

Jacaranda Housing

ACN 140 309 888

Financial report

For the year ended 30 June 2016

TABLE OF CONTENTS

Directors' report	1 - 6
Auditor's independence declaration	7
Financial report	
Statement of profit or loss and other comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to financial statements	12 - 23
Directors' declaration	24
Independent auditor's report	25 - 26

DIRECTORS' REPORT

The directors present their report together with the financial report of Jacaranda Housing for the year ended 30 June 2016 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:

Terrence Pinnell (resigned 16 March 2016)

Patrick Murphy (appointed 18 August 2016 and resigned 2 September 2016)

Vincent Knauth (resigned 24 October 2015)

Jennifer Lee (resigned 24 October 2015)

George Zukiwskyj

Graeme Tudor

Jennifer Brock (resigned 21 January 2016)

Peter Richards (resigned 6 May 2016)

Eleanor Dillmann (appointed 19 February 2016 and resigned 1 August 2016)

Michele Venables (appointed 24 October 2015)

Maureen Connolly (resigned 23 July 2015)

Graeme Bailey (appointed 24 October 2015)

Gordon Curtis (appointed 24 October 2015)

Alex Griffiths (appointed 24 October 2015 and resigned 27 February 2016)

Deborah Stubbs (appointed 19 May 2016)

Heather Millhouse (resigned 24 October 2015)

Shane Mullins (appointed 3 September 2016)

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

Company objectives

Strategic Plan

Mission Statement:

“To provide sustainable housing options through proactive tenant engagement for low income earners and their families”

Vision Statement:

DIRECTORS' REPORT

Company objectives (Continued)

“To be the best practice model of affordable housing within the public and social sectors.”

Values:

“Our values influence our thoughts, guide our decisions, mould our policies and help determine our course of action. Every decision and action we take is governed by our core principles.”

Equity

We do not discriminate in any of our dealings with any person or groups of persons.

Respect

Our ethos is to treat all stakeholders with courtesy, respect and civility at all times through respectful transparent and culturally appropriate communication

Professionalism

Our staff are caring professionals who exhibit the skills, competence and character that reflect our Mission and Vision. We are committed to the ethical management and governance ensuring full transparency and accountability at all times.

Accountability

We are accountable for our actions and behaviours, both as individuals and as an organization through regular auditing and our cycle of continuous improvement. We maintain a high degree of integrity benefiting all stakeholders

Commitment

As a registered charity JH is committed to ensuring it complies with the Governance Standards required by the ACNC regulations. JH is also committed to ensuring that it complies with NRSCH and Housing Regulations.

Jacaranda dares to endeavour to provide for its members/tenants homes that are:

- Decent
- Secure
- Affordable
- Well-located and well-maintained
- Suitable and appropriate for a member's conventional needs
- Consistently managed in ways which do not replicate the complex social injustices which are inherent in other forms of rental housing.

Goals and Key Performance Indicators:

Over the 2017 year, Jacaranda Housing will aim to achieve the following objectives:

- | | |
|--------|---|
| Goal 1 | To achieve compliance with the National Regulatory Framework as a Tier 3 Provider. |
| Goal 2 | To increase the number of dwellings under Jacaranda's management from 75 to 200. |
| Goal 3 | To re-orient the current portfolio to reduce maintenance costs and better meet the needs of existing tenants. |

DIRECTORS' REPORT

Company objectives (Continued)

- Goal 4 To ensure the participation of tenants at all levels of organisational decision making.
- Goal 5 To manage the organisation in a way that is efficient, accountable and provides excellent customer service to tenants.

Principal activities

The principal activity of the company during the year was to provide housing facilities to tenants and members of the company.

Information on directors

Terrence Pinnell (resigned 16 March 2016)

Chair
Qualifications Certified Financial Planner and JP Qualified
Experience Has over 34 years of experience in the finance industry. Is a director for two companies and on the management committee of another not-for-profit entity.

Patrick Murphy (appointed 18 August 2016 and resigned 2 September 2016)

Director
Experience Change management experience

Vincent Knauth (resigned 24 October 2015)

Director and Treasurer
Experience 20 years' experience as a chartered accountant and fully conversant with the requirements of a company director, and other legal requirements. Experience in business accounting, finances, audit and taxation. Strong focus on social justice.

Jennifer Lee (resigned 24 October 2016)

Director and Treasurer
Experience Several years involvement in property management with Bayside Housing.

George Zukiwskyj

Chair
Experience Years of experience in various aspects of running New Farm Housing Co-op (NFHC), along with some other community groups. Committed to the principles of social justice.

DIRECTORS' REPORT

Information on directors (Continued)

Graeme Tudor	Director
Experience	Entire career has been spent working in the not-for-profit sector and this experience has provided knowledge regarding homelessness and the subsequent impacts on men and women. Organisational analysis, workplace training and development, innovation and creating solutions. This experience has formed Graeme's commitment to social justice
Peter Richards (resigned 6 May 2016)	Director
Experience	Involved in advocacy and support of affordable housing for the past 30 years. Contributed to the formation of Spring Hill Cooperative in 1980's Former Vice-President of the Australian Institute of Architects. Served on the management committee of the Centre for Subtropical Design since 2003. UDAL committee member 2001-2008.
Jennifer Brock (resigned 21 January 2016)	Director - Secretary
Qualifications	JP Qualified
Experience	Public, private, and not-for-profit sector experience spanning 30+ years. Work is grounded in administration, work health and safety, training and quality assurance processes, along with 8 years' experience volunteering at the local community level.
Eleanor Dillmann (appointed 19 February 2016 and resigned 1 August 2016)	Director
Experience	Retired solicitor and years of experience as business manager
Michele Venables (appointed 24 October 2015)	Director
Experience	Public advocate and business management
Maureen Connolly (resigned 23 July 2015)	Director
Experience	20 years experience as a Director of West End Housing Co-op, with all the various facets that come from being part of a co-op. Degree qualifications in Arts, majoring in Communications, along with other formal and informal qualifications gained over time. Strong commitment to social justice, community and environment.

DIRECTORS' REPORT

Information on directors (Continued)

Graeme Bailey (appointed 24 October 2015)

Director and Treasurer
Qualifications B Bus (Acc), MBA, MFA, CPA
Experience Forensic accountant

Gordon Curtis (appointed 24 October 2015)

Director
Qualifications B.A. (University of Queensland)
Experience University graduate and political activist.
Have been a Board Member (or equivalent) with the following organisations:
- The Printing and Kindred Industries Union, State Executive, Graphic Reproducers representative.
Creative Broadcasters Ltd (license holders for Radio 4ZZZ-FM) Director for several years.
- The University of Queensland Students Union, Member Union House Committee, Chair, Part Time Students Committee, Member of the Students Union Executive Committee (by virtue of being elected as a vice president for Part Time Students area).
- Extensive Board membership with Inner Western Suburbs Housing Collective Ltd.

Alex Griffiths (appointed 24 October 2015 and resigned 27 February 2016)

Director
Experience Solicitor with company secretarial experience.

Deborah Stubbs (appointed 19 May 2016)

Director
Experience Over 20 years experience in community housing, TAFE trainer and board member of NFHC

Heather Millhouse (resigned 24 October 2015)

Director
Qualifications
Experience Human Resource Management - Peace Educator, Indigenous Educator, Environment and Community Education Co-ordinator in NGO. Many year's spent in various roles on Management Committees for NGO's.

Shane Mullins (appointed 3 September 2016)

Experience Long-term member of Jacaranda Housing and New Farm Housing Co Op (NFHC). Past experience in the Airforce, Security industry and a past Jacaranda board member.

DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Terrence Pinnell (resigned 16 March 2016)	8	7
Vincent Knauth (resigned 24 October 2015)	3	3
Jennifer Lee (resigned 24 October 2015)	3	3
George Zukiwskyj	12	11
Graeme Tudor	12	9
Jennifer Brock (resigned 21 January 2016)	5	4
Peter Richards (resigned 6 May 2016)	10	7
Eleanor Dillmann (appointed 19 February 2016 and resigned 1 August 2016)	5	4
Michele Venables (appointed 24 October 2015)	9	9
Maureen Connolly (resigned 23 July 2015)	-	-
Graeme Bailey (appointed 24 October 2015)	9	6
Gordon Curtis (appointed 24 October 2015)	9	9
Alex Griffiths (appointed 24 October 2015 and resigned 27 February 2016)	4	4
Deborah Stubbs (appointed 19 May 2016)	2	1
Heather Millhouse (resigned 24 October 2015)	3	3
Shane Mullins (appointed 3 September 2015)	-	-

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$5 each towards meeting any outstanding's and obligations of the group. At 30 June 2016 the number of members was 71. The combined total amount that members of the company are liable to contribute if the company is wound up is \$355.

Signed on behalf of the board of directors.

Director:


Graeme Bailey (appointed 24 October 2015)

Dated this Twenty-fourth day of October 2016



PITCHER PARTNERS

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NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

Auditor's Independence Declaration

As lead auditor for the audit of Jacaranda Housing for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

PITCHER PARTNERS

JASON EVANS
Partner

Brisbane, Queensland
24 October 2016

Jacaranda Housing
ACN 140 309 888

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 \$	2015 \$
Revenue	3	1,471,316	843,704
Less: expenses			
Depreciation and amortisation expense		(213,226)	(167,993)
Employee benefits expense		(232,141)	(256,853)
Property related costs		(502,214)	(464,004)
Loss on realisation of contingent liability		(110,000)	(970,696)
Finance costs		(4,301)	(9,983)
Administration expenses		<u>(245,929)</u>	<u>(243,041)</u>
		<u>(1,307,811)</u>	<u>(2,112,570)</u>
Profit / (loss) before income tax expense		163,505	(1,268,866)
Income tax expense		<u>-</u>	<u>-</u>
Profit / (loss) for the year		<u>163,505</u>	<u>(1,268,866)</u>
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Revaluation of property, plant & equipment		<u>4,257,300</u>	<u>-</u>
		<u>4,257,300</u>	<u>-</u>
Other comprehensive income for the year		<u>4,257,300</u>	<u>-</u>
Total comprehensive income/(loss)		<u>4,420,805</u>	<u>(1,268,866)</u>

The accompanying notes form part of these financial statements.

Jacaranda Housing
ACN 140 309 888

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016 \$	2015 \$
Current assets			
Cash and cash equivalents	4	650,209	1,041,764
Receivables	5	33,818	173,618
Other financial assets	6	<u>-</u>	<u>107,951</u>
Total current assets		<u>684,027</u>	<u>1,323,333</u>
Non-current assets			
Property, plant and equipment	7	37,223,784	32,337,441
Other assets	8	<u>41,025</u>	<u>142,225</u>
Total non-current assets		<u>37,264,809</u>	<u>32,479,666</u>
Total assets		<u>37,948,836</u>	<u>33,802,999</u>
Current liabilities			
Payables	9	50,372	71,458
Provisions	11	596	28,084
Other liabilities	12	<u>35,457</u>	<u>26,851</u>
Total current liabilities		<u>86,425</u>	<u>126,393</u>
Non-current liabilities			
Borrowings	10	<u>-</u>	<u>235,000</u>
Total non-current liabilities		<u>-</u>	<u>235,000</u>
Total liabilities		<u>86,425</u>	<u>361,393</u>
Net assets		<u>37,862,411</u>	<u>33,441,606</u>
Equity			
Reserves	13	12,831,566	8,574,266
Retained earnings	14	<u>25,030,845</u>	<u>24,867,340</u>
Total equity		<u>37,862,411</u>	<u>33,441,606</u>

The accompanying notes form part of these financial statements.

**Jacaranda Housing
ACN 140 309 888**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2014	10,177,766	24,532,706	34,710,472
Profit/(loss) for the year	<u>-</u>	<u>(1,268,866)</u>	<u>(1,268,866)</u>
Total comprehensive income for the year	<u>-</u>	<u>(1,268,866)</u>	<u>(1,268,866)</u>
Transfers	<u>(1,603,500)</u>	<u>1,603,500</u>	<u>-</u>
Balance as at 30 June 2015	<u>8,574,266</u>	<u>24,867,340</u>	<u>33,441,606</u>
Balance as at 1 July 2015	8,574,266	24,867,340	33,441,606
Profit for the year	-	163,505	163,505
Revaluation of property, plant & equipment	<u>4,257,300</u>	<u>-</u>	<u>4,257,300</u>
Total comprehensive income for the year	<u>4,257,300</u>	<u>163,505</u>	<u>4,420,805</u>
Balance as at 30 June 2016	<u>12,831,566</u>	<u>25,030,845</u>	<u>37,862,411</u>

The accompanying notes form part of these financial statements.

**Jacaranda Housing
ACN 140 309 888**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
Cash flow from operating activities			
Receipts from members and co-ops		1,019,089	775,862
Payments to suppliers and employees		(1,237,301)	(2,481,658)
Interest received		31,530	18,937
Finance costs		<u>-</u>	<u>(9,983)</u>
Net cash provided by / (used in) operating activities	15(b)	<u>(186,682)</u>	<u>(1,696,842)</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		1,890,000	4,220,255
Payment for property, plant and equipment		(1,967,824)	(2,110,740)
(Increase)/Decrease in term deposit		<u>107,951</u>	<u>109,276</u>
Net cash provided by investing activities		<u>30,127</u>	<u>2,218,791</u>
Cash flow from financing activities			
Proceeds from borrowings		-	250,000
Repayment of borrowings		<u>(235,000)</u>	<u>(15,000)</u>
Net cash provided by / (used in) financing activities		<u>(235,000)</u>	<u>235,000</u>
Reconciliation of cash			
Cash at beginning of the financial year		1,041,764	284,815
Net increase / (decrease) in cash held		<u>(391,555)</u>	<u>756,949</u>
Cash at end of financial year	15(a)	<u><u>650,209</u></u>	<u><u>1,041,764</u></u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

In the director's opinion, the company is not a reporting entity because there are no users dependent on general purpose financial reports. This is a special purpose financial report that has been prepared for the sole purpose of complying with the Australian Charities and Not-for-profits Commission Act 2012.

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

The financial report is for the entity Jacaranda Housing as an individual entity. Jacaranda Housing is a company limited by guarantee, incorporated and domiciled in Australia. Jacaranda Housing is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the recognition and measurement principles of all applicable Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(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) Going concern

The financial report has been prepared on a going concern basis.

(c) Revenue

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

Rent revenue is recognised over the applicable rental period. Jacaranda Housing charges members rent based on 25% of their respective income, capped at full market rates.

Contribution income is recognised when the right to receive the contribution has been established.

Grant revenue is recognised in the income statement when it is controlled. Where binding conditions, or specified milestones, exist relating to the specific purposes for which the grant funds may be applied, grant revenues are recognised in the balance sheet as a liability until such time that all conditions of the grant are met.

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax

No provision for income tax has been raised as the company 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 with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(f) 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.

Properties that are held for strategic purpose or to provide a social service and that generate cash inflows where the rental revenue is incidental to the purpose for holding the property, do not meet the definition of investment properties and are classified as properties in accordance with AASB 116.

Property

Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Freehold land and buildings are subsequently measured at fair value. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease of the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to profit and loss.

Plant and equipment

Plant and equipment is measured at cost. Where plant and equipment was acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Depreciation

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at valuation	2%	Straight line
Plant and equipment at cost	25%	Straight line
Furniture, fixtures and fittings at cost	8-33%	Straight line

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) 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.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(i) Employee wages and benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick 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 statement of financial position.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee wages and benefits (Continued)

(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 have maturity dates that approximate the terms of the obligations. 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 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 statement of financial position.

(j) Comparatives

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

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have performed assessment and have determined that these standards and interpretations are not likely to impact on the financial information presented.

	2016	2015
	\$	\$
NOTE 3: REVENUE AND OTHER INCOME		
Rental income - members	745,714	744,618
Interest income	31,530	18,937
Donations and grants	30,827	30,462
Gain on sale of property	<u>663,245</u>	<u>49,687</u>
	<u>1,471,316</u>	<u>843,704</u>
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	195	500
Cash at bank	<u>650,014</u>	<u>1,041,264</u>
	<u>650,209</u>	<u>1,041,764</u>

Jacaranda Housing
ACN 140 309 888

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016 \$	2015 \$
NOTE 5: RECEIVABLES		
CURRENT		
Trade debtors	11,937	14,780
GST receivable	7,957	99,977
Other receivables	<u>13,924</u>	<u>58,861</u>
	<u>33,818</u>	<u>173,618</u>
NOTE 6: OTHER FINANCIAL ASSETS		
CURRENT		
<i>Held to maturity financial assets</i>		
Term deposits	<u>-</u>	<u>107,951</u>
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Land		
At valuation	<u>24,934,213</u>	<u>23,884,000</u>
Buildings		
At valuation	12,510,448	8,790,881
Accumulated depreciation	<u>(220,877)</u>	<u>(337,440)</u>
	<u>12,289,571</u>	<u>8,453,441</u>
Total property, plant and equipment	<u>37,223,784</u>	<u>32,337,441</u>
(a) Reconciliations		
<i>Freehold land</i>		
Opening carrying amount	23,884,000	25,689,000
Additions	-	900,000
Disposals	(1,070,000)	(2,705,000)
Revaluation increments / (decrements)	<u>2,120,213</u>	<u>-</u>
Closing carrying amount	<u>24,934,213</u>	<u>23,884,000</u>

Jacaranda Housing
ACN 140 309 888

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	2016	2015
	\$	\$
NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Buildings</i>		
Opening carrying amount	8,453,441	7,926,607
Additions	2,069,024	1,075,140
Disposals	(156,755)	(380,313)
Revaluation increments / (decrements)	2,137,087	-
Depreciation expense	<u>(213,226)</u>	<u>(167,993)</u>
Closing carrying amount	<u>12,289,571</u>	<u>8,453,441</u>

Basis for measurement of revalued amounts

Land and buildings were valued by independent valuer - Havery, Ehlers & Associates during the 2016 financial year. The valuation expert C. Ehlers F.A.P.I determined the fair value of the properties using a direct comparison valuation methodology.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Property, plant and equipment pledged as security

The Queensland Housing Commission has registered mortgages over the following properties:

53 Fernberg Street, Paddington	1/17 Llewellyn Street, New Farm
103 Princess Street, Kangaroo Point	1/921 Brunswick Street, New Farm
88 Villiers Street, New Farm	45 Terrace Street, New Farm
2 Esher Street, Tarragindi	2 Walkers Drive, Hawthorne
5/77 Moreton Street, New Farm	2a Esher Street, New Farm
281 Riding Road, New Farm	88 Diamond Street, New Farm
121-133 Annie Street, New Farm	6 Barramay Street, Manly West
10 St Helena Place, Tingalpa	36 Queens Court Road, Alexandra Hills
62 Bowering Street, Lota	60 Crown Street, Wynnum
21 Leon Street, Thornside	50 Kennedy Drive, Capalaba
4 Albicore Drive, Thornlands	31 Shelley Street, Cannon Hill
2 Mulder Street, Manly Street	4 Tanya Street, Manly West
34 Radford Road, Manly West	8 Jared Place, Wynnum West
20 Sorrento Street, Wynnum West	120 West Avenue, Wynnum
18 Sorrento Street, Wynnum West	57 Accession Street, Bardon
79 Ashgrove Avenue, Ashgrove	42 Burnham Street, Bardon
2 Nicholas Street, Mitchelton	7 Girton Street, Alderly
14 Chermside Street, Highgate	14 Kinkade Avenue, Ashgrove
19 Rockbourne Terrace, Paddington	28 Eton Street, Toowong
90 Coolibah Street, Bardon	91 Lugg Street, Bardon
387 Newmarket Road, Newmarket	49 Fenton St Fairfield
1/20 Brook Street, Highgate Hill	1/181 Vulture Street, West End
33 Granville Street, West End *	11 Egbert Street, West End
1/7 Raven Street, Hill End *	52 Princess Street, Fairfield
2/7 Raven Street, Hill End *	47 Fenton Street, Fairfield
2 Wahcumba Street, Dutton Park	2/181 Vulture Street, West End
50 Princess Street, Fairfield	

The following properties were purchased by Jacaranda during 2016 without the assistance of capital funding from the Department of Housing. Therefore no contingent liability is held against the following properties:

Lot 108/ 166 & 118 Osborne Road, Mitchelton **
Lot 109/ 166 & 118 Osborne Road, Mitchelton **
Lot 209/ 166 & 118 Osborne Road, Mitchelton **
Lot 9/ 152 & 154 Finucane Road **
Lot 11 / 152 & 154 Finucane Road **
Lot 15/ 152 & 154 Finucane Road **

*sold during 2016

**purchased during 2016

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Sale of Land and Buildings

In 2016, the company sold the following land and buildings:

Property	Proceeds	Written Down Value	Gain/(Loss) on Sale	Contingent Liability
	\$	\$	\$	\$
1 & 2/7 Raven Street	1,110,000	689,241	420,759	75,000
33 Granville Street	780,000	537,514	242,486	35,000
	<u>1,890,000</u>	<u>1,226,755</u>	<u>663,245</u>	<u>110,000</u>

For background on the contingent liability realised with the Department of Housing and Public Works, refer Note 16.

In 2015, the company sold the land & buildings at 208 & 210 James Street. This resulted in the realisation of a contingent liability with the Department of Housing and Public Works of \$885,696 and a gain on sale of land & buildings of \$23,618. The original cost of the land & buildings was \$81,500 with a fair value increment of \$1,603,500 less accumulated depreciation of \$8,618 at the date of disposal. During 2015, the fair value increment of \$1,603,500 was transferred from the asset revaluation reserve to retained earnings upon sale of the assets (Refer to Note 14). For properties disposed in 2016 no fair value increment had previously been recognised in the asset revaluation reserve therefore there has been no transfer from the revaluation reserve to retained earnings.

	2016	2015
	\$	\$
NOTE 8: OTHER ASSETS		
NON CURRENT		
Deposits on future property acquisitions (refer to Note 20)	34,400	135,600
Other deposits	<u>6,625</u>	<u>6,625</u>
	<u>41,025</u>	<u>142,225</u>

NOTE 9: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	5,303	507
Accrued expenses	<u>45,069</u>	<u>70,951</u>
	<u>50,372</u>	<u>71,458</u>

**Jacaranda Housing
ACN 140 309 888**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
NOTE 10: BORROWINGS		
NON CURRENT		
<i>Secured liabilities</i>		
Bank loans	<u>-</u>	<u>235,000</u>
<p>The company entered into a bank loan for \$250,000 in the 2015 year. This loan was fully repaid in July 2015.</p>		
NOTE 11: PROVISIONS		
CURRENT		
Employee benefits	<u>596</u>	<u>28,084</u>
NOTE 12: OTHER LIABILITIES		
CURRENT		
Deferred income	<u>35,457</u>	<u>26,851</u>
NOTE 13: RESERVES		
Asset revaluation reserve	<u>12,831,566</u>	<u>8,574,266</u>
<p>The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.</p>		
NOTE 14: RETAINED EARNINGS		
Retained earnings at beginning of year	24,867,340	24,532,706
Net profit / (loss)	163,505	(1,268,866)
Transfers from / (to) reserves	<u>-</u>	<u>1,603,500</u>
	<u>25,030,845</u>	<u>24,867,340</u>

**Jacaranda Housing
ACN 140 309 888**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

	2016	2015
	\$	\$
NOTE 15: 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 is as follows:		
Cash on hand	195	500
Cash at bank	<u>650,014</u>	<u>1,041,264</u>
	<u>650,209</u>	<u>1,041,764</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) from ordinary activities after income tax	163,505	(1,268,866)
Adjustments and non-cash items		
Depreciation	213,226	167,993
Gain on sale of property	(663,245)	(49,687)
Changes in assets and liabilities		
(Increase) / decrease in receivables	94,863	(81,659)
(Increase) / decrease in other assets	44,937	75,020
Increase / (decrease) in payables	(21,086)	(550,054)
Increase / (decrease) in other liabilities	8,606	(3,081)
Increase / (decrease) in provisions	<u>(27,488)</u>	<u>13,492</u>
Cash flows from operating activities	<u>(186,682)</u>	<u>(1,696,842)</u>
Credit standby arrangements with banks		
Credit facility	-	-
Amount utilised	<u>-</u>	<u>-</u>
Unused credit facility	<u>-</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

2016
\$

2015
\$

NOTE 16: CONTINGENT LIABILITIES

A contingent liability exists relative to any future claims which may be made against the company.

Estimates of the maximum amounts of contingent liabilities that may become payable to the Queensland Housing Commission:

Balance at start of year	20,540,929	21,594,935
Derecognition on sale of property*	(115,000)	(934,687)
Amount reduced per funding agreement	-	(119,319)
Amount increased on revaluation	<u>1,947,677</u>	<u>-</u>
Balance at end of year	<u>22,373,606</u>	<u>20,540,929</u>

Under the terms of the Capital Funding Agreement dated 18 July 2002, the Queensland Housing Commission ("QHC") has a percentage interest in each property representing QHC's share of the market value of each property in the event of sale or serious mismanagement by Jacaranda Housing. QHC's percentage interest in the properties is reduced annually by the following formula:

$$\text{Deduction} = 2\% \times Y \times C_{vi}$$

Where:

Y = the number of full years that Jacaranda has held the property.

C_{vi} = the current market value of the QHC's proportion interest in the Buildings only.

Based on the valuations of the properties carried out in 2016 (refer to Note 7), a contingent liability of approximately \$22.4m exists as at 30 June 2016 (2015: \$20.5m). In the opinion of the Directors, it is not considered likely that any liability will eventuate in the foreseeable future.

*For the properties disposed during the 2016 year Jacaranda had calculated a contingent liability of \$115,000 however the liability was settled with the QHC for a total sum of \$110,000 at the date of disposal. There are no further obligations to the QHC in respect to the properties sold.

NOTE 17: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the company.

Jacaranda Housing
ACN 140 309 888

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: COMPANY DETAILS

The registered office of the company is:

Jacaranda Housing
74 Cleveland Street
Greenslopes QLD 4120

	2016	2015
	\$	\$
NOTE 19: CAPITAL COMMITMENTS		
Capital expenditure commitments contracted for:		
- Land and buildings	309,600	1,226,400

During the 2015 year Jacaranda entered into a contract to purchase 4 residential units in Alexandra Hills for a total price of \$1,362,000. Jacaranda paid the deposits for these units on 18 June 2015 totaling \$135,600. The remaining balance of \$1,226,400 represents the outstanding expenditure commitment at 30 June 2015.

During the 2016 year construction and settlement of 3 of the 4 units was completed. As at 30 June 2016 \$309,600 is the outstanding expenditure commitment for the fourth unit. The fourth unit at Alexandra Hills settled on the 8 September 2016.

DIRECTORS' DECLARATION

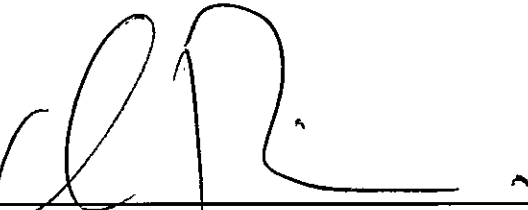
The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 8 - 23 presents fairly the company's financial position as at 30 June 2016 and performance for the year ended on that date of the company in accordance with the accounting policies outlined in Note 1 to the financial statements and the Australian Charities and Not-for-profits Commission Amendment Regulation 2013 (No.3).
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director: _____



Graeme Bailey (appointed 24 October 2015)

Dated this

Twenty fourth day of *October*

2016



PITCHER PARTNERS

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SIMON CHUN

INDEPENDENT AUDITOR'S REPORT

To the members of Jacaranda Housing

We have audited the accompanying financial report of Jacaranda Housing (the company), which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal controls as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Opinion

In our opinion the financial report of Jacaranda Housing is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

PITCHER PARTNERS



JASON EVANS
Partner

Brisbane, Queensland
24 October 2016