

# **Unison Housing Limited and controlled entities**

ABN: 73 076 581 112

## ***Consolidated Financial report***

For the year ended 30 June 2024

**Pitcher Partners**

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**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**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 2024 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 (resigned 25 October 2023)

Alison McLeod (resigned 8 February 2024)

Lou Panaccio

Barry Shepherd

Yvonne Turner

Peter Weatherby

Bettina Sheeran

Alice Hanna (appointed 20 June 2024)

Efim Thatcher (appointed 20 June 2024)

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

**Company Secretary**

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").

Over the financial year, the Unison Group was able to meet all operating costs and pay the interest on its loan obligations.

The Unison Group achieved a total comprehensive deficit of \$(1,149,868) (2023: \$8,430,524 surplus). In 2024, the Unison Group revenues were \$44,445,016 (2023: \$50,666,129). The decrease in revenues is primarily due to the reduction of operating grants back to pre COVID-19 levels, partially offset by funding for new programs and rental revenue.

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.

	2024	2023
	\$	\$
Underlying EBITDA	4,236,292	2,279,167
Depreciation	(9,092,771)	(8,221,746)
Non-recurring expenses	(22,172)	(436,109)
Interest income	967,739	628,669
Borrowing costs	(1,287,989)	(1,113,577)
Capital grants	4,796,384	15,045,541
Profit on sale of fixed assets	-	912,185
Reverse impact of AASB 16: Leases standard	300,687	349,169
Building impairment	(1,694,373)	(1,455,464)
Gain on fair value adjustment of the investment portfolio	427,475	292,266
Dividend and other portfolio income	218,800	150,423
(Deficit) / surplus	(1,149,868)	8,430,524

Underlying EBITDA is higher than the prior year. This increase is due to the impact of higher rental income levels, including the impacts of new development at 260-66 Bell Street, Heidelberg Heights (42 additional units) and additional NRAS program allocations across approved buildings. In addition, cost savings were achieved through the release of provisions for building works completed under budget.

Capital grants have directly funded the construction of 2 new property developments during 2024. The impact of the AASB 16 leases standard has been reversed for both Underlying EBITDA and interest rate coverage ratio calculations. Nonrecurring expenses include IT system implementation costs.

As at 30 June 2024 the Unison Group had net assets of \$268,590,128 (2023: \$269,739,996). The amount allocated to the Lifecycle Maintenance Reserve on 30 June 2024 totaled \$6,510,439 (2023: \$5,867,195).

## **UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

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### **DIRECTORS' REPORT**

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.

In June 2021, the Unison Group refinanced its borrowings arrangement with the National Housing Finance and Investment Corporation (NHFIC) with a 10 year fixed interest loan facility.

#### **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 2024 the Unison Group managed 2,609 (2023: 2,620) units across Victoria and during the year provided homelessness assistance to 1,893 (2023: 2,354) households.

On 13 July 2023, the Unison Group's 42 unit social and affordable development at 260-66 Bell Street, Heidelberg Heights was issued a certificate of practical completion.

#### **Significant changes in state of affairs**

There were no significant changes to the state of affairs in 2024, other than those disclosed separately in this financial 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. The focus of the Unison Group remains centred on housing the vulnerable in our community and providing support and pathways from disadvantage.

In 2024, the Unison Group developed its new 2024-2027 strategic plan. The strategy statement is to improve housing outcomes by leveraging our culture, partnerships, experience, and our approach to innovation to create secure, sustainable homes and facilitate support and choice for people to positively engage in their community. The three key strategic goals are as follows:

1. Unison is an employer of choice, and our staff are valued and supported to collaborate, realise their potential and deliver positive outcomes.
2. We are known for excellence in service delivery and our renters are proud of their homes and are engaged in their communities.
3. Sustainably grow the organisation to support 6,000 dwellings.

## UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

#### 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.
- a social enterprise delivering grounds and cleaning works.

#### 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.

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

#### After balance date events

On 8 July 2024, the Unison Group entered into an Asset Purchase Agreement with Eastcoast Housing, a registered housing agency in Gippsland, Victoria.

On 16 August 2024, a contract of sale was signed for the rooming houses at 38-44 Nicholson Street, Fitzroy, with final settlement due on 27 June 2025.

On 5 September 2024, the Unison Group and Homes Victoria formalised a 2-year funding extension from 8 September 2024 to 7 September 2026 to manage the Kensington Estate.

On 16 September 2024, the Unison Group was successful in its application for projects with the Housing Australia Future Fund Facility.

Other than the events noted above, there has been no matter or circumstance, which has arisen since 30 June 2024 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2024, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2024, of the Group.

#### Likely developments

The Unison Group continues to review strategic opportunities to expand its operations and identify new developments.

## UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

#### 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

##### 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

## UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

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### DIRECTORS' REPORT

#### Information on directors (Continued)

<b>Alison McLeod</b>	Appointed director September 2019 (resigned February 2024)
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
<b>Lou Panaccio</b>	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
<b>Anita Chow</b>	Appointed director August 2021 (resigned October 2023)
Qualifications	Bachelor of Commerce (Hons) and Bachelor of Science, FCPA, GAICD
Experience	Anita has over 18 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 boards of VincentCare Victoria and VincentCare Community Housing.
Special responsibilities	Finance, Audit and Risk Committee
<b>Yvonne Turner</b>	Appointed director December 2014 (formerly Yarra)
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 board experience in healthcare and NFPs. Her expertise includes business management, strategic planning, and strategic marketing and in public sector, commercial and NFPs.
Special responsibilities	Finance, Audit and Risk Committee
<b>Barry Shepherd</b>	Appointed director May 2016 Appointed director of Urban Communities Ltd September 2009
Qualifications	Licensed Real Estate Agent, Project Marketing Diploma - American Home Builders Association, Previous 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



**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>Bettina Sheeran</b>	Appointed director February 2023
Qualifications	Bachelor of Arts, Bachelor of Laws (Law/Criminology), Keele University, admitted in Victoria in 2005 Member of Property Council Australia and Urban Development Institute of Australia
Experience	Having worked as property lawyer for over 20 years, Bettina brings a finely tuned legal and commercial perspective as well as extensive industry knowledge to Unison
Special responsibilities	Development Committee
<b>Alice Hanna</b>	Appointed director June 2024
Qualifications	Bachelor of Psychology (Honours), Organisational Coaching (Level 1), Cert IV Human Resources management
Experience	Alice contributes a wealth of organisational capability experience through 20 years in Human resources Management. Alice is currently the Head of People and Capitol at Kapitol Group.
Special responsibilities	Development Committee
<b>Efim Thatcher</b>	Appointed director June 2024
Qualifications	Master of Business Administration, Exec (Australian Graduate School of Management), Bachelor of Commerce (University of NSW), Chartered Accountant, GAICD
Experience	Efim brings extensive financing and transformation experience within the sector, as well as senior finance and Board roles.
Special responsibilities	Finance, Audit and Risk Committee

**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	3
Daniel Carter	8	7	-	-	5	5
Peter Weatherby	8	6	5	4	-	-
Alison McLeod	4	2	3	3	-	-
Lou Panaccio	8	8	-	-	5	4
Anita Chow	3	3	-	-	3	3
Yvonne Turner	8	8	-	-	5	5
Barry Shepherd	8	6	5	5	5	5
Bettina Sheeran	8	7	5	4	-	-

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

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**DIRECTORS' REPORT**

**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 in relation to the audit for the financial year is provided with this 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 **17th** day of October 2024

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES  
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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 2024, 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: 18 October 2024

**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 2024**

	Note	2024 \$	2023 \$
<b>Revenue and other income</b>			
Grant income	2	18,075,708	27,289,690
Interest and other revenue	2	1,351,510	1,136,723
Management income	2	1,866,436	1,812,384
Rental income		22,723,887	19,222,921
Profit from sale of property		-	912,185
Gain on fair value adjustment of the investment portfolio		<u>427,475</u>	<u>292,226</u>
		<u>44,445,016</u>	<u>50,666,129</u>
<b>Less: Operating expenses</b>			
Bad and doubtful debts expense	3	(104,385)	(225,861)
Borrowing costs	3	(1,287,989)	(1,113,577)
Building impairment expense	3	(1,694,373)	(1,455,464)
Depreciation and amortisation expense	3	(9,092,711)	(8,221,746)
Employee benefits expense	3	(12,941,911)	(11,433,872)
Housing program expenses		(13,217,428)	(12,881,082)
Organisational operating expenses		(4,015,308)	(3,882,678)
Brokerage program expenses		<u>(3,240,779)</u>	<u>(3,021,325)</u>
		<u>(45,594,884)</u>	<u>(42,235,605)</u>
<b>(Deficit)/ surplus</b>		(1,149,868)	8,430,524
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive (deficit) / surplus</b>		<u>(1,149,868)</u>	<u>8,430,524</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 2024

	Note	2024 \$	2023 \$
<b>Current assets</b>			
Cash and cash equivalents	5	21,165,724	22,820,738
Receivables	6	4,206,047	6,545,975
Other financial assets	7	6,510,439	5,867,195
Other assets	8	2,483,729	2,713,664
Assets classified as held for sale	9	<u>4,612,984</u>	<u>4,681,988</u>
<b>Total current assets</b>		<u>38,978,923</u>	<u>42,629,560</u>
<b>Non-current assets</b>			
Receivables	6	2,281	8,777
Lease assets	10	225,991	416,538
Property, plant and equipment	11	<u>304,146,684</u>	<u>308,794,285</u>
<b>Total non-current assets</b>		<u>304,374,956</u>	<u>309,219,600</u>
<b>Total assets</b>		<u>343,353,879</u>	<u>351,849,160</u>
<b>Current liabilities</b>			
Payables	12	6,088,378	3,797,459
Lease liabilities	10	159,409	773,940
Provisions	13	1,881,312	2,313,040
Other liabilities	14	<u>13,289,452</u>	<u>21,871,189</u>
<b>Total current liabilities</b>		<u>21,418,551</u>	<u>28,755,628</u>
<b>Non-current liabilities</b>			
Lease liabilities	10	81,616	177,067
Borrowings	15	53,000,000	53,000,000
Provisions	13	<u>263,584</u>	<u>176,469</u>
<b>Total non-current liabilities</b>		<u>53,345,200</u>	<u>53,353,536</u>
<b>Total liabilities</b>		<u>74,763,751</u>	<u>82,109,164</u>
<b>Net assets</b>		<u>268,590,128</u>	<u>269,739,996</u>
<b>Equity</b>			
Reserves	16	6,510,439	5,867,195
Accumulated surplus	17	<u>262,079,689</u>	<u>263,872,801</u>
<b>Total equity</b>		<u>268,590,128</u>	<u>269,739,996</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 2024

	Contributed equity \$	Reserves \$	Accumulated Surplus \$	Total equity \$
<b>Balance as at 1 July 2022</b>	-	5,369,426	255,940,046	261,309,472
Surplus for the year	-	-	8,430,524	8,430,524
<b>Total comprehensive income for the year</b>	-	-	8,430,524	8,430,524
Transfer to LRM Reserve	-	497,769	(497,769)	-
<b>Balance as at 30 June 2023</b>	-	5,867,195	263,872,801	269,739,996
<b>Balance as at 1 July 2023</b>	-	5,867,195	263,872,801	269,739,996
Deficit for the year	-	-	(1,149,868)	(1,149,868)
<b>Total comprehensive income for the year</b>	-	-	(1,149,868)	(1,149,868)
Transfer to LRM reserve	-	643,244	(643,244)	-
<b>Balance as at 30 June 2024</b>	-	6,510,439	262,079,689	268,590,128

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 2024**

	Note	2024 \$	2023 \$
<b>Cash flow from operating activities</b>			
Receipts from clients and government		39,992,368	58,916,317
Payments to suppliers and employees		(33,068,628)	(33,611,801)
Borrowing costs		(1,287,989)	(1,113,577)
Payments for repairs		<u>(599,100)</u>	<u>(1,015,100)</u>
<b>Net cash provided by operating activities</b>		<u>5,036,651</u>	<u>23,175,839</u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	4,639,036
Payment for property, plant and equipment		(1,475,614)	(6,217,863)
Payment for work in progress		<u>(4,395,463)</u>	<u>(16,027,651)</u>
<b>Net cash used in investing activities</b>		<u>(5,871,077)</u>	<u>(17,606,478)</u>
<b>Cash flow from financing activities</b>			
Principal portion of lease payments, net of reimbursements		<u>(820,588)</u>	<u>(1,490,784)</u>
<b>Net cash used in financing activities</b>		<u>(820,588)</u>	<u>(1,490,784)</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		22,820,738	18,742,161
Net (decrease) / increase in cash held		<u>(1,655,014)</u>	<u>4,078,577</u>
<b>Cash at end of financial year</b>	18(a)	<u>21,165,724</u>	<u>22,820,738</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 2024**

**NOTE 1: BASIS OF PREPARATION**

**General information**

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 - Simplified Disclosures, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board. This includes compliance with the recognition and measurement requirements of all Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the disclosure requirements of AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*.

The financial report covers Unison Housing Limited and its controlled 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 at the date of the Directors' 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.

*Significant accounting estimates and judgements*

The preparation of the financial report requires the use of certain estimates and judgements in applying the group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 23 to the financial statements.

**Accounting policies**

The following accounting policies have been applied in the preparation and presentation of the financial report.

**(a) 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.



**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(b) Income arising from capital grants**

The group derives income from the transfer of assets when the group provides no consideration in exchange for the asset received, or the consideration provided by the group is significantly less than the fair value of the asset received, principally to enable the group to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

*Capital grants*

A transfer of a financial asset, including cash, to enable the group to acquire or construct a recognisable non-financial asset to identified specifications to be controlled by the group, such as an item of property, plant and equipment, is referred to in the financial statements as a 'capital grant'. Capital grants are initially recognised as a liability (unspent capital grants liability), and subsequently recognised as income as, or when, the group satisfies its obligation to acquire or construct the specified asset to which the capital grant relates. For the acquisition of specified assets, income is recognised when the asset is acquired and controlled by the group. For the construction of specified assets, income is recognised as the construction progresses on the basis of costs incurred relative to expected costs.

**(c) 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*.

**(d) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, demand deposits, short-term deposits with an original maturity of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

**(e) 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.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(e) Financial instruments (Continued)**

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.

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.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(e) Financial instruments (Continued)**

The group considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The group determines expected credit losses 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 group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

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.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(e) Financial instruments (Continued)**

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 fair value hedges that qualify for hedge accounting under AASB 9, the group recognises the:

- (a) gain or loss on the hedging instrument in profit or loss (or other comprehensive income if the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income); and
- (b) gain or loss on the hedged item as an adjustment to the carrying amount of the hedged item (if applicable) and a corresponding gain or loss in profit or loss recognised in the same line item as the gain or loss on the hedging instrument (or other comprehensive income if the hedged instrument is an equity instrument designated at fair value through other comprehensive income).

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.

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).

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(e) Financial instruments (Continued)**

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.

**(f) Property, plant and equipment**

*Property*

Freehold land and buildings are measured at cost, less accumulated depreciation and any accumulated impairment losses. 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*

*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.

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

**(g) Impairment of non-financial assets**

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are tested annually for impairment, or more frequently if events or circumstances indicate that the asset may be impaired.

All other non-financial assets, including property, plant and equipment, lease assets and other intangible assets, are tested for impairment whenever events or circumstances indicate that the asset may be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash inflows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash generating unit level. An impairment loss is recognised when the carrying amount of an asset or cash generating unit (to which the asset belongs) exceeds its recoverable amount.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(h) Leases**

Lease assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, on a basis that is consistent with the expected pattern of consumption of the economic benefits embodied in the underlying asset.

Lease liabilities are measured at the present value of the remaining lease payments. Interest expense on lease liabilities is recognised in profit or loss. Variable lease payments not included in the measurement of lease liabilities are recognised as an expense in the period in which they are incurred.

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*

Property subject to operating leases is presented as investment property in the statement of financial position. Other assets subject to operating leases are presented as property, plant and equipment in the statement of financial position.

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).

*Government supported finance leases*

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. At the commencement date of such 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.

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 2024**

**NOTE 1: BASIS OF PREPARATION (CONTINUED)**

**(i) 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.

**(j) 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.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>			
Management Income			
Owners Corporation management fees		379,155	359,710
Property management fees		989,719	984,820
Cleaning and maintenance fees		<u>497,562</u>	<u>467,854</u>
		<u>1,866,436</u>	<u>1,812,384</u>
Grant Income			
Operating grants - operational		8,454,874	9,026,861
Operating grants - brokerage		4,179,231	2,778,816
Capital grants		4,796,384	15,324,297
Other grants		<u>645,219</u>	<u>159,716</u>
		<u>18,075,708</u>	<u>27,289,690</u>
Interest and other revenue			
Interest income - bank and investment portfolio		956,616	563,078
Interest income - lease receivables in relation to headleasing arrangements		11,123	65,591
Dividend and other portfolio income		218,800	150,423
Donations		3,530	35,000
Other revenue		<u>161,441</u>	<u>322,631</u>
		<u>1,351,510</u>	<u>1,136,723</u>
Rental Income		22,723,887	19,222,921
Profit on sale of property, plant and equipment		-	912,185
Gain on fair value adjustment of the investment portfolio		427,475	292,226

Operating grants - brokerage relates to funding for the Housing Establishment Fund (HEF) and Private Rental Brokerage (PRB) Programs.

Capital grants directly supported the constuction property developments at 260-66 Bell Street, Heidelberg Heights and 2-12 Marshall Street, Newtown.



**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>NOTE 3: OPERATING (DEFICIT) / SURPLUS</b>			
(Deficit) / Surplus has been determined after:			
Finance costs			
- Borrowing costs		1,255,242	1,020,475
- Lease interest expenses - commercial and motor vehicles		22,492	44,672
- Lease interest expenses - headleasing arrangements		<u>10,255</u>	<u>48,430</u>
		1,287,989	1,113,577
Depreciation			
- property, plant and equipment		8,824,305	7,944,556
- lease assets		<u>268,406</u>	<u>277,190</u>
		9,092,711	8,221,746
Bad and doubtful debts		104,385	225,861
Building impairment expense		1,694,373	1,455,464
Employee benefits		12,941,911	11,433,872

**NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

Total compensation paid or payable to key management personnel	<u>919,981</u>	<u>919,054</u>
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Directors of the Company are not paid fees or any other form of remuneration, as required by the Company Constitution.

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash on hand	3,790	5,197
Cash at bank	9,273,004	11,091,787
Cash at bank, held in trust	3,888,930	3,723,754
Cash at bank, held on deposit	<u>8,000,000</u>	<u>8,000,000</u>
	<u>21,165,724</u>	<u>22,820,738</u>

As at 30 June 2024, \$3,888,930 of the cash on hand is held in a bank account in trust for the 150 Brunswick Street maintenance fund (30 June 2023: \$3,723,754). The Group has a contractual obligation to use the cash for the purposes of funding the maintenance of 150 Brunswick Street, Fitzroy.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>NOTE 6: RECEIVABLES</b>			
CURRENT			
Trade debtors		1,649,555	1,139,911
Provision for doubtful debts		<u>(1,212,013)</u>	<u>(770,914)</u>
		437,542	368,997
Net GST receivable		652,323	440,976
Other receivables			
- Lease receivables		-	502,283
- Other debtors		<u>3,116,182</u>	<u>5,233,719</u>
		<u>3,116,182</u>	<u>5,736,002</u>
		<u>4,206,047</u>	<u>6,545,975</u>
NON CURRENT			
Other receivables			
- Lease receivables		<u>2,281</u>	<u>8,777</u>

*Receivables from contracts with customers*

A receivable from a contract with a customer 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).

*Lease receivables*

Lease 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.

**NOTE 7: OTHER FINANCIAL ASSETS**

CURRENT

*Financial assets at fair value through profit and loss*

Investment portfolio		<u>6,510,439</u>	<u>5,867,195</u>
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The investment portfolio is measured at fair value through profit and loss.

Interest and other portfolio income received is recognised through profit and loss.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>NOTE 8: OTHER ASSETS</b>			
CURRENT			
Prepayments		1,083,247	1,511,332
Accrued income		1,400,482	1,179,254
Other current assets		<u>-</u>	<u>23,078</u>
		<u><u>2,483,729</u></u>	<u><u>2,713,664</u></u>

**NOTE 9: ASSETS CLASSIFIED AS HELD FOR SALE**

**Facts and Circumstances of the sale:**

The sale is part of the organisation's 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.

**38-44 Nicholson Street, Fitzroy:**

On 16 August 2024, a contract of sale was signed for the rooming houses at 38-44 Nicholson Street, Fitzroy, with final settlement due on 27 June 2025.

**(a) Carrying amounts of assets and liabilities**

*Assets*

38-44 Nicholson Street, Fitzroy (Residential Property)	<u>4,612,984</u>	<u>4,681,988</u>
	<u>4,612,984</u>	<u>4,681,988</u>

**NOTE 10: LEASE ASSETS AND LEASE LIABILITIES**

**(a) Lease assets**

Commercial leases

Lease of office property	324,913	748,109
Accumulated depreciation	<u>(268,544)</u>	<u>(583,436)</u>
	56,369	164,673

Motor vehicles

Lease of motor vehicles	694,355	616,496
Accumulated depreciation	<u>(524,733)</u>	<u>(364,631)</u>
	<u>169,622</u>	<u>251,865</u>
Total carrying amount of lease assets	<u><u>225,991</u></u>	<u><u>416,538</u></u>

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN: 73 076 581 112

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024

	Note	2024 \$	2023 \$
<b>NOTE 10: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)</b>			
<b>Reconciliations</b>			
Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:			
<i>Commercial leases</i>			
Opening carrying amount		164,673	232,330
Additions		-	66,330
Depreciation		(108,304)	(123,935)
Disposals		-	(10,052)
Closing carrying amount		<u>56,369</u>	<u>164,673</u>
<i>Motor vehicles</i>			
Opening carrying amount		251,865	355,678
Adjustments		(8,570)	834
Additions		86,429	48,608
Depreciation		(160,102)	(153,255)
Closing carrying amount		<u>169,622</u>	<u>251,865</u>
<b>(b) Lease liabilities</b>			
CURRENT			
Motor vehicles		103,318	160,748
Commercial leases		53,810	110,909
Residential property leases under headleasing arrangements		<u>2,281</u>	<u>502,283</u>
		<u>159,409</u>	<u>773,940</u>
NON CURRENT			
Motor vehicles		73,323	98,918
Commercial leases		8,293	69,372
Residential property leases under headleasing arrangements		-	8,777
		<u>81,616</u>	<u>177,067</u>
Total carrying amount of lease liabilities		<u>241,025</u>	<u>951,007</u>

For the year ended 30 June 2024, the lease liability is in excess of the lease asset by \$15,034 (2023: \$534,469). 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 \$2,281 (2023: \$511,060). Please refer to Note 6: Receivables.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Land and buildings</b>			
At cost		386,127,767	370,413,700
Accumulated depreciation		<u>(88,066,155)</u>	<u>(81,268,981)</u>
		<u>298,061,612</u>	<u>289,144,719</u>
<b>Plant and equipment</b>			
Plant and equipment at cost		2,186,899	2,165,448
Accumulated depreciation		<u>(2,169,381)</u>	<u>(2,165,448)</u>
Total plant and equipment		17,518	-
Capital work in progress		<u>6,067,554</u>	<u>19,649,566</u>
Total property, plant and equipment		<u>304,146,684</u>	<u>308,794,285</u>

**(a) Reconciliations**

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

*Land and buildings*

Opening carrying amount		289,144,719	271,760,086
Additions		1,454,760	6,173,888
Disposals		-	(1,825,844)
Depreciation expense		(8,820,969)	(7,635,835)
Impairment		(1,694,373)	(1,455,464)
Transfers from work in progress		17,977,475	26,809,876
Transfer to assets held for sale		-	<u>(4,681,988)</u>
Closing carrying amount		<u>298,061,612</u>	<u>289,144,719</u>

*Plant and equipment*

Opening carrying amount		-	264,746
Additions		20,854	43,975
Depreciation expense		<u>(3,336)</u>	<u>(308,721)</u>
Closing carrying amount		<u>17,518</u>	<u>-</u>

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>			
<b>(a) Reconciliations (Continued)</b>			
<i>Capital work in progress</i>			
Opening carrying amount		19,649,566	30,431,791
Additions		4,395,463	16,027,651
Transfers to property, plant and equipment		<u>(17,977,475)</u>	<u>(26,809,876)</u>
Closing carrying amount		<u>6,067,554</u>	<u>19,649,566</u>
 <i>Total property, plant and equipment</i>			
Carrying amount at 1 July		308,794,285	302,456,623
Additions		5,871,077	22,245,514
Disposals		-	(1,825,844)
Depreciation expense		(8,824,305)	(7,944,556)
Impairment		(1,694,373)	(1,455,464)
Transfer to assets held for sale		<u>-</u>	<u>(4,681,988)</u>
Carrying amount at 30 June		<u>304,146,684</u>	<u>308,794,285</u>

The Directors engaged Jones Lang LaSalle to provide an assessment of fair value of the property portfolio owned by the entity at 30 June 2024. The fair value has been determined by application of a market approach for land (the amount determined referencing similar assets for which transaction process are available) and a cost approach for the buildings (the amount required to replace the service capacity of the asset, often referred to as depreciated replacement cost). All properties are physically inspected over a three-year cycle valuation program, with the remainder via external kerbside inspections in line with industry standards or indexed. The Directors view the total property market value as \$442,832,625.

The valuations did not include Marshall Street as it was demolished for redevelopment in April 2024. The impairment recognised for this property is \$1,694,373.

**(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 2024, several properties had been pledged as security for the borrowing identified in Note 15.

**(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 may be liable to repay a portion of the contribution to both the Director of Housing and the Commonwealth of Australia.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>NOTE 12: PAYABLES</b>			
CURRENT			
<i>Unsecured liabilities</i>			
Trade creditors		3,732,262	1,926,029
Other payables		236,697	192,527
Accrued expenses		<u>2,119,419</u>	<u>1,678,903</u>
		<u>6,088,378</u>	<u>3,797,459</u>

**NOTE 13: PROVISIONS**

CURRENT			
Employee benefits		1,481,312	1,313,940
Repairs		<u>400,000</u>	<u>999,100</u>
		<u>1,881,312</u>	<u>2,313,040</u>
NON-CURRENT			
Employee benefits		<u>263,584</u>	<u>176,469</u>

**(a) Description of provisions**

In prior years, properties were 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: 239 Brunswick Street, Footscray and 2 Flockhart Street, Abbotsford.

**(b) Reconciliations**

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

<i>Repairs (current)</i>			
Opening balance		999,100	2,271,150
Additional amounts recognised		-	25,000
Amounts used		(599,100)	(1,015,100)
Revision to estimates		<u>-</u>	<u>(281,950)</u>
Closing balance		<u>400,000</u>	<u>999,100</u>

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
<b>NOTE 14: OTHER LIABILITIES</b>			
CURRENT			
Deferred income		10,242,111	18,562,556
Maintenance funds		<u>3,047,341</u>	<u>3,308,633</u>
		<u>13,289,452</u>	<u>21,871,189</u>

**NOTE 15: BORROWINGS**

NON CURRENT

*Secured liabilities*

Bank loans		<u>53,000,000</u>	<u>53,000,000</u>
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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.

**NOTE 16: RESERVES**

LRM reserve	16(a)	<u>6,510,439</u>	<u>5,867,195</u>
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**(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 \$1,141,013 (2023: \$497,769) was transferred to the LRM Reserve from accumulated surplus to quarantine monies for future building maintenance costs.

*Movements in reserve*

Opening balance		5,867,195	5,369,426
Transfers		<u>643,244</u>	<u>497,769</u>
Closing balance		<u>6,510,439</u>	<u>5,867,195</u>



**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>NOTE 17: ACCUMULATED SURPLUS</b>			
Accumulated surplus at beginning of year		263,872,801	255,940,046
Net (loss) / surplus		(1,149,868)	8,430,524
Transfers to LRM reserves		<u>(643,244)</u>	<u>(497,769)</u>
		<u>262,079,689</u>	<u>263,872,801</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		3,790	5,197
Cash at bank		9,273,004	11,091,787
Cash at bank, held in trust		3,888,930	3,723,754
Cash at bank, held on deposit		<u>8,000,000</u>	<u>8,000,000</u>
		<u>21,165,724</u>	<u>22,820,738</u>

**NOTE 19: RELATED PARTY TRANSACTIONS**

No transactions with related parties were entered into during the year ended 30 June 2024.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

ABN: 73 076 581 112

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024	2023
		\$	\$
<b>NOTE 20: PARENT ENTITY DETAILS</b>			
Summarised presentation of the parent entity, Unison Housing Limited, financial statements:			
<b>(a) Summarised statement of financial position</b>			
<b>Assets</b>			
Current assets		49,494,570	51,399,990
Non-current assets		<u>304,374,956</u>	<u>310,666,287</u>
Total assets		<u>353,869,526</u>	<u>362,066,277</u>
<b>Liabilities</b>			
Current liabilities		32,175,832	31,608,904
Non-current liabilities		<u>53,345,200</u>	<u>53,176,469</u>
Total liabilities		<u>85,521,032</u>	<u>84,785,373</u>
Net assets		<u>268,348,494</u>	<u>277,280,904</u>
<b>Equity</b>			
Accumulated Surplus		261,838,055	263,676,189
LRM reserve		<u>6,510,439</u>	<u>5,867,195</u>
Total equity		<u>268,348,494</u>	<u>269,543,384</u>
<b>(b) Summarised statement of profit or loss and other comprehensive income</b>			
(Deficit) / surplus for the year		(1,195,464)	8,424,713
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive surplus for the year		<u>(1,195,464)</u>	<u>8,424,713</u>

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 21: 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 2024, the number of members was 66 (5 organisational and 61 individual members (2023: 71)).

**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.

**Unison Development Co Ltd**

The entity was registered with ASIC on 7 June 2023 as a public company limited by guarantee.

**NOTE 22: REMUNERATION OF AUDITORS**

Remuneration of auditors for:

*Pitcher Partners (Melbourne)*

Audit and assurance services

- Audit or review of the financial report

- Other assurance services

Other non-audit services

	<b>2024</b>	<b>2023</b>
	\$	\$
	90,600	87,750
	14,100	-
	<u>4,900</u>	<u>1,300</u>
	<u>109,600</u>	<u>89,050</u>

**NOTE 23: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

In the process of applying the group's accounting policies, management makes various judgements that can significantly affect the amounts recognised in the financial statements. In addition, the determination of carrying amounts of some assets and liabilities require estimation of the effects of uncertain future events. Outcomes within the next financial year that are different from the assumptions made could require a material adjustment to the carrying amounts of those assets and liabilities affected by the assumption.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN: 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 23: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)**

The following outlines the major judgements made by management in applying the group's accounting policies and/or the major sources of estimation uncertainty, that have the most significant effect on the amounts recognised in the financial statements and/or have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

*(a) Impairment of financial assets*

The group recognises an allowance for expected credit losses in relation to debt instruments, receivables from contracts with customers, contract assets and lease receivables. 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 to be received based on the group's exposure at default, discounted at the financial asset's original effective interest rate. The assessment of expected credit losses includes consideration of 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.

*(b) Leases assets and lease liabilities*

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. In order to measure a lease asset and corresponding lease liability, the group is required to make a determination of the lease term. This determination includes an assessment of whether the group is reasonably certain to exercise an option to extend the lease or to purchase the underlying asset, or not to exercise an option to terminate the lease. In making this judgement, the group considers all relevant facts and circumstances that create an economic incentive for the group to exercise, or not to exercise, the option, including any expected changes in facts and circumstances from the commencement date of the lease until the exercise date of the option.

**NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE**

On 8 July 2024, the Unison Group entered into an Asset Purchase Agreement with Eastcoast Housing, a registered housing agency based in Gippsland, Victoria.

On 16 August 2024, a contract of sale was signed for the rooming houses at 38-44 Nicholson Street, Fitzroy, with final settlement due on 27 June 2025.

On 5 September 2024, the Unison Group and Homes Victoria formalised a 2-year funding extension from 8 September 2024 to 7 September 2026 to manage the Kensington Estate.

On 16 September 2024, the Unison Group was successful in its application for projects with the Housing Australia Future Fund Facility.

Other than the events noted above, there has been no matter or circumstance, which has arisen since 30 June 2024 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2024, of the group, or
- (b) the results of those operations, or

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2024**

**NOTE 24: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)**

(c) the state of affairs, in financial years subsequent to 30 June 2024, of the group.

**NOTE 25: ENTITY DETAILS**

The registered office of the group is:

Unison Housing Limited  
117 Berkeley Street  
Melbourne VIC 3000

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

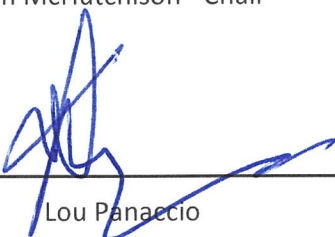
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the directors' opinion, the financial statements and notes thereto, as set out on pages 10 - 35, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, including:
  - (a) complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*; and
  - (b) giving a true and fair view of the financial position as at 30 June 2024 and performance for the year ended on that date of the Company.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Director:   
\_\_\_\_\_  
Ian McHutchison - Chair

Director:   
\_\_\_\_\_  
Lou Panaccio

Dated this                    17th    day of                    October                    2024

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 2024, 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 material accounting policy information, 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 2024 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 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 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 2024, 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.

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.

**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)*

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:

- 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.



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)*

- 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



PITCHER PARTNERS

Melbourne

Date: 18 October 2024