

**Unison Housing Limited and  
controlled entities**

**ABN 73 076 581 112**

Consolidated Financial report  
For the year ended 30 June 2018

## TABLE OF CONTENTS

Directors' report .....	<b>1 - 9</b>
Auditor's independence declaration .....	<b>10</b>
Financial report	
Consolidated statement of profit or loss and other comprehensive income .....	<b>11</b>
Consolidated statement of financial position .....	<b>12</b>
Consolidated statement of changes in equity .....	<b>13</b>
Consolidated statement of cash flows .....	<b>14</b>
Notes to financial statements .....	<b>15 - 35</b>
Directors' declaration .....	<b>36</b>
Independent auditor's report .....	<b>37 - 39</b>

**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 2018 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:

Jane S. Evans

Lou Panaccio

Richard Howard (resigned 26 October 2017)

Jane Hunt

Yvonne Turner

Barry Diamond

Ian McHutchison

Carolyn Healy

Barry Shepherd

Michelle Crawford (appointed 26 October 2017)

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

**Company Secretary**

The position was held by Ed Holmes.

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

**ABN 73 076 581 112**

### **DIRECTORS' REPORT**

#### **Results**

The accompanying financial statements include the full year of operations of Unison Housing Ltd and controlled entities (formerly Yarra Community Housing Limited and controlled entities) "the Unison Group". The 2017 year comparative figures include the operations of Unison Housing Ltd and controlled entities.

In summary the Unison Group is in a sound financial position. In the last financial year, 2017-18, the Unison Group was able to meet all operating costs, pay the interest on its loans, and make loan capital repayments of \$(10,503,958) (2017: \$(1,144,901)). The loan capital repayments are part of the Unison Group's long term plan to have the loans fully repaid by the year 2036.

The Unison Group made a deficit of \$(1,154,758) (deficit 2017: \$(57,076)). In 2018 the Unison Group revenues were \$31,063,749 (2017: \$27,916,357), operating expenses of \$32,505,153 (2017: \$28,700,002) and there was a positive movement in the cash flow hedge reserve of \$286,646 (2017: \$726,569) resulting in a deficit for the year before deducting 'non cash' depreciation of \$6,532,533 (2017 \$6,286,706).

As at 30 June 2018 the Unison Group had net assets of \$244,143,720 (2017: \$245,298,478). During the year no further amounts were allocated to the Lifecycle Replacement Maintenance ('LRM') Reserve until a review is undertaken to assess our requirements. The amount allocated to the LRM Reserve which on June 30th 2018 totalled \$7,495,121 (2017: \$7,495,121). The LRM Reserve represents the future cost 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 company will ensure that the portfolio of properties continues to provide amenity to tenants and retain their value into the future.

The Statement of Profit or Loss and Other Comprehensive Income includes a movement in a cash flow hedge reserve of \$286,646 (2017: \$726,569). Unison has fixed the interest rate it pays on a portion of its loan portfolio by entering into interest rate swap agreements with NAB and the balance of the cash flow hedge reserve is a result of the current market rates being lower than the fixed rates Unison pays. The purpose of entering into the interest rate swap agreements is to remove the uncertainty of interest rate fluctuations and allow the company to budget with certainty into the future.

#### **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 the 30th June 2018 the Unison Group manage 2,641 (2017: 2,579) units across Victoria and South Australia and during the year provided homeless services to 3,563 (2017: 2,933) people. In addition owners corporation services were provided to a further 799 (2017: 1,069) residential units.

It was identified that the property 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 committed to rectify these defects, which is reflected in the provision for repairs of \$2,434,623.

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

There were no significant changes to the state of affairs in 2018.

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

**ABN 73 076 581 112**

### **DIRECTORS' REPORT**

#### **Company objectives**

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

A strategic plan was developed during the 2017 financial year and ends in 2020. The plan is based on extensive consultation with key stakeholders including tenants, staff, partner organisations and government. Over the life of this strategy our focus will be on providing housing opportunities in areas where people might otherwise be excluded from the housing market. We will develop more mixed tenure properties, so that our housing reflects the diversity of the surrounding community. Using affordable housing as a base, Unison will create communities that are service rich and assist people to create lives they value. This means creating partnerships with other community service organisations, and connections to the wider community.

#### **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 crisis housing, transitional housing and information and referral services.
- management of private rental housing and owners corporation services.
- design and development of 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 funded homelessness service, Unison has met the performance standards of Health and Human Services which are assessed through an ongoing accreditation process.

As a funded property and place management service in South Australia, Unison is also required to meet the performance standards of the South Australian Housing Trust and partner organisations.

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

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

**ABN 73 076 581 112**

### **DIRECTORS' REPORT**

#### **After balance date events**

Particulars of matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the group in future financial years are as follows:

Subsequent to year-end, Ed Holmes has been appointed as CEO on the 1 October 2018.

#### **Likely developments**

The Unison Group will also embark on an asset recycling program to phase out many of its remaining rooming houses and contribute to the supply of affordable housing across Melbourne. The replacement of rooming houses with self contained apartments is part of our vision to provide some of the most vulnerable people in the community with improved and more secure accommodation.

#### **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**

<b>Jane S. Evans</b>	Appointed director September 2012, Chair
Qualifications	Graduate Diploma in Business Administration, Graduate Diploma Australian Institute of Company Directors
Experience	Executive level manager in insurance, financial services, emergency services and not-for-profit organisations with focus on strategic planning and organisational change. Board positions have included non executive director of international and national not for profit organisations, including a professional association (executive coaching), as well as in the disability and education sectors with emphasis on strategic planning, governance and risk management.
Special responsibilities	Governance and Nominations Committee February 2017 to June 2018

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN 73 076 581 112**

**DIRECTORS' REPORT**

**Information on directors (Continued)**

<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	Chartered accountant with strong management experience in business and healthcare services. Currently executive chairman of Health Networks Australia Investments Pty Ltd, non-executive chairman of Genera Biosystems Limited , non-executive director of Sonic Healthcare Limited , non-executive chairman of Avita Medical Limited, and non-executive chairman of Urban Communities Limited.
Special responsibilities	Finance, Audit and Risk Committee February 2017 to June 2018
<b>Richard Howard</b>	Appointed director November 1998 Resigned October 2017
Qualifications	Bachelor of Occupational Therapy, Post Graduate Diploma in Health Administration
Experience	Senior Clinician, Clarendon Homelessness Outreach Psychiatry Service, St. Vincent's Health Services.
Special responsibilities	Governance and Nominations Committee to October 2017 to June 2018
<b>Jane Hunt</b>	Appointed director November 2014 Appointed director of Urban Communities Ltd November 2015
Qualifications	Bachelor of Arts (Hons), Master of Arts (Hons), Master of Business (Leadership)
Experience	Held a number of executive positions in various not-for-profit organisations with emphasis on social entrepreneurship, strategic planning and governance.
Special responsibilities	Development Committee February 2017 to June 2018
<b>Yvonne Turner</b>	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	- Extensive executive experience and consulting in diverse commercial industries and the public sector. Executive roles have primarily incorporated business unit management, strategic planning, strategic marketing and management and new business development including establishing a national business as green fields. - Extensive nonexecutive and board experience in the NFP especially health including mental health.
Special responsibilities	Finance, Audit and Risk Committee July 2017 to June 2018

## UNISON HOUSING LIMITED AND CONTROLLED ENTITIES

ABN 73 076 581 112

### DIRECTORS' REPORT

#### Information on directors (Continued)

<b>Barry Diamond</b>	Appointed director March 2015
Qualifications	Bachelor of Economics (Monash), Bachelor of Laws (Monash), Chartered Accountant, Australian Legal Practitioner, Master of Business Administration (Melbourne)
Experience	Tax and Legal Partner at PwC. Considerable experience advising on: <ul style="list-style-type: none"><li>- Property development, syndication, funds management</li><li>- Major infrastructure projects and public private partnerships</li><li>- Corporate restructures, takeovers and mergers, demergers, IPOs</li><li>- Business acquisitions</li><li>- Structured and project financing</li></ul>
Special responsibilities	Finance, Audit and Risk Committee February 2017 to June 2018
<b>Ian McHutchison OAM</b>	Appointed director November 2015, Vice Chair Appointed director of Urban Communities Ltd October 2008; appointed Chair April 2015
Qualifications	B. Juris. LLB
Experience	Ian has a legal background and is a member of the advisory committee of the Fellowship for Indigenous Leadership (FIL) and a Board member of the Eva Tilley Memorial Home and MECWA. In 2009 he was awarded the Order of Australia Medal for services to the community. Ian is also a board member of Urban Communities Limited.
Special responsibilities	Development Committee February 2017 to June 2018
<b>Carolyn Healy</b>	Appointed director November 2015
Qualifications	Company Directors Course (Australian Institute of Company Directors Melbourne), Graduate Diploma of Business Administration (Latrobe University), Master of Arts - Health Studies (Latrobe University), Graduate Diploma of Education (Australian Catholic University), Bachelor of Arts (Melbourne University), Member - Australian Institute of Company Directors
Experience	Nominated by Individual Members of YCH, Caz brings a wealth of knowledge to the Board. Caz is highly respected for her years of experience, expertise and commitment to the Health and Community Services sector. Currently the Executive Director of Advocacy and Strategy at cohealth, Caz has held various GM roles in the community sector and led Doutta Galla Community Health as CEO for close to 9 years. To add to her long list of achievements and qualifications, Caz is also a member of the AICD.
Special responsibilities	Governance Committee July 2017 to June 2018



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

**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>Barry Shepherd</b>	Appointed director May 2016
Qualifications	Appointed director of Urban Communities Ltd September 2009 Licensed Real Estate Agent, Project Marketing - American Home Builders Association, Lecturer Melbourne University
Experience	Barry has been in the property industry for more than 40 years and ran his own property business prior to becoming a Director of Becton (retired 2010). Barry was responsible for marketing all Becton's residential projects in Australia together with retirement projects. Barry was previously Chairman of the Melbourne City Council Inner City Residential Committee and was a member of the Department of Infrastructure's Industry Advisory Panel. Barry was a member of the Moomba board for six years and is also a life member of Apex Australia. Barry has been a Director of the Beck Property Group since 2010. He regularly travels overseas to keep up with the latest in international medium density housing trends.
Special responsibilities	Development Committee February 2017 to June 2018
<b>Michelle Crawford</b>	Appointed director October 2017
Qualifications	RMIT University Master of Social Science (Policy and Human Services) University of Melbourne Graduate Diploma of Education (HIE - Adult) Monash University Bachelor of Business AICD Company Directors Course
Experience	Michelle has extensive senior management experience in the not for profit sector. Michelle is currently CEO of Concern Australia who work with young people aged 5-21 years in the areas of education; housing and homelessness; and youth justice. She has overseen programs in the areas of microfinance, financial inclusion, employment, education and training. Michelle also serves as a Director on the Board of First Nations Foundation.

**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**

**ABN 73 076 581 112**

**DIRECTORS' REPORT**

**Meetings of directors**

Directors	Director's Meetings		Development		Governance and Nominations		Finance, Audit and Risk	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Jane S. Evans	13	13	-	-	5	5	-	-
Lou Panaccio	13	10	-	-	-	-	8	3
Richard Howard	5	4	-	-	5	4	-	-
Jane Hunt	13	11	4	4	-	-	-	-
Yvonne Turner	13	13	-	-	-	-	8	7
Barry Diamond	13	9	-	-	-	-	8	8
Michelle Crawford	8	7	-	-	-	-	-	-
Ian McHutchison	13	11	4	4	-	-	-	-
Caz Healy	13	10	-	-	5	4	-	-
Barry Shepherd	13	10	4	4	-	-	-	-

**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.

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

**DIRECTORS' REPORT**

**Auditor's independence declaration**

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* 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:   
Barry Diamond

Dated this 25<sup>th</sup> day of October 2018

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES  
ABN 73 076 581 112

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

In relation to the independent audit for the year ended 30 June 2018, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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: 26 October 2018

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Revenue and other income</b>			
Management Income		2,282,120	2,705,783
Grant income		11,521,693	8,868,159
Rental income		15,822,916	15,314,921
Interest and other revenue		676,697	980,206
Other income		<u>760,323</u>	<u>47,288</u>
	3	<u>31,063,749</u>	<u>27,916,357</u>
<b>Less: Operating expenses</b>			
Depreciation and amortisation expense	4	(6,532,533)	(6,286,706)
Employee benefits expenses	4	(8,749,042)	(8,612,632)
Housing program expenses		(8,533,651)	(8,696,907)
Repairs expense	4	(2,434,623)	-
Borrowing costs	4	(1,555,678)	(1,721,323)
Administration expenses		(2,280,249)	(1,961,471)
Other expenses		<u>(2,419,377)</u>	<u>(1,420,963)</u>
		<u>(32,505,153)</u>	<u>(28,700,002)</u>
<b>Deficit</b>		<u>(1,441,404)</u>	<u>(783,645)</u>
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit and loss</i>			
Movement in fair value of cash flow hedges		<u>286,646</u>	<u>726,569</u>
		<u>286,646</u>	<u>726,569</u>
<b>Other comprehensive income for the year</b>		<u>286,646</u>	<u>726,569</u>
<b>Total comprehensive deficit</b>		<u>(1,154,758)</u>	<u>(57,076)</u>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Current assets</b>			
Cash and cash equivalents	6	3,942,696	5,168,920
Receivables	7	587,062	1,173,987
Other financial assets	8	8,971,431	13,349,974
Other assets	9	1,734,323	629,296
Assets classified as held for sale	10	<u>2,411,897</u>	<u>1,827,606</u>
<b>Total current assets</b>		<u>17,647,409</u>	<u>22,149,783</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	<u>264,526,153</u>	<u>267,095,994</u>
<b>Total non-current assets</b>		<u>264,526,153</u>	<u>267,095,994</u>
<b>Total assets</b>		<u>282,173,562</u>	<u>289,245,777</u>
<b>Current liabilities</b>			
Payables	12	3,601,133	2,256,980
Borrowings	13	-	936,000
Provisions	14	3,135,729	841,605
Other financial liabilities	15	995,391	1,282,037
Other liabilities	16	<u>3,847,939</u>	<u>3,309,466</u>
<b>Total current liabilities</b>		<u>11,580,192</u>	<u>8,626,088</u>
<b>Non-current liabilities</b>			
Borrowings	13	26,344,542	35,210,500
Provisions	14	<u>105,108</u>	<u>110,711</u>
<b>Total non-current liabilities</b>		<u>26,449,650</u>	<u>35,321,211</u>
<b>Total liabilities</b>		<u>38,029,842</u>	<u>43,947,299</u>
<b>Net assets</b>		<u>244,143,720</u>	<u>245,298,478</u>
<b>Equity</b>			
Reserves	17	6,499,730	6,213,084
Accumulated surplus		<u>237,643,990</u>	<u>239,085,394</u>
<b>Total equity</b>		<u>244,143,720</u>	<u>245,298,478</u>

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Contributed equity \$	Reserves \$	Accumulated Surplus \$	Total equity \$
<b>Consolidated</b>				
<b>Balance as at 1 July 2016</b>	-	5,568,272	239,787,282	245,355,554
Deficit for the year	-	-	(783,645)	(783,645)
Movement in fair value of cash flow hedges	-	726,569	-	726,569
<b>Total comprehensive income for the year</b>	-	726,569	(783,645)	(57,076)
Transfer to LRM Reserve	-	(81,757)	81,757	-
<b>Balance as at 30 June 2017</b>	-	6,213,084	239,085,394	245,298,478
<b>Balance as at 1 July 2017</b>	-	6,213,084	239,085,394	245,298,478
Deficit for the year	-	-	(1,441,404)	(1,441,404)
Movement in fair value of cash flow hedges	-	286,646	-	286,646
<b>Total comprehensive income for the year</b>	-	286,646	(1,441,404)	(1,154,758)
<b>Balance as at 30 June 2018</b>	-	6,499,730	237,643,990	244,143,720

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Note	2018 \$	2017 \$
<b>Cash flow from operating activities</b>			
Receipts from clients and government		32,242,627	30,471,726
Payments to suppliers and employees		(22,245,067)	(21,576,891)
Interest received		26,613	70,816
Borrowing costs		<u>(1,555,678)</u>	<u>(1,721,323)</u>
<b>Net cash provided by operating activities</b>		<u>8,468,495</u>	<u>7,244,328</u>
<b>Cash flow from investing activities</b>			
Proceeds from sale of property, plant and equipment		2,593,853	266,936
Proceeds from sale of investments		4,655,000	-
Payment for property, plant and equipment and work in progress		(7,141,614)	(6,777,868)
Payment for investments		<u>-</u>	<u>(730,000)</u>
<b>Net cash (used in) / provided by investing activities</b>		<u>107,239</u>	<u>(7,240,932)</u>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings		702,000	-
Repayment of borrowings		<u>(10,503,958)</u>	<u>(1,144,901)</u>
<b>Net cash used in financing activities</b>		<u>(9,801,958)</u>	<u>(1,144,901)</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		5,168,920	6,310,425
Net decrease in cash held		<u>(1,226,224)</u>	<u>(1,141,505)</u>
<b>Cash at end of financial year</b>	18(a)	<u><u>3,942,696</u></u>	<u><u>5,168,920</u></u>

The accompanying notes form part of these financial statements.



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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**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 Community 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 entities 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 transferred to the group and are de-recognised from the date that control ceases.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(c) Revenue**

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

Grants received on the condition that specified services be delivered, or conditions fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled.

Non-reciprocal grant revenue is recognised when the grant is received or receivable.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Rent revenue is recognised when the right to receive the revenue has been established.

Other revenue is recognised when the right to receive the revenue has been established.

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

**(d) 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*.

**(e) 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.

**(f) Financial instruments**

*Receivables*

Receivables are measured at fair value at inception.

*Financial assets*

Financial assets donated to the group are recognised at fair value at the date the group obtains the control of the assets.

*Financial liabilities*

Financial liabilities include trade payables, other creditors and loans from third parties.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(f) Financial instruments (Continued)**

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

*Derivative financial instruments*

The group holds derivative financial instruments to mitigate its risk exposures from interest rate movements.

Derivatives that are not designated in a qualifying hedge relationship are subsequently measured at fair value through profit or loss. Derivatives designated as hedging instruments are accounted for as described below.

Some financial instruments have embedded derivatives within them. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

*Hedge accounting*

Certain derivatives are designated as hedging instruments and are further classified as either fair value hedges or cash flow hedges.

At the inception of each hedging transaction, the group documents the relationship between the hedging instruments and hedged items, its risk management objective and its strategy for undertaking the hedge transaction. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair value or cash flows of hedged items.

**(i) Fair value hedge**

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognised in profit or loss, together with any remeasurement changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

**(ii) Cash flow hedge**

To qualify as a cash flow hedge the underlying transactions generating the cash flows must be highly probable.

Changes in the fair value of derivative that are designated and qualified as cash flow hedges are recognised in equity in the cash flow hedging reserve. This gain or loss is released to profit or loss in the same period when the forecast transactions occur, thereby offsetting any interest rate fluctuations that would have been recognised in the absence of the hedge.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

<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

**(h) 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.

**(i) Leases**

Leases are classified at their inception as operating based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Leases (Continued)**

*Operating leases*

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

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(j) Employee benefits**

*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual 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 and accumulated sick 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, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. 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 entity 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.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Borrowing costs**

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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.

**(l) 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 2018**

**NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

***AASB 9: Financial Instruments (December 2014), AASB 2014-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), AASB 2014-8: Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2018).***

These Standards will replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and
- requiring impairment of financial assets carried at amortised cost to be based on an expected loss approach.

The directors of the group has not yet determined the likely impact of the initial application of AASB 9 on its financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

***AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).***

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: Investment Property to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117.

The directors of the group has not yet determined the likely impact of the initial application of AASB 16 on its financial statements.

***AASB 1058: Income of Not-for-Profit Entities, AASB 2016-7: Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities and AASB 2016-8: Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities (applicable for annual reporting periods commencing on or after 1 January 2019).***

AASB 1058 replaces the income recognition requirements in AASB 1004: Contributions applicable to not-for-profit entities with a model based on the principles of AASB 15: Revenue from Contracts with Customers. Consequently, AASB 1058 requires not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer if the agreement:

- creates enforceable rights and obligations between the parties; and
- includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components



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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

When an arrangement does not meet the criteria for a contract with a customer, the inflows are accounted for in accordance with AASB 1058, which requires:

- the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard; and
- any difference between the consideration given for the asset and its fair value to be recognised in accordance with its substance (such as a contract liability, a financial instrument and/or a contribution by owners), and any residual amount recognised as income.

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

The directors of the group has not yet determined the likely impact of the initial application of AASB 1058 on its financial statements.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 3: REVENUE AND OTHER INCOME</b>		
Management Income		
Owners corporation management fees	560,742	775,291
Property management fees	1,169,752	1,152,244
Cleaning and maintenance fees	310,336	630,412
Other fees	<u>241,290</u>	<u>147,836</u>
	<u>2,282,120</u>	<u>2,705,783</u>
 Grant income		
Operating grants	5,560,359	4,354,159
Capital grants	<u>5,961,334</u>	<u>4,514,000</u>
	<u>11,521,693</u>	<u>8,868,159</u>
 Rental income	15,822,916	15,314,921
Interest income	303,070	625,319
Donations	21,445	40,031
Other revenue	<u>352,182</u>	<u>314,856</u>
	<u>676,697</u>	<u>980,206</u>
 Profit on sale of property, plant and equipment	<u>760,323</u>	<u>47,288</u>
	<u>31,063,749</u>	<u>27,916,357</u>

**NOTE 4: OPERATING DEFICIT**

Deficit has been determined after:		
Borrowing costs	(1,555,678)	(1,721,323)
Depreciation and amortisation	(6,532,533)	(6,286,706)
Bad and doubtful debts	(274,094)	(112,570)
Impairment	(172,781)	-
Employee benefits	(8,749,042)	(8,612,632)
Repairs expense	(a) (2,434,623)	-

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NOTE 4: OPERATING DEFICIT (CONTINUED)</b>		
Movements in provisions		
- Increase in provision for doubtful debts	(132,982)	(78,897)
- (Increase) / decrease in provision for employee benefits	146,102	(127,015)
Remuneration of auditors for:		
Audit and assurance services		
- Audit of the financial report	(64,700)	(56,000)
- Other non-audit services	(46,910)	(41,485)

**(a) Description of repair expense**

It was identified that the property 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 committed to rectify these defects, which is reflected in the provision for repairs of \$2,434,623. Refer to Note 14(a) for provision description.

**NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION**

Compensation received by key management personnel of the group

- short-term employee benefits	<u>564,462</u>	<u>675,021</u>
	<u><u>564,462</u></u>	<u><u>675,021</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
Jane S. Evans	
Lou Panaccio	
Richard Howard	Resigned 26 October 2017
Jane Hunt	
Yvonne Turner	
Barry Diamond	
Michelle Crawford	Appointed 26 October 2017
Ian McHutchison	
Caz Healy	
Barry Shepherd	

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 6: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	5,400	8,521
Cash at bank	3,915,655	3,804,332
Cash on deposit	<u>21,641</u>	<u>1,356,067</u>
	<u><u>3,942,696</u></u>	<u><u>5,168,920</u></u>

As at 30 June 2018, \$2,927,843 cash is held in a bank account in trust for the 150 Brunswick Street maintenance fund. The Group has a contractual obligation to use the cash for the purposes of funding the maintenance of 150 Brunswick Street, Fitzroy.

**NOTE 7: RECEIVABLES**

<b>CURRENT</b>		
Trade debtors	678,801	852,070
Impairment loss	<u>(247,582)</u>	<u>(114,690)</u>
	431,219	737,380
Other receivables	<u>155,843</u>	<u>436,607</u>
	<u><u>587,062</u></u>	<u><u>1,173,987</u></u>

**Impairment of trade receivables**

Opening balance at 1 July	114,690	35,793
Charge for the year	274,094	112,570
Amounts written off	<u>(141,202)</u>	<u>(33,673)</u>
Closing balance at 30 June	<u><u>247,582</u></u>	<u><u>114,690</u></u>

**NOTE 8: OTHER FINANCIAL ASSETS**

<b>CURRENT</b>		
<i>Financial assets at fair value through profit or loss</i>		
Investment portfolio	<u><u>8,971,431</u></u>	<u><u>13,349,974</u></u>

All financial assets at fair value through profit or loss are held for trading.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>NOTE 9: OTHER ASSETS</b>		
CURRENT		
Prepayments	627,797	281,179
Accrued income	60,000	62,691
Capital Works in Progress	<u>1,046,526</u>	<u>285,426</u>
	<u><u>1,734,323</u></u>	<u><u>629,296</u></u>

**NOTE 10: ASSETS CLASSIFIED AS HELD FOR SALE**

**Description of the asset:**

The property is a two storey Victorian building located at 225 McKean Street, Fitzroy North. It is situated on a land holding of 584 square metres.

**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.

The property was sold on the 4th of August 2018 at a purchase price above the carrying value.

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

*Assets*

225 McKean Street, Fitzroy North (Residential Property)	<u>2,411,897</u>	<u>1,827,606</u>
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**UNISON HOUSING LIMITED AND CONTROLLED ENTITIES**  
**ABN 73 076 581 112**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and buildings</b>		
At cost	311,818,127	308,126,252
Accumulated depreciation	<u>(48,395,834)</u>	<u>(42,135,620)</u>
	<u>263,422,293</u>	<u>265,990,632</u>
<b>Plant and equipment</b>		
Plant and equipment at cost	2,749,169	2,478,351
Accumulated depreciation	<u>(1,645,309)</u>	<u>(1,372,989)</u>
	1,103,860	1,105,362
Motor vehicles at cost	-	14,999
Accumulated depreciation	<u>-</u>	<u>(14,999)</u>
	<u>-</u>	<u>-</u>
Total plant and equipment	<u>1,103,860</u>	<u>1,105,362</u>
Total property, plant and equipment	<u>264,526,153</u>	<u>267,095,994</u>
<b>(a) Reconciliations</b>		
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	265,990,632	267,745,676
Additions	5,932,733	6,071,907
Depreciation expense	(6,260,214)	(5,999,345)
Transfers from work in progress	171,039	-
Transfer to assets held for sale	<u>(2,411,897)</u>	<u>(1,827,606)</u>
Closing carrying amount	<u>263,422,293</u>	<u>265,990,632</u>
<i>Plant and equipment</i>		
Opening carrying amount	1,105,362	647,129
Additions	276,742	705,961
Disposals	(5,924)	-
Depreciation expense	<u>(272,320)</u>	<u>(247,728)</u>
Closing carrying amount	<u>1,103,860</u>	<u>1,105,362</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>		
<b>(a) Reconciliations (Continued)</b>		
<i>Motor vehicles</i>		
Opening carrying amount	-	259,281
Disposals	-	(219,648)
Depreciation expense	-	(39,633)
Closing carrying amount	<u>-</u>	<u>-</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	267,095,994	268,652,086
Additions	6,209,475	6,777,868
Disposals	(5,924)	(219,648)
Depreciation expense	(6,532,534)	(6,286,706)
Reclassified as held for sale or held in disposal	171,039	-
Transfer to assets held for sale	<u>(2,411,897)</u>	<u>(1,827,606)</u>
Carrying amount at 30 June	<u>264,526,153</u>	<u>267,095,994</u>

**(b) Property, plant and equipment pledged as security**

The Director of Housing has a registered interest in the title of the 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 2018, several properties had been pledged as security for the borrowing identified in Note 13.

**NOTE 12: PAYABLES**

**CURRENT**

*Unsecured liabilities*

Trade creditors	2,068,918	1,137,310
GST payable	(31,365)	327,477
Other payables	297,345	404,137
Accrued expenses	<u>1,266,235</u>	<u>388,056</u>
	<u>3,601,133</u>	<u>2,256,980</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018 \$	2017 \$
<b>NOTE 13: BORROWINGS</b>		
<b>CURRENT</b>		
<i>Secured liabilities</i>		
Bank loans	<u>-</u>	<u>936,000</u>
<b>NON CURRENT</b>		
<i>Secured liabilities</i>		
Bank loans	<u>26,344,542</u>	<u>35,210,500</u>

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

(b) The current facility agreements total \$40,000,000 and expire on 1 July 2020.

**NOTE 14: PROVISIONS**

<b>CURRENT</b>		
Employee benefits	701,106	841,605
Repairs	(a) <u>2,434,623</u>	<u>-</u>
	<u>3,135,729</u>	<u>841,605</u>
<b>NON CURRENT</b>		
Employee benefits	<u>105,108</u>	<u>110,711</u>
Aggregate employee benefits liability	806,214	952,316

**(a) Description of provisions**

Unison are committed to recover costs in relation to provisions for repairs to property assets. The costs are sought to be recovered. As at the time of signing, no formal agreement has been executed indicating scope of cost recovery and no receivable has been recognised at 30 June 2018. The provision relates to the following properties:

- 100 Mount Street, Heidelberg
- 229 Barkly Street, Footscray
- 239 Brunswick Street, Footscray
- 29-33 Alma Street, Fitzroy



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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$

**NOTE 15: OTHER FINANCIAL LIABILITIES**

**CURRENT**

*Hedging instruments*

Cash flow hedge

Interest rate hedging instrument

	<u>995,391</u>	<u>1,282,037</u>
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**Hedging arrangements**

Unison Housing Ltd has fixed the interest rate it pays 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 is to remove the uncertainty of interest rate fluctuations and allow the company to budget with certainty into the future.

As at 30 June 2018 the following interest rate swaps were in place:

\$15,000,000 - Maturity date 1 January 2022. Fixed at 4.03%.

\$15,000,000 - Maturity date 31 August 2018. Fixed at 2.23%.

**NOTE 16: OTHER LIABILITIES**

**CURRENT**

Deferred income

Maintenance funds

	920,096	1,404,772
	<u>2,927,843</u>	<u>1,904,694</u>
	<u>3,847,939</u>	<u>3,309,466</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$
<b>NOTE 17: RESERVES</b>		
LRM reserve	7,495,121	7,495,121
Cashflow hedge reserve	<u>(995,391)</u>	<u>(1,282,037)</u>
	<u>6,499,730</u>	<u>6,213,084</u>

The Lifecycle Replacement Maintenance (LRM) Reserve represents the cost of replacing various elements of a building as each element reaches the end of its economic life. The Company allocates funds to the LRM Reserve each year to ensure sufficient funds are set aside to meet future LRM costs and maintain the properties to an acceptable standard. \$7,495,121 represents amounts operationally quarantined for Lifecycle Replacement Maintenance of property, plant and equipment.

While the LRM Reserve was established as a separate reserve in the balance sheet of Unison for the first time in 2012, Unison has been making allocations to the LRM Reserve since 2010. No amounts were allocated in financial year 2018 (2017: \$nil) with the balance having been allocated in previous financial years.

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

**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	5,400	8,521
Cash at bank	3,915,655	3,804,332
At call deposits with financial institutions	<u>21,641</u>	<u>1,356,067</u>
	<u>3,942,696</u>	<u>5,168,920</u>

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	2018	2017
	\$	\$

**NOTE 19: CAPITAL AND LEASING COMMITMENTS**

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	346,974	326,170
- later than one year and not later than five years	<u>485,566</u>	<u>519,758</u>
	<u>832,540</u>	<u>845,928</u>

General description of leasing arrangement - Rental of premises at 121 Victoria Street, Footscray, 1-13 Watton Street, Werribee, 83 Ryrie Street, Geelong, 180 Chetwynd Street, North Melbourne, vehicle fleet and photocopier lease.

**NOTE 20: RELATED PARTY TRANSACTIONS**

No transactions with related parties were entered into during the year ended 30 June 2018.

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 21: MEMBERS' GUARANTEE**

The parent entity and subsidiary are both companies limited by guarantee.

**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 2018, the number of members was 87 (19 organisational and 68 individual members (2017:87)).

**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. At 30 June 2018, the number of members was 9 (2017:9)).

**Urban Communities Limited**

The subsidiary company is a company limited by guarantee. If the subsidiary company is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the subsidiary company, as well as costs, charges and expenses of winding up, and for the adjustment of the rights of the contributors or Members amongst themselves. At 30 June 2018, the number of members was 1 (2017:1).

As at 30 June 2018, this entity has been placed in voluntary administration.

If, on the winding-up or dissolution of Urban Communities Limited, any property (including Gift Funds) remains after satisfaction of all its debts and liabilities, such property may only be given or transferred to a company, fund, institution or authority:

- (1) which has charitable objects similar to, or inclusive of, the objects of UHL;
- (2) whose constitution prohibits distributions or payments to its members to at least the same extent as set out in rule 4;
- (3) that is a deductible gift recipient within the meaning of the ITAA 1997;
- (4) that is a Registered Agency; and
- (5) that has been approved by the Registrar under the Housing Act.
- (6) The identity of the entity referred to in the above rule must be decided by the Directors, or if the Directors do not wish to decide or do not decide, it must be decided by the Members by ordinary resolution at or before the time of winding-up or dissolution of UHL and, if the Members cannot or do not decide, by the Supreme Court of Victoria

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

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**NOTE 22: EVENTS SUBSEQUENT TO REPORTING DATE**

On 4 August 2018 Unison Housing Limited entered into a contract for the sale of 225 McKean Street, Fitzroy North. Refer to Note 10: Assets Classified as Held for Sale.

On 1 October 2018 Ed Holmes was appointed as CEO of Unison Housing Limited.

With the exception of the matters outlined above there has been no matter or circumstance, which has arisen since 30 June 2018 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2018, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2018, of the group.

**NOTE 23: PARENT ENTITY DETAILS**

Summarised presentation of the parent entity, Unison Housing Limited, financial statements:

**(a) Summarised consolidated statement of financial position**

**Assets**

Current assets	17,647,387	22,865,936
Non-current assets	<u>264,515,444</u>	<u>267,095,994</u>
Total assets	<u><u>282,162,831</u></u>	<u><u>289,961,930</u></u>

**Liabilities**

Current liabilities	12,434,372	9,244,377
Non-current liabilities	<u>26,449,650</u>	<u>35,321,211</u>
Total liabilities	<u><u>38,884,022</u></u>	<u><u>44,565,588</u></u>
Net assets	<u><u>243,278,809</u></u>	<u><u>245,396,342</u></u>

**Equity**

Accumulated Surplus	236,779,079	239,183,258
Reserves		
LRM reserve	7,495,121	7,495,121
Cashflow hedge reserve	<u>(995,391)</u>	<u>(1,282,037)</u>
Total equity	<u><u>243,278,809</u></u>	<u><u>245,396,342</u></u>

**(b) Summarised consolidated statement of profit or loss and other comprehensive income**

Surplus / (Deficit) for the year	(2,404,181)	4,231,867
Other comprehensive income for the year	<u>286,647</u>	<u>726,569</u>
Total comprehensive income for the year	<u><u>(2,117,534)</u></u>	<u><u>4,958,436</u></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*.

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

Director:   
Ian McHutchison - Chair

Director:   
Barry Diamond

Dated this 25<sup>th</sup> day of October 2018

UNISON HOUSING LIMITED AND CONTROLLED ENTITIES  
ABN 73 076 581 112

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

**Report on the Audit of the Financial Report**

*Opinion*

We have audited the financial report of Unison Community Housing Limited "the company" and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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* "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 2018, 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 COMMUNITY 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:

- 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.



UNISON HOUSING LIMITED AND CONTROLLED ENTITIES  
ABN 73 076 581 112

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

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

- 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



PITCHER PARTNERS

MELBOURNE

Date 26 October 2018