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Queensland Affordable Housing Consortium Limited T/A National Affordable Housing Consortium (here after referred to as “NAHC”)

A.C.N 132 604 552

Financial Statements

For the Year Ended 30 June 2014

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

For the Year Ended 30 June 2014

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Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Directors' Report

30 June 2014

Your directors present this report on the company for the financial year ended 30 June 2014.

1. General information

Directors

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

Names	Position
Prof George William Earl	Chairperson
Brad Hosking	Director
Jeff Dutton	Director
Stephen Denaro	Director
Karen Elisabeth Smith-Pomeroy	Director

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

Principal Activities

NAHC is a not for profit charitable Institution that provides affordable housing to people in need, in particular under the Australian Government's National Rental Affordability Scheme [NRAS]. Its principal activities are to:

- Facilitate the provision of affordable rental homes under NRAS
- Undertake the 10 year compliance management under NRAS
- Provide or commission the provision of property management services for NRAS dwellings
- Create opportunities for further innovation across the social and affordable housing system to meet community need

2. Operating Results and Review of Operations for the Year

Operating result

The surplus of the company for the financial year amounted to \$2,109,891 (2013: \$1,757,445).

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

3. Other items

Significant Changes in State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Directors' Report

30 June 2014

After balance date events

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

Future developments

The following business development activities may occur in the next 12 months:

- Further growth in Active NRAS dwellings from 2,800 to at least 3,300
- Further growth in NAHC property management in Queensland to 700+
- Progression of tenders for 13 GLASS sites that QAHC has been shortlisted for and commencement of successful projects for social, affordable and market housing - subject to further Board approval.
- Finalisation and implementation of NAHC's Shared Equity Home Ownership
- Registration under the National Regulatory System
- Acquisition and provision of affordable housing in private sector partnerships, including potential projects in Qld, South Australia and Victoria
- Completion of the NDIS Design Competition and assessment of options to implement
- Partnering with other Non Profit Housing Companies and Development entities to take on urban renewal [social housing renewal] activities
- Providing a wider range of affordable housing to diverse income groups; and
- Considering options for alliances and new structures to enhance capacity to provide a large and diverse property portfolio

Environmental Issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Information on Director

Prof George William Earl Director and Chairperson

Qualifications Doctor of Philosophy - Queensland University of Technology;
Master of Applied Science (Project Management) – University of South Australia;
Postgraduate Diploma in Property Development - University of South Australia;
Diploma in Quantity Surveying;
Professional Memberships;
Associate - Australian Institute of Quantity Surveyors;
Associate - Australian Property Institute;
Member - Australian Institute of Project Managers;
Member - Planning Institute Australia;
Member - Royal Institution of Chartered Surveyors;
Fellow - Australian Institute of Building;
Fellow- Urban Development Institute of Australia.

Experience Board member and Chair at NAHC since 2011;
Professor: (Fractional) Griffith University
Professor (Honorary) Bond University.

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Directors' Report

30 June 2014

Professor Earl has over 20 years 'on ground' experience as a construction economist and property development manager working in the United Kingdom, Australia and the Pacific region, he has a wealth of high-level expertise in developing and managing a wide range of projects exceeding \$4 billion in value - from commercial office developments and retail centres through to housing estates and tourist resorts.

He is a leading exponent of sustainable development that aligns environmental values with economic, physical and social needs and his expertise in this field is evidenced by over \$5.3 million worth of research grants funding in-depth studies into the needs of specific demographic groups such as aged care residents, indigenous communities and low income rental housing. He has also published a number of papers and books.

Brad Hosking

Director

Qualifications

A. Dip (Accounting) , A. Dip (Banking & Finance), FFin, FDIA, MAICD

Experience

Director of NAHC since 2009, Corporate Director Common Equity Housing Limited;

Brad brings a diverse range of experience and skills to NAHC through an extensive background in leadership, construction and development finance, property and risk management, business development and tertiary education, gathered through executive and senior roles within the Suncorp Group, ANZ Bank and Swinburne University of Technology over a 30 year period.

Jeff Dutton

Director

Qualifications

Master of Business Administration (Executive) (Bond University);
Graduate Certificate in Training (Action Learning) (Open Learning Institute);

Bachelor of Business (Gippsland Institute of Advanced Education);

Post Graduate Studies – Project Management (University of Queensland);
and Econometrics Studies (Warrnambool Institute of Advanced Education);

Diploma in Project Management;

Certificate IV in Training and Assessment.

Further Studies: Enterprise Risk Management, Workplace Health and Safety, Company Directors Course.

Professional Memberships: Australian Institute of Project Management, Australian Institute of Company Directors.

Experience

NAHC Founding Director since 2008;

Founding Director Decisions x Design Pty Ltd.

Jeff has over 20 years' experience as a consultant and has held senior management roles in private and public organisations. He has been associated with Community Housing for sixteen years. He designed and delivered strategic planning processes in public, private, and, community organisations, A proponent of Green Project Management in Australia; he

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Directors' Report

30 June 2014

has designed and delivered accredited and unaccredited project management training for the University of Queensland. He has been a member of the past postgraduate lecture teams for several South Eastern Queensland Universities. A Registered Project Manager (RegPM) and an assessor for the Australian Institute of Project Management, he has also implemented program and project management systems in a number of public and private sector organisations.

He has also been involved with the development and implementation of Group Insurance programs for Community Housing (QCHC) and NAHC and Enterprise Risk Management and the development of Governance programs for Not for Profit organisations.

Stephen Denaro

Director

Qualifications

Bachelor of Business in Accountancy;
Graduate Diploma in Applied Corporate Governance;
Professional Memberships: Institute of Chartered Accountants in Australia;
and Australian Institute of Company Directors.

Experience

Director of NAHC since 2010;

Stephen has extensive experience in mergers and acquisitions, business valuations, accountancy services, and income tax compliance gained from positions as Company Secretary and Chief Financial Officer of various public companies, and with major chartered accountancy firms in Australia and the United Kingdom.

Karen Elisabeth Smith-Pomeroy

Director and chair of Risk Committee

Qualifications

A. Dip (Accounting);
Advanced Risk Management Wharton College Philadelphia

Fellow Institute of Professional Accountants (FIPA);
Member of Australian Institute of Company Directors (MAICD); and
Fellow Financial Services Institute of Australasia (FFIN).

Experience

Director of NAHC Ltd since 2011;

Karen has over 30 years experience in the Financial Services sector within Australia. She has been a Non Executive Director since 2007, including directorship roles in Government and industry associations.

Karen held senior executive roles in the finance industry for a number of years, retiring from Suncorp Group in 2014. She has significant experience in risk management, governance and compliance and also has extensive experience working with the property development and investment sectors nationally.

She is currently an Audit and Risk Committee member of the Department of Local Government, Community Recovery and Resilience, and a Qld Advisory Board member of Australian Super.

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Directors' Report

30 June 2014

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Michael Myers Company Secretary

Qualifications B.A [hons] Government & Politics: Social Policy and Administration

Member Australian Institute of Company Directors

Member of the Australasian Housing Institute

Experience CEO and Company Secretary of NAHC since 2008;
Director and Company Secretary of NRAS Providers Ltd
Member of the Bond University Property Advisory Committee
30 years in social and affordable housing in the UK and Australia;
Executive Director of Qld Community Housing Coalition 1996-2008;
Member of the ATO Charities Consultative Committee 2000-2009;
Member of the QUT Humanities Advisory Board 2002-2007
Director of Brisbane Housing Company and Member of the Audit Committee 2003-2008
Director of the Community Housing Federation of Australia 1998-2010 and former
Chairman;
Director of the Qld Council of Social Services 1998-2007 and former Vice President;
Director of the Australian Council of Social Services 2000-2005 and Housing Policy
Adviser;
Member of the Affordable Housing Summit Group 2005-2009.
UK
Executive Director CHAS Housing Advice Service 1985-1996, Legal Aid Franchise
1992-6, Single Homeless Accommodation Project 1991-5 and Kirklees Bond Bank
1992-6;
Member of the UK Social Security Appeals Tribunal 1986-1996;
Chairman of the Kirklees Community Law Centre 1994-1996;
Co-opted Member of the Kirklees Council Housing Services Committee 1992-1995;
Director of Kirklees Urban Renewal Company 1993-5.

Directors Remuneration

The Directors remuneration for the year was as follows:

Director	2014
Prof George William Earl	\$22,700
Bradley Hosking	\$17,650
Jeffrey Dutton	\$17,650
Stephen Denaro	\$17,650
Karen Elisabeth Smith-Pomeroy	\$17,650
TOTAL	\$93,300

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Directors' Report

30 June 2014

Meetings of Directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Risk Committee Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Prof George William Earl	12	11	-	-
Bradley Hosking	12	11	-	-
Jeffrey Dutton	12	12	4	4
Stephen Denaro	12	11	4	4
Smith-Pomeroy	12	10	4	4

NAHC has insurance cover for directors under the Association Insurance Cover.

Indemnifying Officers or Auditors

The company has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending and legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the company.

Proceedings on Behalf of Company

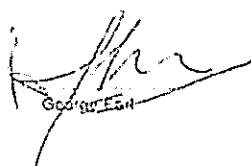
No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The auditors independence declaration for the year ended 30 June 2014 as required under section 307C of the Corporations Act 2001 has been received and can be found on page 6 of the financial report.

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



Chairperson: George Earl



Director: Stephen Denaro

Dated 15th September 2014

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to
the Directors of Queensland Affordable Housing Consortium Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014
there have been:

(i) no contraventions of the auditor independence requirements as set out in the
Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Merrotts Chartered Accountants



Ryan Muller

Brisbane

Dated: 22 SEPTEMBER 2014

Accounting

Audit & Assurance

- Statutory
- Internal
- Government

Business

- Services
- Audit
- Restructuring

Corporate Services

Estate Planning

Forensic Accounting

Litigation Support

Recruitment

- Executive
- Accounting

Superannuation

- Administration
- Planning

Taxation

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Statement of Comprehensive Income

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
Consortium fees		1,741,812	1,117,763
Other trading revenue		11,866	14,651
Facilitation fees		1,233,129	1,736,457
Interest		176,343	75,289
Property Management fee		528,402	330,198
Lodgement fee		249,475	64,499
Member subscriptions		3,200	3,000
Other income		304,315	57,953
Lease income	9	15,406,712	14,551,183
Employee benefits expense		(1,567,956)	(1,046,795)
Depreciation and amortisation expense		(29,035)	(32,569)
Rent		(102,694)	(77,360)
Consultancy fees		(115,088)	(59,738)
Legal fees		(102,226)	(119,869)
Directors fees		(93,300)	(84,550)
Lease expenses	9	(15,217,436)	(14,551,183)
Other operating expenses		(317,628)	(221,484)
CURRENT YEAR SURPLUS BEFORE INCOME TAX		2,109,891	1,757,445
Income tax expense		-	-
NET CURRENT YEAR SURPLUS		2,109,891	1,757,445
Other comprehensive Income:			
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,109,891	1,757,445

The accompanying notes form part of these financial statements.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Statement of Financial Position

30 June 2014

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	3,218,577	2,165,851
Trade and other receivables	3	823,106	377,362
Held to maturity term deposits	4	1,670,000	1,110,000
Other assets	6	30,985	42,501
TOTAL CURRENT ASSETS		5,742,668	3,695,714
NON-CURRENT ASSETS			
Property, plant and equipment	5	173,955	99,222
Intangible assets		25,000	25,000
TOTAL NON-CURRENT ASSETS		198,955	124,222
TOTAL ASSETS		5,941,623	3,819,936
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	133,463	152,104
Employee Provisions		128,754	98,317
TOTAL CURRENT LIABILITIES		262,217	250,421
TOTAL LIABILITIES		262,217	250,421
NET ASSETS		5,679,406	3,569,515
EQUITY			
Retained Surplus		5,679,406	3,569,515
TOTAL EQUITY		5,679,406	3,569,515

The accompanying notes form part of these financial statements.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Retained Surplus \$	Total \$
Balance at 1 July 2013	3,569,515	3,569,515
Surplus for the year	2,109,891	2,109,891
Sub-total	2,109,891	2,109,891
BALANCE AT 30 JUNE 2014	5,679,406	5,679,406

2013

	Retained Surplus \$	Total \$
Balance at 1 July 2012	1,812,070	1,812,070
Surplus for the year	1,757,445	1,757,445
Sub-total	1,757,445	1,757,445
BALANCE AT 30 JUNE 2013	3,569,515	3,569,515

The accompanying notes form part of these financial statements.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Statement of Cash Flows

For the Year Ended 30 June 2014

	Note	2014 \$	2013 \$
CASH FROM OPERATING ACTIVITIES:			
Receipts from customers		19,365,619	18,144,269
Payments to suppliers and employees		(17,825,469)	(16,439,202)
Interest received		176,344	75,289
Net cash provided by (used in) operating activities	8	<u>1,716,494</u>	<u>1,780,356</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(103,768)	(45,415)
Purchase of software		-	(25,000)
Net cash used by investing activities		<u>(103,768)</u>	<u>(70,415)</u>
OTHER ACTIVITIES:			
Net cash increase (decreases) in cash and cash equivalents		1,612,726	1,709,941
Cash and cash equivalents at beginning of year		3,275,851	1,565,910
Cash and cash equivalents at end of financial year	2	<u>4,888,577</u>	<u>3,275,851</u>

The accompanying notes form part of these financial statements.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

NAHC is a company limited by guarantee. It is a member based not-for-profit entity, established for the purpose of establishing low-cost affordable housing projects. This financial report is prepared for distribution to members.

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial reports. These financial statements are therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes. The accounting policies have been adopted in the preparation of this report are as follows:

Accounting Policies

(b) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less depreciation and any impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line and diminishing value basis over their useful life to the company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	
Motor Vehicles	25%
Office Equipment	10-40%
Computer Equipment	10-66.66%
Computer Software	20-40%

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

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(b) Property, Plant and Equipment continued

carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the profit and loss.

(c) 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 the equivalent to 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 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

Financial instruments are subsequently measured at either of fair value, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking. The only such assets designated as such is cash and cash equivalents. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) 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. (All other loans and receivables are classified as non-current assets.)

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at cost.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(c) Financial Instruments continued

Impairment

At each reporting date, 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 impairment has arisen. Impairment losses are recognised in the other comprehensive income.

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 entity 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 discharged, cancelled or expired. The difference between the carrying value of the financial liability 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.

(d) 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 on the statement of financial position.

(e) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. 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. In determining the liability consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred.

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

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(g) 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 amounts normally paid within 30 days of recognition of the liability.

(h) 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*.

(i) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

(j) Revenue and Other Income

NAHC receives non-reciprocal contributions of assets from the government and other parties for no or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of comprehensive income.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

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

(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 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 statement of financial position are shown inclusive of GST

(l) Adoption of New and Revised Accounting Standards

Management has not early adopted any accounting standards issued but not yet effective. The company is yet to assess the impact of such standards.

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2 Cash and Cash Equivalents

	2014 \$	2013 \$
Cash on hand	100	462
Cash at bank	3,218,477	2,165,389
	<u>3,218,577</u>	<u>2,165,851</u>

Reconciliation of cash

	2014 \$	2013 \$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Bank balances	3,218,477	2,165,389
Held to maturity	1,670,000	1,110,000
Petty Cash	100	462
	<u>4,888,577</u>	<u>3,275,851</u>

3 Trade and Other Receivables

	2014 \$	2013 \$
CURRENT		
Trade receivables	275,183	334,238
Provision for impairment	-	(66,891)
	<u>275,183</u>	<u>267,347</u>
Other receivables	174,885	110,015
GST receivable	373,038	-
Total current trade and other receivables	<u>823,106</u>	<u>377,362</u>

4 Other Financial Assets

Held-to-maturity investments comprise:

	2014 \$	2013 \$
Term deposits over three months	1,670,000	1,110,000
	<u>1,670,000</u>	<u>1,110,000</u>

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

5 Property, Plant and Equipment

	2014 \$	2013 \$
Motor vehicles		
At cost	53,795	20,318
Accumulated depreciation	(12,746)	(6,864)
Total motor vehicles	<u>41,049</u>	<u>13,454</u>
Office equipment		
At Cost	45,066	23,829
Accumulated depreciation	(11,823)	(5,241)
Total office equipment	<u>33,243</u>	<u>18,588</u>
Computer equipment		
At cost	72,164	60,163
Accumulated depreciation	(40,329)	(25,329)
Total computer equipment	<u>31,835</u>	<u>34,834</u>
Computer software		
At cost	72,320	35,267
Accumulated depreciation	(4,492)	(2,921)
Total computer software	<u>67,828</u>	<u>32,346</u>
Total property, plant and equipment	<u>173,955</u>	<u>99,222</u>

6 Other Assets

	2014 \$	2013 \$
CURRENT		
Prepayments	14,006	25,504
Deposits paid	16,979	16,997
	<u>30,985</u>	<u>42,501</u>

7 Trade and Other Payables

	2014 \$	2013 \$
CURRENT		
Trade payables and accruals	66,025	50,039
PAYG Withholding Payable	51,524	21,105
Other payables	-	2,368
GST Liability	-	71,294
Superannuation Payable	15,914	7,298
	<u>133,463</u>	<u>152,104</u>

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

8 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:

	2014 \$	2013 \$
Profit for the year	2,109,891	1,757,445
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	29,035	32,569
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(445,744)	(65,915)
- (increase)/decrease in other assets	11,516	(16,663)
- increase/(decrease) in trade and other payables	(18,641)	31,829
- increase/(decrease) in employee benefits	30,437	41,092
Cashflow from operations	<u>1,716,494</u>	<u>1,780,356</u>

9 Net lease income

	2014 \$	2013 \$
Lease income received	15,406,712	14,551,183
Lease income paid	<u>(15,217,436)</u>	<u>(14,551,183)</u>
	<u>189,276</u>	<u>-</u>

The company is party to 1,191 head/sub-lease agreements each with an initial term of ten years and an average remaining term of seven years. In prior year under these head lease agreements, NAHC was only liable for lease payments while the properties were rented under the sub-lease and hence there was no net liability to NAHC. In the current financial year a decision was taken based on legal advice that the company can claim GST on property management service fees.

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

10 Property Administration Bank Accounts

The entity is responsible for the administration of a number of bank accounts pertaining to the properties which the entity manages.

Although not subject to the statutory requirements of the *Property Agents and Motor Dealers Act 2000*, the entity effectively administers these accounts as trust accounts.

The balance of monies held in these accounts at 30 June 2014 was:

Account name	Balance as at 30/6/14
SCV Group	\$0.00
Four Walls	\$3,335.36
Regional Housing Limited	\$11,137.71
Anglicare Care Housing	\$11,093.91
Fraser Coast Housing	\$0.00
Church of Christ (Care)	\$19,203.27
Mangrove Housing	\$18,152.86
Blue Chip (Tranquille-Cannonvale)	\$515.00
Hunt view	\$2,536.57
Mackay	\$5,555.28
Whitsundays	\$140.71
QAHG PMC	\$483,385.57
Connect	\$2,724.41

A separate assurance engagement is performed by the entity's auditors on these accounts.

11 Company Details

The registered office of the company is:

Queensland Affordable Housing Consortium Limited T/A
National Affordable Housing Consortium
1/118 Vulture Street
South Brisbane
QLD
4101

Queensland Affordable Housing Consortium Ltd T/A National Affordable Housing Consortium

Directors' Declaration

The directors have determined that the company is not a reporting entity and that this special purpose financial report 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 8 to 19, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards applicable to the company; and
 - (b) give a true and fair view of the financial position as at 30 June 2014 and of the 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
George Earl

Director ..
Stephen Denaro

Dated. 15th September 2014

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Queensland Affordable Housing Consortium Limited

Independent Audit Report to the members of Queensland Affordable Housing Consortium Limited

We have audited the accompanying financial statements, being a special purpose financial report, of Queensland Affordable Housing Consortium Limited T/A National Affordable Housing Consortium (the company), which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report and have determined that the accounting policies described in Note 1 to the financial report are appropriate to meet the requirements of the *Corporations Act 2001* and are 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 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 accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Accounting

Audit & Assurance

- Statutory
- Internal
- Government

Business

- Services
- Audit
- Restructuring

Corporate Services

Estate Planning

Forensic Accounting

Litigation Support

Recruitment

- Executive
- Accounting

Superannuation

- Administration
- Planning

Taxation

Queensland Affordable Housing Consortium Limited

Independent Audit Report to the members of Queensland Affordable Housing Consortium Limited

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Queensland Affordable Housing Consortium Limited, would be in the same terms if provided to the directors as at the date of this auditor's report.

Opinion

In our opinion the financial report of Queensland Affordable Housing Consortium Limited T/A National Affordable Housing Consortium is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2014 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 and complying with the Corporations Regulations 2001.

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 directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



Merrotts Chartered Accountants



Ryan Muller

Brisbane

Dated: 22 SEPTEMBER 2014