

ST KILDA COMMUNITY HOUSING LTD

A.B.N. 20 123 193 117

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

**ST KILDA COMMUNITY HOUSING LTD
A.B.N. 20 123 193 117**

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FOR THE YEAR ENDED 30 JUNE 2017**

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ST KILDA COMMUNITY HOUSING LTD
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DIRECTORS' REPORT

The Directors present their report on the Company for the financial year ended 30 June 2017.

Directors

The names of Directors in office at any time during or since the end of the year are:

Paul Madden	(Chairperson)	Ian Graystone
Janet Cribbes		Liz Johnstone
David Gibbs		Steven Peluso
Mark Gove		
Mary Bartlett		

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

Company Secretary

The following person held the position of the Company Secretary at the end of the financial year.

John Enticott

Principal Activities

The principal activities of the Company through the reporting year have been as social landlord to almost 500 low income residents and as a social housing property manager and developer.

There were no significant changes in the principal activities of the Company during the year.

Short Term & Long Term Objectives

The principal objects for which the Company was established are to promote the relief of poverty, sickness or the needs of the aged by providing affordable rental housing to single persons in housing need as low-income households, or through infirmity or age.

The Company will impact the lives of all residents passing through our housing through programs designed to reconnect residents with work opportunities, family and community.

The Company will increase the quality and quantity of social housing options for our residents and those on our waiting list through the development of upgrades, acquisitions and partnerships.

Strategy for achieving short and long-term objectives

To achieve these objectives, the Company has adopted the following strategies:

The Company's strategy for achieving these objectives is to manage singles housing within the City of Port Phillip and surrounding areas; improve the living standards of residents; and grow the provision of singles housing.

The Company develops five goals and strategies under the following headings: Leadership in Service Provision; Business Consolidation; Governance and Growth; Quality of Life; and Partnerships and Strategic Relationships.

The Company is able to achieve its short and long term objectives through these activities and sound financial management.

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DIRECTORS' REPORT

Key Performance Indicators

Performance measurement is achieved by reporting to the Board of Directors monthly on financial performance; arrears; vacancies; critical incidents; repairs and maintenance; cyclical maintenance; and occupancy.

The Board reviews progress against the Annual Business Plan on a regular basis.

The Company reports annually to the Office of the Housing Registrar on Governance; Agency Management; Tenancy Management; the Business Plan and Property Management.

Comments by the Directors for Information Purposes

The Company is working with the Department of Health and Human Services (DHHS) to carry out the upgrade of Elenara rooming house. Construction is planned to be completed by the first half of 2018.

The Company plans to invest in the redevelopment of DHHS owned properties in exchange for longer term leases to secure the security of the portfolio of properties for low income residents. St Kilda Community Housing (SCH) has a proposal before DHHS to convert a property with 12 rooms sharing facilities into a 19 self contained apartments.

The Company has continued a partnership with the Lord Mayor's Charitable Foundation and the State Government to develop, over the next three years, Australia's first Community Land Trust for low income owner occupiers.

The maintenance group T2M increased their external contracts over the course of 2016-2017 and completed external work valued at \$257,395.

Information on Directors

The particulars of the qualifications, experience and special responsibilities of each Director are as follows:

Paul Madden

Qualifications: B.A. , M.B.A

Experience: Housing Policy, Research and Senior Management

Special Responsibilities: Member of the Audit Committee, the Finance Committee
& the Property and Asset Management Committee

Janet Cribbes

Qualifications: B.A. in Social Work and Social Science

Experience: Many years experience in Community Service and Community Development work, including programs within the Community.
Former Councillor and Mayor of Port Phillip Council 2004 - 2008

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DIRECTORS' REPORT

David Gibbs

Qualifications: B.Comm, FCA, FAICD, CTP, TEP

Experience: Long term experience as a Chartered Accountant and experience in governance of companies and non-for-profit organisations:
The Bennett Group Pty Ltd
Cancer Council of Victoria
McKenzie Aged Care Group Pty Ltd
Abey Australia Pty Ltd

Special Responsibilities: Honorary Treasurer; Member of the Audit Committee & the Finance Committee

Mark Gove

Qualifications: B.A Grad Cert Housing Management and Policy
Grad Dip Community Development

Experience: 23 Years Housing Sector Experience

Mary Bartlett

Qualifications: Bachelor of Arts
Graduate Diploma Women's Studies
Cert IV Business

Experience: 30 years management experience in the community sector locally and overseas and experience on Boards of local agencies including: St Kilda Legal Service and Uniting Care Mission

Ian Graystone

Qualifications: Bachelor of Economics

Experience: More than 20 years experience in IT & Telecommunications Sector
Primarily in Sales & Marketing, and Business Development in the enterprise corporate sector
Have work experience covering Australia and Asia Pacific

Liz Johnstone

Qualifications: B.Bus; M.SocSci(def.); FPIA

Experience: Long term experience in public policy related to urban planning, building and sustainability at a local and state government level. Currently Associate Director Sustainability with multi-disciplinary engineering company.

Steven Peluso

Qualifications: Dip. Building & Construction (Management) MAIPM MAICD

Experience: The Chief Executive Officer of State Property Insurance Services Pty.Ltd. and a registered building practitioner, providing building services to all facets within the commercial and residential sector with over 30 years experience and is well respected by his peers and corporate stakeholders.
Board member of Master Builders Association of Victoria (MBAV)
Chair of Person Housing Sector Victoria

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DIRECTORS' REPORT

Meetings of Directors

During the financial year, 11 (eleven) meetings of Directors (including committees of Directors) were held.

Attendances by each director during the year were as follows:

Meetings	
Number eligible to attend	Number attended
Paul Madden	10
Ian Graystone	9
Steven Peluso	10
Mark Gove	7
Liz Johnstone	6
Janet Cribbes	9
David Gibbs	10
Mary Bartlett	7

Paul Madden
Ian Graystone
Steven Peluso
Mark Gove
Liz Johnstone
Janet Cribbes
David Gibbs
Mary Bartlett

The Directors act in an honorary capacity and are not paid for services as Directors to St Kilda Community Housing Ltd.

After balance day events

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

Contribution in Winding Up

St Kilda Community Housing Ltd is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$5.00 towards meeting any outstanding obligations of the Company.

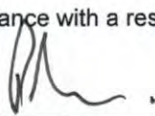
At 30 June 2017 the collective liability of members was \$40 (2016: \$40).

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2017 has been received and is included in this report on Page 5.

Signed in accordance with a resolution of the Board of Directors.

Director



Paul Madden



David Gibbs

Dated: 26 September 2017

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT FOR PROFITS
COMMISSION ACT 2012
TO THE DIRECTORS OF
ST KILDA COMMUNITY HOUSING LTD
A.B.N. 20 123 193 117**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- (i) no contraventions of the auditor independence requirements of the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Name of Auditor: Frederik R.L. Eksteen

Date: 27 September 2017

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

ST KILDA COMMUNITY HOUSING LTD
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INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue from Operating Activities	2	3,554,655	3,318,927
Depreciation and Amortisation Expenses	3	(194,711)	(166,860)
Employee Benefits Expenses		(1,878,154)	(1,674,983)
Finance Costs		(1,224)	(4,699)
Tenancy Management & Operational Expenses		(379,806)	(372,608)
Property Management Expenses		(936,342)	(868,798)
Rental Expenses (Office & Accommodation)		(99,592)	(72,620)
Net Surplus/ (Deficit) before income tax		64,825	158,360
Income Tax Expense	1 (i)	-	-
Net Surplus/ (Deficit) attributable to the Company		64,825	158,360

ST KILDA COMMUNITY HOUSING LTD
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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Surplus/ (Deficit) for the year		64,825	158,360
Other comprehensive income after income tax		-	-
Total comprehensive income for the year		64,825	158,360
Total comprehensive income attributable to the Company		64,825	158,360

ST KILDA COMMUNITY HOUSING LTD
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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	688,897	663,733
Accounts Receivables	5	161,941	148,504
Other Current Assets	6	29,025	34,308
TOTAL CURRENT ASSETS		879,863	846,545
NON CURRENT ASSETS			
Property, Plant & Equipment	7	5,302,594	5,350,165
TOTAL NON-CURRENT ASSETS		5,302,594	5,350,165
TOTAL ASSETS		6,182,457	6,196,710
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable and Other Liabilities	8	249,062	216,627
Borrowings	9	-	129,839
Provisions	10	240,187	192,292
TOTAL CURRENT LIABILITIES		489,249	538,757
NON-CURRENT LIABILITIES			
Provisions	10	2,643	32,212
TOTAL NON-CURRENT LIABILITIES		2,643	32,212
TOTAL LIABILITIES		491,892	570,969
NET ASSETS		5,690,566	5,625,741
EQUITY			
Accumulated Members Funds		3,790,566	3,725,741
Beach House Reserve		1,900,000	1,900,000
TOTAL EQUITY		5,690,566	5,625,741

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated Members Funds \$	Beach House Reserves	Total \$
Balance as at 1 July 2015	3,567,381	1,600,000	5,167,381
Surplus attributable to the Company	158,360	-	158,360
Revaluation increment	-	300,000	300,000
Balance as at 30 June 2016	<u>3,725,741</u>	<u>1,900,000</u>	<u>5,625,741</u>
Surplus attributable to the Company	64,825	-	64,825
Revaluation increment	-	-	-
Balance as at 30 June 2017	<u><u>3,790,566</u></u>	<u><u>1,900,000</u></u>	<u><u>5,690,566</u></u>

ST KILDA COMMUNITY HOUSING LTD
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Grants		3,525,309	3,296,576
Payments to Suppliers and Employees		(3,231,588)	(2,906,204)
Interest Paid		(1,224)	(4,699)
Interest Received		9,647	11,153
Net cash generated from/ (used in) operating activities	12	<u>302,143</u>	<u>396,828</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for Property, Plant and Equipment: Motor Vehicles		(23,118)	-
Payment for Property, Plant and Equipment: Office Equipment		(16,559)	(13,189)
Payment for Property, Plant and Equipment: Property Improvements		(107,463)	(353,404)
Net cash (used in)/ provided by investing activities		<u>(147,140)</u>	<u>(366,593)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds of Borrowings: Bank Australia		-	151,911
Repayment of Borrowings: Bank Australia		(129,839)	(22,072)
Net cash used in financing activities		<u>(129,839)</u>	<u>129,839</u>
Net increase/ (decrease) in cash held		25,164	160,074
Cash and cash equivalents at beginning of financial year		663,733	503,659
Cash and cash equivalents at end of financial year	4	<u><u>668,897</u></u>	<u><u>663,733</u></u>

ST KILDA COMMUNITY HOUSING LTD
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Statement of Significant Accounting Policies

The financial statements and notes represent those of St Kilda Community Housing Ltd, the Company.

Policies Basis of preparation

The Company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a not-for-profit Company for financial reporting purposes under Australian Accounting Standards.

The financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 26 September 2017.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Property, Plant and Equipment

Freehold land and buildings, plant & equipment are brought to account at cost less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Company includes the cost of materials, labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the asset can be measured reliably. All other repairs & maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on the revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Buildings and Building Improvements	20% - 50%
Equipment	20% - 35%
Motor Vehicles	20%

b. Impairment of Assets

At each reporting date, the company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

c. Leases

All leases are classified as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

d. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

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The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through the profit & loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Company of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair Value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the Company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Employee Benefits

Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the Company expects to pay at the end of each reporting period.

Long term benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

Superannuation

Superannuation contributions are made by the Company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The Company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

f. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

g. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

h. Revenue

Revenue comprises revenue from the rent related activities, government grants, fundraising activities and client contributions.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities have been met. Details of the activity-specific recognition criteria are described below.

Rent Revenue

Rent revenue from the rendering of services is recognised upon the invoicing of the rent payable to the tenant.

Grant Revenue

A number of the Company's programs are supported by grants received from the federal, state and local governments.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

If conditions are attached to a grant which must be satisfied before the Company is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year-end until the service is delivered.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Company obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Company receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Client Contributions

Fees charged for services provided to clients are recognised when the service is provided.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Interest Revenue

Interest revenue is recognised on a time proportional basis taking into account the interest rates applicable to the financial assets.

i. Trade & Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

j. Borrowing Costs

Borrowing costs are expensed in the period in which the costs are incurred.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows excluded from the receipts from customers or the payments to suppliers.

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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

i. Taxes

Income Tax

By virtue of its aims as set out in the constitution, the Company qualifies as an organisation specifically exempt from income tax under Section 50-45 of the Income Tax Assessment Act, 1997.

Land Tax

The Company is exempt from land tax because the property is used exclusively for a charitable purpose.

Payroll Tax

The Company is exempt from payroll tax because it is classified as a Public Benevolent Institution, as well as being a not-for-profit with a dominant charitable purpose.

Stamp Duty

The Company is exempt from stamp duty because the Company's purpose and activities are exclusively charitable.

m. Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When a Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

n. Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

The direction evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets.

Where an impairment trigger exists, the recoverable amount of the asset is determined.

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

o. New and Revised Standards that are effective for these financial statements

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

ST KILDA COMMUNITY HOUSING LTD
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 2. Operating Activities: Revenues		
Rental related income	3,345,205	3,251,697
Grant income	170,367	41,441
Donations received	23,800	5,420
Interest received	9,647	11,153
Fundraising income	2,276	7,438
Other income	3,360	1,778
Total Revenue from Operating Activities	3,554,655	3,318,927

Note 3. Operating Activities: Expenses

Finance costs	1,224	4,699
Depreciation of non-current assets		
- property improvements	170,946	146,596
- motor vehicles	15,332	13,054
- office equipment	8,433	7,210
Total Depreciation	194,711	166,860
Salaries and wages	1,647,299	1,495,189
Superannuation	153,004	136,816

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

Included in salaries and wages above is the following key management personnel remuneration:

Key management personnel remuneration	524,465	520,643
---------------------------------------	---------	---------

Note 4. Cash and Cash Equivalents

Cash in hand	250	250
Cash at bank - operating account	191,442	34,350
Cash at bank - term deposits	497,205	629,132
	688,897	663,733

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	688,897	663,733
	688,897	663,733

ST KILDA COMMUNITY HOUSING LTD
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Note 5. Accounts Receivables		
Accounts Receivable	152,183	140,538
Less: Provision for doubtful debts	-	(5,433)
Tenants Rent in Arrears	9,758	13,399
	<u>161,941</u>	<u>148,504</u>
Note 6. Other Current Assets		
Prepayments	12,987	18,423
Office Rental Bond: 102 St Kilda Road, St Kilda	16,037	15,885
	<u>29,025</u>	<u>34,308</u>
Note 7. Property, Plant and Equipment		
Freehold Land - Beach House		
At cost	1,000,000	1,000,000
Buildings - Beach House		
At directors' valuation	1,900,000	1,900,000
Tenancy Improvements		
Avoncourt - At cost	639,062	639,062
Accumulated depreciation	(394,339)	(351,499)
	<u>244,723</u>	<u>287,563</u>
27 Grey Street - At cost	1,836,402	1,836,402
Accumulated depreciation	(283,489)	(210,049)
	<u>1,552,913</u>	<u>1,626,353</u>
Property Improvements		
At cost	632,472	525,009
Accumulated depreciation	(91,361)	(36,695)
	<u>541,111</u>	<u>488,314</u>
Motor Vehicles		
At cost	88,389	65,271
Accumulated depreciation	(52,672)	(37,340)
	<u>35,717</u>	<u>27,931</u>
Office Equipment		
At cost	45,004	33,396
Accumulated depreciation	(16,875)	(13,392)
	<u>28,129</u>	<u>20,003</u>
Total Property, Plant and Equipment	<u>5,302,594</u>	<u>5,350,165</u>

ST KILDA COMMUNITY HOUSING LTD
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Note 7. Property, Plant and Equipment (Continued)

(b) Reconciliation of Movement in Carrying Values

	Beach House Land & Buildings	Property Improvements Avoncourt	Property Improvements 27 Grey Street	Property Improvements Other	Motor Vehicles	Office Equipment	Total Property, Plant \$ Equipment
Written down value at 1 July 2015	2,600,000	330,403	1,699,793	165,225	40,985	14,025	4,850,432
Additions	-	-	-	353,404	-	13,189	366,593
Revaluation increment	300,000	-	-	-	-	-	300,000
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(42,840)	(73,440)	(30,316)	(13,054)	(7,210)	(166,860)
Written down value at 30 June 2016	2,900,000	287,563	1,626,353	488,314	27,931	20,003	5,350,165
	Beach House Land & Buildings	Property Improvements Avoncourt	Property Improvements 27 Grey Street	Property Improvements Other	Motor Vehicles	Office Equipment	Total Property, Plant \$ Equipment
Written down value at 1 July 2016	2,900,000	287,563	1,626,353	488,314	27,931	20,003	5,350,165
Additions	-	-	-	107,463	23,118	16,559	147,140
Revaluation increment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(42,840)	(73,440)	(54,666)	(15,332)	(8,433)	(194,711)
Written down value at 30 June 2017	2,900,000	244,723	1,552,913	541,111	35,717	28,129	5,302,594

ST KILDA COMMUNITY HOUSING LTD
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 8. Accounts Payable & Other Liabilities		
Current - Unsecured		
Accounts Payable	105,664	80,224
Accrued Expenses	61,565	48,784
Tenants Rent Paid in Advance	63,959	52,701
Payroll Liabilities	-	53
Grants in Advance	17,527	35,047
GST liability/ (asset)	347	(183)
	<u>249,062</u>	<u>216,627</u>
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total current	249,062	216,627
- Total non-current	-	-
	<u>249,062</u>	<u>216,627</u>
Note 9. Borrowings		
Current - Secured		
Commercial Bank Loan - Bank Australia	-	129,839
	<u>-</u>	<u>129,839</u>
(a) Total current and non-current secured borrowings:		
Commercial Bank Loan - Bank Australia	-	129,839
	<u>-</u>	<u>129,839</u>
(b) The carrying amounts of the assets pledged as security are:		
The Bank loan was secured by a first mortgage over the company's property situated at 24 Little Grey Street, St Kilda.	2,900,000	2,900,000
	<u>2,900,000</u>	<u>2,900,000</u>

Classification of Bank Debt

The loan from the Bank Australia was categorised as a current liability.

ST KILDA COMMUNITY HOUSING LTD
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NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Note 10. Provisions		
Current		
Provision for Annual Leave	128,329	119,474
Provision for Long Service Leave	111,858	72,818
	<u>240,187</u>	<u>192,292</u>
Non-Current		
Provision for Long Service Leave	2,643	32,212
	<u>2,643</u>	<u>32,212</u>

Note 11. Capital and Leasing Commitments

Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements.

Payable - Minimum Lease Payments

- no later than 12 months	67,094	64,513
- between 12 months and 5 years	142,346	209,439
- greater than 5 years	-	-
	<u>209,439</u>	<u>273,952</u>

The property lease commitments are non-cancellable operating leases with lease terms of between one (1) and five (5) years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

Capital Commitments

Future capital commitments include the following:

Various renovations to the Company's individual properties	a.	78,500		
Installation of solar energy program	b.		300,000	
		<u>78,500</u>	<u>300,000</u>	

- a.** In the 2017 – 2018 financial year, St Kilda Community Housing Ltd will undertake the repairs and renovations of various individual properties, ranging from installation of a new shower room, foundation repairs, stairwell safety improvements and new security and boundary fences.
- b.** In the 2016 – 2017 financial year St Kilda Community Housing Ltd's (SCH) only capital project was to complete the roll out of the solar program. This was achieved and we were able to increase the output from 105kW, reported last year to 134.9kW on completion. In all, 12 properties have had solar panels installed and all 20 properties have been retrofitted with LED lighting. These two measures combined with a renegotiation of our electricity tariff have resulted in savings that should payback the investment of \$300,000 in four to five years.

ST KILDA COMMUNITY HOUSING LTD
A.B.N. 20 123 193 117
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
Note 12. Cash Flow Information		
Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Operating Surplus/ (Deficit)	64,825	158,360
<u>Non-cash flows in profit</u>		
Depreciation & amortisation of non-current assets	194,711	166,860
<u>Changes in assets and liabilities</u>		
(Increase)/decrease in accounts receivables	(11,645)	(60,811)
(Increase)/decrease in tenants rent in arrears	3,640	13,711
Increase/(decrease) in provision for doubtful debt	(5,433)	-
(Increase)/decrease in other current assets	5,283	3,339
Increase/(decrease) in accounts payables	25,969	25,881
Increase/(decrease) in other payables	12,728	(2,439)
Increase/(decrease) in tenants rent paid in advance	11,259	22,901
Increase/(decrease) in grants in advance	(17,520)	13,002
Increase/(decrease) in provision for annual leave	8,855	38,955
Increase/(decrease) in provision for long service leave	9,471	17,069
Cash flow from operations	302,143	396,828

ST KILDA COMMUNITY HOUSING LTD
A.B.N. 20 123 193 117
NOTES TO THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

Note 13. Financial Risk Management

a. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from related parties and bank loans.

The Company does not have any derivative instruments at 30 June 2017.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2017 \$	2016 \$
Financial Assets			
Cash and cash equivalents	4	688,897	663,733
Loans and receivables	5	161,941	148,504
		850,839	812,237
Financial Liabilities			
Trade and other payables	9	249,062	216,627
Borrowings	10	-	129,839
		249,062	346,465

(i) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and notes to the financial statements.

(ii) Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate borrowing facilities are maintained.

(iii) Interest Rate Risk

The finance committee meets on a regular basis to analyse the interest rate exposure in the context of the most recent economic conditions and forecasts.

Note 14. Related Party Transactions

The Directors act in an honorary capacity and are not paid for their services as Directors.

There were no transactions with related parties during the 2017 year.

Note 15. Company Details

The registered office of the company is:

102 St Kilda Road
 ST KILDA VIC 3182

The principal place of business of the company is:

102 St Kilda Road
 ST KILDA VIC 3182

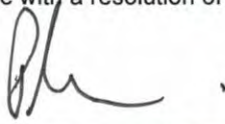
ST KILDA COMMUNITY HOUSING LTD
A.B.N. 20 123 193 117
Directors' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 6 to 22, are in accordance with the ACNC Act 2012 and:
 - (a) comply with Australian Accounting Standards- Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Company;
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.


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

Director



Paul Madden

Director



David Gibbs

Dated this

26th day of **September 2017**

127 Paisley Street
Footscray VIC 3011
Australia

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ST KILDA COMMUNITY HOUSING LTD
A.B.N. 20 123 193 117
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of St Kilda Community Housing Ltd (the company), which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of St Kilda Community Housing Ltd is in accordance with the ACNC Act 2012, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2017 and of its performance and cash flows for the year ended on 30 June 2017; and
- ii. complying with Australian Accounting Standards and the ACNC Act 2012.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company in accordance with the auditor independence requirements of the ACNC Act 2012 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the ACNC Act 2012, which has been given to the directors of the Company would be on the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Corporation'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Report

My 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 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 the financial report.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit 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 registered entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

Conclude on the appropriateness of the responsible entities use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Name of Auditor: Frederik R.L. Eksteen

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

Date: 27 September 2017