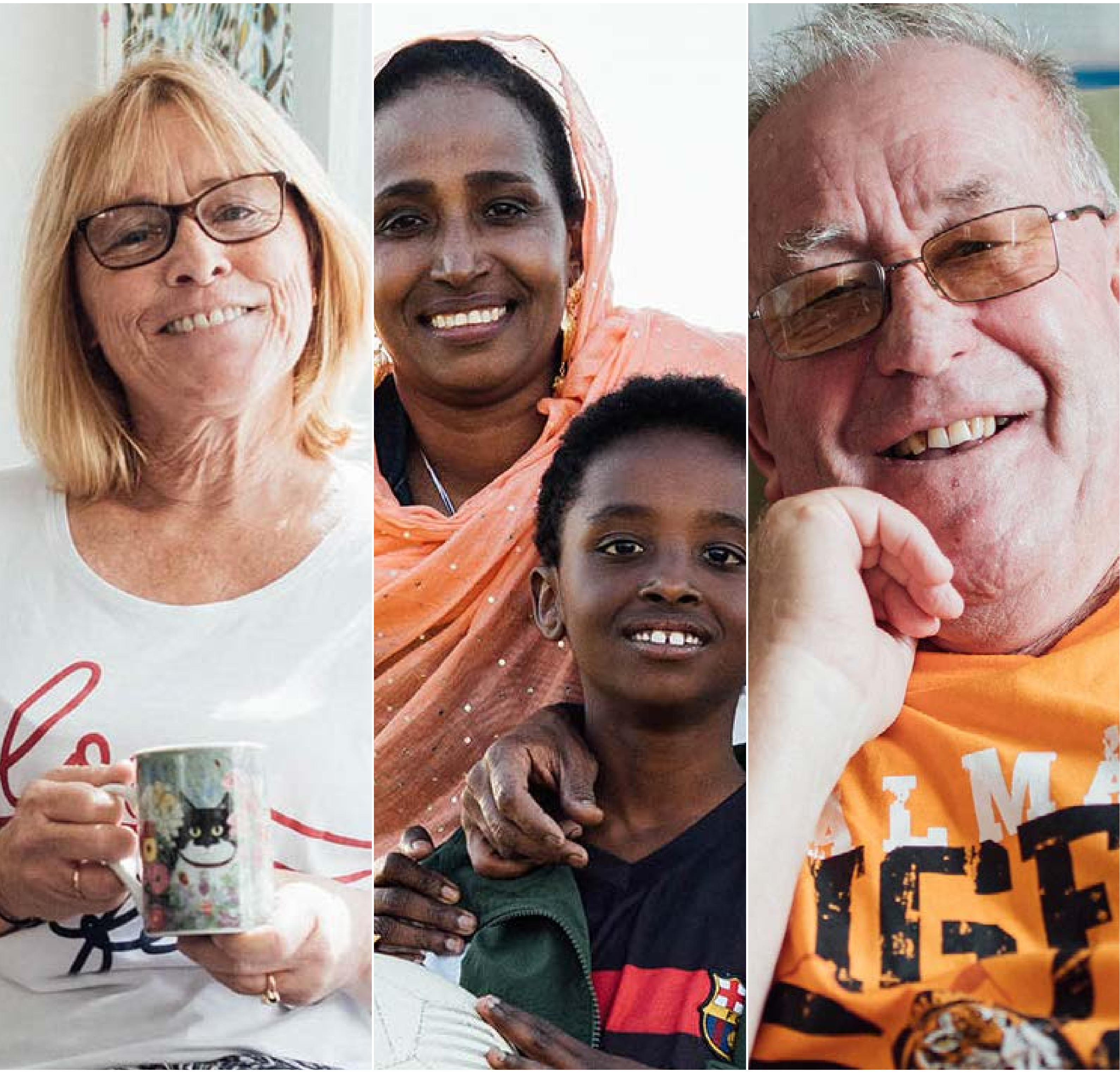
bridge housing
linking people to a better future



FINANCIAL REPORT 2017


sustainability

Contents

Bridge Housing Limited

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Directors' Report

The Directors present their report together with the financial statements on Bridge Housing Limited ("the Company" or "Bridge Housing") for the year ended the 30 June 2017.

Directors

Information on Directors

The names of Directors who held office at any time during, or since the end of the year are set out below together with the information on each director's qualifications and special responsibilities:

Names of Directors	Qualification	Occupation	Special Responsibilities	Years as Director
Mark Turner	BSc MRICS	Strategic Adviser for Commercial Property	Property Development, Finance, Real Estate	3
Shirley Liew	BBus, MBA, Grad Dip Appl Finance, FCPA, FTIA, MIIA, FAICD	Company Director/ Business and Risk Advisor	Finance and Risk	8
Gary Milligan	BSc BEng (Electrical) (Hons 1), Grad Cert Human Resource Development, MIVMA	Company Director	Asset Management	10
Dick Persson AM	BA, FAIM, FAPI	Company Director	Human Resources	8
Carolyn Scobie	M.A. (Japanese), B.A./ L.L.B. Grad Dip, CSP, GAICD	Lawyer	Legal	3
Helen Wood[1]	BSc (Hons) Psychology, MRICS, MAHI	Company Director	Social Housing and Development	15
Graham Monk	BComm (Hons), FCPA MAICD	Consultant and Company Director	Finance and Risk	2

1. Helen Wood resigned as a Director 25 October 2016.

Meetings of Directors

During the financial year, eight Board meetings of directors were held, in addition to subcommittee meetings shown below. Attendance by each director during the year was as follows:

	Board meetings		Human Resources and Nominations Committee		Assets and Procurement Committee		Finance, Risk and Audit	
	A	B	A	B	A	B	A	B
Mark Turner	8	8	X	X	6	6	X	X
Shirley Liew	8	4	X	X	X	X	6	5
Gary Milligan	8	8	X	X	6	6	X	X
Dick Persson, AM	8	5	6	6	X	X	X	X
Carolyn Scobie	8	6	6	6	X	X	X	X
Helen Wood	1	1	X	X	1	1	X	X
Graham Monk	8	8	X	X	X	X	6	4

A: Number of Meetings Eligible to Attend
B: Number of Meetings Attended
X: Not a Member of the Committee

Chair of meeting Eligible to attend

Company Secretary

John Nicolades was Company Secretary for the whole of the financial year and continues in office at the date of this report. John joined the Company as Executive Officer in 2005 and was appointed as Chief Executive Officer in 2010. He has been the Company Secretary since 2009. John has 37 years of experience in the not for profit industry.

Corporate information

The Company is a 'not for profit' entity, registered as a company limited by guarantee. It does not issue shares to its members. Under its Constitution, it does not have the capacity to issue dividends to its members. Any surplus on winding up will be distributed to an organisation which has similar objects as dictated by the Constitution.

It is registered as a charity with the Australian Charities and Not-for-profits Commission (ACNC) Charity ABN 55760055094. As a Public Benevolent Institution it is endorsed to access the following tax concessions; GST Concession and is FBT and Income Tax Exempt. It is also endorsed as a Deductible Gift Recipient (DGR) covered by Item 1 of the table in section 30-15 of the Income Tax Assessment Act 1997.

If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $1 each towards any outstanding obligations of the Company.

Details on members

At 30 June 2017 the number of ordinary members was 245 (2016: 255). There are no life members or honorary life members (2016: nil).

Short and long term objectives of the entity

The Company's mission is to improve lives and strengthen communities through the provision of housing and services for low to moderate income households.

Strategy for achieving those objectives

The Company achieves its medium and long term objectives through three year strategic plans and related short term objectives implemented through detailed annual business plans. The Company's growth has been driven by successive Strategic Plans since 2006. In 2017 the Company completed the second year of Strategic Plan 2015-2018. The Strategic Plan is operationalised through annual Business Plans. The Annual Report 2017 reports on the outcomes in the Business Plan 2016-17.

The strategic and business plans have six critical success factors as key performance drivers. These are:

- Meeting affordable housing need by increasing our property portfolio
- Delivering quality homes and housing services
- Governing effectively
- Managing the business sustainably
- Supporting our people and improving our workplace
- Enhancing our communication and increasing our profile.

Principal activities

The principal activity of the Company in the course of the financial year was the provision of social and affordable housing to the local community. There was no significant change in the nature of this activity during the financial year.

How the Company's activities assisted in achieving the Company's objectives

The cash flows of the Company will continue to be employed to improve lives and strengthen communities through the provision of housing and services for low to moderate income households.

How the Company measures its performance

The Company measures its performance by meeting the objectives established in the annual business plan to deliver the three year strategic plan objectives. Our performance for 2016-17 is reported in the 2017 Annual Report.

Operating results

The Company's Operating EBITDA in 2017 (earnings before interest and depreciation) was $4,676,182. After adjustment for one off profit contributions from the disposal of investment property from our Bungarribee development ($1,753,757) and the realisation of our financial interest in the Social Housing Subsidy Program ($1,515,421), our underlying operating profit was $1,407,004 (2016: $1,112,793).

In 2017, the Company also recognised a one off fair value mark to market gain on an interest rate swap of $1,010,803 (2016: loss of $2,336,288). This has resulted in a surplus for the year of $3,676,398 (2016: deficit of $2,472,267)

There was no income tax expense as the Company is tax exempt. A reconciliation of this result is shown below.

	2017	2016
	$	$
Surplus/(Deficit)	3,676,398	(2,472,267)
Less:		
Interest income	(202,604)	(160,171)
Gain on derivative financial instrument	(1,010,803)	-
Plus:		
Finance costs	727,137	90,247
Loss on derivative financial instrument	-	2,336,288
Depreciation / Amortisation	1,486,054	1,318,696
Operating EBITDA	**4,676,182**	**1,112,793**
Less:		
Profit on disposal of investment property	(1,753,757)	-
Social housing subsidy program income	(1,515,421)	-
Underlying operating profit	**1,407,004**	**1,112,793**

2016–17 was another successful year for Bridge Housing. We continued to improve the business and our service delivery as we prepared the organisation for possible growth through the Social Housing Management Transfer Program, which was announced by the government in October 2016.

This tender provides Bridge Housing the opportunity to achieve the growth objectives set out in our Strategic Plan 2015–18. A tender was lodged in May 2017 and the government announced on 16 October 2017 that Bridge Housing was successful in securing the Northern Beaches package of 1,200 properties which will be transferred to Bridge Housing management on a 20 year lease by June 2019.

Key highlights for 2016-17 include:

- The Company's portfolio increased by 148 properties to 1,915 properties
- Completion and tenanting of 65 affordable housing dwellings in the Bunya estate, of which 31 dwellings have been retained by Bridge Housing and 34 managed on behalf of private investors for a minimum of 10 years
- Completion and tenanting of nine self-contained studio apartments for older single women in Ashfield
- Completion and tenanting of 38 units at Parramatta, being a mix of social and affordable housing
- Commencement of construction on Elger St Glebe, forecast to deliver 158 senior housing dwellings by May 2018.
- Won the contract to manage Canada Bay's affordable housing program of 27 properties
- Growth in our fee-for-service affordable housing management by 65 properties (50%)
- Preparation for the transfer of 54 properties at Balmain as part of the Social Housing Management Transfer Program in July 2017
- Commenced project management for the construction of 50 dwellings on behalf of Land and Housing Corporation for ultimate management by Bridge Housing
- Development and launch of our Reconciliation Action Plan
- Developed The Difference We Make outcomes framework
- Working towards White Ribbon workplace accreditation
- Launch of our new Improving Lives Strengthening Communities capability document.

In the 2017-18 financial year, the Company intends to continue with the following development projects or tenders:

- Partner with Land and Housing Corporation to finalise development of 158 units in Elger St, Glebe by May 2018
- Work with the Land and Housing Corporation in the Department of Family and Community Services to complete the transfer of the remaining 54 properties on the South Coogee and Balmain estate in July 2017.
- Finalise contract negotiations for the development in Seven Hills to deliver 118 units as part of Communities Plus Round 1
- Finalise contract negotiations for the development of a mixed use development in Parramatta from the successful tender in Communities' Plus Round 2 which will deliver 60 additional social housing dwellings
- Successfully deliver four sites of the Communities Plus Project Management Program to deliver and manage 50 dwellings for seniors in South Granville (12), Padstow (16), Greenacre (8) and Clemton Park (14)
- Transition management of 28 Group Homes, housing 140 people, under the successful ADHC Specialist Disability Services tender by March 2018
- Pursue additional appropriate tender opportunities through the Communities Plus program
- Launch HomeGround Real Estate business, a new not-for-profit Real Estate business to increase the supply of affordable housing
- Prepare for the transition of 1,200 properties in the Northern Beaches from our successful tender under the government's Property Management Transfer Program.

The Company will continue to provide quality affordable housing to low and moderate income households.

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

On behalf of directors:

Mark Turner
Director

Shirley Liew
Director

Dated this 31st day of October 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Notes	**$**	**$**
Revenue	2	32,223,597	29,891,230
Other income	3	4,015,390	445,987
Tenancy and property management expenses	4	(24,377,591)	(22,865,872)
Administration expenses	4	(8,468,664)	(7,517,077)
Finance costs		(727,137)	(90,247)
Surplus/(deficit) before fair value loss		**2,665,595**	**(135,979)**
Gain/(Loss) on derivative financial instrument	5	1,010,803	(2,336,288)
Surplus/(deficit) before income tax expense		**3,676,398**	**(2,472,267)**
Income tax expense	1(b)	-	-
Surplus/(deficit) after income tax expense for the year attributable to the members of Bridge Housing Limited		**3,676,398**	**(2,472,267)**
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings		19,132,449	6,459,180
Other comprehensive income for the year, net of tax		19,132,449	6,459,180
Total comprehensive income for the year attributable to the members of Bridge Housing Limited		**22,808,847**	**3,986,913**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

		2017	2016
	Notes	$	$
Assets			
Current assets			
Cash and cash equivalents	7	4,698,328	8,260,471
Trade and other receivables	8	4,044,480	1,997,909
Other assets	9	-	259,380
Investment property	11	-	4,220,057
Total current assets		**8,742,808**	**14,737,817**
Non-current assets			
Property, plant and equipment	10	142,458,967	115,556,501
Total non-current assets		142,458,967	115,556,501
Total assets		**151,201,775**	**130,294,318**
Liabilities			
Current liabilities			
Trade and other payables	12	1,280,105	1,276,297
Other liabilities	13	3,891,203	3,857,410
Employee benefits	14	498,745	412,728
Provisions	15	64,900	62,300
Total current liabilities		5,734,953	5,608,735
Non-current liabilities			
Employee benefits	14	94,754	94,760
Derivative financial liability	16	1,325,485	2,336,288
Borrowings	17	15,881,521	16,898,320
Total non-current liabilities		17,301,760	19,329,368
Total liabilities		**23,036,713**	**24,938,103**
Net assets		**128,165,062**	**105,356,215**
Equity			
Reserves	18	47,238,293	28,105,844
Accumulated surpluses		80,926,769	77,250,371
Total equity		**128,165,062**	**105,356,215**

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
	Notes	$	$
Cash flows			
Cash flows from operating activities			
Cash receipts from customers (inclusive of GST)		19,018,156	17,198,372
Cash paid to suppliers and employees (inclusive of GST)		(34,471,709)	(29,516,958)
Grants received (inclusive of GST)		16,110,156	16,447,015
Interest and other finance costs paid		(727,137)	(7,647)
Interest received		202,604	158,607
Net cash (used in)/from operating activities	**19**	**132,070**	**4,279,389**
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,402,592)	(14,427,760)
Proceeds from sale of investment property		7,818,370	-
Payments for investment property		(93,192)	(467,826)
Deposit paid on land and buildings		-	(259,380)
Net cash used in investing activities		**(2,677,414)**	**(15,154,966)**
Cash flows from financing activities			
Proceeds from borrowing		(1,016,799)	11,960,560
Net cash (used in)/from financing activities		(1,016,799)	11,960,560
Net (decrease)/increase in cash and cash equivalents		(3,562,143)	1,084,983
Cash and cash equivalents at the beginning of the year		8,260,471	7,175,488
Cash and cash equivalents at the end of the year	**7**	**4,698,328**	**8,260,471**

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Accumulated surpluses	Reserves	Total equity
	$	$	$
Changes in equity			
Balance at 1 July 2015	79,722,638	21,646,664	101,369,302
Deficit after income tax expense for the year	(2,472,267)	-	(2,472,267)
Other comprehensive income for the year, net of tax	-	6,459,180	6,459,180
Total comprehensive income for the year	(2,472,267)	6,459,180	3,986,913
Balance at 30 June 2016	**77,250,371**	**28,105,844**	**105,356,215**
Surplus after income tax expense for the year	3,676,398	-	3,676,398
Other comprehensive income for the year, net of tax	-	19,132,449	19,132,449
Total comprehensive income for the year	3,676,398	19,132,449	22,808,847
Balance at 30 June 2017	**80,926,769**	**47,238,293**	**128,165,062**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for The Year Ended 30 June 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

The financial report was authorised for issue by the Directors on the 31 October 2017. The Directors have the power to amend and reissue the financial statements.

The financial report has also been prepared on a historical cost basis, except for land and buildings deemed to be at fair value.

The financial report covers Bridge Housing Limited as an individual entity. The financial report is presented in Australian dollars, which is Bridge Housing Limited's functional and presentation currency. Bridge Housing Limited is a not-for-profit unlisted public company limited by guarantee and it is incorporated and domiciled in Australia.

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.

(b) Income tax

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

(c) GST

Revenues and expenses are recognised net of GST, except where GST incurred is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of the expense item. Receivables and payables are stated with the amount of GST included. The net amount of GST payable to the taxation authority is included in payables in the statement of financial position.

(d) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2017. Accounting standards issued that have not yet been early adopted are discussed below:

AASB 16 - Leases

AASB 16 - Leases now brings most leases onto the balance sheet, eliminating the distinction between operating and finance leases. This standard supersedes AASB 117 – Leases and is applicable to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted for entities that apply AASB 15 – Revenue from Contracts with Customers at or before the initial date of application of this standard. Management anticipates that the Company's operating lease contracts currently in effect will be impacted by the introduction of AASB 16, and are currently in the process of determining the potential effects of the implementation of AASB 16 on the financial statements.

AASB 15 - Revenue from contracts with customers

AASB 15 - Revenue from Contracts with Customers specifies how and when revenue should be recognised as well as requiring more informative and relevant disclosures. The standard also requires additional disclosures in respect of the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. This standard will be implemented with two supplementary not-for-profit specific standards, AASB 2016-8 Australian Implementation Guidance for Not-for-Profit Entities and AASB 1058 Income of Not-for-Profit Entities. These standards supersede AASB 118 – Revenue, AASB 1004 Contributions and a number of other revenue-related interpretations. AASB 15, AASB 2016-8 and AASB 1058 must be applied for all periods beginning on or after 1 January 2019, with early application permitted. An entity may adopt the standard on a fully retrospective basis or on a modified retrospective basis. Management continues to evaluate the overall impact of AASB 15 on the financial statements.

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Company.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Land and building valuations

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations. This external valuation has been prepared in accordance with established valuation methodologies, international valuation standards and Australian Accounting Standards using the fair value model.

Estimation of useful lives of assets

The Directors determine the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could be revised. The depreciation charge will increase where the useful lives are less than previously estimated lives, or where obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Financial derivative

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. This value is based upon valuations provided by Financial Institutions as at reporting date and this is relied upon for recognising the fair value of the derivative contract.

Fair value measurement hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

NOTE 2: REVENUE

	2017	2016
	$	$
Rental revenue	18,432,666	16,984,033
Government grants	13,790,931	12,907,197
	32,223,597	**29,891,230**

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 recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Rental revenue

Rental revenue is recognised as income in the periods when they are earned.

Grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the Company has satisfied all the attached conditions.

Government grants of $13,790,931 (2016: $12,907,197) were recognised by the Company during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants.

Grants relating to assets

Grants relating to assets are recognised in the statement of financial position, deducted against the cost of the related asset, where there is reasonable assurance that the grant will be received and the Company has satisfied all the attached conditions.

Government grants of $1,405,900 (2016: $nil) relating to assets were recognised by the Company during the financial year. There are no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 3: OTHER INCOME

	2017	2016
	$	$
Fees received – services	410,931	276,643
Social housing subsidy program income	1,515,421	-
Rental compensation income	131,677	-
Profit on disposal of investment property	1,753,757	-
Interest income	202,604	160,171
Donation income	1,000	9,173
	4,015,390	**445,987**

Social housing subsidy program income

Social housing subsidy program income relates to our financial interest in this completed program and is recognised as income in the periods when they are earned.

Rental compensation income

Rental compensation income is recognised as income in the periods when they are earned. It represents the rental loss compensation from the builder due to delays with the Parramatta project.

Profit on disposal of investment property

Profit on disposal of investment property is recognised as income in the periods when they are disposed.

Donation income

Donation income is recognised as revenue when the money is received and any obligations are met.

Rendering of services

Income from fees received for services is recognised when the services are provided.

Interest

Revenue is recognised as interest accrues using the effective interest method.

NOTE 4: EXPENSES

	2017	2016
	$	$
Tenancy and property management expenses		
Rent paid	18,401,087	17,634,588
Doubtful and bad debt expense	91,362	163,810
Insurances	261,816	244,366
Rates and utility charges	1,699,312	1,482,824
Repairs and maintenance	3,921,294	3,303,724
Other	2,720	36,560
	24,377,591	**22,865,872**

NOTE 4: EXPENSES (Continued)

	2017	2016
	$	$
Administration expenses		
Employee benefits	4,368,351	4,014,374
Superannuation expenses	389,294	357,597
Office rent	296,526	289,803
Office expenses	673,240	646,501
Consultant fees	687,156	425,653
Audit and accounting fees	91,693	81,655
Depreciation	1,462,961	1,318,696
Amortisation of loan arrangement fees	23,094	-
Other expenses	403,177	333,351
Legal fees	73,172	49,447
	8,468,664	**7,517,077**

NOTE 5: GAIN/(LOSS) ON DERIVATIVE FINANCIAL INSTRUMENT

	2017	2016
	$	$
Gain/(loss) on derivative financial instrument	1,010,803	(2,336,288)
	1,010,803	**(2,336,288)**

A gain of $1,010,803 (2016: loss of $2,336,288) was recognised by the Company during the financial year as a result of the mark to market valuation of the interest rate swap in place to hedge our variable interest rate on a proportion of the long term borrowings.

NOTE 6: AUDITOR'S REMUNERATION

During the financial year the following fees were paid or payable for services provided by the auditor (BDO East Coast Partnership) of the Company:

	2017	2016
	$	$
Audit of the financial statements	38,500	37,000
Other services – Tax compliance services	13,515	25,866
	52,015	**62,866**

NOTE 7: CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash at bank and on hand	1,802,992	3,361,295
Cash on deposit	2,895,336	4,899,176
	4,698,328	**8,260,471**

Cash at bank and on hand is non-interest bearing. Deposits at call bear interest rates between 1.85% to 2.70% (2016: 2.00% to 3.07%).

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with 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 and bank overdrafts.

NOTE 8: TRADE AND OTHER RECEIVABLES

	2017	2016
	$	$
Trade receivables	795,125	828,258
Property bonds	1,286,122	1,290,787
Social housing subsidy program receivable	1,515,421	-
Government grants receivable	581,955	-
Sundry receivables	198,591	196,326
	4,377,214	2,315,371
Less: Provision for impairment of receivables	(332,734)	(317,462)
	4,044,480	**1,997,909**

The Company has recognised a doubtful and bad debt expense of $91,362 (2016: $163,810) in the profit or loss in respect of receivables for the year ended 30 June 2017.

The ageing of the receivables provided for above are as follows:

	2017	2016
	$	$
0 to 1 month overdue	16,409	15,321
1 to 2 months overdue	15,400	4,711
2 to 3 months overdue	2,306	5,723
Over 3 months overdue	298,619	291,707
	332,734	**317,462**

Movements in the provision for impairment of receivables are as follows:

	2017	2016
	$	$
Opening balance	317,462	316,510
Additional provisions recognised	91,362	163,810
Receivables written off during the year as uncollectable	(76,090)	(162,858)
Closing balance	**332,734**	**317,462**

Customers with balances past due (greater than 90 days) but without provision for impairment amount to $38,533 as at 30 June 2017 ($128,575 as at 30 June 2016).

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for impairment where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms.

NOTE 9: OTHER ASSETS

	2017	2016
	$	$
Deposits	-	192,500
Prepayments	-	66,880
	-	**259,380**

Other assets of $nil (2016: $259,380) were recognised by the Company during the financial year.

Payments made for deposits and costs for the development or construction of capital projects are recognised as other assets when the payments have been made but title has not transferred.

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	$	$
Furniture and fittings		
At cost	13,248	32,198
Less: Accumulated depreciation	(5,818)	(3,568)
	7,430	**28,630**
Motor vehicles		
At cost	30,960	30,960
Less: Accumulated depreciation	(30,960)	(29,535)
	-	**1,425**
Computer equipment		
At cost	858,237	741,145
Less: Accumulated depreciation	(637,080)	(475,805)
	221,157	**265,340**
Office equipment		
At cost	42,995	37,550
Less: Accumulated depreciation	(35,453)	(32,743)
	7,542	**4,807**
Land and buildings		
At fair value	141,517,045	93,066,037
	141,517,045	**93,066,037**
Leasehold improvements		
At cost	524,069	505,119
Less: Accumulated depreciation	(452,609)	(417,026)
	71,460	**88,093**
Work in progress		
At cost	634,333	22,132,707
Less: Accumulated depreciation	-	(30,538)
	634,333	22,102,169
	142,458,967	**115,556,501**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in carrying amounts

Movements in the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year is set out below:

	Furniture & fittings	Motor vehicle	Computer equipment	Office equipment	Land and buildings	Leasehold improve-ments	Work in progress (WIP)	Total
	$	$	$	$	$	$	$	$
Balance at 1 July 2015	**-**	**4,398**	**352,634**	**8,848**	**90,335,414**	**74,588**	**4,274,002**	**95,049,884**
Transferred from other assets	-	-	-	-	-	-	556,091	556,091
Transferred from buildings					(2,600,000)		2,600,000	-
Additions	30,198	-	59,389	2,003	-	46,376	14,672,076	14,810,042
Disposals-Cost	-	-	(617)	-	-	-	-	(617)
Accumulated Depreciation	-	-	617	-	-	-	-	617
Depreciation	(1,568)	(2,973)	(146,683)	(6,044)	(1,128,557)	(32,871)	-	(1,318,696)
Revaluation	-	-	-	-	6,459,180	-	-	6,459,180
Balance at 30 June 2016	**28,630**	**1,425**	**265,340**	**4,807**	**93,066,037**	**88,093**	**22,102,169**	**115,556,501**
Transfers from other assets	-	-	-	-	-	-	259,380	259,380
Transfers from WIP to Land/ Building	-	-	-	-	29,987,409	-	(29,987,409)	-
Transfers to offset against borrowings	-	-	-	-	-	-	(345,465)	(345,465)
Additions	-	-	117,674	5,445	590,868	18,950	8,605,658	9,338,595
Disposals	(18,950)	-	(582)	-	-	-	-	(19,532)
Depreciation	(2,250)	(1,425)	(161,275)	(2,710)	(1,259,718)	(35,583)	-	(1,462,961)
Revaluation	-	-	-	-	19,132,449	-	-	19,132,449
Balance at 30 June 2017	**7,430**	**-**	**221,157**	**7,542**	**141,517,045**	**71,460**	**634,333**	**142,458,967**

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (Continued)

During the year, the Company converted a block of 4x2 bedrooms units located in Ashfield and acquired in 2014 into 9 studio apartments in July 2016. These units have been tenanted with 9 single women.

The Company also completed construction of 65 affordable housing dwellings in Urban Growths Bunya Estate, Bungarribee in August 2016. Bridge Housing has had a profit share of $1,753,757 from the selling of 34 dwellings to private investors and secured the management of all the affordable housing dwellings for the next ten years. The Company retained ownership of the remaining 31 dwellings.

The Company also completed construction of 38 units in Parramatta in February 2017 to provide 13 social housing and 25 affordable housing units and acquired a 4 x 2 bedroom apartment in Randwick in conjunction with Waverly Council to provide affordable housing.

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations which are performed at least every 3 years. On this basis, the directors assessed the fair value of land and buildings at 30 June 2017 to be $141,517,045 (2016: $93,066,037). The resulting increase of $19,132,449 (2016: $6,459,180) has been recognised as an asset revaluation reserve (Refer Note 18). Of the $19,132,449 increase in 2017, $11,837,321 was a result of recognising the increase in value upon completion of new development projects. The remaining $7,295,128 was a result of increases in value of existing owned property.

The most recent valuation was completed on 30 June 2017 by an independent assessment on one third of the portfolio. The average increase by location and property type was then applied to the remainder of the portfolio to estimate fair market value. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where the property is vested to the Company or is acquired with an intention to hold the property as a long term asset for the provision of social housing, the asset is treated as 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.

Assets acquired at no cost, or for nominal consideration, are initially recognised at fair value as at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

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
Furniture, fittings and equipment	5 years
Leasehold improvements	5 years
Motor vehicles	5 years
Computer equipment and software	1-5 years
Office equipment	3-5 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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment of property, plant and equipment

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 in the statement of profit or loss and other comprehensive income.

Grants relating to assets

Government grants relating to assets are offset against the carrying value of the asset and recognised when there is no unfulfilled conditions or other contingencies attaching to these grants.

NOTE 11: INVESTMENT PROPERTY

	2017	2016
	$	$
Investment property	-	4,220,057
	-	**4,220,057**

	Investment property
	$
Balance at 1 July 2015	**4,126,865**
Additions	93,192
Balance at 30 June 2016	**4,220,057**
Disposals	(4,220,057)
Balance at 30 June 2017	**-**

Investment property principally comprises freehold land and buildings held for capital appreciation that are not occupied by the Company. Investment property is stated at historical cost less accumulated amortisation and impairment. Historical cost includes all costs to purchase and conversion of the property including labour, material, subcontractor expenses and direct contract expenses. On recognition of the investment property, any gain or loss on disposal is recognised in the statement of profit or loss and other comprehensive income. Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

The Company recognised a profit of $1,753,757 from the disposal of 34 dwellings in the Bunya Estate, Bungarribee, in 2017.

	2017	2016
	$	$
Profit on disposal of investment property	**1,753,757**	**-**

NOTE 12: TRADE AND OTHER PAYABLES

	2017	2016
	$	$
Trade payables	274,768	244,017
Accrued expenses	922,732	912,410
Other payables	82,605	119,870
	1,280,105	**1,276,297**

Trade and other payables represent liabilities for goods and services provided to the Company prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. The carrying amount of the creditors and payables is deemed to reflect fair value.

NOTE 13: OTHER LIABILITIES

	2017	2016
	$	$
Deferred revenue-Grant subsidy	937,136	380,638
Deferred revenue-Grant for projects	1,771,718	2,602,544
Deferred income	1,182,349	874,228
	3,891,203	**3,857,410**

Deferred grant income

Grant income is deferred where the Company has the right to use the funds and is recognised in the future when they are earned.

Deferred income

Deferred income is rental revenue received but not yet earned.

NOTE 14: EMPLOYEE BENEFITS

	2017	2016
	$	$
Current		
Annual leave	356,460	312,554
Long service leave	142,285	100,174
	498,745	**412,728**
Non - current		
Long service leave	94,754	94,760
	94,754	**94,760**

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of reporting date are recognised in provisions in respect of employees' services rendered up to reporting date and are measured at amounts expected to be paid when the liabilities are settled. Liabilities are included as part of employee benefits.

Liabilities for annual leave and long service leave not expected to be settled within 12 months from reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. Long service leave entitlements have been measured at the amount expected to be paid when the liability is settled, plus related on-costs, which provides an estimate of the amount not materially different from the liability measured at the present value of the estimated future cash outflows to be made for those benefits.

No provision is made for sick leave entitlements.

Employee benefits provision

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 14: EMPLOYEE BENEFITS (Continued)

Amounts not expected to be settled within the next 12 months

The current liability for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next twelve months.

	2017	2016
	$	$
Employee benefits obligation expected to be settled after twelve months	76,939	77,767
	76,939	**77,767**

NOTE 15: PROVISIONS

	2017	2016
	$	$
Current		
Make good provisions	64,900	62,300
	64,900	**62,300**

Provisions for make good obligations are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTE 16: DERIVATIVE FINANCIAL LIABILITY

	2017	2016
	$	$
Interest rate swap	1,325,485	2,336,288
	1,325,485	**2,336,288**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date with any movements shown in the statement of profit or loss and other comprehensive income.

NOTE 17: BORROWINGS

	2017	2016
	$	$
Non - current		
Borrowings	15,881,521	16,898,320
	15,881,521	**16,898,320**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The bank loan is secured by first mortgages over the Company's land and buildings. The total facility of $25,000,000 (2016: $18,000,000) had unused lines of credit as at 30 June 2017 of $8,947,923 (2016: $1,101,679).

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including interest on long-term and short-term borrowings.

NOTE 18: RESERVES

Movements on reserves in the year are as follows:

	At the start of the year	Revaluation of Land and Buildings	At the end of the year
	$	$	$
Asset revaluation	28,105,844	19,132,449	47,238,293
	28,105,844	**19,132,449**	**47,238,293**

The asset revaluation reserve is used to recognise increments and decrements in the fair value of land and buildings in accordance with note 10.

Critical estimates are made by the Directors in respect to the fair values of the land and buildings. The fair value of the land and buildings are reviewed regularly by the Directors with reference to independent third party valuations. As a result, the land and buildings were revalued upwards by $19,132,449.

NOTE 19: CASH FLOW INFORMATION

	2017	2016
	$	$
Reconciliation of surplus to net cash flow from operating activities		
Surplus/(Deficit) for the year	3,676,398	(2,472,267)
Depreciation	1,462,961	1,318,696
Amortisation	23,094	-
Fair value loss/(gain)	(1,010,803)	2,336,288
Capitalised grant	1,405,898	-
Proceeds from sale of investment property	(3,505,121)	-
Changes in assets and liabilities		
Increase in trade and other receivables	(2,046,570)	(137,648)
Increase in trade creditors and other payables	6,408	893,496
Increase in provisions and employee benefits	86,012	58,009
(Decrease)/increase in other liabilities	33,793	2,282,815
Net cash flow from operating activities	**132,070**	**4,279,389**

NOTE 20: CONTINGENT LIABILITIES

There is a security deposit guarantee of $40,183 for the office level 11 premises (2016: $40,183) and $nil bank guarantee for the Bunya project (2016: $932,000).

The Company had no other contingent liabilities as at 30 June 2017 or 30 June 2016.

NOTE 21: COMMITMENTS

	2017	2016
	$	$
Lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments:		
Within one year	3,224,422	2,091,977
One to five years	404,149	769,812
	3,628,571	**2,861,789**

Lease commitments

The lease for Level 9, Tower 1, 1 Lawson Square, Redfern is a non-cancellable lease which commenced on 15 June 2009 for a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. An option existed to renew the lease at the end of the five year term for an additional term of 5 years. The lease was extended for 2 years to 14 June 2016 with a further 3 year option, and it is currently on a roll over term until 14 June 2018.

The lease for Level 11, Tower 1, 1 Lawson Square, Redfern is a non-cancellable lease which commenced on 1 June 2013 for a twelve month and fourteen days term to be in line with Level 9, with rent payable monthly in advance. We have sub-leased half of the floor on the same terms as our head lease. An option exists to renew the lease at the end of the one year term for an additional term of 5 years. The lease was extended for 2 years to 14 June 2016 with a further 3 year option, and it is currently on a roll over term until 14 June 2018.

Bridge Housing also has lease commitments under the leasehold program. These properties are sub-let to social housing tenants. We receive a NSW Government subsidy to meet the difference between the market rent and the rental income received from our sub leases. These lease commitments are non-cancellable operating leases contracted between 3 weeks and 2 years. Increases in lease commitments may occur in line with changes in market rent but any increase is funded by our lease subsidy arrangements with the government.

Capital commitment

As at 30 June 2017 there is no capital commitment (2016: $1,732,500 as the Company and Waverley Council had entered into a contract with a private investor for the acquisition of 8 Roberts Avenue Randwick).

NOTE 22: RELATED PARTY TRANSACTIONS

Key management personnel

The aggregate compensation made to key management personnel of the Company is set out below:

	2017	2016
	$	$
Short-term employee benefits	812,567	617,702
Post-employment benefits	77,133	58,792
	889,700	**676,494**

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 23: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1	Level 2	Level 3	Total
30 June 2017	**$**	**$**	**$**	**$**
Assets				
Land and buildings	-	-	141,517,045	141,517,045
Total assets	-	-	141,517,045	141,517,045
Liabilities				
Interest rate swap	-	-	1,325,485	1,325,485
Total liabilities	**-**	**-**	**1,325,485**	**1,325,485**

	Level 1	Level 2	Level 3	Total
30 June 2016	**$**	**$**	**$**	**$**
Assets				
Land and buildings	-	-	93,086,037	93,086,037
Total assets	-	-	93,086,037	93,086,037
Liabilities				
Interest rate swap	-	-	2,336,288	2,336,288
Total liabilities	**-**	**-**	**2,336,288**	**2,336,288**

NOTE 23: FAIR VALUE MEASUREMENT (Continued)

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 3

Land and buildings have been valued based on similar assets, location and market conditions.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Interest rate swap	Land and buildings
	$	$
Balance at 30 June 2016	(2,336,288)	93,066,037
Additions/transfers from construction in progress	-	30,578,277
Depreciation	-	(1,259,718)
Revaluation increment	1,010,803	19,132,449
Balance at 30 June 2017	**(1,325,485)**	**141,517,045**

The unobservable inputs applied in the valuation methods used included rental market data, rental levels, rental demands and other unobservable inputs.

NOTE 24: EVENTS AFTER REPORTING PERIOD

On the 17th October 2017 the Minister, the Honorable Pru Goward, announced that Bridge Housing had been successful in securing Package 8 – Northern Beaches under the governments Social Housing Property Management Transfer tender. This successful outcome will see the transfer of 1,200 properties to Bridge Housing Management by June 2019 under a 20 year lease.

This successful tender outcome will increase the size of our property portfolio by approximately 65% and the size of our workforce by 50% with the employment of 27 additional staff

NOTE 25: FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Company's financial instruments consist of cash and cash equivalents, interest rate swaps, trade receivables, trade payables and borrowings.

The Board has overall responsibility for the determination of the Company's risk management objectives and polices and its overall objective is to set polices that seek to reduce risk as far as possible without unduly affecting the ability of the Company to achieve its aims. Further details regarding these policies are set out below, in notes (b), (c) and (d).

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Company incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Company.

There is no concentration of credit risk with respect to current receivables.

The maximum exposure to credit risk at balance sheet date is the carrying value of these assets, net of any provision for impairment, as disclosed below:

NOTE 25: FINANCIAL RISK MANAGEMENT (Continued)

	2017	2016
	$	$
Cash	4,698,328	8,260,471
Trade and other receivables	4,044,480	2,007,379
	8,742,808	**10,267,850**

(c) Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulties raising funds to meet commitments associated with financial instruments.

The Company is not significantly exposed to this risk, as it has $4,698,328 (2016: $8,260,471) of cash and cash equivalents to meet these obligations as they fall due.

The Company manages liquidity risk by monitoring cash flows and ensuring it has sufficient cash reserves and available borrowings to be able to pay debts as and when they become due and payable.

Financing arrangements

The Company has the following unused borrowing facilities as at reporting date:

	2017	2016
	$	$
Borrowings – bank loan	8,947,923	1,101,679
	8,947,923	**1,101,679**

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

2017	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Non-derivative financial Liabilities				
Trade and other payables	1,280,105	-	-	1,280,105
Borrowings	-	15,881,521	-	15,881,521
	1,280,105	**15,881,521**	**-**	**17,161,626**
Derivative financial liabilities				
Interest rate swap	-	-	1,325,485	1,325,485
Total liabilities	**-**	**-**	**1,325,485**	**1,325,485**

NOTE 25: FINANCIAL RISK MANAGEMENT (Continued)

2016	Less than 12 months	Between 1-3 years	Over 3 years	Total
	$	$	$	$
Non-derivative financial Liabilities				
Trade and other payables	1,276,297	-	-	1,276,297
Borrowings		-	16,898,320	16,898,320
	1,276,297	**-**	**16,898,320**	**18,174,617**
Derivative financial liabilities				
Interest rate swap	-	-	2,336,288	2,336,288
Total liabilities	**-**	**-**	**2,336,288**	**2,336,288**

(d) Market Risk

Market risk arises from the use of interest bearing financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates.

The Company's exposure to interest rate risk is set out in the tables below:

2017	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	2,834,815	-	-	1,863,513	4,698,328
Trade and other receivables	-	-	-	4,272,665	4,272,695
	2,834,815	-	-	6,136,178	8,970,993
Weighted average interest rate	**1.10%**	**-**			
Financial Liabilities					
Trade and other payables	-	-	-	1,280,105	1,280,105
Borrowings	16,052,077	-	-	-	16,052,077
Interest rate swap	1,325,485	-	-	-	1,325,485
	17,377,562	-	-	1,280,105	18,657,667
Weighted average interest rate	**3.48%**				

NOTE 25: FINANCIAL RISK MANAGEMENT (Continued)

2016	Floating interest rate	Fixed interest <1year	Fixed interest 1-3 year And Over	Non-interest bearing	Total
	$	$	$	$	$
Financial Assets					
Cash	863,030	4,000,000	-	3,397,441	8,260,471
Trade and Other Receivables	-	-	-	2,007,379	2,007,379
	863,030	**4,000,000**	**-**	**5,404,820**	**10,267,850**
Weighted average interest rate	**1.75%**	**2.4%**			
Financial Liabilities					
Trade and Other Payables	-	-	-	1,276,297	1,276,297
Borrowings	16,898,320	-	-	-	16,898,320
Interest rate swap	2,336,288	-	-	-	2,336,288
	19,234,608	**-**	**-**	**1,276,297**	**20,510,905**
Weighted average interest rate	**3.31%**				

The maturity profile and the weighted average interest rate of the fixed derivatives held at 30 June 2017 represented by an Interest rate swap which expires on 1 July 2025 can be summarised below:

2017	<1 year	1-5 years	>5 years	Total
	$	$	$	$
Interest rate swap (fixed)	16,000,000	16,000,000	16,000,000	16,000,000
Average fixed rate	**3.69%**	**3.69%**	**3.69%**	**3.69%**

2016	<1 year	1-5 years	>5 years	Total
	$	$	$	$
Interest rate swap (fixed)	16,000,000	16,000,000	16,000,000	16,000,000
Average fixed rate	**3.69%**	**3.69%**	**3.69%**	**3.69%**

Sensitivity Analysis – Interest Rate Risk

The Company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance sheet date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in the risk.

The effect on the result and equity as a result of changes in interest rate, with all other variables remaining constant, would be as follows:

NOTE 25: FINANCIAL RISK MANAGEMENT (Continued)

(d) Market Risk (continued)

2017	Profit/loss after tax	Equity		
	100bp higher	100bp lower	100bp higher	100bp lower
	$	$	$	$
Effect of market interest rate movement	242,605	(242,605)	242,605	(242,605)

The above analysis assumes all other variables remain constant.

	Carrying Amount	+1%	-1%
2017	$	Result $	Result $
Cash	4,698,328	34,887	(34,887)
2016			
Cash	8,260,471	61,337	(61,337)

NOTE 26: ECONOMIC DEPENDENCY

The Company is economically dependent on the NSW State Government and the Federal Government for significant financial support in the form of subsidies and grants to assist in the delivery of affordable and social housing to the community.

NOTE 27: COMPANY DETAILS

The current address of the registered office and principal place of business is:

Level 9, Tower 1, 1 Lawson Square,
Redfern NSW 2016.

NOTE 28: MEMBERS' GUARANTEE

The entity is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is an entity limited by guarantee. If the entity is wound up, the Constitution states that each member is required to contribute a maximum of $1 each towards meeting any outstanding and obligations of the entity. At 30 June 2017, the number of members was 245 (2016: 255).

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements comprising the statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity, and accompanying notes to the financial statements, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and

   a. comply with Australian Accounting Standards and the Australian Charities and Not-for-Profit Commission Regulations 2013; and

   b. give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date;

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 and is signed for and on behalf of the Directors by:

Mark Turner	**Shirley Liew**
Director	Director

Dated this 31st day of October 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Bridge Housing Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bridge Housing Limited (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

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

(i) Giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards 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 *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Company's annual report, 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 on the other information obtained prior to the date of this auditor's report, 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 of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 has no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

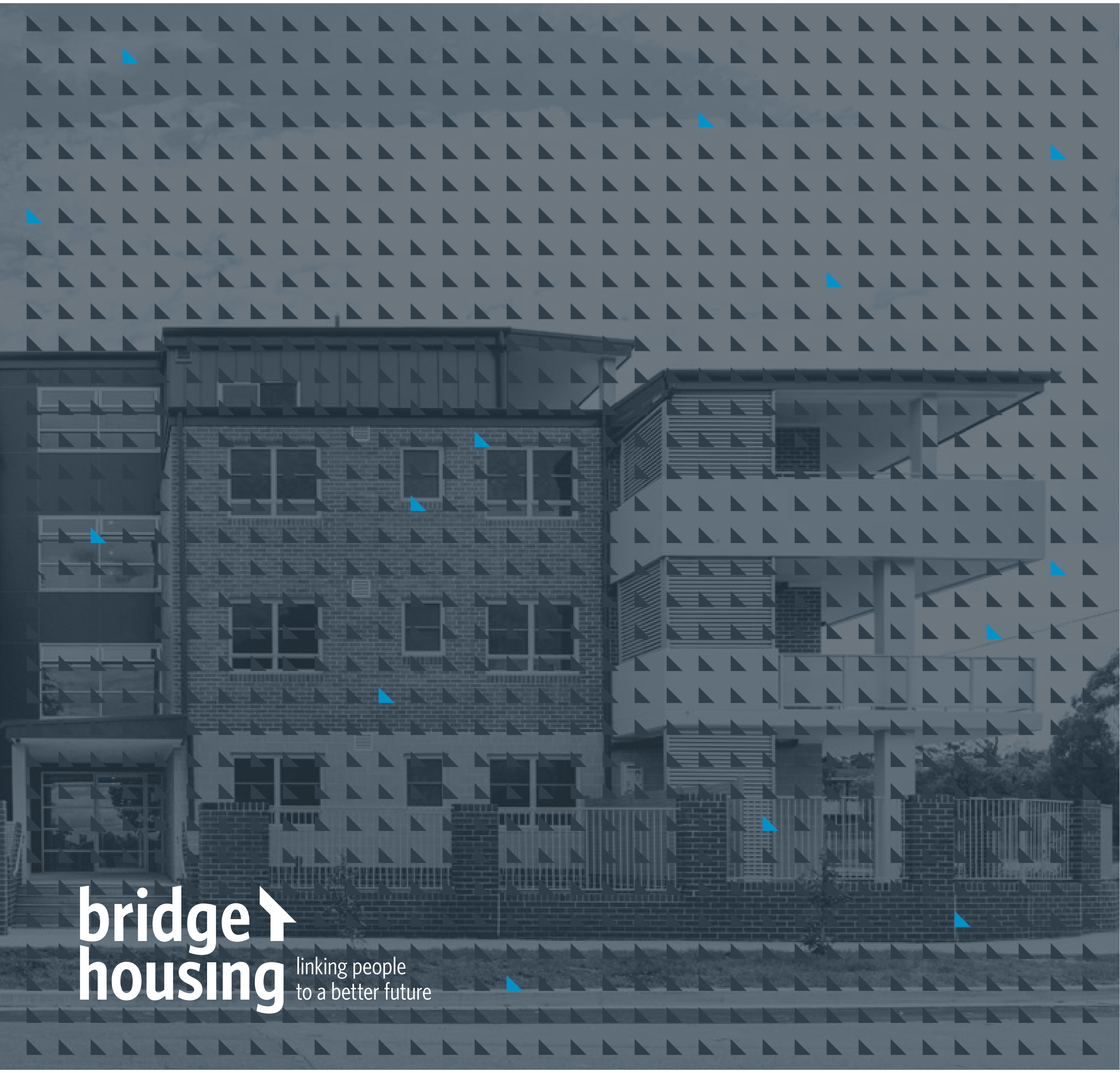
This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 31 October 2017



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