EACH Housing Ltd

ABN 98 133 571 614

Financial Report

For the Year Ended 30 June 2021

EACH Housing Ltd

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Contents

For the Year Ended 30 June 2021

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Directors' Report
30 June 2021

The directors present their report on EACH Housing Ltd for the financial year ended 30 June 2021.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Names	Position
Mrs. Judith Lillian Woodland	Chairperson
Mr. David Leslie Agnew	Company Secretary
Mr. Leslie Philip Smart	Director (Resigned 31 December 2020)
Ms. Dawn Imman-Wyness	Director
Dr. Andrew Gosbell	Director
Mr. Luke Guthrie	Director
Mr. Grant Divall	Director (Appointed 26 November 2020)

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

Principal activities

The principal activity of the Company during the financial year was providing social housing to a specialised sector of tenants primarily in the outer east and south east of Melbourne. Over recent years the Company has expanded from providing housing for people with mental health issues to include housing for people with physical disability as well as for women and children fleeing family violence and people experiencing long-term homelessness.

Short term and long term objectives

- To develop new social housing properties including for people with a disability.
- Through partnerships, including through the services of our parent company, to ensure the provision of integrated support to our tenants to improve their health, social and economic outcomes.
- To build on the Company's strengthened financial position as a foundation for further growth.
- To further industry and associated partnerships to support growth initiatives.

Key performance measures

The Company measures its own performance through the use of both quantitative and qualitative assessment. The benchmarks are used by the directors to assess the financial sustainability of the Company and whether the Company's strategic objectives are being achieved.

	2021	2020
Properties	**133**	71
Tenancies	**141**	77
Number of Occupants	**149**	151
Average Occupancy Rate	**99.1%**	95.3%
Rental Arrears as Percent of Rental Income	**1.20%**	0.30%

**Changes from 2020 include completion of the Family Violence Head Leasing Program which included family tenancies and the implementation of the Homeless to Home Program which is primarily for single residents.*

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Directors' Report
30 June 2021

Operating results

The financial outcome for the Company for the financial year is a deficit of $42,720 (2020: surplus of $315,806).

The deficit as a percentage of revenue is 2.1% for this year (2020: surplus of 22.6%). The total revenue for the year was $2.03 Million compared to $1.40 Million for the previous year representing an increase of 45.3%. The total expenditure for the year was $2.07 Million compared to $1.1 Million in the previous year representing an increase of 88.2%.

Information on directors

Mrs. Judith Lillian Woodland	Chair (non-executive)
Qualifications	Qualified Speech Pathologist Postgraduate Certificate in Assessment and Evaluation
Experience	Extensive experience in both the community and public sectors through an evolving career in direct service delivery, management of multidisciplinary teams, and state wide program management and policy development. She has experience in various sectors including, health, welfare, community services and education.
Mr. David Leslie Agnew	Company Secretary (non-executive)
Qualifications	Barrister and solicitor Graduate Diploma in Legal Studies
Experience	More than 25 years of experience as a corporate lawyer and as a senior manager in the financial services and insurance industry before joining the not-for-profit sector in 2001. He was CEO of Very Special Kids for 8 years before retiring in 2013.
Mr. Leslie Philip Smart	Director (Resigned 31 December 2020)
Qualifications	Certified Practising Accountant (retired) Registered Auditor (retired) Inspector of Municipalities (retired)
Experience	More than 50 years of business experience involving professional accounting, tax, audit and management with former directorates and/or senior management roles in companies involving insurance, agriculture pursuits, private equity management, educational materials, publishing, construction, property development and building material manufacture.
Ms. Dawn Imman-Wyness	Director
Qualifications	MBA (Corporate Governance) Certified Practising Accountant Graduate Australian Institute of Company Directors Bachelor of Commerce Bachelor of Nursing Registered Nurse RN1
Experience	Senior executive, with non-executive directorship experience specialising in Corporate Governance, Financial Accounting, Aged Care, Retirement Villages, Health, Mental Health, Not for Profit, Homelessness and Housing and Quality Improvement Systems. She is a member of the Victoria Division of Healthcare Special Interest Committee with Australian Institute of Company Directors.

Dr. Andrew Gosbell	Director
Qualifications	PhD, BAppSc, GAICD and FIML
Experience	CEO of the General Practice Registrars Australia and has over 25 years of experience in health and related sectors, with skills in patient care, research, policy and advocacy, and education and training, in a range of roles including project management and senior management.
Mr. Luke Guthrie	Director
Qualifications	Graduate Diploma in Applied Finance & Investment Diploma of Financial Services Bachelor of Commerce (Accounting and Finance) Chartered Accountant
Experience	More than 20 years of international financial and executive experience across the property development, real estate, investment management, funds management and construction sectors. Luke currently is the CEO of Jinding, a Melbourne based international property development, real estate and funds management group. Luke is also an Advisory Board member of Hytile which is a manufacturer of equipment for the roofing and solar industries.
Mr. Grant Divall	Director (Appointed 26 November 2020)
Qualifications	Bachelor of Architecture Member, Architects Registration Board Victoria Member Australian Institute of Architects
Experience	The principal of Grant Divall Architect, a small multi-disciplinary design practice, a senior tutor in the Faculty of Architecture, Melbourne University and an examiner for the Architects Registration Board of Victoria. He has extensive experience working with architectural practices, social housing organisations and an Aboriginal Corporation in Western Australia. As an architect in private practice, he has delivered complex projects for the public sector and cultural institutions.

Meetings of directors

During the financial year, 7 meetings of directors plus the strategic planning day were held. Attendances by each director are outlined below: Director meetings are every second month.

	Directors' Meetings	
	Number eligible to attend	Number attended
Mrs. Judith Lillian Woodland	7	7
Mr. David Leslie Agnew	7	7
Mr. Leslie Smart	4	4
Ms. Dawn Inman Wyness	7	5
Dr. Andrew Gosbell	7	7
Mr. Luke Guthrie	7	7
Mr. Grant Divall	4	3

Member's guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute $20 to the assets of the Company. At 30 June 2021, the total amount that members of the Company are liable to contribute if the Company is wound up is $240 (2020: $240).

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Directors' Report
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Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on page 5 of the financial report.

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

Director: ....
Mrs. Judith Lillian Woodland

Dated 03 November 2021

Accountants & Advisors

Take the lead

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF

EACH HOUSING LTD

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been:

i. No contraventions of the auditor independence requirements as set out in *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.

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 3 November 2021

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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2021

	2021	2020
	$	$
Revenue and other income		
Rental income	**1,383,161**	915,202
Grant income	**626,000**	468,565
Interest income	**3,251**	2,158
Other income	**14,860**	9,483
Total revenue and other income	**2,027,272**	1,395,408
Expenses		
Occupancy expenses	**(448,913)**	(209,594)
Employee benefits expense	**(475,285)**	(277,075)
Asset usage charge	**(24,845)**	(24,845)
Finance charges	**(2,178)**	(870)
Depreciation	**(278,679)**	(252,726)
Corporate charges	**(63,912)**	(65,855)
Utilities	**(20,050)**	(4,624)
Other administrative expenses	**(756,130)**	(244,013)
Total expenses	**(2,069,992)**	(1,079,602)
Net (loss) / profit for the year	**(42,720)**	315,806
Total comprehensive (loss) / income	**(42,720)**	315,806
Total comprehensive (loss) / income attributable to members of the entity	**(42,720)**	315,806

The accompanying notes form part of these financial statements.

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Statement of Financial Position
As At 30 June 2021

	Note	2021 $	2020 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	**52,095**	482,770
Trade and other receivables	3	**1,114,753**	46,058
Contract assets	4	**51,433**	47,326
Other assets	6	**593,749**	194,405
TOTAL CURRENT ASSETS		**1,812,030**	770,559
NON-CURRENT ASSETS			
Trade and other receivables	3	**104,427**	-
Property, plant and equipment	5	**8,973,193**	8,769,451
TOTAL NON-CURRENT ASSETS		**9,077,620**	8,769,451
TOTAL ASSETS		**10,889,650**	9,540,010
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	**131,783**	48,038
Short-term provisions	8	**32,672**	12,855
Contract liabilities		**276,052**	-
Other liabilities	9	**567,838**	191,136
Financial liabilities	10	**498,050**	-
Lease liabilities		**33,235**	-
TOTAL CURRENT LIABILITIES		**1,539,630**	252,029
NON-CURRENT LIABILITIES			
Other liabilities	9	**2,768,617**	2,768,617
Lease liabilities		**104,759**	-
TOTAL NON-CURRENT LIABILITIES		**2,873,376**	2,768,617
TOTAL LIABILITIES		**4,413,006**	3,020,646
NET ASSETS		**6,476,644**	6,519,364
EQUITY			
Reserves		**271,000**	271,000
Retained earnings		**6,205,644**	6,248,364
TOTAL EQUITY		**6,476,644**	6,519,364

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity
For the Year Ended 30 June 2021

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2019	**5,932,558**	**271,000**	**6,203,558**
Comprehensive income			
Profit attributable to members of the entity	315,806	-	315,806
Total Comprehensive income	**315,806**	**-**	**315,806**
Balance at 30 June 2020	**6,248,364**	**271,000**	**6,519,364**
Balance at 1 July 2020	**6,248,364**	**271,000**	**6,519,364**
Comprehensive income			
Loss attributable to members of the entity	(42,720)	-	(42,720)
Total Comprehensive income	**(42,720)**	**-**	**(42,720)**
Balance at 30 June 2021	**6,205,644**	**271,000**	**6,476,644**

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For the Year Ended 30 June 2021

	Note	2021 $	2020 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from rental and other income		**1,759,908**	1,320,120
Payments to suppliers and employees		**(2,060,092)**	(1,069,574)
Finance costs		**(1,811)**	(870)
Interest received		**1,864**	2,158
Net cash (used in) / provided by operating activities	11	**(300,131)**	251,834
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment		**(482,421)**	(14,251)
Net cash used in investing activities		**(482,421)**	(14,251)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of related party loans		**-**	(173,716)
Receipt of related party loans		**351,877**	-
Net cash provided by / (used in) financing activities		**351,877**	(173,716)
Net (decrease) / increase in cash and cash equivalents held		**(430,675)**	63,867
Cash and cash equivalents at beginning of year		**482,770**	418,903
Cash and cash equivalents at end of financial year	2	**52,095**	482,770

The accompanying notes form part of these financial statements.

The financial report covers EACH Housing Ltd as an individual Company. EACH Housing Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on the same date as the directors' declaration.

1 Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared on the basis that the Company is a non-reporting Company because there are no users who are dependent on its general-purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. (ACNC Act). The Company is a not-for-profit Company for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards AASB 101 *Presentation of Financial Statements*, AASB 107 *Cash Flow Statements*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1031 *Materiality* and AASB 1054 *Australian Additional Disclosures*.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The financial statements are presented in Australian dollars. The amounts presented in the financial statements have been rounded to the nearest Australian dollar.

Going concern

The financial statements have been prepared on a going concern basis because EACH (parent Company) has committed to providing financial assistance where required to EACH Housing Ltd to continue to pay its debts as when they fall due.

Accounting policies

(a) Revenue

Revenue recognition

Operating Grants, Donations and Bequests

When the Company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15,

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant

- recognises a contract liability for its obligations under the agreement

1 Summary of significant accounting policies (continued)

(a) Revenue (continued)

Operating Grants, Donations and Bequests (continued)

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9. AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital Grant

When the Company receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Company recognises income in profit or loss when or as the Company satisfies its obligations under terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

All revenue is stated net of the amount of goods and services tax.

(b) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses.

Land and buildings

Freehold land and buildings are shown at fair value based on periodic valuation, with at least triennial valuation by external independent valuers. When land and buildings are purchased as a single property, a valuation for splitting the price of the land and building is done at the time of recording the asset.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' assessment to ensure the carrying amount for the land and buildings is not materially different to the fair value.

1 Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

Land and buildings (continued)

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Furniture and equipment

Furniture and equipment are measured on a cost basis less depreciation and any impairment losses. The carrying amount of furniture and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flow has been discounted to their present values in determining recoverable amounts.

In the event that the carrying amounts of furniture and equipment is greater that the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note (e)1 for details of impairment).

Furniture and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

Capital work in progress

The cost of development properties includes expenditure incurred in acquiring the property, preparing it for use and borrowing costs incurred, where applicable.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

1 Summary of significant accounting policies (continued)

(b) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset for the current and prior period are:

Class of Fixed Asset	Depreciation rate
Furniture, Fixtures and Fittings	10.0 to 40.0%
Buildings	2.5 to 5.0%
Leasehold improvements	5.0 to 15.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(c) Leases

The Company as lessor

The Company provides social housing to a specialised sector of tenants.

Upon entering into each contract as a lessor, the Company assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases.

Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (for example, legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Rental income due under finance leases is recognised as receivables at the amount of the Company's net investment in the leases.

When a contract is determined to include lease and non-lease components, the Group applies AASB 15 to allocate the consideration under the contract to each component.

1 Summary of significant accounting policies (continued)

(c) Leases (continued)

The Company as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' accounting policy.

1 Summary of significant accounting policies (continued)

(d) Financial instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

1 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

Classification and subsequent measurement (continued)

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and

- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1 Summary of significant accounting policies (continued)

(d) Financial instruments (continued)

Derecognition (continued)

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(e) Impairment of assets

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the Company estimates the recoverable amount of the cash generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

1 Summary of significant accounting policies (continued)

(f) Impairment of non-financial assets

Impairment of financial assets is recognised in the form of a loss allowance for expected credit loss. The loss allowance is measured as a life time expected credit loss if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured as 12 month expected credit loss if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.

The Company determines whether there has been a significant increase in credit risk since initial recognition by comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition using reasonable and supportable information, unless the financial instrument is determined to have low credit risk at the reporting date.

Changes in expected credit losses from the previous reporting period are recognised in profit or loss as an impairment gain or loss.

Expected credit losses are measured with reference to the maximum contractual period and considering

a) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes;

b) the time value of money; and

c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables (other than government subsidies) are written off if there is objective evidence regarding bankruptcy or insolvency of the debtor and no guarantees are otherwise available from any third party on behalf of the debtor. This is the approach even if enforcement activities have already been initiated. Government subsidies are written off if there is evidence regarding changes in Government policies or non-compliance with the conditions related to the grant that the Company is no longer eligible to the subsidies.

(g) Employee benefits

Short-term Employee Benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period on which the employees render the related service, including annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Company's obligation for short-term employee benefits such as wages and salaries are recognised as a part of accounts payable and other payables in the statement of financial position.

1 Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

Long-term Employee Benefits

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense

The Company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Accounts receivable and other debtors include amounts due from tenants and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

It is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of the amount of GST receivables 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 gross 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 included in receipts from customers or payments to suppliers.

(k) Income tax

No provision for income tax has been raised as the Company is exempt from income tax under DIV 50 of the *Income Tax Assessment Act 1997*.

1 Summary of significant accounting policies (continued)

(l) 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Comparative figures

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

(n) Trade and other payables

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

(o) Critical accounting estimates and judgements

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

Key estimates

i. Useful lives of property, plant and equipment

As described in Note 1(b), the Company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Key judgements

i. Performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/ type, cost/ value, quantity and the period of transfer related to the goods or services promised.

ii. Fair value of land and buildings

Management assesses at each balance date whether the fair value adopted for land and buildings is materially in line with the last independent valuation performed. If the valuation is determined to not represent fair value at the balance date, then management will engage a suitably qualified, independent valuation expert to perform an updated valuation for adoption in the financial statements.

1 Summary of significant accounting policies (continued)

(p) Accounting standards not yet adopted by the company

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of these new and amended pronouncements. These new and amended pronouncements are considered to have a limited impact on the Company's reporting.

- AASB 2020-6: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

- AASB 2020-3: Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments

- AASB 2021-2: Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates

- AASB 2021-3: Amendments to Australian Accounting Standards - Covid-19 Related Rent Concessions beyond 30 June 2021

EACH Housing Ltd

ABN 98 133 571 614

Notes to the Financial Statements
For the Year Ended 30 June 2021

2 Cash and Cash Equivalents

	2021	2020
	$	$
Cash at bank	**52,095**	482,770

3 Trade and Other Receivables

	2021	2020
CURRENT		
Accounts receivable	**719,764**	4,548
Lease receivable	**287,615**	-
GST receivable	**4,183**	7,651
Bond Trust	**103,191**	33,859
	1,114,753	46,058
NON-CURRENT		
Lease receivable	**104,427**	-

4 Contract Assets

	2021	2020
Opening balance	**47,326**	-
Increase in estimates of progress measurement	**4,107**	47,326
Closing balance	**51,433**	47,326

5 Property, Plant and Equipment

	2021	2020
LAND AND BUILDINGS		
Land		
At fair value	**3,840,000**	3,840,000
Total land	**3,840,000**	3,840,000
Buildings		
At fair value	**2,243,360**	2,243,360
Less: accumulated depreciation	**(144,662)**	(72,200)
Total Buildings	**2,098,698**	2,171,160
Total Land and Buildings	**5,938,698**	6,011,160
Capital works in progress		
At cost	**468,735**	-
Furniture and equipment		
At cost	**71,832**	66,918
Less: accumulated depreciation	**(53,527)**	(41,981)
Total Furniture and equipment	**18,305**	24,937

5 Property, Plant and Equipment (continued)

	2021	2020
	$	$
Leasehold Improvements		
Leasehold improvements at cost	**2,935,695**	2,926,923
Accumulated depreciation leasehold improvements	**(388,240)**	(193,569)
Total leasehold improvements	**2,547,455**	2,733,354
Total property, plant and equipment	**8,973,193**	8,769,451

The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. Herron Todd White performed an independent valuation of the Company's land and buildings on 28 February 2019. The valuer utilised the direct comparison method.

6 Other Assets

	2021	2020
	$	$
CURRENT		
Accrued interest	**-**	756
Prepayments	**593,749**	193,649
	593,749	194,405

7 Trade and Other Payables

	2021	2020
CURRENT		
Creditors and accrued expenses	**131,783**	48,038

8 Provisions

	2021	2020
CURRENT		
Employee benefits provision	**32,672**	12,855

9 Other Payables

	2021	2020
CURRENT		
Related party payable - EACH	**567,838**	191,136
NON-CURRENT		
Related party payable - EACH	**2,768,617**	2,768,617

10 Financial Liabilities

	2021	2020
CURRENT		
Capital grants	**498,050**	

11 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	$	$
Net current year (deficit) / surplus	**(42,720)**	315,806
Non-cash flows:		
Depreciation expense	**303,504**	277,571
Lease liability interest expense	**367**	-
Lease receivable interest revenue	**(1,387)**	-
Changes in assets and liabilities:		
- increase in trade and other receivables	**(1,034,108)**	(25,048)
- increase in other assets	**(403,451)**	(141,575)
- increase in contract liabilities	**276,052**	-
- increase in financial liabilities	**498,050**	-
- increase/(decrease) in trade and other payables	**83,745**	(172,141)
- increase/(decrease) in employee provisions payable	**19,817**	(2,779)
Net cash (used in) / provided by operating activities	**(300,131)**	251,834

12 Contingencies

The Company has no contingencies as at 30 June 2021 (30 June 2020: None).

13 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and 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 $20 each towards meeting any outstanding and obligations of the Company. At 30 June 2021 the number of members was 12 (2020: 12).

14 Auditors' Remuneration

	2021	2020
	$	$
Remuneration of the auditor for:		
- auditing, reviewing and compiling the financial report	**16,000**	15,000
- other: service fee to VAGO	**7,000**	-
	23,000	15,000

15 Events after the end of the Reporting Period

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.

16 Statutory Information

The registered office and principal place of business of the company is:

EACH Housing Ltd
Building 1 Level 1
20 Melbourne Street
Ringwood VIC 3134

EACH Housing Ltd

ABN 98 133 571 614

Directors' Declaration

The directors have determined that the Company is not a reporting Company and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

    a) comply with Australian Accounting Standards as stated in Note 1; and

    b) give a true and fair view of the financial position as at 30 June 2021 and of its performance for the year ended on that date of is in accordance with the accounting policy described in Note 1 of the financial statements.

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 .... Mrs. Judith Lillian Woodland

Director .... Mr. David Leslie Agnew

Dated 03 November 2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EACH HOUSING LTD

Opinion

We have audited the financial report of EACH Housing Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended, and

b. complying with Australian Accounting Standards to the extent described in Note 1 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 Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

Accountants & Advisors

Take the lead

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

Hayley Underwood
Partner

Melbourne, 3 November 2021