

National Affordable Housing Consortium - Victoria Limited

ABN 92 637 534 617

Financial Statements

For the Year Ended 30 June 2024

National Affordable Housing Consortium - Victoria Limited

ABN 92 637 534 617

Contents

For the Year Ended 30 June 2024

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration under Section 60-40 of the <i>Australian Charities and Not-for-Profits Commission Act</i>	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Responsible Persons' Declaration	29
Independent Audit Report	30

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Directors' Report 30 June 2024

The Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2024.

1. General information

Directors

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

Names	Position	
Linda Hoskins	Chair	
Karen Smith-Pomeroy	Director	Retired 30 June 2024
Michael Myers	Director	Retired 1 December 2023
Kerry Stubbings	Director	
Scott King	Director	Appointed 10 August 2023
Michael Schaumberg	Director	Appointed 10 August 2023
Peter Wells	Director	Appointed 10 August 2023
Samantha Challinor	Director	Appointed 14 November 2023

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

Principal activities

National Affordable Housing Consortium - Victoria Limited (NAHCV) is a not for profit charitable institution that facilitates the provision of affordable housing to people in need. The company was incorporated on the 18th November 2019.

The principal activities are to:

- To pursue strategies in Victoria, including acquire, own and operate and shared equity investment;
- To liaise with the Victorian Government to develop and provide affordable and social housing outcomes.

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 \$10 each towards meeting any outstanding obligations of the entity.

No significant change in the nature of these activities occurred during the year.

2. Operating results and review of operations for the year

Operating result

The total comprehensive income of the Company for the financial year amounted to \$9,559,945 (2023: \$43,757,306)

Dividends paid or recommended

No dividends are payable given the charitable nature of the company.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Directors' Report 30 June 2024

3. Other items

Events after the reporting date

On 15th July 2024, the development containing 96 units at Mount Waverley has settled. The property was funded using a fund through arrangement where funds had been received as grants from the State Government of Victoria throughout the building stage and subsequently loaned to PACE Development Pty Ltd (The Builder) to finance the build. At completion, the total loan of \$38,851,205 converted to consideration paid for the building. The acquisition further required the full drawdown of the TCV debt facility of \$7,561,742 and a short term 11 a.m. facility of \$3.396,082 to fund the full \$49.4M contract price. The 11 a.m. facility was fully repaid on 20 September 2024.

The Geelong property at Myers Street has seen demolition, foundations and site works completed and the foundation slab has been poured. The \$72 Million building, supported by operational availability subsidies paid by the Victorian Government, will deliver 117 units to the Social and affordable Housing Pool in Victoria. The building is scheduled for completion in October 2025.

Except for the above, no other 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.

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 of Australia.

Future developments

The Company, in pursuit of its mission to provide social and affordable housing, has numerous initiatives in place to increase:

- the number of affordable and social rental properties; and
- the number of shared equity home ownership properties where deposit assistance is supplied to qualifying home purchasers.

Information on directors

Linda Hoskins	Chair since September 2020
Qualifications	Independent Non-Executive Director since September 2020 Diploma of Youth Work Bachelor of Arts
Professional Memberships	Member, Australian Institute of Company Directors (MAICD) Member, Health Informatics Society of Australia (HISA)
Experience	Linda has over 30 years' experience working in the community, health and government sectors. She has held many Non-Executive Director roles throughout her career including on community, Arts and social enterprise boards. She has owned and run her own IT consultancy practice since 2012 focussed on not for profit, for purpose organisations. Linda has significant experience in the community housing sector, and a depth of knowledge of the machinations of government, both policy and practice. Board culture, practice, and corporate governance are of particular interest to her.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Directors' Report 30 June 2024

3. Other items (continued)

Karen Smith-Pomeroy	Independent Non-Executive Director from September 2020 to June 2024
Qualifications	Advanced Diploma of Accounting Advanced Risk Management, Wharton College USA Graduate, Company Directors Course, Australian Institute of Company Directors
Professional Memberships	Fellow, Institute of Public Accountants (FIPA) Graduate, Australian Institute of Company Directors (GAICD) Senior Fellow, Financial Services Institute of Australasia (SFFIN) Affiliate, Governance Institute of Australia (GIA Affiliated)
Experience	<p>Karen has over 30 years' experience in the Financial Services sector within Australia. She is an experienced company director who has held a number of Non-Executive roles, across Government, listed and non-listed entities and industry associations.</p> <p>Karen's current non-executive directorships include Queensland Treasury Corporation, Kina Securities Limited, Regional Investment Corporation, and National Reconstruction Fund Corporation.</p>
Kerry Stubbings	Independent Non-Executive Director since August 2022
Qualifications	Chair (Governance, Remuneration and Nominations Committee) since July 2024 Graduate Diploma of Business – Management Stream Graduate Diploma of Urban Planning Bachelor of Arts Diploma of Project Management Diploma of Education
Experience	<p>Graduate, Company Directors Course, Australian Institute of Company Directors</p> <p>Kerry has over 30 years of experience in executive roles in the Victorian Local Government sector, not-for-profit service organisations and the Victorian State Government. Kerry currently holds board director roles in the public health sector in Victoria.</p> <p>Her responsibilities have included the planning and provision of a diverse range of community focused services in such areas as children and family services, health, recreation, arts, housing, social planning, and community engagement.</p> <p>Her focus on supporting affordable housing have included building a policy environment for local councils to support the provision of social and affordable housing opportunities in local communities, as well as supporting tenant engagement programs in the public housing sector.</p>
Michael Myers	Director from September 2020 to December 2023
Qualifications	Bachelor of Arts [hons] Government & Politics: Social Policy and Administration
Professional Memberships	Member, Australian Institute of Company Directors (MAICD) Member, Australasian Housing Institute (MAHI)
Experience	<p>Mike was the founder and Managing Director of the National Affordable Housing Consortium. He has 40 years' experience in senior executive roles in social and affordable housing, including direct housing provision, policy development and legal and advisory services in the UK and Australia.</p> <p>Mike is a member of the Bond University Property Advisory Committee.</p>
Scott King	Independent Non-Executive Director since August 2023
Qualifications	Chartered Accountant, Chartered Accountants Australia & New Zealand Bachelor of Economics (Accountancy & Economics)
Professional Memberships	Member, Australian Institute of Company Directors (MAICD)
Experience	<p>Scott is a seasoned professional with extensive strategic and operational experience, particularly at Board and Executive levels. His expertise spans the full spectrum of corporate and retail strategy, and he has also helped navigate Board and Management teams through periods of change.</p> <p>Scott is a Non-Executive Director of The Mutual Bank Ltd and The Royal Australian College of General Practitioners (RACGP). He is also a Member of the Audit & Risk Committee of the Royal Australian of General Practitioners (RACGP).</p>

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Directors' Report 30 June 2024

3. Other items (continued)

Michael Schaumburg	Independent Non-Executive Director since August 2023
Qualifications	Graduate Diploma of Business Administration Associate Diploma of Civil Engineering Bachelor of Engineering (Civil) (Hons) Graduate, Company Directors Course, Australian Institute of Company Directors
Professional Memberships	Fellow, Institute of Engineers Australia (FIEAust) Chartered Professional Engineer, Engineers Australia (CPEng) Chartered Professional Engineer, IPEA Register (IntPE(Aus)) Chartered Professional Engineer, APEC Register (APECEngineer)
Experience	Registered Professional Engineer, Board of Professional Engineers of Queensland (RPEQ) Principal, MJS Advisory Pty Ltd Michael is a chief executive and project director with three decades of varied experience in the infrastructure and resources sectors and industry development. Michael has an accomplished track record of growing organisations efficiently, effectively and delivering complex major projects to deliver significant shareholder value. Michael's experience includes senior roles in government departments, government owned corporations and the private sector.
Peter Wells	Independent Non-Executive Director since August 2023
Qualifications	Master of Science Bachelor of Science Governance for Social Impact, Executive Education Course, Centre for Social Impact Australian Graduate School of Management (AGSM) Graduate, Company Directors Course, Australian Institute of Company Directors Executive Assessment and Development Program, New South Wales Government Executive Managing Regulation, Enforcement & Compliance, ANZ School of Government Executive Development Program, New South Wales Government
Experience	Peter is an experienced public and private sector executive, board director and university lecturer with a demonstrated history of working across government, industry and consulting. Peter's career includes significant executive and board leadership experience, and he has achieved major results in key roles. With a background in large scale customer service, regulation, urban planning, transport, environment, infrastructure and managing large operational functions, Peter has also developed and implemented major reforms. Peter's Non-Executive Director roles include Animark and Uniting (NSW and ACT). His is also the Managing Director of Corporate Protection, Security, Investigations & Intelligence Company (CPSIIG).
Samantha Challinor	Independent Non-Executive Director since November 2023
Qualifications	Chair (Audit and Risk Committee) since July 2024 Bachelor of Business (Accountancy) Fellow Certified Public Accountant, CPA Australia (FCPA)
Professional Memberships	Fellow, Australian Institute of Company Directors (FAICD)
Experience	Samantha is an experienced Non-Executive Director with proven expertise in governance, financial and risk management. Samantha has over 20 years' experience in senior accounting and leadership roles, and is adept at bringing financial, information technology, risk and project management oversight and governance to organisations through experience in the commercial, for-purpose and public health Government sectors. Samantha's Non-Executive Director roles include the Sydney North Health Network, RSL LifeCare, and the Australian Consumers Association (CHOICE). She also Chairs the Finance, Audit and Risk Committees of these organisations.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Directors' Report 30 June 2024

3. Other items (continued)

Matthew Crossley	Company Secretary since July 2024
Qualifications	Master of Business Administration Bachelor of Public Policy Diploma of Leadership and Management Justice of the Peace (Qualified)
Professional Memberships	Associate, Governance Institute of Australia (AGIA) Member, Institute of Community Directors Australia (MICDA)
Experience	Matthew is a senior leader with significant experience in highly regulated, highly scrutinised, and highly complex sectors. Matthew joined NAH in July 2024 after working in banking and financial services where he was responsible for public policy, regulatory affairs, and corporate governance. Matthew has extensive experience in defence industry having held a senior risk and compliance role with the largest privately-owned contractor to the Australian Department of Defence. He also has ten years' experience in executive government and politics. Matthew is an experienced Non-Executive Director and currently serves on several not-for-profit boards.
Harriet Brummelhuis	Company Secretary from November 2021 to June 2024
Qualifications	Master of Accounting Postgraduate Degree in Tax Accounting Bachelor of Business Administration Certificate in Not-for-Profits, Governance Institute of Australia
Professional Memberships	Fellow, Governance Institute of Australia (FGIA)
Experience	Harriet has more than 15 years' experience in executive roles in the human services sector, including 10 years in social and affordable housing across Queensland and New South Wales, and various roles in organisations providing aged care, disability support, child safety and family support services. Harriet is a corporate services professional with strengths in corporate governance, risk and compliance, human resources, finance, strategy, leadership, business development and transformation. Harriet is values driven and committed to providing outcomes that meet the needs of the community. Harriet has been a Non-Executive Director of Health Consumers Queensland since November 2022.

Meetings of directors

During the financial year, 6 meetings of Directors (including committees of Directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Linda Hoskins	6	6
Karen Smith-Pomeroy	6	6
Michael Myers	3	3
Kerry Stubbings	6	6
Scott King	5	4
Michael Schaumberg	5	5
Peter Wells	5	5
Samantha Challinor	3	3

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

Proceedings on behalf of company

Apart from the above, 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.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Directors' Report

30 June 2024

Auditor's independence declaration

The auditor's independence declaration in accordance with the *Australian Charities and Non-profits Commission Act 2012* (Cth) for the year ended 30 June 2024 has been received and can be found on page 8 of the financial report.

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



Linda Hoskins
(Chair)

22 October 2024



Samantha Challinor
(Chair Audit and Risk Committee)

Suite 1, Level 9
Brisbane Club Tower
241 Adelaide Street
Brisbane Qld 4000
Australia

GPO Box 565
Brisbane Qld 4001
Australia

Phone:
61 (07) 3233 0600

Fax:
61 (07) 3233 0601

Email:
mail@merrotts.com.au

Web:
www.merrotts.com.au

National Affordable Housing Consortium Victoria Limited

ABN 92 637 534 617

Auditors Independence Declaration under Section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of National Affordable Housing Consortium Victoria Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012*, as lead auditor for the audit of National Affordability Housing Consortium Victoria Limited declare that, to the best of my knowledge and belief, during the year ended 30 June 2024, there have been:

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

Merrotts Chartered Accountants



David Sneesby
Partner

18th October 2024

Brisbane

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

National Affordable Housing Consortium - Victoria Limited

ABN 92 637 534 617

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2024

		2024	2023
	Note	\$	\$
Grants received		163,435	42,370,677
Property management income		24,099	114,597
Rental income		1,764,054	600,646
Other income	4(a)	40,580	603,710
Total Income		1,992,167	43,689,630
Rental property ownership costs		525,425	147,548
Finance costs		503,557	250,607
Depreciation expense		469,651	200,311
Service charges – associated company	18b	292,781	152,858
Audit fees		16,100	6,275
Bad and doubtful debts		67,674	-
Consultants and contractors		14,776	5,000
Director and Board expenses		-	35,059
Insurance		-	26,994
Legal costs		650	359,986
Other costs		47,855	17,854
Repairs and maintenance		84,714	7,355
Travel and accommodation		-	1,955
Victorian bid cost expenditure	18b	-	434,380
Total Expenses		2,023,183	1,646,181
Profit/(loss) before income tax		(31,015)	42,042,450
Income tax expense	2(a)	-	-
Profit for the year		(31,015)	42,042,450
Other comprehensive income for the year, net of tax			
Gain on revaluation of Land and Buildings	22(b)	9,590,960	1,714,856
Total comprehensive income/(loss) attributable to members		9,559,945	43,757,306

The accompanying notes form part of these financial statements.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Statement of Financial Position 30 June 2024

	Note	2024 \$	2023 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	3,071,806	4,404,132
Trade and other receivables	6	155,940	141,051
Related party receivables	7	209,695	4,306,782
Other assets	8	6,910,748	12,000
Short term loans – third parties	9	38,851,205	11,493,344
TOTAL CURRENT ASSETS		49,199,394	20,357,309
NON-CURRENT ASSETS			
Property, Plant and Equipment	10	62,594,950	53,245,000
Work in Progress	23	73,993	-
TOTAL NON-CURRENT ASSETS		62,668,943	53,245,000
TOTAL ASSETS		111,868,337	73,602,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	55,248	1,393,134
Financial liabilities	13	138,471	127,641
Deferred income	12	40,050,804	16,796,444
TOTAL CURRENT LIABILITIES		40,244,523	18,317,219
NON-CURRENT LIABILITIES			
Financial liabilities	13	18,039,104	11,260,325
TOTAL NON-CURRENT LIABILITIES		18,039,104	11,260,325
TOTAL LIABILITIES		58,283,627	29,577,545
NET ASSETS		53,584,710	44,024,765
EQUITY			
Retained earnings		41,471,542	41,709,909
Asset Maintenance Reserve	22	207,351	-
Asset Revaluation Reserve	22	11,305,817	1,714,856
General reserves	22	600,000	600,000
TOTAL EQUITY		53,584,710	44,024,765

The accompanying notes form part of these financial statements.

National Affordable Housing Consortium - Victoria Limited

ABN 92 634 534 617

Statement of Changes in Equity For the Year Ended 30 June 2024

2024

	Asset Maintenance Reserve \$	Asset Revaluation Reserve \$	General Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2023	-	1,714,856	600,000	41,709,909	44,024,765
Transfer to General Reserves	-	-	-	-	-
Transfer to Asset Maintenance Reserve	207,351	-	-	(207,351)	-
Amounts Recognised in Asset Revaluation Reserve	-	9,590,960	-	-	9,590,960
Profit attributable to members	-	-	-	(31,015)	(31,015)
Balance at 30 June 2024	207,351	11,305,817	600,000	41,471,542	53,584,710

2023

	Asset Maintenance Reserve \$	Asset Revaluation Reserve \$	General Reserves \$	Retained Earnings \$	Total \$
Balance at 1 July 2023	-	-	100,000	167,459	267,459
Transfer to general reserves	-	-	500,000	(500,000)	-
Amounts Recognised in Asset Revaluation Reserve	-	1,714,856	-	-	1,714,856
Profit attributable to members	-	-	-	42,042,450	42,042,450
Balance at 30 June 2024	-	1,714,856	600,000	41,709,909	44,024,765

The accompanying notes form part of these financial statements.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Statement of Cash Flows For the Year Ended 30 June 2024

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from government and customers		25,189,092	10,592,155
Payments to suppliers and employees		(29,805,443)	(6,120,741)
Interest received		34,810	52,711
Finance costs		(518,847)	(250,606)
Net cash used in operating activities	19	(5,100,388)	4,273,519
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for land and buildings		(297,634)	(51,730,455)
Payment for land deposit		(6,821,000)	-
Loans to related parties		4,097,086	(4,264,299)
Net cash used in investing activities		(3,021,548)	(55,994,754)
CASH FLOWS FROM FINANCING ACTIVITIES:			
New borrowings		6,789,608	11,387,966
Grants classified as financing		-	42,370,677
Net cash provided by financing activities		6,789,608	53,758,643
Net increase/(decrease) in cash and cash equivalents held		(1,332,327)	2,037,408
Cash and cash equivalents at the beginning of the year		4,404,132	2,366,724
Cash and cash equivalents at the end of the financial year	5	3,071,806	4,404,132

The accompanying notes form part of these financial statements.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

Reporting Entity

The financial report covers National Affordable Housing Consortium - Victoria Limited ('the Company'). National Affordable Housing Consortium – Victoria Limited is a not for profit Company, registered and domiciled in Australia. The Company prepares their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors 22nd October 2024.

Comparatives are consistent with prior years, unless otherwise stated.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012*.

2. Summary of Material Accounting Policies

(a). Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b). Revenue and other income

The revenue recognition policies for the Company are:

Grant revenue and government incentives

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement but may include operation grants to provide social housing, subsidise the purchase of property or for undertaking building maintenance. Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where the performance obligation has not been satisfied, the revenue is deferred until the contractual obligations are satisfied.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Rendering of services

Revenue recognition from contracts with customers relating to the provision of services is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. If the contract includes a variable amount, the entity estimates the consideration to which it will be entitled in exchange for transferring the services to the customer.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Interest revenue

Interest is recognised using the effective interest method.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

2. Summary of Material Accounting Policies (continued)

(c). 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 GST. Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d). Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e). Property, plant and equipment

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

Land and buildings

Land & Buildings (except shared equity interests) are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in Other Comprehensive Income credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same class previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same class recognised in the asset revaluation surplus. Capital works in Progress including pre-acquisition costs on buildings are recognised at cost and subsequently measured at fair value. However, they are not depreciated as the related asset is not yet installed and available for use but are assessed for impairment annually.

Shared Equity Investments

Equitable interests in land and buildings are measured at fair value less any accumulated depreciation and impairment losses recognised after the date of valuation. NAHCV has an equitable interest (ranging between 20% and 30%) in properties purchased under the Shared Equity Scheme. These interests are classified as joint operations where NAHCV does not have joint control over the asset. Under this arrangement, NAHCV is registered as a second mortgage holder over the property. Under this arrangement, NAHC will recognise its share of the land and buildings and the equitable interest will be accounted for under AASB 116 *Property, Plant and Equipment*.

Basis of valuation

Revaluation of property

The Company carries its land & buildings at fair value, with changes in fair value being recognised in the revaluation reserve. The assets were valued by the Directors by reference to industry data of transactions involving properties of a similar nature, location and condition. The carrying value of land was estimated by the Directors using Valuer-General guidelines. Periodically, the Company engages an independent valuation specialist to assess fair values in line with funding covenants on a rolling 3 year basis.

Depreciation

Property, plant and equipment, excluding freehold land or equitable interests in land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use. Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

2. Summary of Material Accounting Policies (continued)

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f). Financial instruments

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

Financial instruments (except for trade receivables) are initially measured 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.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient as specified in AASB 15.63.

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3 Business Combinations applies;
- Held for trading; or
- initially designated as at fair value through profit or loss.

All other 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 is held for trading if it is:

- it is incurred for the purpose of repurchasing or repaying the near term;
- part of the portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is a financial guarantee contract or a derivative that is in an effective hedging relationship).

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

2. Summary of Material Accounting Policies (continued)

(f). Financial instruments (continued)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not a part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Financial guarantee contracts are initially measured at fair values (if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured the higher of:

- the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
- the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or;

Measurement is on the basis of two primary criteria:

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

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:

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

2. Summary of Material Accounting Policies (continued)

(f). Financial instruments (continued)

- 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 assets 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 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 companyings was documented appropriately, so that the performance of the financial liability that was part of a company of financial assets or financial liabilities can be managed 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.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Company made an irrecoverable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

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 (ie 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 the 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 asset transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

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

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

2. Summary of Material Accounting Policies (continued)

(f). Financial instruments (continued)

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

- the right to receive cash flows from the asset has expired or has been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision 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 under 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 was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss, and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability weighted estimate of credit losses over the expected life of the financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows that are expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments

- the general approach;
- the simplified approach;
- the purchased or originated credit impaired approach; and

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

2. Summary of Material Accounting Policies (continued)

(f) Financial Instruments (continued)

- low credit risk operational simplification

General approach

Under the general approach, at each reporting period, the Company assess whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

(g). Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated. The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

3. Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates. The significant estimates and judgements made have been described below.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible based on the expected lifetime credit losses approach.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

4. Other income and expenses

	2024	2023
	\$	\$
4(a) Other income		
Gifts and donations	-	509,679
Interest income	34,809	52,711
Miscellaneous Income	5,771	-
Shared equity program commissions	-	41,320
	40,580	603,710
4(b) Specific expenses contributing to the net profit of the entity		
Audit fees	16,100	6,275
Director fees and Board expenses	-	35,059
Depreciation	469,651	200,311

5. Cash and Cash Equivalents

Cash at bank and in hand	3,071,806	4,404,132
	3,071,806	4,404,132

6. Trade and Other Receivables

Accounts receivable	29,900	230
Rental receivables	17,835	32,618
Sundry receivables	108,205	108,203
	155,940	141,051

7. Related Party Receivables

National Affordable Housing Consortium Limited	209,695	4,306,782
	209,695	4,306,782

8. Other assets

Prepayments	82,748	-
Deposits paid	6,833,000	12,000
	6,915,748	12,000

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

9. Short term Loans to Third Parties

	2024 \$	2023 \$
Loan to PACE Development Pty Ltd	38,851,205	11,493,344
	38,851,205	11,493,344

During the year the company entered into a contractual arrangement with PACE Development Pty Ltd for the construction of 96 residential units at Mount Waverley. During the construction phase, the company will loan in full the periodic grant payments received from the state government, interest free, to PACE Development Pty Ltd to fund the construction of the property. At settlement, the loan funds will be converted to consideration paid for the property. The grant revenue is recognised in deferred income and is deferred until the property settles. The total commitment to fund PACE Development Pty Ltd is \$38,851,205 with property settlement occurring 15th July 2024.

10. Property, plant and equipment

LAND AND BUILDINGS

Land & Buildings - shared equity investments – at Directors valuation	308,435	145,000
Total land & buildings - shared equity investments	308,435	145,000

Land & Buildings at Directors valuation	62,230,000	53,100,000
Less accumulated depreciation	-	-
Total land and buildings at Directors valuation	62,230,000	53,100,000
Total Land and Buildings	62,538,345	53,245,000

PLANT AND EQUIPMENT

Fixtures and fittings at cost	47,046	-
Less accumulated depreciation	(6,223)	-
Total fixtures and fittings	40,823	-

Leasehold Improvements at cost	13,160	-
Less accumulated depreciation	(2,468)	-
Total Leasehold Improvements	10,693	-
Total Property, Plant and equipment	62,594,950	53,245,000

10a. Shared equity interests

Shared equity interests are secured by way of second mortgage over the relevant property. In the event of default or sale by the owner, NAHC is second ranking mortgagee over the property and entitled to the proportionate amount of the proceeds equivalent to the equitable interest.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

(b) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings \$	Shared Equity Interests \$	Fixtures and Fittings \$	Leasehold improvements \$	Total \$
Year ended 30 June 2024					
Balance at the beginning of year	53,100,000	145,000	-	-	53,245,000
Additions	-	163,435	47,046	13,160	228,641
Disposals - written down value	-	-	-	-	-
Revaluation increment	9,590,960	-	-	-	9,590,960
Depreciation expense	(460,960)	-	(6,223)	(2,468)	(469,651)
Balance at the end of the year	62,230,000	308,435	40,823	10,692	62,594,950

	Land and Buildings \$	Shared Equity Interests \$	Fixtures and Fittings \$	Leasehold improvements \$	Total \$
Year ended 30 June 2023					
Balance at the beginning of year	-	-	-	-	-
Additions	51,585,455	145,000	-	-	51,730,455
Disposals - written down value	-	-	-	-	-
Revaluation increment	1,714,856	-	-	-	1,714,856
Depreciation expense	(200,311)	-	-	-	(200,311)
Balance at the end of the year	53,100,000	145,000	-	-	53,245,000

11. Trade and Other Payables

	2024 \$	2023 \$
GST payable	3,770	609,688
Accrued expenses	80,859	175,460
Superannuation payable	-	(237)
Trade payables	(29,381)	608,223
	55,248	1,393,134

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12. Deferred income

Grants received in advance	40,050,804	16,796,444
Total deferred income	40,050,804	16,796,444

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

13. Financial liabilities

CURRENT

	2024	2023
	\$	\$
Borrowings payable within 12 months	<u>138,471</u>	127,641
Total Current Borrowings	138,471	127,641

NON-CURRENT

Borrowings payable	<u>18,039,104</u>	11,260,305
Total Non-current Borrowings	18,039,104	11,260,305
Total financial liabilities	18,177,575	11,387,946

During 2023 the company entered into a financing arrangement with the Treasury Corporation of Victoria for \$11,387,641 to purchase the Cheltenham property at 13-15 Cheltenham Road. The loan is fixed at 4.8115% for 15 years with a final payment of \$8,930,773 due in April 2037. The payments are principal and interest on a Quarterly basis. This facility is fully drawn at balance date.

The company also entered into a financing arrangement with the Treasury Corporation of Victoria to fund the development of a property at Mount Waverley, Victoria due for completion in the 2025 financial year. The commitment is fixed at 5.8651% principal and interest payments for 12 years with a maturity date in October 2037. The payments are principal and interest with a scheduled final payment of \$6,206,915. This facility is undrawn at \$7,561,942 as at 30 June 2024.

The company entered into a financing arrangement with the Treasury Corporation of Victoria to fund the development of a property at Myers Street, Geelong, Victoria due for completion in mid to late 2025-26 Financial Year. The initial \$6.891M borrowing was to fund the \$6.821 Million deposit on the building in addition to some acquisition costs and was fixed at a 4.65% coupon rate. The interest payments are capitalised until the property settles. Upon Settlement estimated to be October 2025, the loan is settled and replaced by a 15 year \$62.936M Credit Foncier loan at a coupon rate of 5.5256%.

The Cheltenham property is pledged as collateral and the current fair value of the security is \$62.23 Million at balance date. The Mt Waverley facility is secured by the property at Cheltenham and the Mount Waverly property upon completion. The Myers Street Geelong property is secured by the properties at Cheltenham and Mount Waverley.

Maturity Profile – financial commitments

PRINCIPAL AND INTEREST

	Amounts due 1-5 years	Amounts due 6-10 years	Amounts due 10+ years
	\$	\$	\$
Cheltenham Facility TCV Loan 1	3,388,774	3,388,554	10,964,258
Mount Waverley Facility TCV Loan 2	2,614,317	2,626,468	7,389,856
Geelong Facility TCV Loan 3	<u>19,169,124</u>	<u>20,447,065</u>	<u>25,558,832</u>
Total financial liabilities due	25,172,215	26,462,087	43,912,946

14. Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Company is exposed to are described below:

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

14. Financial Risk Management (continued)

Specific risks

- Liquidity risk
- Credit risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a 360-day period are identified monthly.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities. Financial guarantee liabilities are treated as payable on demand since the Company has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re-established.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

14. Financial Risk Management (continued)

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Past due but not impaired (days overdue)						Within initial trade terms
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	
	\$	\$	\$	\$	\$	\$	\$
2024							
Trade receivables	29,900	-	-	-	-	-	29,900
Rental receivables	51,221	(33,386)	7,690	10,146	2,216	31,170	17,835
Other receivables	108,203	-	-	-	-	108,203	-
Total	189,325	(33,386)	7,690	10,146	2,216	139,373	47,735
2023							
Trade receivables	230	-	-	-	-	-	230
Rental receivables	32,618	-	6,178	16,460	6,168	3,812	32,618
Other receivables	108,203	-	-	-	108,203	-	108,203
Total	141,051	-	6,178	16,460	114,371	3,812	141,051

Neither the Company nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

(a). Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates.

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

14. Financial Risk Management (continued)

The Board of Management has overall responsibility for the establishment of the Company's financial risk management framework. This includes the development of policies covering specific areas such as, interest rate risk, credit risk and the use of derivatives. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The day-to-day risk management is carried out by the Company's finance function under policies and objectives which have been approved by the Board. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate and foreign exchange movements.

15. 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 \$ 10 each towards meeting any outstandings and obligations of the Company. At 30 June 2024 the number of members was 14 (2023: 1).

16. Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2024	2023
	\$	\$
Remuneration and benefits	-	27,149
Post-employment benefits	-	2,851
Total	-	30,000

In 2024, Directors and executives were paid by the associated company – National Affordable Housing Consortium Limited.

17. Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2024 (30 June 2023: None).

18. Related Parties

(a). The Company's main related parties are as follows:

Key management personnel - refer to Note 16.

National Affordable Housing Consortium Limited (common directors and members)

(b). Transactions with related parties

Associated company – *National Affordable Housing Consortium Limited*

Revenue

Gifts and donations	-	500,000
---------------------	---	---------

Expenses

Bid & project cost reimbursement	-	(434,380)
Service charges – corporate overheads	(63,648)	(36,000)
Service charges – property management fees	(229,133)	(116,858)
	(292,781)	(87,238)

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

19. Cash Flow Information

(a). Reconciliation of result for the year to cashflows from operating activities

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

	2024 \$	2023 \$
Profit for the year	9,559,945	43,757,305
Cash flows excluded from profit attributable to operating activities		
Depreciation	469,651	200,311
Revaluation of land and buildings	(9,590,960)	(1,714,856)
Grants reclassified as financing	-	(42,370,677)
Other assets reclassified as Investing	6,821,000	-
-Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(27,372,750)	(11,626,640)
- (increase)/decrease in other assets	(6,903,748)	5,960,760
- increase/(decrease) in income in advance	23,254,360	9,459,808
- increase/(decrease) in trade and other payables	(1,337,886)	606,747
Cashflows generated from operations	<u>(5,100,388)</u>	<u>4,273,519</u>

20. Events after the end of the Reporting Period

The financial report was authorised for issue on 22nd October 2024 by the Board of Directors.

On 15th July 2024, the development containing 96 units at Mount Waverley has settled. The property was funded using a fund through arrangement where funds had been received as grants from the State Government of Victoria throughout the building stage and subsequently loaned to PACE Development Pty Ltd (The Builder) to finance the build. At completion, the total loan of \$38,851,205 converts to consideration paid for the building. The acquisition further required the full drawdown of the TCV debt facility of \$7,561,742 and a short term 11 a.m. facility of \$3,396,082 to fund the full contract price. The 11 a.m. facility was fully repaid on 20 September 2024.

The Geelong property at Myers Street has seen demolition, foundations and site works completed and the foundation slab has been poured. The \$72 Million building, supported by operational availability subsidies paid by the Victorian Government, will deliver 117 units to the Social and Affordable Housing Pool in Victoria. The building is scheduled for completion in October 2025.

Except for the above, no other 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.

21. Auditor's Remuneration

Audit fees – Merrotts Chartered Accountants	16,100	6,275
	<u>16,100</u>	<u>6,275</u>

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Notes to the Financial Statements For the Year Ended 30 June 2024

22. Reserves

	2024	2023
	\$	\$
(a) General reserves		
Opening balance	600,000	100,000
Transfer from retained earnings	-	500,000
Closing balance – General Reserves	<u>600,000</u>	<u>600,000</u>

The purpose of the transaction was to preserve the working capital of the business to assist in meeting start-up costs.

(b) Asset Revaluation Reserve		
Opening balance	1,714,436	-
Revaluation increment of 13-15 Cheltenham Road, Cheltenham	9,590,960	1,714,856
Closing balance – Asset Revaluation Reserve	<u>11,305,817</u>	<u>1,714,856</u>

(c) Asset Maintenance Reserve		
Opening balance	-	-
Transfer to Asset Maintenance Reserve from Retained Earnings	207,351	-
Closing balance – Asset Maintenance Reserve	<u>207,351</u>	<u>-</u>

The Asset Maintenance Reserve are funds management has set aside for the provision of long term and cyclical maintenance of land and buildings. The reserve balance corresponds to an amount of cash held in a sinking fund cash management account or term deposit.

23. Work in Progress

Capital works in progress	73,993	-
Closing balance – General Reserves	<u>73,993</u>	<u>-</u>

24. Company Details

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

National Affordable Housing Consortium Victoria Limited
Suite 1D, level 1, K1 - Kings Row Office Park
40-52 McDougall Street MILTON QLD 4064

National Affordable Housing Consortium – Victoria Limited

ABN 92 637 534 617

Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed on behalf of all Responsible Persons by resolution of the Board in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

A handwritten signature in black ink, appearing to read 'L. Hoskins', written in a cursive style.

Responsible person
Linda Hoskins (Chairperson)

22 October 2024

Suite 1, Level 9
Brisbane Club Tower
241 Adelaide Street
Brisbane Qld 4000
Australia

GPO Box 565
Brisbane Qld 4001
Australia

Phone:
61 (07) 3233 0600

Fax:
61 (07) 3233 0601

Email:
mail@merrotts.com.au

Web:
www.merrotts.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL AFFORDABLE HOUSING CONSORTIUM VICTORIA LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Affordable Housing Consortium Victoria Limited (the Company) , which comprises the statement of financial position as at 30 June 2024, 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 material accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2024 and of its financial performance and cashflows for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

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 and 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 have given to the directors of the Company a written Auditors Independence Declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, a copy of which is attached to the financial statements.

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

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 in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and for 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 ability of the Company 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 have no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar1.pdf . This description forms part of our Auditor's Report.

Merrotts Chartered Accountants

A handwritten signature in dark ink, appearing to read 'D. W. Sneesby', with a stylized, flowing script.

David Sneesby

Partner

Brisbane, 22nd October 2024