**	**1,577,024**	**1,577,024**

The opening balance of the reserves as at 30 June 2012 of $4,352,535 was reclassified during the year with a transfer from reserves to accumulated surpluses. This adjustment was made considering the future maintenance and other funding requirements of the Company and has no affect to the surplus or net assets for the year ended 30 June 2013. 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(f).

NOTE 12: CASH FLOW INFORMATION

	2013	2012
	$	$
Reconciliation of surplus to net cash flow from operating activities		
Surplus for the year	139,134	403,530
Depreciation and amortisation	833,298	787,394
Loss on disposal of property, plant and equipment	9,247	1,144
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(63,950)	(573,878)
(Decrease)/increase in trade creditors and other payables	86,718	(268,314)
- Increase in provisions	72,494	116,631
- Decrease in deferred income	(415,900)	(1,382,777)
Net cash flow from operating activities	**661,041**	**1,083,730**

NOTE 13: CONTINGENT LIABILITIES

At 30 June 2013, the Company had no contingent liabilities other than that disclosed in the note 8 (b)

NOTE 14: COMMITMENTS

	2013	2012
	$	$
Lease commitment	648,566	751,094
Non-cancellable operating leases contracted for but not capitalised in the financial statements	1,112,795	1,010,252
Payable – minimum lease payments:	1,773,244	1,782,393
Within one year	2,670,688	2,210,460
One to five years	-	131,213
	2,670,688	**2,341,673**

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 exists to renew the lease at the end of the five year term for an additional term of five 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 to Redkite, a not-for-profit organisation. An option exists to renew the lease at the end of the one year term for an additional term of five 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 1 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 has no unrecognised capital commitments as at reporting date.

NOTE 15: 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

	2013	2012
	$	$
Short-term employee benefits	644,279	621,859
Post-employment benefits	57,985	55,967
	702,264	**677,826**

Transactions with related parties

There were no transactions with related parties during the current and previous financialyear.

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 16: EVENTS AFTER REPORTING PERIOD

The Family and Community Services of Housing NSW announced the transfer of ownership of vesting commitments. The vesting date for the 79 properties (being 49 properties for Stimulus 1 and 30 properties for Stimulus 2) was the 16th August 2013. 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 17: FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

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

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

The company's financial instruments consist of cash and cash equivalents, trade receivables, trade payables and borrowings.

The Board has overall responsibility for the determination of the company's risk management objectives and 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) and (d).

(b) Credit Risk

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

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

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

	2013	2012
	$	$
Cash	10,733,902	10,609,767
Trade and other receivables	3,300,514	3,236,564
	14,034,416	**13,846,331**

(c) Liquidity Risk

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

The company is not significantly exposed to this risk, as it has $10,733,902 (2012: $10,609,767) 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.

2013	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Financial Liabilities				
Trade and Other Payables	3,377,058	-	-	3,377,058
	3,377,058	**-**	**-**	**3,377,058**

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
	3,706,240	**-**	**-**	**3,706,240**

(d) Market Risk

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

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

2013	Floating interest rate	Fixed interest <1year	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	-	-	-	3,377,058	3,377,058
	-	**-**	**-**	**3,377,058**	**3,377,058**

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%	4.6%			
Financial Liabilities					
Trade and Other Payables	-	-	-	1,318,522	1,318,522
	-	**-**	**-**	**1,318,522**	**1,318,522**

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:

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

The above analysis assumes all other variables remain constant.

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

The above analysis assumes all other variables remain constant.

NOTE 18: 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 19: 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 20: 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 2013 the number of members was 284 (2012: 266).

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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 2013, the statement of 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 *Corporations Act 2001* 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 *Corporations Act 2001*.

Opinion

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

(a) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

BDO East Coast Partnership

BDO

Tim Sydenham
Partner

Sydney, 28 October 2013

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