

Red Shield Housing Association Inc

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	\$ 2015	\$ 2014
INCOME			
Interest		66,716	60,476
Rental Income	2	2,400,081	2,208,720
Other/Sundry Income		119,990	120,690
Total Income:		<u>2,586,787</u>	<u>2,389,886</u>
EXPENSES			
Administration Expenses	3	180,947	201,930
Insurance		67,441	77,654
Rates - Rental properties	4	307,867	283,565
Repairs & Maintenance - Rental Properties		605,675	549,810
Salaries & Wages	5	426,970	382,082
Sundry Expenses		8,136	23,311
Capital Contribution to Housing SA	13	675,270	555,842
Total Expenses:		<u>2,272,306</u>	<u>2,074,194</u>
Total Operating Surplus/(Deficit) before Allocations:		<u>314,481</u>	<u>315,692</u>
OTHER COMPREHENSIVE INCOME			
Total Comprehensive Income for the Year before Allocations		<u>314,481</u>	<u>315,692</u>
Transfers (To)/From Planned Maintenance Reserve	12	(314,000)	(315,000)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER ALLOCATIONS		<u>481</u>	<u>692</u>



Red Shield Housing Association Inc

BALANCE SHEET

AS AT 30 JUNE 2015

	Note	\$ 2015	\$ 2014
CURRENT ASSETS			
Cash	6	3,056,002	2,398,610
Trade and Other Receivables	7	43,378	53,290
Total Current Assets:		3,099,380	2,451,900
NON-CURRENT ASSETS			
Total Non-Current Assets:		-	-
TOTAL ASSETS:		3,099,380	2,451,900
CURRENT LIABILITIES			
Trade and Other Payables	8	157,674	122,111
Provisions - Current	9	14,359	24,888
Total Current Liabilities:		172,033	146,999
NON-CURRENT LIABILITIES			
Provisions - Non-current	10	1,268,613	960,648
Total Non-Current Liabilities:		1,268,613	960,648
TOTAL LIABILITIES:		1,440,646	1,107,647
NET ASSETS:		1,658,734	1,344,253
EQUITY			
Retained Surplus (Accumulated Losses)		773,253	772,561
Current Year Surplus / (Deficit)		481	692
Planned Maintenance Reserve	12	885,000	571,000
TOTAL EQUITY:		1,658,734	1,344,253



Red Shield Housing Association Inc

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

Red Shield Housing Association Inc ("Association") is an Association domiciled in Australia. The address of the Association's registered office is 95 - 99 Railway Road, Blackburn, Victoria 3130. The Association is a not-for-profit entity and primarily is involved in the provision of residential housing.

In the opinion of the Committee of Management, the Association is not publicly accountable nor a reporting entity. The financial report of the Association has been drawn up as special purpose financial report for distribution to the members and for the purpose of fulfilling the requirements of the South Australian Co-operative and Community Housing Act 1991 (SACCH Act).

The financial report has been prepared in accordance with the approved Accounting Standards and Interpretations as determined under the Act. The following approved Accounting Standards and Interpretations apply:

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 1031: Materiality

AASB 1048: Interpretation of Standards

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and liabilities for which the fair value basis of accounting has been applied.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Income Statement has been prepared on an accrual basis of accounting in order to match the income receivable with expense commitments for the period. Accordingly, the statement is not a statement of receipts and payments during the year.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with the approved Accounting Standards a financial asset is cash, advances or prepayments, rent receivable, or trade and other receivables (debtors). A financial liability is an overdraft, loans, capital contribution, or trade and other payables (creditors).

AASB 139 requires financial assets to be subjected to a review for impairment at each reporting date. A financial asset is impaired if a loss event occurs, such as when a rent arrear becomes doubtful because of tenant personal insolvency issues.

Depreciation of Non-Debentured Rental Properties, Buildings, Plant and Equipment, Rental Property Furniture & Fittings and Motor Vehicles

Non-debentured rental properties, buildings, plant and equipment, rental property furniture & fittings, motor vehicles are depreciated on a straight-line basis over their useful lives. Useful lives of these assets are reviewed and adjusted, if appropriate, at each balance date.

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



Red Shield Housing Association Inc

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

1 SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Service Concession Arrangements

AASB Interpretation 12 *Service Concession Arrangements* apply to arrangements where government transfers public infrastructure to non-government organisations subject to the following conditions:

- a) the government controls and regulates what services the non-government organisation must provide with the infrastructure, to whom it must provide them, and at what price; and
- b) the government retains residual ownership of the infrastructure.

The above conditions are deemed to have been satisfied through the requirements of the SACCH Act and Funding Agreement which prescribe how the community houses are to be used, the eligible tenants that are entitled to tenant them, and what rents can be charged. The arrangements also require Community Housing Organisations to return long term vacant property to government under the Funding Agreement.

Infrastructure within the scope of the Interpretation should not be recognised as property, plant and equipment of the operator, irrespective of the extent to which the operator bears the risks and rewards incidental to ownership and regardless of which party has legal title to it during the term of the arrangement, since the asset is "controlled" by the government. Instead, the non-government organisation recognises an intangible asset to the extent it has a right to charge users (tenants) of the public service.

Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised when:

- a) it is identifiable; and
- b) the entity controls the asset; and
- c) there is future economic benefits flowing from intangible asset.

The above conditions are deemed to have not been satisfied as there is no expected future economic benefits which will flow to the organisation at the inception of Funding Agreement or during the course of service provision.

Income Tax

Red Shield Housing Association Inc is appropriately endorsed by the Australian Taxation Office and therefore income tax exempt.

Employee Benefits

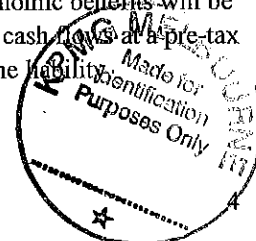
Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Provisions

A provision is recognised if, as a result of a past event, Red Shield Housing Association Inc has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.



Red Shield Housing Association Inc

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

2 RECONCILIATION: RENTAL INCOME

Funding Agreement (2006) requires Community Housing Organisation to account for rent on an accrual basis, taking into account arrears, rent paid in advance and rent adjustment. Capital Contributions payable to Housing SA are based on Rent Receivable (Rent Income) for the number of days tenanted, not on Rent Received. The relationship between Rent Receivable and Rent Received is shown in the following reconciliation:

	\$ 2015	\$ 2014
Actual Rent Received	2,426,336	2,194,623
<i>add:</i> Accounts Receivable - Rental Debtors (end of year)	5,182	18,340
Rent in Advance (beginning of year)	31,988	53,962
	37,170	72,302
<i>less:</i> Account Receivables - Rental Debtors (beginning of year)	18,340	26,217
Rent in Advance (end of year)	45,085	31,988
	63,425	58,205
 Rental Income - Debentured properties (FA 2006)	2,400,081	2,208,720

3 ADMINISTRATION EXPENSES

Accounting Fees	67,004	46,590
Advertising & Promotion	-	260
Audit Fees	2,670	4,934
Bank Charges	9,514	7,058
Bad Debt	4,750	5,250
Board/Governance Expenses	933	1,113
Cleaning office	4,049	4,039
Computer Expenses	4,387	26,397
Legal Fees	1,365	611
Management Fees	4,800	2,735
Meeting Expenses	1,326	3,146
Membership Fees Paid	958	418
Motor Vehicle Expenses	17,273	32,049
Postage, Freight and Courier	2,725	3,760
Printing & Stationery	10,775	9,496
Security Expenses	2,009	1,977
Staff Amenities	932	1,113
Telephone, Fax and Internet Charges	13,943	11,056
Tenancy and Property Supplies and Services	21,000	24,000
Training & Development (Staff)	6,220	2,751
Travel and Accommodation	109	6,162
Utilities	4,205	7,015
Total Administration Expenses:	180,947	201,930



Red Shield Housing Association Inc

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

	Note	\$ 2015	\$ 2014
4 RATES & TAXES - RENTAL PROPERTIES			
Council Rates		75,671	72,926
SA Water		189,828	192,138
Emergency Services Levy		38,193	15,110
Common Properties Utilities		4,175	3,391
Total Rates & Taxes - Rental Properties - Debentured Properties (FA2006)		307,867	283,565
 5 SALARIES & WAGES			
S&W Annual Leave Expenses		24,810	31,231
S&W Sick Leave Expenses		15,751	11,344
S&W Superannuation		25,310	31,860
S&W Salaries and Wages		339,560	294,335
S&W Salaries - Others		21,539	13,312
Total Salaries/Wages Expenses:		426,970	382,082
 6 CASH			
Petty Cash		600	600
Cash Float		500	2,000
Total Cash on Hand		1,100	2,600
Cash at Bank		3,054,902	2,396,010
Total Cash:		3,056,002	2,398,610
 7 TRADE AND OTHER RECEIVABLES			
Accounts Receivable - Rental Debtors		14,834	18,340
(less: Provision for Doubtful Debts - Rental Debtors)		(10,000)	(5,250)
Prepayments		38,544	40,200
Total Trade and Other Receivables:		43,378	53,290
 8 TRADE AND OTHER PAYABLES			
Accounts Payable		100,889	74,816
Accrued Expenses		11,700	15,307
Other Current Liabilities		45,085	31,988
Total Trade and Other Payables:		157,674	122,111
 9 PROVISIONS - CURRENT			
Employee Benefits/Employee Provisions		14,359	24,888
Total Provisions - Current:		14,359	24,888
 10 PROVISIONS - NON-CURRENT			
Maintenance Provision	11a	1,186,256	918,640
Additional Services Levy Provision	11b	82,357	42,008
Total Provisions - Non-current:		1,268,613	960,648



Red Shield Housing Association Inc

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2015

	\$ 2015	\$ 2014
11a MAINTENANCE PROVISION		
Opening Balance	918,640	730,497
<i>add:</i> Maintenance Allowance	455,728	445,222
Interest on Maintenance Account	36,247	30,420
Maintenance Funds Available:	<u>1,410,615</u>	<u>1,206,139</u>
 <i>less:</i> Actual Maintenance Expenses Incurred on Debentured Properties for Financial Year	 224,359	 287,499
 Maintenance Provision:	<u><u>1,186,256</u></u>	<u><u>918,640</u></u>
 11b ADDITIONAL SERVICES LEVY PROVISION		
Opening Balance	42,008	30,555
<i>add:</i> Additional Services Levy Collected	70,506	70,251
Additional Services Funds Available:	<u>112,514</u>	<u>100,806</u>
 <i>less:</i> Additional Services Funds Used/Drawn (as approved by Housing SA)	 30,157	 58,798
Closing Balance:	<u><u>82,357</u></u>	<u><u>42,008</u></u>
 12 PLANNED MAINTENANCE RESERVE		
This balance represents funds set aside for the future renewal and replacement of property assets held by Red Shield Housing Association Inc.		
Opening Balance	571,000	256,000
<i>add:</i> Transfer To Planned Maintenance Reserve	314,000	315,000
Closing Balance:	<u><u>885,000</u></u>	<u><u>571,000</u></u>
 13 CAPITAL CONTRIBUTION PAYABLE TO HOUSING SA		
Amount Owing (beginning of year)	-	-
<i>add:</i> Capital Contributions Payable to Housing SA	738,257	555,842
<i>less:</i> Deficit Funding Receivable from Housing SA (if applicable)	-	-
Total Capital Contributions/-Deficit Funding:	<u>738,257</u>	<u>555,842</u>
 <i>less:</i> Current Year Monthly Remittances to Housing SA	 610,717	 555,842
<i>less:</i> Refund of prior year overpayments	62,987	-
Capital Contributions Payable/-Receivable (end of year):	<u>64,553</u>	<u>-</u>
 <i>less:</i> Capital Contributions paid post-June	 64,553	 -
<i>add:</i> Deficit Funding received post-June (if applicable)	-	-
Total Underpaid/-Overpaid Capital Contributions:	<u><u>-</u></u>	<u><u>-</u></u>



Red Shield Housing Association Inc

Statement by the Committee of Management

For the year ended 30 June 2015

In the opinion of the Committee of Management of Red Shield Housing Association Inc ("Association"):

- (a) the Association is not publicly accountable nor a reporting entity;
- (b) the financial report set out on pages 1 to 7 is in accordance with the *South Australian Co-Operative and Community Housing Act 1991*, including:
 - (i) giving a true and fair view of the financial position of the Association as at 30 June 2015 and of its performance for the financial year ended on that date in accordance with the basis of preparation described in Note 1; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1; and
- (c) there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Committee of Management:



Kerry Gray

Director

Dated at Melbourne this 14th day of October 2015





Independent auditor's report to the members of Red Shield Housing Association Inc

We have audited the accompanying financial report, being a special purpose financial report, of Red Shield Housing Association Inc ("Association"), which comprises the balance sheet as at 30 June 2015, and the income statement for the year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Committee of Management.

Committee of Management's responsibility for the financial report

The Committee of Management ("Management") of the Association are responsible for the preparation of the special purpose 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 *South Australian Co-Operative and Community Housing Act 1991* and is appropriate to meet the needs of the members. Management's responsibility also includes such internal control as Management determine necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the members, as well as evaluating the overall presentation of the financial report.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the basis of accounting described in Note 1 to the financial report so as to present a true and fair view which is consistent with our understanding of the Association's financial position, and of its performance.

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



Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

Auditor's opinion

In our opinion the financial report of Red Shield Housing Association Inc is in accordance with the South Australian Co-Operative and Community Housing Act 1991, including:

- (a) giving a true and fair view of the Association's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1.

Basis of accounting

Without modifying our opinion, 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 members' financial reporting responsibilities under the *South Australian Co-Operative and Community Housing Act 1991*. As a result, the financial report may not be suitable for another purpose.

KPMG

Darren Scammell
Partner

Melbourne

14 October 2015