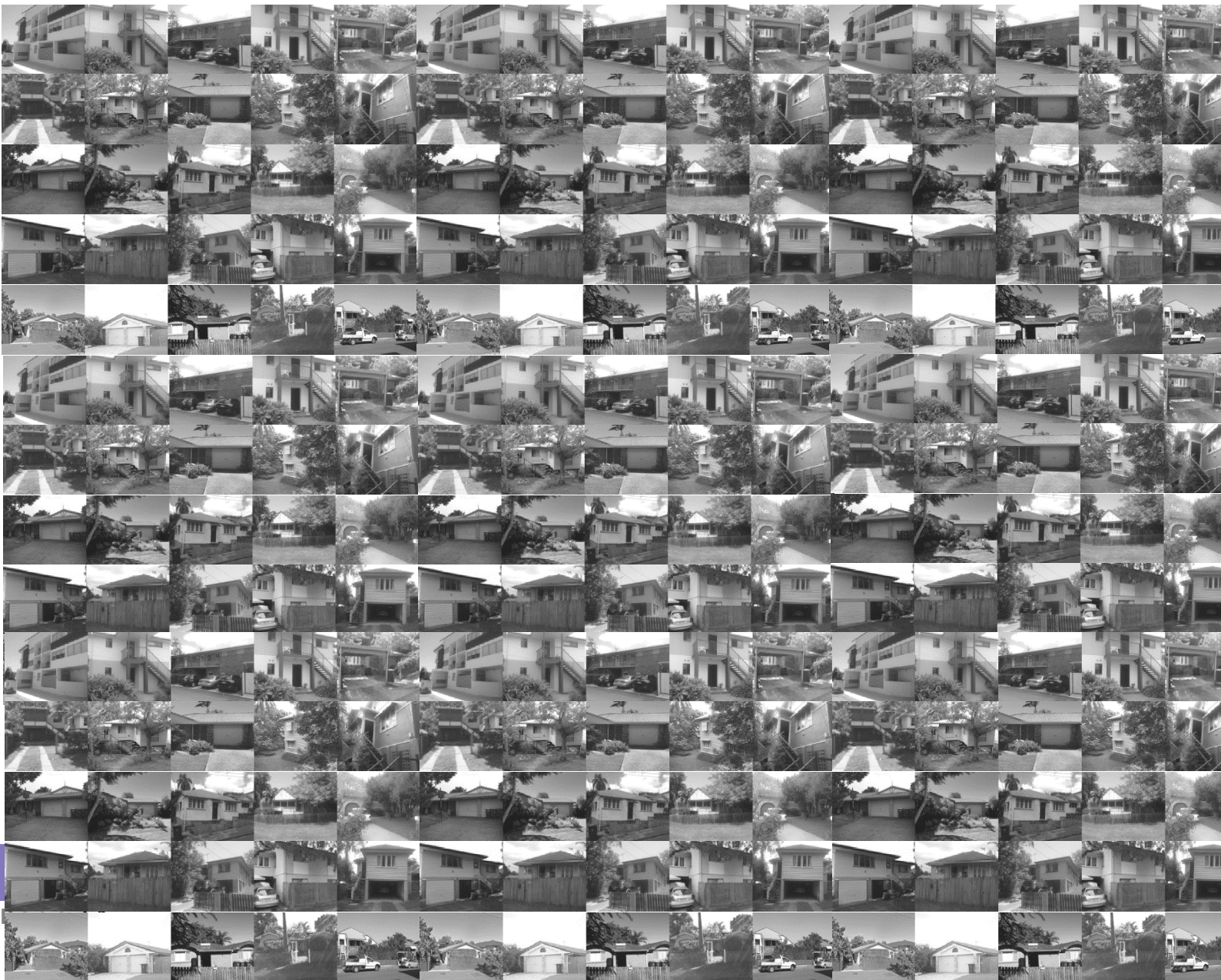




# Annual Report

## 2018



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## The Jacaranda Housing Story

Jacaranda Housing is a not for profit, registered community housing provider located in Yeerongpilly. Jacaranda Housing was formed through the amalgamation of housing co-operatives in South-East Queensland and provides long term housing to those most at risk in the community, regulated under the National Regulatory System for Community Housing.

Jacaranda Housing holds title to a portfolio of seventy-nine dwellings in fifty-nine separate locations in South - East Queensland under the Queensland governments Long Term Community Housing program. These include sixteen properties in the Bayside area of Brisbane and Redland Cities, and the remainder in inner suburban Brisbane. These properties have an estimated value just short of \$40m.

Jacaranda Housing is governed by a professional, skill base Board of Directors who focus purely on the direction towards future growth. The board employs an experienced Executive and her team to manage the day to day operations of the organisation. Jacaranda Housing currently manages all of its properties in-house. Jacaranda Housing mostly provides housing for those most at risk in our community under the Department of Housing and Public Works 'One Social Housing System.'

Tenant participation is important, and we encourage active participation by the way of innovative ideas and feedback. The Jacaranda Tenant Advisory Group (JTAG) is a sub-committee of the Board of Directors and is an avenue for tenants to continue to participate if they desire, ensuring they can remain engaged and the organisation continues to have access to their skills and knowledge gained over the past 30 years of volunteer service.

The Board of the Directors make up the following sub-committees to ensure strong corporate governance and strategic growth within the organisation;

- Audit Committee
- Risk and Investment Committee
- Corporate Governance and Nomination Committee
  - Remuneration Committee
  - Constitutional Change Committee

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## Chairs Report

It is a pleasure to present the Jacaranda Housing report for 2017/18.

It's been a year of considerable progress and achievements, all focussed on improving the quality of our services, ensuring a sustainable business model and working with partners on new initiatives and opportunities for growth.

We are proud of the standard of services delivered throughout the year and the tenant feedback reflect our strong performance at a time of great change.

Thank you to all the tenants that provided feedback throughout the year, both formally and informally - we rely on this information to continually review and improve the performance of Jacaranda Housing.

I'd like to specifically thank the CEO, Lizz Bott for her herculean efforts in achieving compliance under the NRSCH. This work has ensured the ongoing sustainability of the company.

I would also like to thank the QLD Government for its ongoing support and assistance throughout the year, and for the positive working relationship that we enjoy with both the Department of Housing staff and the Registrar.

I'd like to thank the skilled and dedicated Board that has worked consistently throughout the year to develop Jacaranda Housing strategic direction, manage risk, support staff and assess opportunities for growth for both existing tenants and new tenants. This AGM we see the retirement of Gordon Curtis as a tenant director, and whilst his time on the board has not been without controversy no one can doubt his commitment and passion to the organisation.

Lastly, I'd like to thank all the staff of Jacaranda Housing who carry out the day to day work with commitment, expertise and professionalism. Your dedication to serving the tenants and focus on serving the organisation is well recognised across the whole social housing sector in Brisbane.

We are very excited about the year ahead and committed to delivering quality services, advocating for the housing needs of our community, and seeking opportunities for growth.

**David Gibson**

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## General Manager (Executive Officer) Report

*“Change is the law of life, and those who look only to the past and present are certain to miss the future” -John F. Kennedy*

Reflecting on the year in review with the accomplishment of being very close and on the way to achieving NRSCH compliance which has been the focus of work undertaken. Jacaranda Housing has worked closely with the Registrar and his staff, the Department of Housing and Public Works and Q Shelter to achieve compliance and to ensure Jacaranda Housing can continue to provide safe, secure and affordable housing to our tenants who were at risk should Jacaranda Housing fail.

Safe, secure housing being at risk is a strong statement to make, however, it is the reality should Jacaranda Housing not be successful in meeting the required compliance, guidelines and legislative requirements in 2018 and continue to meet these moving forward.

We emerge from the year with an organisation which is functioning at a very high level operationally, offering improved services to our tenants, responding to our continuing tenants needs, providing safe, secure housing to new tenants whom have experienced homelessness or living in situations where tomorrow is uncertain. We have made improvements in healthier response times when maintaining our assets for the benefit of tenants when necessary repairs and maintenance have been required.

Change is a common theme in the company, particularly throughout the later part of 2018 and has been essential for growth and compliance. And while change can be a difficult journey, it is a necessary journey which I am confident has improved operations within the organisation and service to our much-valued tenants.

In 2018, we welcomed fresh staff with appropriate experience to assist tenants with all tenancy and housing matters. All staff have participated in multiple training opportunities around relevant legislative requirements and changes, to name a few, assisting tenants to sustain tenancies, responding to Domestic and Family Violence in tenancies and assisting tenants who may find themselves buried in treasures they find difficult to let go of.

We have worked closely and partnered with many support and advocacy organisations in a positive manner which is of great a benefit to our tenants and the organisation overall. Creating and sustaining such partnerships which benefit our tenants is important for myself and my staff and I will continue this as a priority.

There is always room for improvement and this I am often reflecting upon. How can we be more effective as an organisation in delivery of services? I also reflect upon how we can better manage difficult and complex areas and issues which impact our tenants, working towards the outcome being beneficial for all. 2019 will see us aim to achieve better communication with the membership on company matters and with tenants on policy changes and matters which may directly affect them. Early in 2019, will see us rolling out the Tenant Survey and I encourage all tenants to participate and provide their views.

Responsible asset management for growth underpins our organisation and the future. 2019 will see the company strategically develop its asset maintenance plans to ensure a strong future with potential growth in new assets and strengthening our existing assets to ensure safe, secure and well-maintained housing for our tenants. We hope that you will join us on this journey.

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Reflecting on our nations traditional owners and the change which they have endured over time, I quote Patricia 'Marrfurra' McTaggart AM, linguist and language custodian from the Ngan'gikurunggurr and Ngen'giwumirri language groups in the Northern Territory,

*'Ngan'giwetimbi Dememarrgu (old stories, new way's)'*.

Marrfurra is reflecting on the old ways of the past and, while we respect and acknowledge the 'old ways', to move forward, we also need to look at and be open to 'new ways'. To me, this quote reflects the value of Jacaranda Housing's story and the new ways we need to move in to the future.

In closing, I wish to thank the Board and staff for their support throughout the year. We are here working towards the same goal; Growth, Safe, Secure and Affordable housing for our tenants and the community we serve.

**Lizz Bott**



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## Director Information

### **David Gibson – Stakeholder Director and Company Chairperson**

Erudite and an industrious researcher, David always makes it his business to know what he's talking about...and he does it so well. With a confident and comfortable speaking style, David has a well-earned reputation for striking ready rapport and winning trust from people at all levels of society.

Genuine and thoroughly proven as a creative, contemplative individual who consistently sees opportunities where others see impediments, David brings 30+ years of experience as a respected leader.

Initially an army officer, David's later career took him to the highest levels of business where he specialised in transformations, economic development, joint ventures and mergers and more recently has directed unprecedented growth as Chair of Deaf Services Queensland.

David has operated at both Board and CEO levels with organisations across numerous sectors that include non-profit, commercial, government, peak bodies, defence and academia.

David's acuity, breadth of experience, skills, expertise, high performance and outstanding personal attributes make him an excellent addition to the Jacaranda Board.

Along with his role as the board Chair, David is also the Chair of the Constitutional Change Committee.

### **George Zukiwskyj- Stakeholder Tenant Director and Deputy Chairperson**

Involved in community housing for 30 years. Served as a Director on the New Farm Housing Co-operative Board for over 10 years. Has worked with NFP organisations for over 40 years in various roles including youth leadership, drug and alcohol counselling and long-term unemployment. George volunteers his time to the following board committees: Audit, Remuneration and Constitutional Change.

### **Dyls Bertelsen- Independent Director**

Dyls Bertelsen began Windsor Group in 1999 to provide all-round 'royal treatment' to clients and candidates.

Years of experience committed to providing informed advice to many of Australia's most recognised non-profits and the employees and volunteers who are their greatest resource, has given Dyls a remarkable level of expertise and overview.

Post-grad in Business qualifications in Philanthropy and Non-profit Studies, Dyls is a member of AIM, Fundraising Institute of Australia and AICD, and is a current member of PA Research Foundation Board. Dyls is also a previous President of the QUT ACPNS Alumni Chapter Committee, member of the Major Gifts Committee - Mater Foundation, Director of artisan and former Director and Vice Chair of Deaf Services Queensland (DSQ) & Deaf Services Australia.

Dyls is a member of the Remuneration and the Corporate Governance and Nomination Committee's

### **Pam Britton- Stakeholder Tenant Director**

Pam left high school at age 13 and went immediately to learn new skills in administration roles. She attended night school and learned shorthand and typing and loved working in reception where she could meet new people from all walks of life.

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Married at 25, Pam became a Defence Services wife, had two wonderful children and eventually settled in Brisbane some years later. Pam enrolled at Kelvin Grove TAFE and graduated with a Higher School Certificate.

After graduating Kelvin Grove TAFE, Pam commenced with the Commonwealth Government and enjoyed many and varied roles over the next 20 – odd years, generally in Administrative capacity.

Many certified courses were completed to extend Pam’s skill base, knowledge and efficiency while with the Commonwealth Government. Six years as a Legal Assistant in the Office of the Director of Public Prosecutions before transferring to ATSIC for her final eight years of service.

Pam is dedicated to her family, one daughter and a son who passed in 2005. Being a grand mother of four and great grand mother of one keeps Pam very busy and makes her very proud.

A passion for community housing is evident with Pam having been a member of New Farm Housing Co-Op joining well over 25 years ago now. Pam participated in many roles in NFHC during its operation, met many wonderful people and hopes that Jacaranda Housing can grow larger and help many, many more people find stable homes and happiness, as she has.

Pam is a member of the Remuneration, Risk and Investment, and the Constitutional Change Committee’s.

Pam is a member of the Remuneration, Risk and Investment and the Constitutional Change Committee’s.

### **Gordon Curtis- Stakeholder Tenant Director**

B.A. (University of Queensland)

Gordon has 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.

Gordon is a member of the Corporate Governance and Nomination Committee.

### **Peter Downie- Independent Director**

CPA B. Bus with broad experience in governing and managing diverse organisations being able to assist organisations achieve outstanding business, finance and investment outcomes even during difficult and testing times such as the GFC using sound business strategies including good people management, profitability analysis, margin management, asset allocation and investment strategies. Peter is a member of the Audit, and Risk and Investment Committees.

Peter is a member of the Audit and Risk and Investment Committee.

### **Paula Holden- Independent Director**

Paula Holden is a senior Human Resources executive with experience across a number of commercial and non-profit interests including Spinal Life (Qld) and Rural Ambulance Victoria.

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A practiced Board Director and skilled strategist, she holds a strong specialty in organisational change, development and workforce culture management.

In the course of her work, Paula spent five years as an HR Consultant, leading a portfolio of projects and programs for emergent businesses. These engagements often involved delivery of transformation programs, either to support massive ramp-up in reach and revenue or to remediate significant issues in staff safety, training and engagement.

This became the platform for Paula's present role as General Manager of a peak body experiencing radical change that includes a reconfiguration of the business as it adapts to the new client-selected services model of the NDIS.

Skilled in bringing fresh focus to service standards, Paula has experience in building a workforce with the agility, adaptability and innovation to respond to newly competitive environments and fostering cultures that acknowledge autonomy, accountability and innovation over hierarchy and risk-aversion.

Paula is the Chair of the Remuneration Committee.

### **Jeremy Morse- Independent Director**

A company director in the social sector and a member of various boards and councils over the past fifteen years, Jeremy Morse recently held leadership roles at Anglicare Tasmania for seven years.

This work gave Jeremy a deep understanding of various streams of community support as he worked in close partnership with Managers of Mental Health, Community & Family, Housing & Homelessness units.

In supporting those Managers through the preparation of tenders, budget analysis, year-end and acquittal processes Jeremy became very familiar with the financial aspects of multi-tenant supported housing facilities, small residential sites, individual tenancies and private bond/rent assistance programs.

Richly-qualified and analytical, Jeremy also brings broad experience developed in several business contexts across both commercial and non-profit sectors.

Expert in governance, relationship building and management, his key skills remain pinned closely to the bottom line across financial forecasting & analysis, accounting and financial direction and IT systems proficiencies, Jeremy is an individual who places considerable emphasis on commitment, collaboration and teamwork.

Jeremy is the Chair of the Risk and Investment Committee.

### **Katherine Visini- Stakeholder Director**

Katherine Visini is an experienced property professional who has who has worked in Retail, Commercial and Residential Property development for the past 14 years.

Having trained as a Town Planner Katherine has a strong and ongoing interest in the evolution of our urban footprint. This interest extends to how urban development interacts and engages with all sectors of society.

Understanding the structures of existing communities and how those communities adjust to change has long been a drive for Katherine's engagement with the community.

Attention to detail while keeping the big picture in focus has been the hallmark of Katherine's career progression. This along with her engagement with local authorities and the Queensland Government ensures Katherine brings an understanding of how competing agendas need to be navigated to produce win-win outcomes.

Katherine is a member of the Audit and Risk and Investment Committees.



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Katherine is a member of the Audit and Risk and Investment Committees.

### **Benjamin Wash- Independent Director**

A CPA since 2005, Benjamin actively involves with a wide range of organisations both on a professional and voluntary basis. Various non-profit boards and committees have been beneficiaries of his leadership as he contributes his strategic perspective for the improvement of systems and the achievement of greater financial outcomes.

A polished and forthright leader, Benjamin's extensive managerial and financial experience extends over 20+ years, during which time he has worked across government, private and non-profit sectors.

A seasoned and sought-after communicator and presenter, Benjamin is practised in conveying messages fluently and concisely through the media.

His other predominant skills include financial and cashflow management, governance/risk management, strategic and business continuity planning, disaster recovery planning, contract negotiation/management, IT management, software development and project management.

A self-described 'governance nut', Benjamin is keen to help put in place systems around the Board and the governance of the organisation that will add value, so Jacaranda Housing will grow and succeed.

Benjamin is the Chair of the Audit Committee.

### **Richard Senescall- Stakeholder Director – Resigned March 2018**

Richard was elected at the 2017 AGM and resigned in March 2018. During his time with as a Jacaranda Housing Board Member, Richard was a member of the Audit, Corporate Governance and Nomination, and Risk and Investment Committee's.

### **Debbie Stubbs- Independent Director- Resigned March 2018**

Over 20 years' experience in community housing including management roles in both public and not-for-profit sectors several years in the training sector and Board member of New Farm Housing Co-operative. Debbie was the Chair of the Corporate Governance and Nomination Committee along with a member of the Remuneration Committee.

### **Graeme Tudor- Independent Director- Retired at the 2017 AGM**

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.

## Our People

### **Lizz Bott- General Manager (Executive Officer) and Company Secretary**

Lizz is passionate about assisting people most at risk in our community to improve the quality and ownership of their current life situation. Over 10 years' experience working in remote indigenous communities managing pathways to housing, education, new business development, and developing governance skills in a diverse setting consistent with cultural protocols.

From 1999 until 2015 Lizz made her life in the vast top end of Australia- the Northern Territory. The last 10 years of this time, Lizz lived and worked in remote indigenous communities in the South West region, namely Wadeye (Port Keats) and Nauiyu (Daly River).

A snapshot of Lizz's experience; senior roles with Indigenous Business Australia had Lizz assisting with efforts to ease overcrowding and social issues experienced in Wadeye through the roll-out and implementation of a new initiative of traditional owners offered adequate housing at their outstations at Wudapuli and Nama, outstations located 50kms from Wadeye.

Lizz was essential in developing strong ties and connections with traditional owners to ensure that their cultural protocols and needs were considered and met wherever possible and the best possible housing available to withstand remote conditions. The relationship's developed between Lizz and the indigenous community were integral to ensure key outcomes set were achieved as required by the then *Department of Families, Housing, Community Services and Indigenous Affairs*. Lizz has extensive experience in dealing with land tenure and home ownership on indigenous lands. Lizz is an advocate and firm supporter of government offering and providing shared equity arrangements for home ownership for very low-income earners. Passion for this came about while working as a senior officer with a statutory authority on the Northern Territory's Governments *HomeNorth* shared equity scheme.

A strong background in governance gained from experience as the CEO of a remote indigenous organisation legislated under the *CATSI Act* saw governance skills delivered, developed and implemented within the organisation.

Lizz operates and delivers on outcomes required to meet legislation and guidelines from a platform of compassion and real, lived experience in her surroundings.

From the experiences gained while working in diverse and complex environments, Lizz endeavours to continue to provide safe, secure and affordable housing for all as her priority at Jacaranda Housing.

### **Lynette Piotrkowski – Finance Manager**

Lynette joined Jacaranda's team in April 2016 and brings a wealth of experience in finance and book keeping. Lynette works to ensure the organisations financial obligations are met and completed to a high standard. Monthly reporting to management and the Board is comprehensive and accurate to assist with decision making processes, Lynette recognised the need to respond to changing needs of the organisation and its decision makers.

### **Zahira Saheed – Community Housing Manager**

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Zahira joined Jacaranda Housing in March 2018 as the Community Housing Manager. Zahira has a Bachelor of Business in Human Resource Management and is an experienced Senior Property Manager and real estate professional with over 6 years industry knowledge and expertise.

Zahira has developed further skills in the Community Housing sector since starting her role, attending several training sessions and creating strong networks with others in the sector.

In her role as Community Housing Manager, compassion, experience and integrity are essential to Zahira building effective continuous communication and relationships with tenants and members.

Zahira has a genuine interest in ensuring tenants can sustain their tenancies as well as ensuring our properties are managed implementing regulatory requirements but still with an exceptional degree of tenant care, professionalism and high standards. Zahira is always diligent and her bright friendly personality ensures she provides outstanding service at all times.

## Finance Summary

### Finance Summary

#### Summary Statement of Financial Position

	2018	2017
Cash and the end of the Financial Year	362,480	410,278
Total Assets	39,744,357	37,753,174
Non-current liabilities (Contingent liability)	27,388,646	25,254,440
Total Liabilities	27,511,343	25,352,221
Total Equity	12,233,014	12,400,953

Jacaranda Housing does not receive recurrent funding and operates through rents paid by tenants and minimal local government grants received for housing provision.

Property related costs continue to be the biggest item of expenditure costing \$446,576 for the financial year ended June 2018. Property related costs are expected to grow with the completion of long term maintenance plans and roll out of planned and maintenance.

In the 2017/2018 financial year a change was made to move to general purpose financial statements. As a result, our contingent liability, being the mortgages held over property by the Department of Housing and Public Works, is included as a long-term liability in the balance sheet. This is the dollar value of the Departments percentage of ownership in the properties.

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## Jacaranda Tenants Advisory Group (JTAG)

### 2018 Annual General Meeting Report

It has been a huge journey for the Jacaranda Tenants Advisory Group to get where it is today, and we are excited that there is still a lot more to come. As a group we have morphed from what started as the Jacaranda Advisory Group, a committee convened to assist the Jacaranda Housing Board with the amalgamation of 4 co-operatives.

2018 was the first year under the new JTAG Terms of Reference and there have been many changes as to the role of this group over a short time. Whilst we are still adjusting to some of the changes and implementation of formal processes we are looking forward to working together to achieve some exciting things in 2019.

Our focus will always be to provide feedback to the Board concerning:

- Tenancy matters and Housing Policy if or when sought by the Jacaranda Housing Board of Directors;
- Service delivery practices and challenges;
- Gathering feedback from other Jacaranda Housing tenants;
- Complaints trends and solutions included in the bi-annual General Manager report to the JTAG.

We encourage tenants to follow policies of Jacaranda Housing before engaging with JTAG to represent them at meetings.

We have come up with fresh ideas for our new and old tenants that have yet to be presented for approval by the Board. There is still more work for JTAG to have our ideas put forward being how to present submissions, costing of future projects and working closely with the General Manager to secure grants on behalf of the JTAG and tenants.

We would like to thank Lizz Bott, the Board of Jacaranda Housing and staff for their dedication and many hours of work it has taken to maintain the Tier 3 level of National Regulatory System Community Housing (NRSCH).

Shane Mullins  
Chairperson JTAG

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## Appendix

### Full Financial Statements



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## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



\_\_\_\_\_  
David Gibson  
Chairperson

*Dated this 7th day of October 2018.*

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## Auditor's Independence Declaration

Under section 307c of the Corporations Act 2001

To the directors of the Jacaranda Housing Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been:

- I. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- II. no contraventions of any applicable code of professional conduct in relation to the audit.

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**Jason O'Connor CA**  
Registered Company Auditor (No. 353931)

Liability limited by a scheme approved under Professional Standards Legislation

*Dated this* 11th *day of* October 2018.

Jason O'Connor CA  
P.O. Box 3361 WARNER QLD 4500  
(07) 3040 5320  
0402 32 7773  
auditor@joconnorptyltd.com.au www.joconnorptyltd.com.au

## Statement of Profit or Loss and other Comprehensive Income

	Notes	2018 \$	2017 \$
<b>INCOME</b>			
Incremental change Department of Housing Mortgage	11	-	140,798
Interest received		3,776	6,263
Grant - local government		19,520	20,043
Recoveries		4,101	-
Rental income		858,500	797,176
Sundry income		963	3,513
<b>Total Income</b>		<b>886,860</b>	<b>967,793</b>
<b>EXPENDITURE</b>			
Administration		12,386	19,266
Consultants and contractors		81,763	38,737
Depreciation and impairments		244,702	250,652
Employee entitlements		303,130	168,667
Incremental change Department of Housing Mortgage	11	180,693	-
Information technology and support		17,290	7,413
Insurance		35,165	35,052
Interest expense		2,980	1,617
Postage, printing and stationery		7,113	2,988
Property costs		446,576	430,575
Rents paid		24,120	28,602
Sundry expenses		7,317	44,469
Telephone and internet		7,702	5,973
<b>Total Expenditure</b>		<b>1,370,937</b>	<b>1,034,011</b>
<b>Deficit before income tax expense</b>		<b>(484,077)</b>	<b>(66,218)</b>
Income tax expense	1	-	-
<b>Deficit after income tax expense for the year attributable to the members</b>		<b>(484,077)</b>	<b>(66,218)</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year attributable to the shareholders</b>		<b>(484,077)</b>	<b>(66,218)</b>

## Statement of Financial Position

	Notes	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash at bank		118,253	137,881
Cash on deposit		244,227	272,397
Rent receivables		7,231	2,807
Other receivables		2,779	533
GST receivables		10,818	8,222
<b>Total Current Assets</b>		<b>383,308</b>	<b>421,840</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	39,361,049	37,331,334
<b>Total Non-Current Assets</b>		<b>39,361,049</b>	<b>37,331,334</b>
<b>Total Assets</b>		<b>39,744,357</b>	<b>37,753,174</b>
<b>CURRENT LIABILITIES</b>			
Accounts payables		50,076	13,702
Rent received in advance		33,594	35,133
Other payables		13,360	28,339
PAYG withholding payable		10,347	1,943
Provision for employee entitlements		15,320	18,664
<b>Total Current Liabilities</b>		<b>122,697</b>	<b>97,781</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings - registered mortgage interest free	5	27,388,646	25,254,440
<b>Total Non-Current Liabilities</b>		<b>27,388,646</b>	<b>25,254,440</b>
<b>Total Liabilities</b>		<b>27,511,343</b>	<b>25,352,221</b>
<b>NET ASSETS</b>		<b>12,233,014</b>	<b>12,400,953</b>
<b>EQUITY</b>			
Asset revaluation reserve		13,147,704	12,831,566
Accumulated deficit	6	(914,690)	(430,613)
<b>Total Equity</b>		<b>12,233,014</b>	<b>12,400,953</b>

## Statement of Changes in Equity

	Asset revaluation Reserve \$	Accumulated Surplus \$	Total \$
Opening balance 1 July 2016	12,831,566	(364,395)	12,467,171
Less deficit attributable to the members	-	(66,218)	(66,218)
Other comprehensive income for the year, net of tax	-	-	-
<b>Closing balance 30 June 2017</b>	<b>12,831,566</b>	<b>(430,613)</b>	<b>12,400,953</b>
Opening balance 1 July 2017	12,831,566	(430,613)	12,400,953
Less deficit attributable to the members	-	(484,077)	(484,077)
Other comprehensive income for the year, net of tax	-	-	-
Revaluation in property	2,269,651	-	2,269,651
Revaluation in borrowings	(1,953,513)	-	(1,953,513)
<b>Closing balance 30 June 2018</b>	<b>13,147,704</b>	<b>(914,690)</b>	<b>12,233,014</b>

## Statement of Cash Flows

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		879,546	837,933
Payments to suppliers and employees		(887,413)	(690,554)
Interest received		-	6,263
Interest and other costs of finance		(35,165)	(35,052)
<b>Net Cash Flows Used by Operating Activities</b>	7	<b>(43,032)</b>	118,590
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(4,766)	(358,202)
<b>Net Cash Flows Used in Investing Activities</b>		<b>(4,766)</b>	(358,202)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net Cash Flows from Financing Activities</b>		-	-
Net Increase in Cash Held		(47,798)	(239,612)
Cash at the beginning of the year		410,278	649,890
<b>CASH AT THE END OF THE YEAR</b>	7	<b>362,480</b>	410,278

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## Notes to Financial Statements

### **Note 1. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

### **Historical cost convention**

The financial statements have been prepared under the historical cost convention.

### **Critical accounting estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

### **Sales revenue**

Events, fundraising and raffles are recognised when received or receivable.

### **Donations**

Donations are recognised at the time the pledge is made.

### **Grants**

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with.

### **Interest**

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### **Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

### **Income tax**

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.



### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Trade and other receivables**

Other receivables are recognised at amortised cost, less any provision for impairment.

### **Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	50 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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### **Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

### **Employee benefits**

#### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

#### **Other long-term employee benefits**

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### **Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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### **Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

### **Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### **Estimation of useful lives of assets**

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

#### **Impairment of non-financial assets other than goodwill and other indefinite life intangible assets**

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

#### **Employee benefits provision**

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### Note 3. Change in accounting policy

These financial statements have been prepared in accordance with the Australian Accounting Standard AASB 1053 Application of Tiers of Australian Accounting Standard – general purpose reduced disclosure regime. In accordance with the Australian Accounting Standard AASB 108 Accounting Policies, changes in accounting estimates and errors the comparative figures have been restatement to correct the recognition, measurement and disclosure of amounts of elements of financial statements for the application of AASB 1053.

The effect of the restatement of the financial statements is summarised below;

	Original 2017 \$	Adjustment 2017 \$	New 2017 \$
<b>Statement of profit or loss and other comprehensive income:</b>			
<b>Income:</b>			
Incremental change Department of Housing Mortgage	-	140,798	140,798
<b>Statement of financial position:</b>			
<b>Liability:</b>			
Borrowings - registered mortgage interest free	-	25,254,440	25,254,440
<b>Equity:</b>			
Asset revaluation reserve	12,831,566	-	12,831,566
Accumulated surplus	24,823,827	(25,254,440)	(430,613)
		<b>2018</b> \$	<b>2017</b> \$

### Note 4. Property, plant and equipment

Land at fair value	<b>27,890,000</b>	24,034,213
Buildings at fair value	<b>11,525,000</b>	13,723,194
less accumulated depreciation	<b>(57,625)</b>	(469,923)
	<b>11,467,375</b>	13,253,271
Building improvements at cost	-	45,456
less accumulated depreciation	-	(1,606)
	-	43,850
<b>Total property</b>	<b>39,357,375</b>	37,331,334
Plant and equipment at cost	<b>4,766</b>	-
less accumulated depreciation	<b>(1,092)</b>	-
	<b>3,674</b>	-
<b>Total property, plant and equipment</b>	<b>39,361,049</b>	37,331,334

## Note 5. Borrowings – registered mortgage interest free

Properties held under mortgage from The State of Queensland through the Department of Housing and Public Works (the State) were transferred to the Jacaranda Housing Limited for zero cash consideration under a Capital Assistance Agreement with the Department of Housing and Public Works.

The registered mortgage agreements state “debt means all money which now or in the future is owing (actually or contingently) by the provider (Jacaranda Housing Limited) to the State under the agreement, or this Mortgage and includes any loss or damaged suffered by the State as a result of the arrangement under the agreement, and this Mortgage. It also includes interest, costs, fees, duties, taxes and any other amount that the Provider (Jacaranda Housing Limited) is obliged to reimburse or pay to the State at any time under this Mortgage or otherwise”.

	2018	2017
	\$	\$
<b>Note 6. Equity - accumulated surplus</b>		
Accumulated deficit at beginning of the year	(430,613)	(364,395)
Less deficit attributable to the members	(484,077)	(66,218)
<b>Accumulated deficit at the end of the financial year</b>	<b>(914,690)</b>	<b>(430,613)</b>

## Note 7. Cash flow information

Deficit after income tax expense for the year	(484,077)	(66,218)
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### Non-cash adjustments for:

Depreciation and amortisation	244,702	250,652
Incremental change Department of Housing Mortgage	180,693	(140,798)

### Change in operating assets and liabilities:

(Increase)/decrease in receivables	(4,424)	8,339
(Increase)/decrease in other assets	(4,842)	55,259
Increase/(decrease) in payables	36,374	(4,539)
Increase/(decrease) in other liabilities	(8,114)	8,862
Increase/(decrease) in provisions	(3,344)	7,033
<b>Net cash from operating activities</b>	<b>(43,032)</b>	<b>118,590</b>

## b. reconciliation of cash

Cash at bank	118,253	137,881
Cash on deposit	244,227	272,397
	<b>362,480</b>	<b>410,278</b>
Less overdrafts	-	-
	<b>362,480</b>	<b>410,278</b>

	2018	2017
	\$	\$
<b>Note 8. Restricted funds</b>		
<b>Reconciliation of the program surplus / (deficit)</b>		
Total Income	<b>886,860</b>	967,793
Less Incremental Change Department of Housing Mortgage	-	(140,798)
<b>Total program income</b>	<b>886,860</b>	826,995
Total expenditure	<b>1,370,937</b>	1,034,011
Less depreciation and impairments	<b>(244,702)</b>	(250,652)
Less Incremental Change Department of Housing Mortgage	<b>(180,693)</b>	-
<b>Total program expenditure</b>	<b>945,542</b>	783,359
Net program surplus / (deficit)	<b>(58,682)</b>	43,636
Opening accumulated program deficit	<b>(256,157)</b>	(299,793)
<b>Closing accumulated program deficit</b>	<b>(314,839)</b>	(256,157)

In accordance with requirements of the National Regulatory System Community Housing (NRSCH) program, all restricted funds including surplus program funds identified by the Department of Housing and Public Works in its annual CHAFAR return, are required to be disclosed in the annual audited financial report. As the program is in an accumulated deficit position at 30 June 2018, there are no restricted funds (2017: nil restricted funds).

#### **Note 9. Contingent liabilities**

Under the Capital Assistance Agreement the Provider (Jacaranda Housing Limited) "indemnifies and will keep the State and its officers, employees and agents (the indemnified persons) from and against all loss, damage, costs or expense (including legal costs) arising from any concerning the Provider or the carrying out of the Provider's obligations under the Agreement (including progress reports relating to the construction, or any matter relating to the carrying out of the project or program).

There are no other known no contingent liabilities as at 30 June 2018 and 30 June 2017.

#### **Note 10. Commitments**

The company had no commitments for expenditure as at 30 June 2018 and 30 June 2017.



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### **Note 11. Incremental change Department of Housing Mortgage**

Under the terms of the Capital Funding Agreements, the Department of Housing and Public Works (the department) has a percentage interest in each property representing State's (State of Queensland) share of the market value of each property in the event of sale or serious mismanagement by the Provider (Jacaranda Housing Limited). The Departments percentage interest in the properties is revalued annually by the following formula:

$$\text{Revaluation} = 2\% \times Y \times Cvi$$

Where:

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

Cvi = the current market value of the Departments proportion interest in the Buildings only.

### **Note 12. Related party transactions**

#### **Transactions with related parties**

There were no transactions with related parties during the current and previous financial year.

#### **Receivable from and payable to related parties**

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

#### **Loans to/from related parties**

There were no loans to or from related parties at the current and previous reporting date.

### **Note 13. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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## Responsible Persons' Declaration

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

- a. 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
- b. 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.



David Gibson  
Chairperson

*Dated this 7th day of October 2018.*

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# Independent Auditor's Report

To the members of the Jacaranda Housing Limited

## Opinion

In our opinion the financial report of the **Jacaranda Housing Limited** is in accordance with the Australian Charities and Not-for-profits Commission Regulation 2013, including:

- i. giving a true and fair view of the company's financial position as at **30 June 2018** and of its performance for the year ended on that date;
- ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements;
- iii. the financial statements and notes do satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and regulations.

## Emphasis matter

We draw the members attention to note 3 changes in accounting policy, contained within the financial report which describes the effects of the change from special purpose reporting framework to the application of the General- Purpose Reduced Disclosure Regime. Our opinion is not modified in respect of this matter.

## Report on the financial report

We have audited the accompanying financial report of the **Jacaranda Housing Limited**, which comprises the statement of financial position as at **30 June 2018**, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

## 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 in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, section 60.40 of the Australian Charities and Not-for-profits Commission Regulation 2013, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 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 perform the audit to obtain reasonable assurance about 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 judgment, 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx> This description forms part of our auditor's report.

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

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Australian Ethical Pronouncements.



**Jason O'Connor CA**

**Registered Company Auditor (No. 353931)**

Liability limited by a scheme approved under Professional Standards Legislation

*Dated this 11<sup>th</sup> day of October 2018.*

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