

# **EACH Housing Limited**

**ABN 98 133 571 614**

## **Financial Report**

**For the Year Ended 30 June 2019**

# **EACH Housing Ltd**

**ABN 98 133 571 614**

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# EACH Housing Ltd

ABN 98 133 571 614

## Directors' Report

30 June 2019

The directors present their report on the Company for the financial year ended 30 June 2019.

### Directors

The names of each person who has been a director during the year and to the date of this report are:

Mrs. Judith Lillian Woodland (Chair)  
Mr. David Leslie Agnew (Company Secretary)  
Mr. Leslie Philip Smart  
Ms. Dorothy Anne Barber (retired at AGM 25/10/18)  
Mr. Shane Smith (retired at 6/11/18)  
Ms. Dawn Imman-Wyness  
Dr. Andrew Gosbell (appointed 25/07/2019)  
Mr. Luke Guthrie (appointed 25/07/2019)

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

### Principal activities

The principal activity of the Company during the financial year was providing social housing to a specialised sector of tenants primarily in the outer east of Melbourne. Over recent years the Company has expanded from providing housing for people with mental health issues to include housing for people with physical disability as well as for women and children fleeing domestic violence and people experiencing long-term homelessness.

### Short term and long term objectives

The Company's short term objectives include the following:

- To commence further Specialist Disability Accommodation projects.
- Through partnerships, to ensure our tenants are linked to appropriate support.

The Company's long term objectives are to undertake the following:

- To continue to strengthen the Company's financial position to provide an ongoing platform for growth.
- To continue to grow housing stock for accommodation for the most disadvantaged in our communities.

### Key performance measures

The Company measures its own performance through the use of both quantitative and qualitative assessment. The benchmarks are used by the directors to assess the financial sustainability of the Company and whether the Company's strategic objectives are being achieved.

	2019	2018
Properties	60*	55
Tenancies	69	62
Number of Occupants	109	88
Average Occupancy Rate	97%	97%
Average Length of Tenancy	3.80 yrs	3.30 yrs
Percent of Tenancies > 5 yrs	19.12%	14.91%
Rental Arrears as Percent of Rental Income	0.32%	0.5%

*\*Includes five Head Lease properties*

# EACH Housing Ltd

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## Directors' Report 30 June 2019

### Information on directors

#### **Mrs. Judith Lillian Woodland**

Qualifications

Experience

Chair (non-executive)

Qualified Speech Pathologist

Postgraduate Certificate in Assessment and Evaluation

Judith gained experience in both the community and public sectors through an evolving career with experience in direct service delivery, management of multidisciplinary teams, and state-wide program management and policy development. She has experience in various sectors including, health, welfare, community services and education.

#### **Mr. David Leslie Agnew**

Qualifications

Experience

Company Secretary (non-executive)

Barrister and solicitor

Graduate Diploma in Legal Studies

More than 25 years of experience as a corporate lawyer and as a senior manager in the financial services and insurance industry before joining the not for profit sector in 2001. He was CEO of Very Special Kids for 8 years before retiring in 2013.

#### **Mr. Leslie Philip Smart**

Qualifications

Experience

Director

Certified Practising Accountant (retired)

Registered Auditor (retired)

Inspector of Municipalities (retired)

More than 50 years of business experience involving professional accounting, tax, audit and management with former directorates and/or senior management roles in companies involving insurance, agriculture pursuits, private equity management, educational materials, publishing, construction, property development and building material manufacture.

#### **Ms. Dorothy Anne Barber**

Qualifications

Experience

Director

Bachelor of Social Work

Extensive experience in social welfare and previous directorships in community health and mental health services.

Involvement and advocacy for community projects and groups.

#### **Mr. Shane Smith**

Qualifications

Experience

Director

MBA

Bachelor of Business (Economics)

Graduate Australian Institute of Company Directors

Shane has extensive experience in finance and budget management and service delivery across health, human and consumer services having worked in government and not-for-profit sectors for more than 20 years. He is currently the Director of Social Impact Management.

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## Directors' Report

30 June 2019

### Information on directors (continued)

#### **Ms. Dawn Imman-Wyness**

Qualifications

Director

MBA (Corporate Governance)

Certified Practising Accountant

Graduate Australian Institute of Company Directors

Bachelor of Commerce

Bachelor of Nursing - Registered Nurse - RN1

Previously a director of Mental Health and Community Housing organisations

Experience

CEO/DON - Aged Care, Consultant in the health and homeless industry. Over 25 years of experience in corporate governance, company finance, budget management and as an Aged Care Quality Auditor and Assessor. Possessing a wealth of 'Not for Profit' industry skills and experience with major companies.

#### **Mr. Luke Guthrie**

Qualifications

Director

Graduate Diploma in Applied Finance & Investment

Diploma of Financial Services

Bachelor of Commerce (Accounting and Finance)

Experience

Luke has over 20 years of international financial and executive experience across the property development, real estate, investment management, funds management and construction sectors. Luke currently is the Chief Strategy Officer and Chief Financial Officer at Jinding Australia, a Melbourne based international property development, real estate and funds management group. Luke is also an Advisory Board member of Hytile which is a manufacturer of equipment for the roofing and solar industries.

#### **Dr. Andrew Gosbell**

Qualifications

Director

PhD, BAppSc, GAICD and FIML

Experience

CEO of the General Practice Registrars Australia and has over 25 years of experience in health and related sectors, with skills in patient care, research, policy and advocacy, and education and training, in a range of roles including project management and senior management.

# EACH Housing Ltd

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## Directors' Report 30 June 2019

### Information on directors (continued)

#### Meetings of directors

During the financial year, 8 meetings of directors plus the strategic planning day were held. Attendances by each director are outlined below: Over the year, the meetings were changed from bimonthly to monthly.

Directors' Meetings	
Number eligible to attend	Number attended
Mrs. Judith Lillian Woodland	8
Mr. David Leslie Agnew	7
Mr. Leslie Philip Smart	8
Ms. Dorothy Anne Barber	4
Mr. Shane Smith	4
Ms. Dawn Imman-Wyness	8

#### 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 \$20 to the assets of the company. At 30 June 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$200 (2018: \$200).

#### Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:   
Mrs. Judith Lillian Woodland (Chair)

Dated 10/10/19

**Auditor's Independence Declaration**  
**To the Directors of EACH Housing Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been:

- (i) No contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012*, in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants

*Hayley Underwood*

Hayley Underwood  
Partner

Melbourne, 10 October 2019

# EACH Housing Ltd

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## Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

	2019 \$	2018 \$
<b>Income</b>		
Rental income	616,822	539,421
Interest income	235	15,728
Other income	13,216	42,119
<b>Total income</b>	<b>630,273</b>	<b>597,268</b>
<b>Expenses</b>		
Occupancy expense	(52,812)	(18,797)
Employee benefit expense	(196,796)	(141,197)
Asset usage charges	(27,676)	(11,835)
Depreciation	(291,940)	(369,556)
Impairment loss	(465,757)	-
Finance charges	(4,568)	(1,393)
Corporate charges	(74,538)	(92,082)
Site costs	-	(51,642)
Utilities	(13,226)	(12,707)
Audit fees	(43,598)	(24,233)
Other administrative expenses	(199,874)	(174,565)
<b>Total expenses</b>	<b>(1,370,785)</b>	<b>(898,007)</b>
<b>Loss before income tax</b>	<b>(740,512)</b>	<b>(300,739)</b>
Income tax expense	-	-
<b>Net loss for the year</b>	<b>(740,512)</b>	<b>(300,739)</b>
<b>Other comprehensive income:</b>		
<b>Items that will not be reclassified subsequently to profit or loss:</b>		
Gain on revaluation of land & buildings net of tax	271,000	-
<b>Other comprehensive income</b>	<b>271,000</b>	<b>-</b>
<b>Total Comprehensive Loss</b>	<b>(469,512)</b>	<b>(300,739)</b>
<b>Total Comprehensive Loss attributable to members of the entity</b>	<b>(469,512)</b>	<b>(300,739)</b>

The accompanying notes form part of these financial statements.



# EACH Housing Ltd

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## Statement of Financial Position

As At 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	418,903	191,678
Trade and other receivables	3	21,010	5,088
Other assets	5	100,156	-
<b>TOTAL CURRENT ASSETS</b>		<b>540,069</b>	<b>196,766</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	9,032,771	9,511,736
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,032,771</b>	<b>9,511,736</b>
<b>TOTAL ASSETS</b>		<b>9,572,840</b>	<b>9,708,502</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	220,179	16,530
Provisions	7	15,634	2,520
Other Payable	8	419,640	247,705
<b>TOTAL CURRENT LIABILITIES</b>		<b>655,453</b>	<b>266,755</b>
<b>NON-CURRENT LIABILITIES</b>			
Other Payable	8	2,713,829	2,768,677
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,713,829</b>	<b>2,768,677</b>
<b>TOTAL LIABILITIES</b>		<b>3,369,282</b>	<b>3,035,432</b>
<b>NET ASSETS</b>		<b>6,203,558</b>	<b>6,673,070</b>
<b>EQUITY</b>			
Reserves		271,000	-
Retained earnings		5,932,558	6,673,070
<b>TOTAL EQUITY</b>		<b>6,203,558</b>	<b>6,673,070</b>

The accompanying notes form part of these financial statements.

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## Statement of Changes in Equity For the Year Ended 30 June 2019

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2017</b>	6,973,809	-	6,973,809
<b>Comprehensive income</b>			
Loss attributable to members of the entity	(300,739)	-	(300,739)
Other Comprehensive income for the year	-	-	-
<b>Total Comprehensive income</b>	(300,739)	-	(300,739)
<b>Balance at 30 June 2018</b>	6,673,070	-	6,673,070

	Retained Earnings	Asset Realisation Reserve	Total
	\$	\$	\$
<b>Balance at 1 July 2018</b>	6,673,070	-	6,673,070
<b>Comprehensive income</b>			
Loss attributable to members of the entity	(740,512)	-	(740,512)
Other Comprehensive income for the year	-	-	-
<b>Total Comprehensive income</b>	(740,512)	-	(740,512)
Asset revaluation reserve	-	271,000	271,000
<b>Balance at 30 June 2019</b>	5,932,558	271,000	6,203,558

The accompanying notes form part of these financial statements.

# EACH Housing Ltd

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## Statement of Cash Flows

For the Year Ended 30 June 2019

	<b>Note</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from rental and other income		<b>792,680</b>	589,705
Payments to suppliers and employees		<b>(525,713)</b>	(563,778)
Finance Costs		<b>(4,568)</b>	-
Interest received		<b>235</b>	15,728
Net cash provided by/(used in) operating activities	9	<b>262,634</b>	41,655
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of property, plant and equipment		<b>(35,408)</b>	(12,063)
Net cash provided by/(used in) investing activities		<b>(35,408)</b>	(12,063)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of related party loans		-	(534,778)
Net cash provided by/(used in) financing activities		-	(534,778)
Net increase/(decrease) in cash and cash equivalents held		<b>227,225</b>	(505,186)
Cash and cash equivalents at beginning of year		<b>191,678</b>	696,864
Cash and cash equivalents at end of financial year	2	<b>418,903</b>	191,678

The accompanying notes form part of these financial statements.

# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

The financial report covers EACH Housing Ltd as an individual entity. EACH Housing Ltd is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on the same date as the directors' declaration.

### 1 Summary of Significant Accounting Policies

#### Basis of Preparation

The financial statements have been prepared on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *ACNC Act* and the significant accounting policies discussed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are considered with these of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

#### Going concern

For the year ended 30 June 2019, the company had an operating deficit of \$740,512 (2018: deficit \$300,739) and a net current asset deficit of \$115,384 (2018: \$69,988)

The financial statements have been prepared on a going concern basis because EACH (parent entity) has committed to providing financial assistance where required to EACH Housing Limited to continue to pay its debts as when they fall due.

#### Accounting Policies

##### (a) Revenue and other income

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

EACH Housing Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at a fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the profit or loss.

# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (a) Revenue and other income (continued)

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Rental income is recognised on an accrual basis and is determined based on when the right to receive is established.

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

#### (b) Property, plant and equipment

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

##### Land and buildings

Freehold land and buildings are shown at fair value based on periodic valuation, with at least triennial valuation by external independent valuers. When land and buildings are purchased as a single property, a valuation for splitting the price of the land and building is done at the time of recording the asset.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' assessment to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

##### Furniture and equipment

Furniture and equipment are measured on a cost basis less depreciation and any impairment losses. The carrying amount of furniture and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flow has been discounted to their present values in determining recoverable amounts.

In the event that the carrying amounts of furniture and equipment is greater than the recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

Furniture and equipment that have been contributed at no cost, or for nominal cost, are recognised at the fair value of the asset at the date it is acquired.

# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (b) Property, plant and equipment (continued)

##### Capital work in progress

The cost of development properties includes expenditure incurred in acquiring the property, preparing it for use and borrowing costs incurred, where applicable.

##### Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are:

Class of Fixed Asset	Depreciation rate
Furniture, Fixtures and Fittings	10.0 to 40.0%
Buildings	2.5 to 5.0%
Leasehold improvements	5.0 to 15.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

#### (c) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the economic entity, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

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

# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (d) Financial Instruments

The Company has applied AASB 9: *Financial Instruments* using the cumulative effective method. Therefore comparative information has not been restated and continued to be presented under AASB 139: *Financial Instruments*. The details of accounting policies under AASB 139 are disclosed separately since they are different from those under AASB 9.

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

##### Classification and subsequent measurement

##### In the comparative period

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### In the comparative period (continued)

##### *(ii) Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised

##### In the current period

##### *Financial liabilities*

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.



# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### In the current period (continued)

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

##### *Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

# EACH Housing Ltd

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## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (d) Financial Instruments (continued)

##### In the current period (continued)

##### Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

##### *Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### *Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the Company elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (e) Impairment of Assets

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the entity estimates the recoverable amount of the cash generating unit to which the class of assets belong.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

#### (f) Impairment of financial assets

Impairment of financial assets is recognised in the form of a loss allowance for expected credit loss. The loss allowance is measured as a life-time expected credit loss if, at the reporting date, the credit risk on that financial instrument has increased significantly since initial recognition. The loss allowance is measured as 12-month expected credit loss if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition.

The entity determines whether there has been a significant increase in credit risk since initial recognition by comparing the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition using reasonable and supportable information, unless the financial instrument is determined to have low credit risk at the reporting date.

Changes in expected credit losses from the previous reporting period are recognised in profit or loss as an impairment gain or loss.

Expected credit losses are measured with reference to the maximum contractual period and considering

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Trade receivables (other than government subsidies) are written off if there is objective evidence regarding bankruptcy or insolvency of the debtor and no guarantees are otherwise available from any third party on behalf of the debtor. This is the approach even if enforcement activities have already been initiated. Government subsidies are written off if there is evidence regarding changes in Government policies or non-compliance with the conditions related to the grant that the entity is no longer eligible to the subsidies.

#### (g) Employee benefits

##### Short-term Employee Benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period on which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligation for short-term employee benefits such as wages and salaries are recognised as a part of accounts payable and other payables in the statement of financial position.

# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

#### (i) Trade and other receivables

Accounts receivable and other debtors include amounts due from tenants and any outstanding grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

#### (j) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flow arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers

#### (k) Income tax

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

#### (l) 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

#### (m) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (n) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (o) Accounts Receivable and Other Debtors

Trade and other receivables include amounts receivable from customers for services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

It is initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

#### (p) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. The entity has recognised project expenses and grants income where it is considered likely to be recoverable.

#### (q) New Standards Adopted as at 1 July 2018

AASB 9 *Financial Instruments* replaces AASB 139 '*Financial Instruments: Recognition and Measurement*'. The new Standard makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

The Company's adoption of AASB 9 has not had a material effect on the Company. The Company has changed its financial instruments accounting policies please refer to Note 1(d).

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 July 2018.

Financial Instruments as at 30 June 2018	AASB 139 Classification	AASB 9 Classification	Carrying Amount per AASB 139 on 30 June 2018 \$	Carrying Amount per AASB 9 on 1 July 2018 \$
Trade and other receivables	Loans and receivables (Amortised cost)	Amortised Cost	5,088	5,088
Trade and other payables	Amortised cost	Amortised cost	16,530	16,530

#### (r) New Accounting Standards and Interpretations

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the Entity. The directors have decided not to early-adopt any of the new and amended pronouncements. The following sets out their assessment of the pronouncements that are relevant to the Entity but applicable in future reporting periods.

AASB 16: Leases (applicable to annual reporting periods beginning on or after 1 January 2019)

The Entity has chosen not to early-adopt AASB 16. A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees as the standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (r) New Accounting Standards and Interpretations (continued)

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by this standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

The Directors expect that the adoption of AASB 16 will not have an impact.

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods beginning on or after 1 January 2019) and AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2019)

The Entity has chosen not to early-adopt AASB 1058 and AASB 15. However, the Entity has conducted a high-level assessment of the impact of these new Standards, as follows.

A core change under AASB 1058 and AASB 15 is that focus shifts from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations. AASB 1058 is applicable when an entity receives volunteer services or enters into other transactions where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the Entity to further its objectives.

The significant accounting requirements of AASB 1058 are as follows:

- Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue arising from contracts with customers should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.
- Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the Entity to acquire or construct a recognisable non-financial asset that is to be controlled by the Entity) over any related amounts recognised in accordance with the applicable Standards. Income must be recognised in profit or loss when the Entity satisfies its obligations under the transfer.

# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 1 Summary of Significant Accounting Policies (continued)

#### (r) New Accounting Standards and Interpretations (continued)

AASB 15 applies where there is an “enforceable” contract with a customer with “sufficiently specific” performance obligations which results in income being recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to immediate income recognition under AASB 1058. AASB 15 introduces a five-step approach to revenue recognition which is far more prescriptive than AASB 118: *Revenue*.

AASB 15 and AASB 1058 will be applied by the Entity from its mandatory adoption date of 1 July 2019. The modified transition approach will be the chosen approach, and thus the comparative amounts for the year prior to first adoption will not be restated and the entity will recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application (1 July 2019).

The accounting for the revenue stream “Government grants – operating” will be primarily affected by these new Standards.

The income recognition for each grant has been assessed on a high-level basis to determine whether it is enforceable and whether its performance obligations are sufficiently specific. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise.

The Directors expect that the adoption of AASB 15 and AASB 1058 will primarily impact the accounting for the grant revenue stream.

# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 2 Cash and Cash Equivalents

	2019 \$	2018 \$
CURRENT		
Cash at bank	418,903	191,678

### 3 Trade and Other Receivables

CURRENT		
Accounts receivable	3,147	5,088
GST receivable	5,024	-
Bond Trust	12,839	-
Total current trade and other receivables	21,010	5,088

### 4 Property, Plant and Equipment

#### LAND AND BUILDINGS

##### Land

At cost	3,840,000	3,569,000
Total Land	3,840,000	3,569,000

##### Buildings

At cost	2,240,136	2,557,278
Less: accumulated depreciation	(171,438)	(102,986)
Less: accumulated impairment loss	-	(82,500)
Add: write back of depreciation	171,438	-
Total buildings	2,240,136	2,371,792

#### Total land and buildings

6,080,136	5,940,792
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#### PLANT AND EQUIPMENT

##### Capital works in progress

At cost	3,000	-
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##### Furniture and equipment

At cost	71,488	63,493
Less: accumulated depreciation	(35,221)	(21,389)
Total furniture and equipment	36,267	42,104

##### Leasehold Improvements

At cost	2,914,277	3,891,310
Less: accumulated depreciation	(909)	(362,470)
Total leasehold improvements	2,913,368	3,528,840

#### Total property, plant and equipment

9,032,771	9,511,736
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# EACH Housing Ltd

ABN 98 133 571 614

## Notes to the Financial Statements For the Year Ended 30 June 2019

### 5 Other Assets

	2019 \$	2018 \$
CURRENT		
Prepayments	100,154	-

### 6 Trade and Other Payables

CURRENT		
Creditors and Accrued expenses	41,614	16,530
Income in advance	178,565	-
Total trade and other payables	220,179	16,530

### 7 Provisions

CURRENT		
Short-term provisions	15,634	2,520

### 8 Other payables

CURRENT		
Related party payable - EACH	419,640	247,705
NON-CURRENT		
Related party payable - EACH	2,713,829	2,768,677

### 9 Cash Flow Information

#### Reconciliation of result for the year to cash flows from operating activities

Net current year surplus	(740,512)	(300,739)
Non-cash flows		
Other non-cash adjustments	785,373	381,390
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(15,922)	8,165
- (increase)/decrease in other assets	(100,154)	-
- increase/(decrease) in trade and other payables	320,736	(43,850)
- increase/(decrease) in employee provisions payable	13,113	(3,311)
Cash flows from operations	(262,634)	41,655

### 10 Contingencies

There are no bank guarantees or other contingent assets outstanding as at 30 June 2019 (30 June 2018: None).

# **EACH Housing Ltd**

**ABN 98 133 571 614**

## **Notes to the Financial Statements For the Year Ended 30 June 2019**

### **11 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 a maximum of \$20 each towards meeting any outstanding obligations of the Company. At 30 June 2019 the number of members was 10 (2018: 10).

### **12 Entity Information**

The registered office of the company is:

EACH Housing Limited  
Building 1 Level 1 20 Melbourne Street  
Ringwood VIC 3134

The principal place of business is:

EACH Housing Limited  
Building 1 Level 1 20 Melbourne Street  
Ringwood VIC 3134

# EACH Housing Ltd

ABN 98 133 571 614

## Directors' Declaration

The directors have determined that the Company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 24, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - (a) comply with Australian Accounting Standards as stated in Note 1; and
  - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of is in accordance with the accounting policy described in Note 1 of the financial statements.
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.....

Mrs. Judith Lillian Woodland (Chair)

Director.....

Mr. Leslie Philip Smart

Dated

10/10/19

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EACH HOUSING LIMITED**

### *Opinion*

We have audited the financial report of EACH Housing Limited ("the Company"), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance and cash flows for the year then ended; 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 for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### *Emphasis of Matter – Basis of Accounting*

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 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. Our opinion is not modified in respect of this matter.

### *Information Other than the Financial Report and Auditor's Report Thereon*

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

### *Responsibilities of the Directors for the Financial Report*

The directors are responsible for the preparation of the special purpose 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 Regulations 2013* and the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

We identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

We conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them, all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

*ShineWing Australia*

**ShineWing Australia**  
Chartered Accountants



Hayley Underwood  
Partner

Melbourne, 10 October 2019