



Unison Housing Limited and controlled entities

ABN: 73 076 581 112

Consolidated Financial report

For the year ended 30 June 2021

Pitcher Partners

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UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

The directors present their report together with the financial report of the Group, being the Company and its controlled entities, for the year ended 30 June 2021 and auditor's report thereon.

Directors' names

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

Ian McHutchison (Chair)

Daniel Carter

Anita Chow (appointed 5 August 2021)

Paul Crapper (resigned 19 August 2020)

Alison McLeod

Lou Panaccio

Caroline Radowski (leave of absence from 10 December 2020)

Barry Shepherd

Yvonne Turner

Peter Weatherby (appointed 13 May 2021)

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

Company Secretary

Celine Savage was appointed to the position of company secretary on 3 July 2020 and resigned on 31 August 2021. Sheri Johnston was appointed to position of company secretary on 31 August 2021.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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DIRECTORS' REPORT

Results

The accompanying financial statements include the full year of operations of Unison Housing Ltd and controlled entities "the Unison Group".

In summary the Unison Group is in a sound financial position. In the last financial year, 2021-22, the Unison Group was able to meet all operating costs, pay the interest on its loans, and make loan capital repayments.

The Unison Group achieved a total comprehensive surplus of \$7,687,887 (deficit 2020: \$(1,646,179)). In 2021, the Unison Group revenues were \$47,213,222 (2020: \$29,023,287). The increase in revenues is primarily due to capital grants for property development, funding for new programs and additional operating grants to support demand for homelessness services during Covid-19.

The key measure used by management to assess the performance of the Unison Group is Underlying Earnings Before Interest, Tax, Depreciation and Amortisation and other specific items ("Underlying EBITDA"). Underlying EBITDA is used primarily because of the impact of depreciation, which is a significant non-cash expense, and capital grants, which are recorded as income upon satisfaction of performance conditions, whereas the cost of operating the properties will be incurred in the future. Underlying EBITDA is reconciled to the result in the consolidated statement of profit or loss and other comprehensive income below.

	2021	2020
	\$	\$
Underlying EBITDA	2,081,494	2,229,166
Depreciation	(7,258,705)	(7,034,713)
Non-recurring expenses	(995,621)	(102,383)
Interest income	215,737	280,239
Borrowing costs	(1,399,014)	(1,103,078)
Capital grants	11,263,924	3,381,156
Profit on sale of fixed assets	2,556,687	-
Reverse impact of AASB 16: Leases standard	309,294	443,474
Surplus / (deficit)	6,773,796	(1,906,139)

Underlying EBITDA is slightly lower than the prior year. Rental income has declined for social and commercial tenancies due to COVID-19, and rooming house sales, but slightly offset by new developments. The Unison Group has received additional brokerage funding throughout COVID-19 for the Housing Establishment Fund (HEF) and Private Rental Brokerage (PRB) programs, offset by expenses to deliver these programs.

Capital grants have directly funded the construction of three new property developments during 2021. Profit on the sale of fixed assets is consistent with the Unison Group's long term strategy to phase out many of its low-amenity rooming houses. The impact of the AASB 16 leases standard has been reversed for both Underlying EBITDA and interest rate coverage ratio calculations. Non-recurring expenses include COVID-19 related costs and provision for cladding repairs.

Under the terms of the new debt refinancing arrangements with the NHFIC, the entire facility must be drawn down over the 10-year term, with the final utilisation occurring in June 2021. This has created a much larger cash and cash equivalents balance in the balance sheet at the end of the financial year.

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DIRECTORS' REPORT

As at 30 June 2021 the Unison Group had net assets of \$248,647,606 (2020: \$240,959,719). The amount allocated to the Lifecycle Maintenance Reserve on 30 June 2021 totaled \$5,661,882 (2020: \$5,401,876). The LRM Reserve represents monies quarantined for mid-term (3-15 years) future expenditure of replacing various elements of a building as each element reaches the end of its economic life. By upgrading and replacing these building elements the Unison group will ensure that the portfolio of properties continues to provide amenity to tenants and retain their value into the future.

The consolidated statement of profit or loss and other comprehensive income contains a movement in fair value of the cash flow hedge reserve of \$914,091 (2020: \$259,960). The Unison Group has refinanced its borrowings arrangement with the National Housing Finance and Investment Corporation (NHFIC) with a 10 year fixed interest loan facility, removing the need for a interest swap arrangement.

Review of operations

During the current year the operations of the Unison Group were focused on the provision of affordable housing and homelessness assistance services to low income households and private rental management and owners corporation services.

As at 30 June 2021 the Unison Group manage 2,551 (2020: 2,575) units across Victoria and during the year provided 13,197 (2020: 4,555) homeless assists. The Unison Group's contract to manage the UNO building in South Australia expired on 30 June 2020.

On 27 October 2020, the company entered into a Loan Facility Commitment Letter and Indicative Term Sheet with the National Housing Finance and Investment Corporation (NHFIC) for a facility of \$53 million.

On 1 October 2020, the Board formally appointed James King as the Unison Group CEO, after commencing in an acting role from 23 March 2020.

In response to COVID-19 outbreaks, the State government of Victoria imposed lockdown restrictions for extended periods throughout the current year. This has had a significant impact on the broader economy.

The Group has largely maintained its operational activity, and has received additional funding in relation to its brokerage programs through the crisis. Changes to economic conditions may have longer term implications beyond the balance date, the extent of which the Group cannot yet estimate.

Significant changes in state of affairs

There were no significant changes to the state of affairs in 2021, other than those disclosed separately in this financial report.

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DIRECTORS' REPORT

Company objectives

The Unison Group is focused on providing housing and housing related services to people on low income and particularly, those who are homeless or at risk of homelessness.

A new strategic plan was developed and approved by the Board during the 2020 financial year. The focus of the Unison Group remains centred on housing the vulnerable in our community and providing support and pathways from disadvantage.

The key goals are to increase the supply of good quality housing, develop and strengthen strategic alliances and partnerships, leverage Unison Housing Research Lab, provide commercial opportunities to support the mission and integrate services across the housing continuum.

Principal activities

To carry out the company's strategies and to achieve its short-term and long-term objectives, the Unison Group engaged in the following principal activities during the year:

- ownership and management of long-term affordable housing.
- provision of a range of services to assist homeless households including transitional housing and information and referral services.
- management of owners corporation services.
- design and development of social and affordable housing projects.

Company performance

As a registered housing organisation, Unison are required to meet the performance standards established by the Office of the Registrar of Housing Agencies and report annually on performance against these Standards.

As a DHHS funded homelessness service, Unison are required to meet the Health and Human Services standards. Unison was audited in 2018/19 and passed, thus renewing accreditation for three years. In March 2021, the mid cycle review was completed with audit confirmation that certification has been maintained.

The Unison Group also monitors its performance and legal obligations through an additional set of internal Key Performance Measures and compliance registers.

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DIRECTORS' REPORT

After balance date events

On 26 August 2021, the Unison Group and the Director of Housing formally extended the term to manage the Kensington Housing Estate for a further 3 years to 7 September 2024.

Subsequent to the reporting date, the State government of Victoria enacted a lockdown which commenced on 16 July 2021. As at the date of the directors declaration, the directors are unable to determine whether there will be any long term impact on the Group.

Other than the events noted above, there has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the Group.

Likely developments

The impacts as a result of Covid-19 will have a bearing on the work of the Unison Group. Further information about likely developments of the Unison Group and the expected results of those operations in future financial years have not been included in this report because disclosure of the information would likely result in unreasonable prejudice to the Group.

Environmental regulation

The Unison Group's operations are not impacted by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

The Company's Constitution precludes the payment of dividends.

Information on directors

Ian McHutchison OAM	Appointed director November 2015 Appointed director of Urban Communities Ltd October 2008; Appointed Chair December 2018
Qualifications	B. Juris. LLB
Experience	Ian has legal expertise and was awarded the Order of Australia Medal for services to the community in 2009.
Special responsibilities	Development Committee Finance, Audit and Risk Committee

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DIRECTORS' REPORT

Information on directors (Continued)

Daniel Carter	Appointed director December 2018
Qualifications	Master of Business Administration, University of Melbourne, Bachelor of Geomatic Engineering (Honours) and Bachelor of Science (Geography) from the University of Melbourne
Experience	Daniel offers contemporary strategic planning and IT skills tailored to the social services sector.
Special responsibilities	Finance, Audit and Risk Committee
Peter Weatherby	Appointed director May 2021
Qualifications	Bachelor of Science (Urban Land Economics), Licensed Estate Agent, Associate of the Real Estate Institute of Victoria, Fellow of the Royal Institution of Chartered Surveyors, Member of the Australian Institute of Company Directors
Experience	Peter is passionate about the community housing sector and brings a solid real estate skillset, commercial acumen and a strong strategic focus to Unison.
Special responsibilities	Development Committee
Caroline Radowski	Appointed director September 2019, leave of absence from 10 December 2020
Qualifications	Master of Business Administration, Master of Health Science, Bachelor of Health Science (Podiatry)
Experience	Caroline has executive experience in leading health, community development and higher education organisations.
Alison McLeod	Appointed director September 2019
Qualifications	Graduate Diploma of Agricultural Economics (University of New England), Bachelor of Business (Property) (RMIT University)
Experience	Alison is an expert property valuer and brings property expertise and a passion about housing affordability.
Special responsibilities	Development Committee
Lou Panaccio	Appointed director April 2013 Appointed director of Urban Communities Ltd November 2015
Qualifications	Bachelor of Economics, Chartered Accountant, Member of the Australian Institute of Company Directors.
Experience	Lou is a chartered accountant with strong management experience in business and healthcare services.
Special responsibilities	Finance, Audit and Risk Committee

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DIRECTORS' REPORT

Information on directors (Continued)

Anita Chow	Appointed director August 2021
Qualifications	Bachelor of Commerce (Hons) and Bachelor of Science, Chartered Accountant, Member of the Australian Institute of Company Directors
Experience	Anita has over 17 years of corporate finance experience working with private and public companies across a number of industries in Melbourne, London and Hong Kong. Anita is passionate about helping the disadvantaged, particularly in the area of housing and support services. She was previously on the board of VincentCare Victoria and VincentCare Community Housing.
Special responsibilities	Finance, Audit and Risk Committee
Barry Shepherd	Appointed director May 2016 Appointed director of Urban Communities Ltd September 2009
Qualifications	Licensed Real Estate Agent, Project Marketing - American Home Builders Association, Lecturer Melbourne University
Experience	Barry has over 40 years' experience in the property industry and is critical in guiding Unison's asset management and developments.
Special responsibilities	Development Committee Finance, Audit and Risk Committee
Yvonne Turner	Appointed director December 2014
Qualifications	Bachelor of Commerce and Administration (Victoria University of Wellington, NZ), Master of Business Administration (Monash), Master of Marketing (Monash), Graduate, Diploma Australian Institute of Company Directors
Experience	Yvonne shares her expertise in business management, strategic planning, marketing and new business development in both commercial and NFP.
Special responsibilities	Finance, Audit and Risk Committee
Paul Crapper	Appointed director September 2019, Resigned 19 August 2020
Qualifications	Business Degree majoring in Accounting, Company Directors Graduate Diploma and Advanced Graduate Diploma from the Australian Institute of Company Directors (AICD), Fellow of both CPA Australia and the AICD
Experience	Paul has over three decades of experience in leadership, corporate services and stakeholder management across corporate and government sectors.
Special responsibilities	Finance, Audit and Risk Committee

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DIRECTORS' REPORT

Meetings of directors

Directors	Director's Meetings		Development		Finance, Audit and Risk	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ian McHutchison	8	8	-	-	5	5
Daniel Carter	8	8	-	-	5	4
Paul Crapper	1	-	-	-	-	-
Alison McLeod	8	6	7	7	-	-
Lou Panaccio	8	8	-	-	5	5
Caroline Radowski	4	3	-	-	-	-
Barry Shepherd	8	8	7	7	5	5
Yvonne Turner	8	8	-	-	5	5
Peter Weatherby	2	2	7	6	-	-

Indemnification of officers

Directors and Officers of Unison Housing Limited are covered by insurance provided by the Department of Human Services through the Victorian Managed Insurance Authority (VMIA). The cover indemnifies Directors and Officers for third party claims for wrongful acts including alleged or actual breach of duty, breach of trust, neglect, error, misstatement, misleading statement, omission, breach of warranty or authority or other act wrongfully committed. The cover is for the Board as a whole, including new Directors during the year and past Directors. Indemnity limits are \$20 million per any one claim.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit for the financial year is provided with this report.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

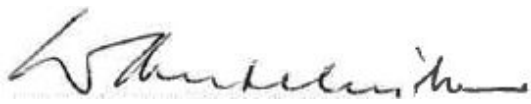
ABN: 73 076 581 112

DIRECTORS' REPORT

Proceedings on behalf of the Group

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.

Signed on behalf of the Board of Directors.

Director: 

Ian McHutchison - Chair

Director: 

Lou Panaccio

Dated this 25th day of October 2021

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF UNISON HOUSING LIMITED

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Unison Housing Limited and the entities it controlled during the year.



M J HARRISON

Partner



PITCHER PARTNERS

Melbourne

Date: 28 October 2021

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Revenue and other income			
Grant income	2	26,491,324	10,265,584
Interest and other revenue	2	1,101,296	529,099
Management income	2	2,402,203	2,802,116
Rental income	2	14,661,712	15,426,488
Profit from sale of property	2	<u>2,556,687</u>	<u>-</u>
		<u>47,213,222</u>	<u>29,023,287</u>
Less: Operating expenses			
Bad and doubtful debt expense	3	(215,381)	(220,588)
Borrowing costs	3	(1,399,014)	(1,103,078)
Building impairment expense	3	-	(300,000)
Depreciation and amortisation expense	3	(7,258,705)	(7,034,713)
Employee benefits expenses	3	(9,172,986)	(8,731,421)
Housing program expenses		(8,696,187)	(8,093,606)
Organisational operating expenses		(3,228,078)	(1,964,157)
Brokerage program expenses		(10,469,075)	(3,355,133)
Loss on fair value adjustment of the investment portfolio		<u>-</u>	<u>(126,730)</u>
		<u>(40,439,426)</u>	<u>(30,929,426)</u>
Surplus / (deficit)		6,773,796	(1,906,139)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Movement in fair value of cash flow hedges		<u>914,091</u>	<u>259,960</u>
		<u>914,091</u>	<u>259,960</u>
Other comprehensive income for the year		<u>914,091</u>	<u>259,960</u>
Total comprehensive surplus / (deficit)		<u><u>7,687,887</u></u>	<u><u>(1,646,179)</u></u>

The accompanying notes form part of these financial statements.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	5	27,134,097	6,377,150
Receivables	6	1,573,189	1,457,607
Other financial assets	7	5,661,882	5,401,876
Other assets	8	931,819	119,044
Assets classified as held for sale	9	<u>1,519,049</u>	<u>3,355,913</u>
Total current assets		<u>36,820,036</u>	<u>16,711,590</u>
Non-current assets			
Receivables	6	284,056	225,478
Lease assets	10	206,098	378,764
Property, plant and equipment	11	<u>280,625,002</u>	<u>267,547,770</u>
Total non-current assets		<u>281,115,156</u>	<u>268,152,012</u>
Total assets		<u>317,935,192</u>	<u>284,863,602</u>
Current liabilities			
Payables	12	3,742,054	3,145,468
Lease liabilities	10	1,161,944	1,064,332
Borrowings	13	-	30,957,502
Provisions	14	4,536,699	3,102,365
Other financial liabilities	15	-	914,091
Other liabilities	16	<u>6,335,541</u>	<u>4,266,162</u>
Total current liabilities		<u>15,776,238</u>	<u>43,449,920</u>
Non-current liabilities			
Lease liabilities	10	357,881	334,915
Borrowings	13	53,000,000	-
Provisions	14	<u>153,467</u>	<u>119,048</u>
Total non-current liabilities		<u>53,511,348</u>	<u>453,963</u>
Total liabilities		<u>69,287,586</u>	<u>43,903,883</u>
Net assets		<u>248,647,606</u>	<u>240,959,719</u>
Equity			
Reserves	17	5,661,882	4,487,785
Accumulated surplus		<u>242,985,724</u>	<u>236,471,934</u>
Total equity		<u>248,647,606</u>	<u>240,959,719</u>

The accompanying notes form part of these financial statements.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	Contributed equity	Reserves	Accumulated Surplus	Total equity
	\$	\$	\$	\$
Balance as at 1 July 2019	-	6,088,717	236,517,181	242,605,898
Deficit for the year	-	-	(1,906,139)	(1,906,139)
Net change in fair value of cash flow hedging instruments	-	259,960	-	259,960
Total comprehensive income for the year	-	259,960	(1,906,139)	(1,646,179)
Transfer from LRM Reserve	-	(1,860,892)	1,860,892	-
Balance as at 30 June 2020	-	4,487,785	236,471,934	240,959,719
Balance as at 1 July 2020	-	4,487,785	236,471,934	240,959,719
Surplus for the year	-	-	6,773,796	6,773,796
Net change in fair value of cash flow hedging instruments	-	914,091	-	914,091
Total comprehensive income for the year	-	914,091	6,773,796	7,687,887
Transfer to LRM reserve	-	260,006	(260,006)	-
Balance as at 30 June 2021	-	5,661,882	242,985,724	248,647,606

By virtue of Unison Housing Limited being a company limited by guarantee, there is no contributed equity.

The accompanying notes form part of these financial statements.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Receipts from clients and government		50,100,403	30,426,250
Payments to suppliers and employees		(32,642,535)	(24,186,786)
Borrowing costs		(1,348,536)	(1,022,833)
Payments for repairs		<u>(75,880)</u>	<u>(299,977)</u>
Net cash provided by operating activities		<u>16,033,452</u>	<u>4,916,654</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		6,468,402	-
Proceeds from sale of investments		-	1,940,000
Payment for property, plant and equipment		(614,289)	(955,527)
Payment for work in progress		<u>(21,875,442)</u>	<u>(12,470,941)</u>
Net cash used in investing activities		<u>(16,021,329)</u>	<u>(11,486,468)</u>
Cash flow from financing activities			
Net proceeds from borrowings		22,042,498	9,000,460
Principal portion of lease payments, net of reimbursements		<u>(1,297,674)</u>	<u>(416,284)</u>
Net cash provided by financing activities		<u>20,744,824</u>	<u>8,584,176</u>
Reconciliation of cash			
Cash at beginning of the financial year		6,377,150	4,362,788
Net increase increase in cash held		<u>20,756,947</u>	<u>2,014,362</u>
Cash at end of financial year	18(a)	<u>27,134,097</u>	<u>6,377,150</u>

The accompanying notes form part of these financial statements.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Unison Housing Limited and its consolidated entities. Unison Housing Limited is a Company limited by guarantee, incorporated and domiciled in Australia. Unison Housing Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the Directors as at the date of the Directors' report.

The following are the significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de-recognised from the date that control ceases.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue

The Group derives revenue from grant income and rental income. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

Revenue from the provision of services

Revenue from the provision of services comprises revenue derived from the delivery of various Department of Health and Human Services programs. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations. Revenue from the provision of services is recognised over time, as performance obligations are satisfied, based on either costs incurred or service hours performed, consistent with the manner in which services are provided.

(e) Other revenue and other income

Interest

Interest revenue is measured in accordance with the effective interest method.

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

(f) Income tax

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

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits and cash held at call with financial institutions.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group 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 adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the Group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the Group are subsequently measured at amortised cost.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 14 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers, contract assets and lease receivables.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The Group determines expected credit losses using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The measurement of expected credit losses reflects the Group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the Group's exposure at default, discounted at the financial asset's original effective interest rate.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

Hedge accounting

At the inception of each hedging arrangement, the Group documents the relationship between the hedging instrument and the hedged item, the Group's risk management objectives and its strategy for undertaking hedging transactions. The Group also documents its assessment, both at hedge inception and during the term of the arrangement, of the effectiveness of the hedging instrument in offsetting changes in fair values or cash flows (as applicable) of the hedged risk.

A hedge arrangement is effective when:

- (a) there is an economic relationship between the hedged item and the hedging instrument;
- (b) the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- (c) the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge the quantity of the hedged item.

For cash flow hedges that qualify for hedge accounting under AASB 9, the Group designates the full change in the fair value of a forward contract as a hedging instrument (including the forward element of the contract). The effective portion of the change in the fair value of a hedging instrument is recognised in other comprehensive income and accumulated in the cash flow hedge reserve, and any ineffective portion of the change in fair value is recognised in profit or loss.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Financial instruments (Continued)

Gains or losses previously recognised in other comprehensive income and accumulated in the cash flow hedge reserve are reclassified to profit or loss in the same period that the hedged item affects profit or loss (for hedged forecast transactions that affect profit or loss), or are transferred from the reserve and included in the measurement of the initial cost of a non-financial asset or liability (for hedged forecast transactions that result in the recognition of a non-financial asset or liability).

When a hedging instrument expires, is sold, terminated or no longer qualifies for hedge accounting under AASB 9, the Group discontinues hedge accounting, and any gains or losses accumulated in the cash flow hedge reserve remain in the reserve until such time as hedged forecast transaction occurs. If the hedged forecast transaction is no longer expected to occur, any gains or losses accumulated in the cash flow hedge reserve are reclassified to profit or loss.

(i) Property, plant and equipment

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

Property

Property is measured on a cost basis.

Freehold land and buildings are measured on a cost basis. The cost of properties contributed by the Government for nil consideration are initially recognised at market value at the date of acquisition.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2.5%	Straight line
Plant and equipment at cost	2.5-40%	Straight line

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the group would, if deprived of the asset, replace its remaining future economic benefits, the recoverable amount is assessed on the basis of the asset's replacement cost.

(k) Leases

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases (Continued)

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Each lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Operating leases

Underlying assets subject to operating leases are presented in the statement of financial position according to the nature of the underlying asset.

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis (if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished).

Finance leases

At the commencement date of a finance lease, the Group recognises a receivable (for assets held under the finance lease) at an amount equal to the net investment in the lease. The net investment in finance leases is the sum of the lease payments receivable by the Group under the finance lease and the estimated unguaranteed residual value of the underlying asset at the end of the lease term, discounted at the interest rate implicit in the lease. The group has recognised lease receivables in relation to residential leases under head leasing arrangements. While the group is the lessee for these head leasing leases, the group acts as a sub-lessor and leases these properties to tenants. The group has contractual rights with certain counterparties to receive cashflow for any shortfalls that arise between the tenants payments and payments payable to the lessor.

Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in finance leases.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(m) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(n) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Management Income		
Owners Corporation management fees	366,181	444,916
Property management fees	1,437,351	1,460,304
Cleaning and maintenance fees	423,865	460,378
Other fees	<u>174,806</u>	<u>436,518</u>
	<u>2,402,203</u>	<u>2,802,116</u>
Grant Income		
Operating grants - operational	4,872,388	4,269,509
Operating grants - brokerage	10,275,669	2,614,919
Capital grants	11,263,924	3,381,156
Other grants	<u>79,343</u>	<u>-</u>
	<u>26,491,324</u>	<u>10,265,584</u>
Interest and other revenue		
Interest income - investment portfolio	176,754	228,781
Interest income - lease receivables in relation to headleasing arrangements	38,983	51,458
Donations	109	1,182
Gain on fair value adjustment of the investment portfolio	97,718	-
Other revenue	<u>787,732</u>	<u>247,678</u>
	<u>1,101,296</u>	<u>529,099</u>
Rental income	14,661,712	15,426,488
Profit on sale of property, plant and equipment	2,556,687	-

The movement in Operating grants – brokerage relates to increased funding received from the State government for the Housing Establishment Fund (HEF) and Private Rental Brokerage (PRB) programs in response to Covid-19 requirements. These funds were fully spent to deliver the programs in 2021.

Capital grants directly supported the construction of three property developments during 2021: 70-72 Cottrell Street, Werribee, 43 Station Street, Fairfield and 25 Market Road, Werribee. The profit on sale of property, plant and equipment includes the sale of two rooming houses outlined in Note 9.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 3: OPERATING SURPLUS / (DEFICIT)		
Surplus / (deficit) has been determined after:		
Finance costs		
- Borrowing costs	1,348,536	1,022,833
- Lease interest expenses - commercial and motor vehicles	11,495	28,787
- Lease interest expenses - headleasing arrangements	<u>38,983</u>	<u>51,458</u>
	1,399,014	1,103,078
Depreciation		
- property, plant and equipment	6,997,256	6,586,897
- lease assets	<u>261,449</u>	<u>447,816</u>
	7,258,705	7,034,713
Bad and doubtful debts	215,381	220,588
Building impairment expense	-	300,000
Employee benefits	9,172,986	8,731,421
Loss on fair value adjustment of the investment portfolio	-	126,730
Remuneration of auditors for:		
Audit and assurance services		
- Audit of the financial report	(60,750)	(54,305)
- Other non-audit services	(39,957)	(43,958)

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION		
Compensation received by key management personnel of the group		
- short-term employee benefits	748,383	723,360
- termination benefits	<u>59,975</u>	<u>47,249</u>
	<u><u>808,358</u></u>	<u><u>770,609</u></u>

Directors of the Company are not paid fees or any other form of remuneration, as required by the Company Constitution.

The names of the directors who have held office during the year are:

Name	Appointment / resignation details
Ian McHutchison	(Chair)
Daniel Carter	
Paul Crapper	(resigned 19 August 2020)
Lou Panaccio	
Caroline Radowski	(leave of absence from 10 December 2020)
Barry Shepherd	
Yvonne Turner	
Anita Chow	(appointed 5 August 2021)
Alison McLeod	
Peter Weatherby	(appointed 13 May 2021)

NOTE 5: CASH AND CASH EQUIVALENTS

Cash on hand	5,080	3,290
Cash at bank	23,610,857	3,116,406
Cash at bank, held in trust	<u>3,518,160</u>	<u>3,257,454</u>
	<u><u>27,134,097</u></u>	<u><u>6,377,150</u></u>

As at 30 June 2021, \$3,518,160 of the cash on hand is held in a bank account in trust for the 150 Brunswick Street maintenance fund (30 June 2020: \$3,257,454). The Group has a contractual obligation to use the cash for the purposes of funding the maintenance of 150 Brunswick Street, Fitzroy.

Under the terms of the debt financing agreement with the NHFIC, the entire facility is drawn down over the term of the loan.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 6: RECEIVABLES		
CURRENT		
Trade debtors	668,644	554,256
Provision for doubtful debts	<u>(426,118)</u>	<u>(262,710)</u>
	242,526	291,546
GST receivable	-	267,589
Other receivables		
- Lease receivables	1,023,256	763,473
- Other debtors	<u>307,407</u>	<u>134,999</u>
	<u>1,330,663</u>	<u>898,472</u>
	<u>1,573,189</u>	<u>1,457,607</u>
NON CURRENT		
Other receivables		
- Lease receivables	<u>284,056</u>	<u>225,478</u>

Receivables from contracts with customers

A receivable from a contract represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e. only the passage of time is required before payment of the consideration is due). Invoicing generally occurs on a fortnightly basis.

Lease receivables

Leases receivables represent the Group's net investment in finance leases, being the sum of the lease payments receivable by the Group under the finance lease and the estimated unguaranteed residual value of the underlying asset at the end of the lease term, discounted at the interest rate implicit in the lease. Refer to Note 10 for further information about the Group's leasing activities.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 7: OTHER FINANCIAL ASSETS		
CURRENT		
<i>Financial assets at fair value through other comprehensive income</i>		
Investment portfolio	<u>5,661,882</u>	<u>5,401,876</u>

The investment portfolio is measured at fair value through profit and loss.

Interest received is recognised through profit or loss.

NOTE 8: OTHER ASSETS

CURRENT		
Prepayments	297,796	119,044
Accrued income	257,668	-
Capital Works in Progress	341,816	-
Other current assets	<u>34,539</u>	<u>-</u>
	<u>931,819</u>	<u>119,044</u>

NOTE 9: ASSETS CLASSIFIED AS HELD FOR SALE

Facts and Circumstances of the sale:

The sale is part of the organisations long term plan to phase out many of its remaining low-amenity rooming houses and contribute to the supply of affordable housing across Melbourne. The gradual replacement of rooming houses with self contained apartments is part of the vision to provide some of the most vulnerable people in the State with safer and more secure accommodation.

85 Nelson Place, Williamstown:

The property is a three storey residence containing 19 rooms, 5 kitchens and 6 bathrooms located at 85 Nelson Place, Williamstown. It is situated on a land holding of 973 square metres.

The property was sold on the 27th of July 2021 at a purchase price above the carrying value.

(a) Carrying amounts of assets and liabilities

Assets

25-27 Docker Street, Richmond (Residential Property)	-	2,283,538
29-31 John Street, Clifton Hill (Residential Property)	-	1,072,375
85 Nelson Place, Williamstown (Residential Property)	<u>1,519,049</u>	<u>-</u>
	<u>1,519,049</u>	<u>3,355,913</u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 10: LEASE ASSETS AND LEASE LIABILITIES	2021	2020
	\$	\$
(a) Lease assets		
Commercial leases		
Lease of office property	554,211	554,211
Accumulated depreciation	<u>(471,385)</u>	<u>(275,887)</u>
	82,826	278,324
Motor vehicles		
Lease of motor vehicles	358,038	272,368
Accumulated depreciation	<u>(234,766)</u>	<u>(171,928)</u>
	<u>123,272</u>	<u>100,440</u>
Total carrying amount of lease assets	<u>206,098</u>	<u>378,764</u>
Reconciliations		
Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:		
<i>Commercial leases</i>		
Opening carrying amount	278,324	-
Additions	-	554,211
Depreciation	<u>(195,498)</u>	<u>(275,887)</u>
Closing carrying amount	<u>82,826</u>	<u>278,324</u>
<i>Motor vehicles</i>		
Opening carrying amount	100,440	-
Additions	91,378	272,369
Depreciation	(65,951)	(171,929)
Disposals	<u>(2,595)</u>	<u>-</u>
Closing carrying amount	<u>123,272</u>	<u>100,440</u>
(b) Lease liabilities		
CURRENT		
Motor vehicles	68,322	89,780
Commercial leases	70,366	211,079
Residential property leases under headleasing arrangements	<u>1,023,256</u>	<u>763,473</u>
	<u>1,161,944</u>	<u>1,064,332</u>
NON CURRENT		
Motor vehicles	57,387	39,071
Commercial leases	16,438	70,366
Residential property leases under headleasing arrangements	<u>284,056</u>	<u>225,478</u>
	<u>357,881</u>	<u>334,915</u>
Total carrying amount of lease liabilities	<u>1,519,825</u>	<u>1,399,247</u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021****NOTE 10: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)**

For the year ended 30 June 2021, the lease liability is in excess of the lease asset by \$1,313,727 (2020: \$1,020,483). In addition to the lease asset, a corresponding lease receivable is recognised against the lease liability in relation to residential properties under leasing arrangements. The total lease receivable balance, including amounts classified in current and non-current, is \$1,307,312 (2020: \$988,951). Please refer to Note 6: Receivables.

	2021	2020
	\$	\$
(c) Lease expenses and cashflows		
Interest expense on lease liabilities	50,478	80,245
Depreciation expense on lease assets	261,449	447,816

NOTE 11: PROPERTY, PLANT AND EQUIPMENT**Land and buildings**

At cost	333,848,822	324,586,300
Accumulated depreciation	<u>(67,724,730)</u>	<u>(60,819,019)</u>
	<u>266,124,092</u>	<u>263,767,281</u>

Plant and equipment

Plant and equipment at cost	3,574,386	3,288,481
Accumulated depreciation	<u>(2,115,061)</u>	<u>(1,992,137)</u>
	1,459,325	1,296,344
Capital work in progress	<u>13,041,585</u>	<u>2,484,145</u>
Total plant and equipment	<u>14,500,910</u>	<u>3,780,489</u>
Total property, plant and equipment	<u>280,625,002</u>	<u>267,547,770</u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	\$	\$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year		
<i>Land and buildings</i>		
Opening carrying amount	263,767,281	256,834,368
Additions	328,384	1,397,831
Disposals	(554,378)	-
Building impairment expense	-	(300,000)
Depreciation expense	(6,874,332)	(6,433,094)
Transfers from work in progress	10,976,186	15,624,089
Transfer to assets held for sale	<u>(1,519,049)</u>	<u>(3,355,913)</u>
Closing carrying amount	<u>266,124,092</u>	<u>263,767,281</u>
<i>Plant and equipment</i>		
Opening carrying amount	1,296,344	1,416,451
Additions	285,905	33,696
Depreciation expense	<u>(122,924)</u>	<u>(153,803)</u>
Closing carrying amount	<u>1,459,325</u>	<u>1,296,344</u>
<i>Capital work in progress</i>		
Opening carrying amount	2,484,145	5,637,293
Additions	21,533,626	12,470,941
Transfers to property, plant and equipment	<u>(10,976,186)</u>	<u>(15,624,089)</u>
Closing carrying amount	<u>13,041,585</u>	<u>2,484,145</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	267,547,770	263,888,112
Additions	22,147,915	13,902,468
Disposals	(554,378)	-
Building impairment expense	-	(300,000)
Depreciation expense	(6,997,256)	(6,586,897)
Transfer to assets held for sale	<u>(1,519,049)</u>	<u>(3,355,913)</u>
Carrying amount at 30 June	<u>280,625,002</u>	<u>267,547,770</u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Property, plant and equipment pledged as security

The Director of Housing has a registered interest in the title of several freehold land and buildings of Unison Housing Ltd. Unison Housing Ltd cannot dispose of, use as security for borrowings, or otherwise transact using its property holdings without the prior consent of the Director of Housing.

As at 30 June 2021, several properties had been pledged as security for the borrowing identified in Note 13.

(c) Contributions in property, plant and equipment (contingent liability)

The Commonwealth of Australia and the Director of Housing have made contributions in multiple land and buildings of Unison Housing Ltd. In the event that Unison is wound up, or in some instances if the asset is disposed of, Unison will be liable to repay a portion of the contribution to both the Director of Housing and the Commonwealth of Australia.

	2021	2020
	\$	\$
NOTE 12: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	1,800,339	1,403,683
Other payables	275,330	489,997
Accrued expenses	<u>1,666,385</u>	<u>1,251,788</u>
	<u>3,742,054</u>	<u>3,145,468</u>

NOTE 13: BORROWINGS

CURRENT

Secured liabilities

Bank loans	-	30,957,502
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NON-CURRENT

Secured liabilities

Bank loans	53,000,000	-
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(a) Assets pledged as security

The loans are secured in full by a registered mortgage debenture over several properties within the Company's property portfolio.

(b) Debt refinancing

On 27 October 2020, the company entered into a \$53 million Facility Agreement, General Security Agreement and Loan Common Terms with the National Housing Finance and Investment Corporation (NHFIC). The NHFIC finalised its 10 year fixed interest rate bond issuance on 15 June 2021 with a due date of 1 July 2031 and the company was required to fully drawn down on the facility on this date.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
		\$	\$
NOTE 14: PROVISIONS			
CURRENT			
Employee benefits	(a)	1,172,079	1,090,015
Repairs	(b)	<u>3,364,620</u>	<u>2,012,350</u>
		<u>4,536,699</u>	<u>3,102,365</u>
NON-CURRENT			
Employee benefits	(a)	<u>153,467</u>	<u>119,048</u>
(a) Aggregate employee benefits liability		1,325,546	1,209,063

(b) Description of provisions

In prior years, it was identified that the Property located at 100 Mount Street, Heidelberg had damage due to moisture and water ingress issues. Furthermore there were properties identified in which cladding repair was required. Unison is obligated to rectify these defects, which is reflected in the provision for repairs.

The provision relates to the following properties: 80 Ormond Street, Kensington, 100 Mount Street, Heidelberg, 229 Barkley Street, Footscray, 239 Brunswick Street, Footscray, 29-33 Alma Street, Fitzroy, 660 Elizabeth Street, Melbourne, and 2 Flockhart Street Abbotsford.

In the current year, a provision for vacant maintenance was recognised for properties in Unison's portfolio that are in need of repairs before they can be rented out to a new tenant. As a result of COVID-19 restrictions, non-essential maintenance has been repeatedly deferred over the past 18 months.

(c) Reconciliations

Reconciliation of the carrying amounts of provisions at the beginning and end of the current financial year

<i>Repairs (current)</i>			
Opening balance		2,012,350	2,434,623
Additional amounts recognised		1,520,000	-
Amounts used		(75,880)	(299,977)
Revision to estimates		<u>(91,850)</u>	<u>(122,296)</u>
Closing balance		<u>3,364,620</u>	<u>2,012,350</u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 15: OTHER FINANCIAL LIABILITIES		
CURRENT		
<i>Hedging instruments</i>		
Cash flow hedge		
Interest rate hedging instrument	<u>-</u>	<u>914,091</u>

Hedging arrangements

At 30 June 2020, Unison Housing Ltd had fixed the interest rate it paid on a portion of its loan portfolio by entering into interest rate swap agreements with NAB. The purpose of entering into the interest rate swap agreements was to remove the uncertainty of interest rate fluctuations and allow the company to budget with certainty.

The Unison Group refinanced its borrowings arrangement with the National Housing Finance and Investment Corporation (NHFC) during the year. The new arrangement is a 10 year fixed interest loan facility, removing the need for a interest swap arrangement.

NOTE 16: OTHER LIABILITIES

CURRENT		
Deferred income	2,562,571	581,266
Maintenance funds	<u>3,772,970</u>	<u>3,684,896</u>
	<u>6,335,541</u>	<u>4,266,162</u>

NOTE 17: RESERVES

LRM reserve	17(a)	5,661,882	5,401,876
Cashflow hedge reserve	17(b)	<u>-</u>	<u>(914,091)</u>
		<u>5,661,882</u>	<u>4,487,785</u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2021	2020
\$	\$

NOTE 17: RESERVES (CONTINUED)

(a) LRM reserve

The Lifecycle Replacement Maintenance (LRM) Reserve represents monies quarantined for mid term (3-15 years) future expenditure of replacing various elements of a building as each element reaches the end of its economic life. The Unison Group allocates funds to the LRM Reserve to ensure sufficient funds are set aside to meet future LRM costs and maintain the properties to an acceptable standard.

During the year, \$260,006 (2020: \$1,860,892 transferred from) was transferred to the LRM Reserve from accumulated surplus to quarantine monies for future building maintenance costs.

Movements in reserve

Opening balance	5,401,876	7,262,768
Transfers	<u>260,006</u>	<u>(1,860,892)</u>
Closing balance	<u>5,661,882</u>	<u>5,401,876</u>

(b) Cashflow hedge reserve

The cash flow hedge reserve is used to record the market value of the interest rate swap contract.

Movements in reserve

Opening balance	(914,091)	(1,174,051)
Net change in fair value of cash flow hedging instruments	<u>914,091</u>	<u>259,960</u>
Closing balance	<u>-</u>	<u>(914,091)</u>

NOTE 18: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	5,080	3,290
Cash at bank	23,610,857	3,116,406
Cash at bank, held in trust	<u>3,518,160</u>	<u>3,257,454</u>
	<u>27,134,097</u>	<u>6,377,150</u>

NOTE 19: RELATED PARTY TRANSACTIONS

No transactions with related parties were entered into during the year ended 30 June 2021.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 20: MEMBERS' GUARANTEE AND SUBSIDIARIES

Unison Housing Ltd

The parent entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the parent entity is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the parent entity. At 30 June 2021, the number of members was 103 (5 organisational and 98 individual members (2020: 99)).

Unison Property Corporation Pty Ltd

The entity is incorporated under the Corporations Act 2001 and is a proprietary company limited by shares. If the entity is wound up, the Constitution states that any property remains after satisfaction of all its debts and liabilities, this property must be given or transferred only to:

- A Charitable Beneficiary – provided at the time of the winding-up, dissolution or revocation the Charitable Beneficiary is a Charity that has objects similar to those of Unison and is a Deductible Gift Recipient; or
- Otherwise – a company, fund, institution or authority: which is a Charity that has objects similar to those of Unison which is a Deductible Gift Recipient; and whose constitution prohibits distributions or payments to its members or former members.

NOTE 21: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date, the State government of Victoria enacted a lockdown which commenced on 16 July 2021. As at the date of the directors declaration, the directors are unable to determine whether there will be any long term impact on the group.

Other than the events noted above, there has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the Group.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 22: PARENT ENTITY DETAILS		
Summarised presentation of the parent entity, Unison Housing Limited, financial statements:		
(a) Summarised statement of financial position		
Assets		
Current assets	43,067,690	21,574,324
Non-current assets	<u>280,734,189</u>	<u>268,146,245</u>
Total assets	<u>323,801,879</u>	<u>289,720,569</u>
Liabilities		
Current liabilities	21,906,005	48,305,472
Non-current liabilities	<u>53,153,467</u>	<u>453,963</u>
Total liabilities	<u>75,059,472</u>	<u>48,759,435</u>
Net assets	<u>248,742,407</u>	<u>240,961,134</u>
Equity		
Accumulated Surplus	242,920,251	236,473,349
Reserves		
LRM reserve	5,661,882	5,401,876
Cashflow hedge reserve	<u>-</u>	<u>(914,091)</u>
Total equity	<u>248,582,133</u>	<u>240,961,134</u>
(b) Summarised statement of profit or loss and other comprehensive income		
Surplus / (Deficit) for the year	6,513,456	(2,032,392)
Other comprehensive income for the year	<u>-</u>	<u>259,960</u>
Total comprehensive surplus / (deficit) for the year	<u>6,513,456</u>	<u>(1,772,432)</u>

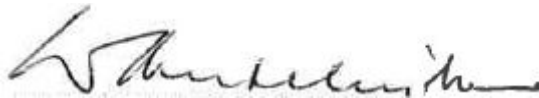
UNISON HOUSING LIMITED AND CONTROLLED ENTITIES
ABN: 73 076 581 112

DIRECTORS' DECLARATION

The directors declare that:

1. 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
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - (a) giving a true and fair value of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
 - (b) complying with the Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Director: _____

Ian McHutchison - Chair



Director: _____

Lou Panaccio

Dated this 25th day of October 2021

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES
ABN: 73 076 581 112

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNISON HOUSING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Unison Housing Limited "the company" and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, 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 Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES
ABN: 73 076 581 112

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNISON HOUSING LIMITED

Other Information (Continued)

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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.

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


UNISON HOUSING LIMITED AND CONTROLLED ENTITIES
ABN: 73 076 581 112

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF UNISON HOUSING LIMITED

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



M J HARRISON

Partner

Date 28 October 2021



PITCHER PARTNERS

Melbourne