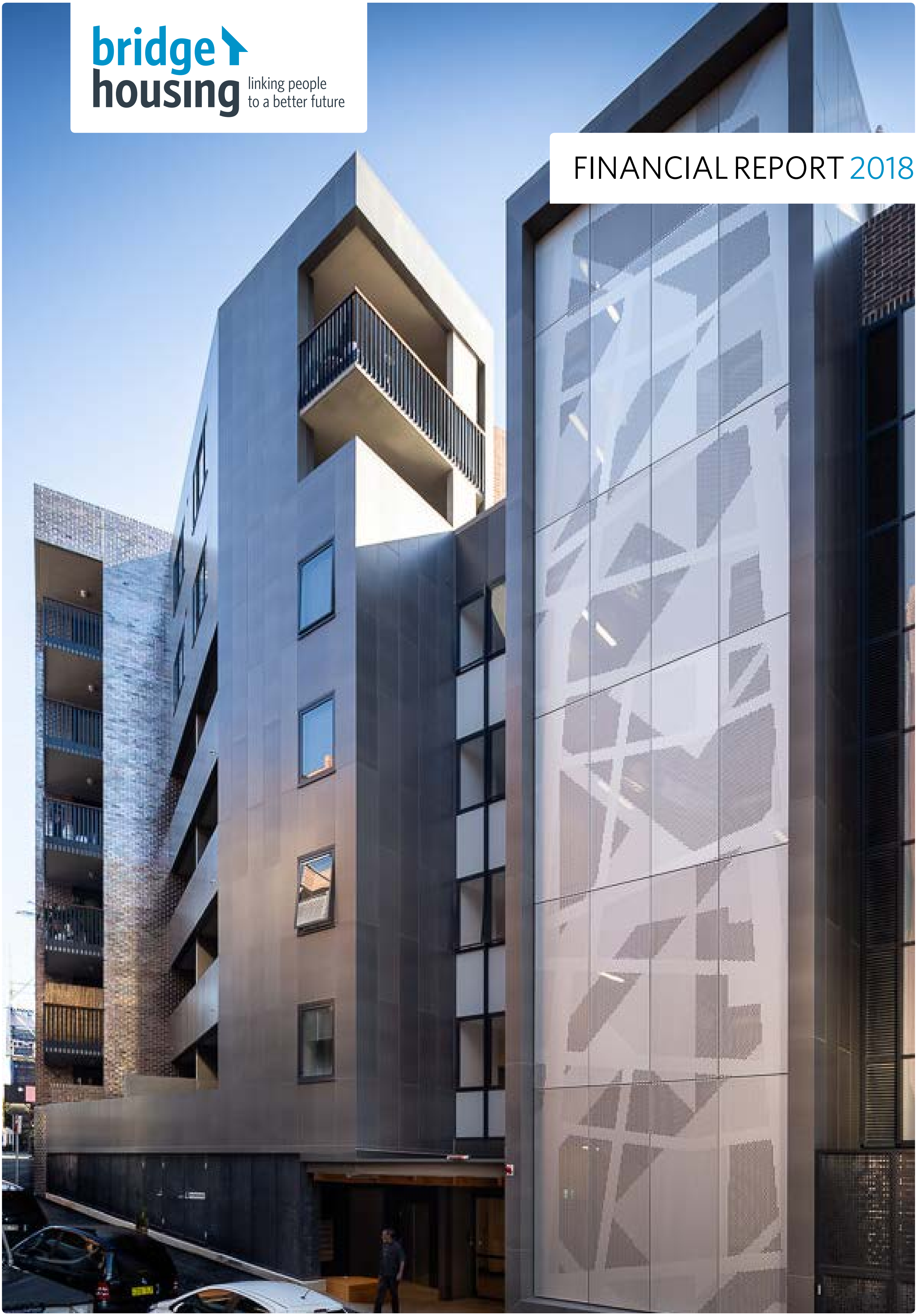
bridge housing

linking people to a better future

FINANCIAL REPORT 2018



Cover: Elger Street Glebe

Bridge Housing Limited

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The Bridge Housing Team

Contents

Directors' Report

The Directors present their report together with the financial statements on Bridge Housing Limited ("the Company" or "Bridge Housing") for the year ended the 30 June 2018.

Directors

Information on Directors

The names of directors who held office at any time during, or since the end of the year are set out below together with the information on each director's qualifications and special responsibilities:

Names of Directors	Qualification	Occupation	Special Responsibilities	Years as Director
Mark Turner	BSc MRICS	Strategic Adviser for Commercial Property	Property Development, Finance, Real Estate	4
Gary Milligan	BSc BEng (Electrical) (Hons 1), Grad CertHuman Resource Development, MIVMA	Company Director	Asset Management	11
Shirley Liew	BBus, MBA, Grad Dip Appl Finance, FCPA, FTIA, MIIA, FAICD	Company Director/ Business and Risk Advisor	Finance and Risk	9
Dick Persson AM	BA, FAIM, FAPI	Company Director	Human Resources	9
Carolyn Scobie	M.A. (Japanese), B.A./L.L.B. Grad Dip, CSP, GAICD	Lawyer	Legal	4
Graham Monk	BComm (Hons), FCPA MAICD	Consultant and Company Director	Finance and Risk	3
Jill Hannaford [(1)]	BappSc (AppEcG) (Hons 1), MUrb&RegPlg	Technical Services Leader and Company Director	Community and stakeholder engagement, social sustainability	1
Lynne Ready[(2)]	AICD Grad, MMan, GDipPA, BSocWk, DipPM, CertIV TAE	Child and Family Manager	Public policy, Management	1

1. Jill Hannaford was appointed as a Director 2 February 2018.
2. Lynne Ready was appointed as a Director 2 February 2018.

Meetings of Directors

During the financial year, seven 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**
Mark Turner	7	7	X	X	6	5	X	X
Shirley Liew	7	6	X	X	X	X	6	6
Gary Milligan	7	6	X	X	6	5	X	X
Dick Persson, AM	7	7	6	3	X	X	X	X
Carolyn Scobie	7	6	6	6	X	X	X	X
Graham Monk	7	7	X	X	X	X	6	6
Jill Hannaford	3	2	X	X	X	X	2	0
Lynne Ready	3	2	X	X	2	0	X	X

A: Number of Meetings Eligible to Attend
B: Number of Meetings Attended
X: Not a Member of the Committee

Chair of meeting Eligible to attend

Company Secretary

John Nicolades was Company Secretary for the whole of the financial year and continues in office at the date of this report. John joined the Company as Executive Officer in 2005 and was appointed as Chief Executive Officer in 2010. He has been the Company Secretary since 2009. John has 38 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 2018 the number of ordinary members was 229 (2017: 245). There are no life members or honorary life members (2017: nil).

Short and long term objectives of the entity

The Company's mission is to improve lives and strengthen communities through the provision of housing and services for low to moderate income households.

Strategy for achieving those objectives

The Company achieves its medium and long term objectives through three year strategic plans and related short term objectives implemented through detailed annual business plans. The Company's growth has been driven by successive Strategic Plans since 2006. In 2018 the Company completed the third year of Strategic Plan 2015-18. The Strategic Plan is operationalised through annual Business Plans. The Annual Report 2018 reports on the outcomes in the Business Plan 2017-18. The Strategic Plan 2018-21 and Business plan 2018-19 were approved by the Board in June 2018.

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

1. Meeting affordable housing need by increasing our property portfolio
2. Delivering quality homes and housing services
3. Governing effectively
4. Managing the business sustainably
5. Supporting our people and improving our workplace
6. Enhancing our communication and increasing our profile.

Principal activities

The principal activity of the Company in the course of the financial year was the provision of social and affordable housing to the local community. There was no significant change in the nature of this activity during the financial year.

How the Company's activities assisted in achieving the Company's objectives

The cash flows of the Company will continue to be employed to improve lives and strengthen communities through the provision of housing and services for low to moderate income households.

How the Company measures its performance

The Company measures its performance by meeting the objectives established in the annual business plan to deliver the three year strategic plan objectives. Our performance for 2017-18 is reported in the 2018 Annual Report.

Operating results

Underlying operating profit in 2018 (earnings before interest and depreciation) was $2,524,373 (2017: $1,407,004).

In 2018, the Company also recognised a fair value mark to market gain on an interest rate swap of $52,846 (2017: $1,010,803) and a gain on vesting of properties of $23,996,549 (2017: $nil). This has resulted in a surplus for the year of $23,754,880 (2017: $3,676,398).

There was no income tax expense as the Company is tax exempt.

A reconciliation of this result is shown below.

	2018	2017
	$	$
Surplus	23,754,880	3,676,398
Less:		
Gain on vesting properties	(23,996,549)	-
Interest income	(41,749)	(202,604)
Gain on derivative financial instrument	(52,846)	(1,010,803)
Plus:		
Finance costs	965,559	727,137
Depreciation / Amortisation	1,925,083	1,486,054
Operating EBITDA	**2,554,378**	**4,676,182**
Less:		
Profit on disposal of investment property	-	(1,753,757)
Social housing subsidy program income	-	(1,515,421)
Insurance compensation income	(30,005)	-
Underlying operating profit	**2,524,373**	**1,407,004**

2017–18 was another successful year for Bridge Housing. We delivered an underlying operating profit slightly above budget and a 79% increase on 2016-17, creating a solid financial platform to move into the next phase of growth.

Whilst achieving an improved profit position we continued to invest in the business though increased maintenance expenditure and an investment in people as we continue to prepare the business for large scale growth which will be achieved through the delivery of our successful tender under the Government's Social Housing Management Transfer Program which will result in 1,200 properties being transferred to Bridge Housing Management in August 2019.

We also continued to improve the business and our service delivery as well as the way we engage with the community through a raft of initiatives which are detailed in the Annual Report.

Key highlights for 2017-18 include:

- The Company's portfolio increased by 329 properties to 2,244 properties
- Completion and tenanting of 158 senior housing dwellings in Elger Street Glebe, developed in partnership with NSW Land and Housing Corporation (LAHC)
- Transitioned 50 dwellings at Balmain under the a direct allocation from LAHC under Phase 1 of the Social Housing Management Transfer Program
- Completed 36 out of 50 dwellings under the Communities Plus Project Management Program on behalf of Land and Housing Corporation for ultimate management by Bridge Housing
- Transition management of 28 Group Homes housing 140 people under the successful ADHC Specialist Disability Services tender
- Secured funding for Supported Transition and Engagement Program (STEP) to accommodate 90 homeless households in the inner city over the next four years
- Growth in our fee-for-service affordable housing management by 58 properties (30%)
- Preparation for the transfer of 11 dwellings at Glebe as part of the Affordable Housing Program (vesting properties) in September-October 2018
- Secured capital funding of $1million from Department of Family and Community Services to provide additional affordable housing
- Secured White Ribbon accreditation in September 2017
- Secured $479k Employment Grant from Department of Social Services and partnering with Job Futures Limited to deliver an employment support program to tenants over 4 year period
- Launched HomeGround Real Estate business (Not for Profit Real Estate) to increase the supply of affordable housing
- The development and launch of a new Management Operating System to improve transparency, accountability and efficiency.

In the 2018-19 financial year, the Company intends to continue with the following projects or initiatives:

- Deliver the first year of our Strategic Plan 2018-21
- Relocate our head office to new premises at 59 Goulburn St Sydney in November 2018
- Prepare for the transition of 1,200 properties in the Northern Beaches from our successful tender under the Governments Property Management Transfer Program
- Successfully deliver the remaining site for the Communities Plus Project Management Program to deliver and manage 14 dwellings for seniors in Clemton Park
- Complete the transfer of the 11 vested properties at George St Glebe during the 2019 financial year
- Manage 45 households under the successful Supported Transition and Engagement Program by June 2019
- Construct and develop 6 dwellings for social and affordable housing tenants by using capital funding from Department of Family and Community Services with the Community Housing Leasehold Program surplus
- Pursue additional appropriate tender opportunities through the Communities Plus program
- Submit a Request for Proposal for Social Affordable Housing Fund Phase 2 to construct and deliver 300 dwellings over a 3 year period
- Deliver our Bridge To Work Program in partnership with CoAct to assist 40 residents transition to employment.

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

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

On behalf of directors:

Mark Turner	**Graham Monk**
Director	Director

Dated this 2nd day of November 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Notes	**$**	**$**
Revenue	2	36,549,311	32,223,597
Other income	3	24,750,601	4,015,390
Tenancy and property management expenses	4	(26,304,183)	(24,377,591)
Administration expenses	4	(10,328,136)	(8,468,664)
Finance costs		(965,559)	(727,137)
Surplus before fair value loss		**23,702,034**	**2,665,595**
Gain on derivative financial instrument	5	52,846	1,010,803
Surplus before income tax expense		**23,754,880**	**3,676,398**
Income tax expense	1(b)		
Surplus after income tax expense for the year attributable to the members of Bridge Housing Limited		**23,754,880**	**3,676,398**
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings		9,356,170	19,132,449
Other comprehensive income for the year, net of tax		9,356,170	19,132,449
Total comprehensive income for the year attributable to the members of Bridge Housing Limited		**33,111,050**	**22,808,847**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

		2018	2017
	Notes	**$**	**$**
Assets			
Current assets			
Cash and cash equivalents	7	6,072,320	4,698,328
Trade and other receivables	8	5,759,218	4,044,480
Total current assets		**11,831,538**	**8,742,808**
Non-current assets			
Property, plant and equipment	9	184,725,617	142,458,967
Total non-current assets		**184,725,617**	**142,458,967**
Total assets		**196,557,155**	**151,201,775**
Liabilities			
Current liabilities			
Trade and other payables	10	2,020,358	1,280,105
Other liabilities	11	5,100,430	3,891,203
Employee benefits	12	597,073	498,745
Provisions	13	62,300	64,900
Total current liabilities		**7,780,161**	**5,734,953**
Non-current liabilities			
Employee benefits	12	78,501	94,754
Derivative financial liability	14	1,272,638	1,325,485
Borrowings	15	26,149,743	15,881,521
Total non-current liabilities		**27,500,882**	**17,301,760**
Total liabilities		**35,281,043**	**23,036,713**
Net assets		**161,276,112**	**128,165,062**
Equity			
Reserves	16	56,594,463	47,238,293
Accumulated surpluses		104,681,649	80,926,769
Total equity		**161,276,112**	**128,165,062**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

		2018	2017
	Notes	$	$
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		22,481,950	19,018,156
Cash paid to suppliers and employees (inclusive of GST)		(37,826,955)	(34,471,709)
Grants received (inclusive of GST)		18,197,298	16,110,156
Interest and other finance costs paid		(965,559)	(727,137)
Interest received		43,049	202,604
Net cash from operating activities	**17**	**1,929,783**	**132,070**
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,755,791)	(10,402,592)
Proceeds from sale of investment property		-	7,818,370
Payments for investment property		-	(93,192)
Net cash used in investing activities		**(10,755,791)**	**(2,677,414)**
Cash flows from financing activities			
Proceeds from/(repayment of) borrowing		10,200,000	(1,016,799)
Net cash from/(used in) financing activities		**10,200,000**	**(1,016,799)**
Net increase/(decrease) in cash and cash equivalents		1,373,992	(3,562,143)
Cash and cash equivalents at the beginning of the year		4,698,328	8,260,471
Cash and cash equivalents at the end of the year	**7**	**6,072,320**	**4,698,328**

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Accumulated surpluses	Reserves	Total equity
	$	$	$
Balance at 1 July 2016	77,250,371	28,105,844	105,356,215
Surplus after income tax expense for the year	3,676,398	-	3,676,398
Other comprehensive income for the year, net of tax	-	19,132,449	19,132,449
Total comprehensive income for the year	3,676,398	19,132,449	22,808,847
Balance at 30 June 2017	**80,926,769**	**47,238,293**	**128,165,062**
Surplus after income tax expense for the year	23,754,880		105,356,215
Surplus after income tax expense for the year	23,754,880	-	23,754,880
Other comprehensive income for the year, net of tax	-	9,356,170	9,356,170
Total comprehensive income for the year	23,754,880	9,356,170	33,111,050
Balance at 30 June 2018	**104,681,649**	**57,594,463**	**161,276,112**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Australian Charities and Not-for-profits Commission Act 2012, as appropriate for not-for-profit oriented entities.

The financial report was authorised for issue by the directors on the 2nd November 2018. The directors have the power to amend and reissue the financial statements.

The financial report has also been prepared on a historical cost basis, except for land and buildings deemed to be at fair value.

The financial report covers Bridge Housing Limited as an individual entity. The financial report is presented in Australian dollars, which is Bridge Housing Limited's functional and presentation currency. Bridge Housing Limited is a not-for-profit unlisted public company limited by guarantee and it is incorporated and domiciled in Australia.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Income tax

As the Company is the charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

(c) GST

Revenues and expenses are recognised net of GST, except where GST incurred is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST payable to the taxation authority is included in payables in the statement of financial position.

(d) New accounting standards and interpretations

AASB 15 – Revenue from Contracts with Customers

AASB 15 – Revenue from Contracts with Customers specifies how and when revenue should be recognised as well as informative and relevant disclosures. The standard also requires additional disclosures in respect of the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This standard will be implemented with two supplementary not-for-profit specific standards, AASB 2016-8 Australian Implementation Guidance for Not-for-Profit Entities and AASB 1058 Income of Not-for-Profit Entities. These standards supersede AASB 118 – Revenue, AASB 1004 Contributions and a number of other revenue-related interpretations. AASB 15, AASB 2016-8 and AASB 1058 must be applied for all periods beginning on or after 1 January 2019, with early application permitted. An entity may adopt the standard on a fully retrospective basis or on a modified retrospective basis.

AASB 16 - Leases

AASB 16 - Leases now brings most leases onto the balance sheet, eliminating the distinction between operating and finance leases. This standard supersedes AASB 117 – Leases and is applicable to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply AASB 15 – Revenue from Contracts with Customers at or before the initial date of application of this standard.

Bridge Housing Limited is a member of 'PowerHousing Australia', who have been driving an industry wide review of the impact of AASB 15 and AASB 16 on the community housing sector. To date, the Company have identified that implementation of the new accounting standards will primarily affect the following areas for community housing providers:

- Agreements in respect of properties rented to provide affordable housing, motor vehicles and rental of office space will be accounted for under AASB 16 which will result in these leases being brought onto the balance sheet. It is expected that the resulting impact will be an increase in non-current assets and a correlating increase in current and non-current liabilities. Additionally, it is anticipated that there will be an additional impact on the timing of expenses relating to the leases with the adoption of AASB 16 with reduced profits expected in the beginning years of the lease.
- Agreements in respect to peppercorn leases with The Land and Housing Corporation to provide social housing, including the more recent SHMPT properties to be managed by Bridge Housing, are considered to be outside of the scope of AASB 16 given that they are properties owned and controlled by the government and therefore considered to be service concession arrangements accounted for under IFRIC 12. With the adoption of the new accounting standards, it is anticipated that the impact will be a minor increase in the asset values as the implementation costs of the Social and Affordable Management Housing Transfer ('SHMPT') properties are able to be capitalised under AASB 15.
- The revenue from agreements in respect to owned properties that are a mix of social and affordable housing will be accounted for in accordance with AASB 15. It is anticipated that there will be no material impact on the adoption of this standard in respect to these agreements.
- It has been determined that revenues and grants for community housing providers will be accounted for under AASB 15 and AASB 1058 in respect to contracts with customers and residual income values of grants.

Bridge Housing Limited is planning to early adopt AASB15 and AASB 16 from 1 July 2018 and have begun the initial stages of updating the policies and procedures of the registered entity and determining the exact impact the new accounting standards will have for the year ended 30 June 2019 when adopted.

AASB 9 – Financial Instruments

AASB 9 – Financial Instruments must be applied for all periods beginning on or after 1 January 2019, with early application permitted. The standard replaces AASB 139 and includes changes to the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment. Under AASB 9, loss allowances are measured on either of the following bases:

- 12 month expected credit losses: these are expected credit losses that result from possible default events within the 12 months after the reporting date; and
- Lifetime expected credit losses: these are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

The Company will measure loss allowances for trade receivables at an amount equal to lifetime expected credit losses. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information. The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk. Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

Bridge Housing Limited is planning to early adopt AASB 9 from 1 July 2018 and have begun the initial stages of determining the exact impact the new accounting standards will have for the year ended 30 June 2019 when adopted.

(e) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Company.

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 debtor's financial position.

Land and building valuations

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations. This external valuation has been prepared in accordance with established valuation methodologies, international valuation standards and Australian Accounting Standards using the fair value model.

Estimation of useful lives of assets

The directors determine the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could be revised. The depreciation charge will increase where the useful lives are less than previously estimated lives, or where obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Financial Derivative

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. This value is based upon valuations provided by Financial Institutions as at reporting date and this is relied upon for recognising the fair value of the derivative contract.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

NOTE 2: REVENUE

	2018	2017
	$	$
Rental revenue	20,437,450	18,432,666
Government grants	16,111,861	13,790,931
	36,549,311	**32,223,597**

Revenue is recognised when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. 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:

Rental revenue

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

Operating grants

Operating 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.

Government grants of $16,111,861 (2017: $13,790,931) were recognised by the Company during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants.

Grants relating to assets (capital grants)

Capital grants relating to the acquisition of assets are recognised in the statement of financial position, deducted against the cost of the related asset, where there is reasonable assurance that the grant will be received and the Company has satisfied all the attached conditions.

Capital grants of $nil (2017: $1,405,900) relating to assets were recognised by the Company during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 3: OTHER INCOME

	2018	2017
	$	$
Fees received – services	582,298	410,931
Gain on vesting of properties	23,996,549	-
Social housing subsidy program income	-	1,515,421
Rental compensation income	-	131,677
Profit on disposal of investment property	-	1,753,757
Interest income	41,749	202,604
Donation income	100,000	1,000
Insurance compensation income	30,005	-
	24,750,601	**4,015,390**

Social housing subsidy program income

Social housing subsidy program income relates to our financial interest in this completed program and is recognised as income in the periods when they are earned.

Insurance compensation income

Insurance compensation income is recognised as income in the periods when they are earned. It represents the temporary accommodation and rental loss compensation from the insurer due to tenants' relocation as a result of properties damage.

Gain on vesting of properties

Gain on vesting of properties is recognised as income in the periods when they are vested to the Company. The gain on the vested property at Elgar St Glebe, represents the market value of the property which was vested in June 2018 less the cost of acquisition, being $10,200,000, which the Company was required to contribute.

Donation Income

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

Rendering of services

Income from fees received for services is recognised when the services are provided.

Interest

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

Profit on the sale of investment property

Profit on the sale of properties developed and held for resale is treated as income in the year the sale occurs. Profit on the sale of investment property was nil (2017: $1,753,757 as a result of the sale of 31 properties at Bunya).

NOTE 4: EXPENSES

	2018	2017
	$	$
Tenancy and property management expenses		
Rent paid	19,637,107	18,401,087
Doubtful and bad debt expense	78,696	91,362
Insurances	267,305	261,816
Rates and utility charges	2,044,478	1,699,312
Repairs and maintenance	4,276,597	3,921,294
Other	-	2,720
	26,304,183	**24,377,591**

	2018	2017
	$	$
Administration expenses		
Employee benefits	5,308,522	4,368,351
Superannuation expenses	452,859	389,294
Office rent	318,188	296,526
Office expenses	861,250	673,240
Consultant fees	799,599	687,156
Audit and accounting fees	96,061	91,693
Depreciation	1,841,860	1,462,961
Amortisation of loan arrangement fees	83,222	23,094
Other expenses	511,424	403,177
Legal fees	55,151	73,172
	10,328,136	**8,468,664**

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

	2018	2017
	$	$
Gain/(loss) on derivative financial instrument	52,846	1,010,803
	52,846	**1,010,803**

A gain of $52,846 (2017: $1,010,803) was recognised by the Company during the financial year as a result of the mark to market valuation of the interest rate swap in place to hedge our variable interest rate on a proportion of the long term borrowings.

NOTE 6: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor (BDO East Coast Partnership) of the Company:

	2018	2017
	$	$
Audit of the financial statements	48,500	38,500
Other services – Tax compliance services	4,320	13,515
	52,820	**52,015**

NOTE 7: CASH AND CASH EQUIVALENTS

	2018	2017
	$	$
Cash at bank and on hand	4,072,320	1,802,992
Cash on deposit	2,000,000	2,895,336
	6,072,320	**4,698,328**

Cash at bank and on hand is non-interest bearing. Cash on deposit bear interest rates of 1.9% (2017: 1.85% to 2.70%).

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts

NOTE 8: TRADE AND OTHER RECEIVABLES

	2018	2017
	$	$
Trade receivables	792,772	795,125
Property bonds	1,322,015	1,286,122
Social housing subsidy program receivable	1,515,421	1,515,421
Government grants receivable	1,322,350	581,955
Sundry receivables	1,081,133	198,591
	6,033,691	**4,377,214**
Less: Provision for impairment of receivables	(274,473)	(332,734)
	5,759,218	**4,044,480**

NOTE 8: TRADE AND OTHER RECEIVABLES (Continued)

The Company has recognised a doubtful and bad debt expense of $78,696 (2017: $91,362) in the profit or loss in respect of receivables for the year ended 30 June 2018.

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

	2018	2017
	$	$
0 to 1 month overdue	42,425	16,409
1 to 2 months overdue	16,405	15,400
2 to 3 months overdue	12,700	2,306
Over 3 months overdue	202,943	298,619
	274,473	**332,734**

Movements in the provision for impairment of receivables are as follows:

	2018	2017
	$	$
Opening balance	332,734	317,462
Additional provisions recognised	78,696	91,362
Receivables written off during the year as uncollectable	(136,957)	(76,090)
Closing balance	**274,473**	**332,734**

Customers with balances past due (greater than 90 days) but without provision for impairment amount to $nil as at 30 June 2018 (2017: $38,533).

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 impairment where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	$	$
Furniture and fittings		
At cost	13,248	13,248
Less: Accumulated depreciation	(8,068)	(5,818)
	5,180	**7,430**
Motor vehicles		
At cost	30,960	30,960
Less: Accumulated depreciation	(30,960)	(30,960)
	-	**-**
Computer equipment		
At cost	1,387,541	858,237
Less: Accumulated depreciation	(785,130)	(637,080)
	602,411	**221,157**
Office equipment		
At cost	11,723	42,995
Less: Accumulated depreciation	(7,303)	(35,453)
	4,420	**7,542**
Land and buildings		
At fair value	183,674,534	141,517,045
	183,674,534	**141,517,045**
Leasehold improvements		
At cost	524,069	524,069
Less: Accumulated depreciation	(482,801)	(452,609)
	41,268	**71,460**
Work in progress		
At cost	397,804	634,333
	397,804	634,333
	184,725,617	**142,458,967**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year is set out below:

	Furniture & fittings	Motor vehicle	Computer equipment	Office equipment	Land and buildings	Leasehold improve-ments	Work in progress (WIP)	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2016	**28,630**	**1,425**	**265,340**	**4,807**	**93,066,037**	**88,093**	**22,102,169**	**115,556,501**
Transferred from other assets	-	-	-	-	-	-	259,380	259,380
Transfers from WIP to Land/ Building	-	-	-	-	29,987,409	-	(29,987,409)	-
Transfers to offset against borrowings	-	-	-	-	-	-	(345,465)	(345,465)
Additions	-	-	117,674	5,445	590,868	18,950	8,605,658	9,338,595
Disposals	(18,950)	-	(582)	-	-	-	-	(19,532)
Depreciation	(2,250)	(1,425)	(161,275)	(2,710)	(1,259,718)	(35,583)	-	(1,462,961)
Revaluation	-	-	-	-	19,132,449	-	-	19,132,449
Balance at 30 June 2017	**7,430**	**-**	**221,157**	**7,542**	**141,517,045**	**71,460**	**634,333**	**142,458,967**
Transfers from WIP	-	-	410,773	-	279,568	-	(690,341)	-
Additions	-	-	142,709	-	34,155,819	-	453,812	34,752,340
Disposals	-	-	-	-	-	-	-	-
Depreciation	(2,250)	-	(172,228)	(3,122)	(1,634,068)	(30,192)	-	(1,841,860)
Revaluation	-	-	-	-	9,356,170	-	-	9,356,170
Balance at 30 June 2018	**5,180**	**-**	**602,411**	**4,420**	**183,674,534**	**41,268**	**397,804**	**184,725,617**

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (Continued)

Where the property is vested to the Company or is acquired with an intention to hold the property as a long term asset for the provision of social housing, the asset is treated as property, plant and equipment.

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 at fair value as at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

During the year, the Company contributed $10,200,000 to acquire 158 dwellings located in Glebe to accommodate senior social housing tenants. The first stage (Block B) compromising 48 units completed in November 2017 and was fully tenanted in early 2018. The second stage (Block D) compromising 110 units completed in June 2018 and it is anticipated will be fully tenanted by August 2018. The property was independently valued as at 30 June 2018 at $34,196,549 resulting in a profit recognition of $23,996,549.

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations which are performed at least every 3 years. On this basis, the directors assessed the fair value of land and buildings at 30 June 2018 to be $183,674,534 (2017: $141,517,045). The resulting increase of $9,356,170 (2017: $19,132,449) has been recognised as an asset revaluation reserve (Refer Note 17).

The most recent valuation was completed on 30 June 2018 by an independent assessment on eighty three percent of the portfolio. The average increase by location and property type was then applied to the remainder of the portfolio to estimate fair market value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	**50 years**
Furniture, fittings and equipment	**5 years**
Leasehold improvements	**5 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 Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of property, plant and equipment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the statement of profit or loss and other comprehensive income.

Grants relating to assets

Government grants relating to assets are offset against the carrying value of the asset and recognised when there is no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 10: TRADE AND OTHER PAYABLES

	2018	2017
	$	$
Trade payables	-	274,768
Accrued expenses	1,892,658	922,732
Other payables	127,700	82,605
	2,020,358	**1,280,105**

NOTE 11: OTHER LIABILITIES

	2018	2017
	$	$
Deferred revenue-Grant subsidy	990,148	937,136
Deferred revenue-Grant for projects	2,997,472	1,771,718
Deferred income	1,112,810	1,182,349
	5,100,430	**3,891,203**

Deferred grant income

Grant income is deferred where the Company has the right to use the funds and is recognised in the future when they are earned.

Deferred income

Deferred income is rental revenue received but not yet earned

NOTE 12: EMPLOYEE BENEFITS

	2018	2017
	$	$
Current		
Annual leave	374,828	356,460
Long service leave	222,245	142,285
	597,073	498,745
Non - Current		
Long service leave	78,501	94,754
	78,501	**94,754**

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

Liabilities for annual leave 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.

No provision is made for sick leave entitlements.

Amounts not expected to be settled within the next 12 months

The current liability for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next twelve months.

	2018	2017
	$	$
Employee benefits obligation expected to be settled after twelve months	59,547	76,939
	59,547	**76,939**

NOTE 13: PROVISIONS

	2018	2017
	$	$
Current		
Make good provisions	62,300	64,900
	62,300	**64,900**

Provisions for 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.

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.

NOTE 14: DERIVATIVE FINANCIAL LIABILITY

	2018	2017
	$	$
Interest rate swap	1,272,638	1,325,485
	1,272,638	**1,325,485**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date with any movements shown in the statement of profit or loss and other comprehensive income.

NOTE 15: BORROWINGS

	2018	2017
	$	$
Non - Current		
Borrowings	26,149,743	15,881,521
	26,149,743	**15,881,521**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The bank loan is secured by first mortgages over the Company's land and buildings. The total facility of $35,000,000 (2017: $25,000,000) had unused lines of credit as at 30 June 2018 of $8,747,923 (2017: $8,947,923).

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on long-term and short-term borrowings.

NOTE 16: RESERVES

Movements on reserves in the year are as follows:

	At the start of the year	Revaluation of Land and Buildings	At the end of the year
	$	$	$
Asset revaluation	47,238,293	9,356,170	56,594,463
	47,238,293	**9,356,170**	**56,594,463**

The asset revaluation reserve is used to recognise increments and decrements in the fair value of land and buildings in accordance with note 9.

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations. As a result, the land and buildings were revalued upwards by $9,356,169 (2017:$19,132,449).

NOTE 17: CASH FLOW INFORMATION

	2018	2017
	$	$
Reconciliation of surplus to net cash flow from operating activities		
Surplus for the year	23,754,880	3,676,398
Depreciation	1,841,860	1,462,961
Amortisation	83,222	23,094
Fair value gain	(52,846)	(1,010,803)
Capitalised grant	-	1,405,898
Proceeds from sale of investment property	-	(3,505,121)
Gain on vesting of property	(23,996,549)	-
Changes in assets and liabilities		
Increase in trade and other receivables	(1,729,741)	(2,046,570)
Increase in trade creditors and other payables	737,653	6,408
Increase in provisions and employee benefits	82,077	86,012
(Decrease)/increase in other liabilities	1,209,227	33,793
Net cash flow from operating activities	**1,929,783**	**132,070**

NOTE 18: CONTINGENT LIABILITIES

There is a security deposit guarantee of $40,183 for the office level 11, Tower 1, 1 Lawson Square, Redfern premises (2017: $40,183).

The Company had no other contingent liabilities as at 30 June 2018 or 30 June 2017.

NOTE 19: COMMITMENTS

	2018	2017
	$	$
Lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements: Payable – minimum lease payments:		
Within one year	3,326,742	3,224,422
One to five years	880,441	404,149
	4,207,183	**3,628,571**

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 of 5 years. The lease was extended for 2 years to 14 June 2016 with a further 3 year option, and it is currently on a monthly roll over.

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 5 years. The lease was extended for 2 years to 14 June 2016 with a further 3 year option, and it is currently on a monthly roll over.

Bridge Housing also has lease commitments under the 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 years. Increases in lease commitments may occur in line with changes in market rent but any increase is funded by our lease subsidy arrangements with the government.

Capital commitment

As at 30 June 2018 there is no capital commitment (2017: $nil).

NOTE 20: RELATED PARTY TRANSACTIONS

Key management personnel

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

	2018	2017
	$	$
Short-term employee benefits	984,702	812,567
Post-employment benefits	89,646	77,133
	1,074,348	**889,700**

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 21: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
30 June 2018	**$**	**$**	**$**	**$**
Assets				
Land and buildings	-	-	183,674,534	183,674,534
Total assets	**-**	**-**	**183,674,534**	**183,674,534**
Liabilities	-	-		
Interest rate swap	-	-	1,272,638	1,272,638
Total liabilities			**1,272,638**	**1,272,638**

	Level 1	Level 2	Level 3	Total
30 June 2017	**$**	**$**	**$**	**$**
Assets				
Land and buildings	-	-	141,517,045	141,517,045
Total assets	**-**	**-**	**141,517,045**	**141,517,045**
Liabilities	-	-		
Interest rate swap	-	-	1,325,485	1,325,485
Total liabilities			**1,325,485**	**1,325,485**

NOTE 21: FAIR VALUE MEASUREMENT (Continued)

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

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 3

Land and buildings have been valued based on similar assets, location and market conditions.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Interest rate swap	Land and buildings
	$	$
Balance at 30 June 2017	(1,325,485)	141,517,045
Additions/transfers from construction in progress	-	34,435,387
Depreciation	-	(1,634,068)
Revaluation increment	52,847	9,356,170
Balance at 30 June 2018	**(1,272,638)**	**183,674,534**

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

NOTE 22: EVENTS AFTER REPORTING PERIOD

On 4th October 2018 Bridge Housing entered into a seven year lease on premises located at Level 9 59 Goulburn St Sydney. The lease will commence on 16th November 2018.

NOTE 23: FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

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

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

The Company's financial instruments consist of cash and cash equivalents, interest rate swaps, trade receivables, trade payables and borrowings.

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and its overall objective is to set polices that seek to reduce risk as far as possible without unduly affecting the ability of the Company to achieve its aims. Further details regarding these policies are set out below, in notes (b), (c) and (d).

(b) Credit Risk

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

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

NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

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

	2018	2017
	$	$
Cash	6,072,320	4,698,328
Trade and other receivables	5,759,218	4,044,480
	11,831,538	**8,742,808**

(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 $6,072,320 (2017: $4,698,328) of cash and cash equivalents to meet these obligations as they fall due.

The Company manages liquidity risk by monitoring cash flows and ensuring it has sufficient cash reserves and available borrowings to be able to pay debts as and when they become due and payable.

	2018	2017
	$	$
Trade and other receivables	8,747,923	8,947,923
	8,747,923	**8,947,923**

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.

2018	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Non-derivative financial Liabilities				
Trade and other payables	2,020,358	-	-	2,020,358
Borrowings	-	26,149,743	-	26,149,743
	2,020,358	**26,149,743**	**-**	**28,170,101**
Derivative financial liabilities				
Interest rate swap	-	-	1,272,638	1,272,638
Total liabilities	**-**	**-**	**1,272,638**	**1,272,638**

NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

2017	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Non-derivative financial Liabilities				
Trade and other payables	1,280,105	-	-	1,280,105
Borrowings	-	15,881,521	-	15,881,521
	1,280,105	**15,881,521**	**-**	**17,161,626**
Derivative financial liabilities				
Interest rate swap	-	-	1,325,485	1,325,485
Total liabilities	**-**	**-**	**1,325,485**	**1,325,485**

(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:

2018	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	1,718,372	2,000,000	-	2,353,948	6,072,320
Trade and other receivables	-	-	-	5,759,218	5,759,218
	1,718,372	**2,000,000**	**-**	**8,113,166**	**11,831,538**
Weighted average interest rate	**0.4%**	**1.90%**			
Financial Liabilities					
Trade and other payables	-	-	-	2,020,358	2,020,358
Borrowings	26,252,077	-	-	-	26,252,077
Interest rate swap	1,272,638	-	-	-	1,272,638
	27,524,715	**-**	**-**	**2,020,358**	**29,545,073**
Weighted average interest rate	**3.40%**				

NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

2017	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	2,834,815	-	-	1,863,513	4,698,328
Trade and Other Receivables	-	-	-	4,272,665	4,272,695
	2,834,815	**-**	**-**	**6,136,178**	**8,970,993**
Weighted average interest rate	**1.10%**	**-**			
Financial Liabilities					
Trade and Other Payables	-	-	-	1,280,105	1,280,105
Borrowings	16,052,077	-	-	-	16,052,077
Interest rate swap	1,325,485	-	-	-	1,325,485
	17,377,562	**-**	**-**	**1,280,105**	**18,657,667**
Weighted average interest rate	**3.48%**				

The maturity profile and the weighted average interest rate of the fixed derivatives held at 30 June 2018 represented by an Interest rate swap which expires on 1 July 2025 can be summarised below:

2018	<1 year	1-5 years	>5 years	Total
	$	$	$	$
Interest rate swap (fixed)	16,000,000	16,000,000	16,000,000	16,000,000
Average fixed rate	**3.69%**	**3.69%**	**3.69%**	**3.69%**

2017	<1 year	1-5 years	>5 years	Total
	$	$	$	$
Interest rate swap (fixed)	16,000,000	16,000,000	16,000,000	16,000,000
Average fixed rate	**3.69%**	**3.69%**	**3.69%**	**3.69%**

Sensitivity Analysis – Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in the risk.

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

NOTE 23: FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk (continued)

2018	Profit/loss after tax		Equity	
	100bp higher	100bp lower	100bp higher	100bp lower
	$	$	$	$
Effect of market interest rate movement	(65,337)	65,337	(65,337)	65,337

The above analysis assumes all other variables remain constant.

	Carrying Amount	+1%	-1%	Total
2018		$	Result $	Result $
Cash		6,072,320	60,723	(60,723)
2017				
Cash		4,698,328	34,887	(34,887)

NOTE 24: ECONOMIC DEPENDENCY

The Company is economically dependent on the NSW State Government and the Federal Government for significant financial support in the form of subsidies and grants to assist in the delivery of affordable and social housing to the community.

NOTE 25: 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 26: MEMBERS' GUARANTEE

The entity is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding and obligations of the entity. At 30 June 2018 the number of members was 229 (2017: 245).

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, and accompanying notes to the financial statements, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and

a. comply with Australian Accounting Standards and the Australian Charities and Not-for-Profit Commission Regulations 2013; and

b. give a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date;

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Mark Turner	**Graham Monk**
Director	Director

Dated this 2nd day of November 2018

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Bridge Housing Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bridge Housing Limited (the registered entity), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of Bridge Housing Limited, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the registered entity's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the registered entity's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 2 November 2018

bridge housing

linking people to a better future

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