

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives

ABN 64 077 478 696

Annual Report - 30 June 2018

Victorian Women's Housing Association Ltd
T/As Women's Property Initiatives
Directors' report
30 June 2018

Your directors present this report on the Victorian Women's Housing Association Ltd trading as WPI (Women's Property Initiatives) for the year ended 30 June 2018.

Directors

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

- D. Mika
- C. McCormack
- C. Gilbertson
- A. M Caplan
- D. Graham
- B. Kliger (resigned 16 November 2017)
- J. Large
- M. E Schwab (appointed 1 March 2018)
- K. Struthers (appointed 16 November 2017)
- N. Wild

Principal Activities

The principal activities of the Company during the financial year were:

- To develop and manage not-for-profit low-cost rental housing for low income women.
- To act as a lessor of low rental or subsidised housing for low income women.
- To refer low income women facing homelessness and destitution to low rental subsidised accommodation.
- To refer women living in the company's housing to counselling, rehabilitation and support services, where appropriate.

The surplus after income tax for the year ended 30 June 2018 amounted to \$339,854 (2017: \$3,950,616).

Short-term Objectives

The company's short-term objectives are to:

1. Support Property Initiatives Real Estate to meet their targets as per their Business Plan.
2. Commence and complete construction of 6 houses in Pakenham.
3. Commence and complete construction of four units in Beaconsfield for the older women's housing pilot project.
4. Secure additional core funding as a primary focus as identified in the budget from philanthropic sources and other options.
5. Progress other innovative opportunities to increase access to housing for women and children in need.

Long Term Objectives (WPI's strategic pillars for 2016/17 to 2018/19)

1 Achieve cash flow sustainability to ensure long term capacity to secure housing for women and children in need

WPI will continue to maintain its strong financial decision-making process, continuous assessment of financial performance and position, implementation of financial management responses, robust financial contingency plan and benchmarking against industry standards. It will deliver parallel cashflow strategies to ensure cashflow sustainability. This will involve ongoing review of improving ways to leverage digital platforms which are now being used on a regular basis to profile WPI and build our brand. It will also require the continued work of developing partnerships that could assist WPI, targeting small and large developers and sponsorship opportunities.

2 Expand the provision of housing for women in need through growth and business development

WPI will continue to explore utilising the equity in the current housing portfolio when opportunities arise. This will include further consideration of build and sell options. The shared equity model for older women (based on the research undertaken in 2015) will be piloted. Ongoing business development and engagement with the philanthropic sector will continue to be a priority, as well as leveraging the expertise of the WPI Advisory Panel.

3 Increasing the profile and brand of WPI to strengthen and broaden stakeholder engagement

WPI will continue to use mainstream and social media and its stakeholder relationships to increase its profile in the private, public and philanthropic sectors. WPI will also increase its profile via new channels and segments such as private schools, graduate programs, service clubs possibly Male Champions of Change and running events. The information pack developed will be distributed. Stories will continue to be created and used in presentations, media, newsletter articles and all profile-raising opportunities

4 Continuously improve tenant and property management

Tenancy and Property Management is the core business of WPI and as such the high quality of our properties will be maintained. We will continue to actively seek and listen to tenant feedback and benchmark property and tenancy management against best practice. Ensuring capital maintenance is undertaken as the properties age will be a priority.

5 Maintain high levels of organisational capability

The organisation will continue to proactively monitor and manage organisational risks, governance policies, capabilities and activities in line with industry and Housing Registrar requirements. Succession planning and identifying pathways for potential Board members and key organisational roles is to be formalised and communicated where possible. Leveraging corporate funding for organisational/staff

development will be pursued, as will the possibility of sourcing expertise to fill a casual vacancy through the WPI Advisory Panel if required.

Short term Strategies

To achieve its stated objectives, the company has adopted the following strategies:

Strategic Pillar	Year 2018/2019
<p>1. Achieve cash flow sustainability to ensure long term capacity to secure housing for women and children in need</p>	<p>Property Initiatives is delivering a profit and moving towards providing the social impact of building more homes for disadvantaged women headed households.</p> <p>Funds raised through the online donations platform are contributing to building more homes for WPI.</p> <p>Partnerships formed with Local governments, other Community Housing agencies and developers have progressed and resulted in the development of more housing for WPI.</p> <p>Secure additional core funding from philanthropic and other sources.</p> <p>Secure pro bono expertise and other contributions to the value of \$50k from corporate and philanthropic donors for a range of strategic/special projects.</p> <p>Review the realignment plan and implement agreed and approved actions, dependent on the extent of funding secured.</p> <p>Have increased rental income from additional properties owned.</p> <p>Establish the Call Option to be used should certain triggers eventuate</p> <p>Have sustainable cash flow.</p>

Strategic Pillar	Year 2018/2019
<p>2. Expand the provision of housing for women in need through growth and business development</p>	<p>Pilot the Older Women's Housing Project</p> <p>Commence the Evaluation of the Older Women's Housing Project, document the findings and provide to DHHS and other interested sources for consideration for future funding.</p> <p>Build 6 homes in Storey Drive Pakenham</p> <p>Acquire and tenant more homes through DHHS funding.</p> <p>Present a proposal for older women's housing to an interested developer for an inner urban development</p> <p>Apply/tender for stock transfer (which will be management only) of DHHS properties if this becomes available and determined to be suitable.</p> <p>Continue discussions with a variety of other interested parties who are keen to develop affordable rental housing for disadvantaged women and their children</p> <p>Engagement with developers for opportunities</p> <p>Source Social Housing Growth Fund (if available) to develop further housing for disadvantaged women headed households</p>
<p>3. Increasing the profile and brand of WPI to strengthen and broaden stakeholder engagement</p>	<p>WPI continues to strategically use 'key times' during the year to raise our profile through media and/or events, e.g. IWD, White Ribbon day, No to Violence day.</p> <p>WPI holds IWD Fundraising event.</p> <p>CEO continues to present at key industry forums.</p> <p>Board members actively promote WPI at events they attend.</p> <p>WPI will expand its branding presence via new channels and segments such as private schools, graduate programs, service clubs and Male Champions of Change.</p> <p>WPI continues to provide articles in industry newsletters and E-bulletins and source new avenues for articles.</p> <p>WPI to continue to contact Potential stakeholders and investors to develop partnerships.</p> <p>WPI to undertake a stakeholder network scan to identify potential partners to assist with the growth of housing.</p> <p>WPI will use mainstream and social media and its stakeholder relationships to increase profile in the private, public and philanthropic sectors.</p> <p>The information pack developed that demonstrates WPI's values will be distributed.</p>

Strategic Pillar	Year 2018/2019
4. Continuously Improve Tenant and Property Management	<p>Tenancy & Property Management KPIs are equal to or better than Sector benchmarks.</p> <p>Tenancy maintained at a rate of 85%.</p> <p>Vacancy rate of tenantable properties is 1.7% or less.</p> <p>Rental write offs are 1.5% or less.</p> <p>Tenant feedback is 85% or more positive.</p>
5. Maintain high levels of organisational capability	<p>Governance is best practice, acceptable to the Housing Registrar, Consumer Affairs Victoria, ACNC and ASIC.</p> <p>Risk Management reporting is efficient and effective.</p> <p>Capabilities currently in existence on the Board will be reviewed and any vacancies will be filled according to skills required.</p> <p>WPI continues to consult with the WPI Advisory Panel on key development projects, accessing expertise on a pro bono basis from those on the panel and through their networks.</p> <p>The organisation will continue to proactively monitor and manage organisational risks, in addition to regular review of governance policies, capabilities and activities in line with industry and Housing Registrar requirements.</p> <p>Succession plan for Board members and key organisational roles will be implemented if required.</p> <p>Corporate funding to contribute to professional development of WPI will be sourced.</p> <p>Source expertise through WPI Advisory Panel Networks to fill a WPI casual vacancy if required.</p>

Key Performance Measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The directors use the benchmarks to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

HR = Housing Registrar (The Housing Registrar is a business unit within the Department of Treasury and Finance)

Key performance measures 2017-18	HR preferred range	HR satisfactory range	WPI
Turnaround time (vacant tenantable)	Less than 7 days	7 to 21 days	9.8 days
Turnaround time (untenantable: long term housing)	Less than 21 days	21 to 48 days	22.3 days
Average Occupancy Rate	N/A	N/A	98.9%

Victorian Women's Housing Association Ltd
T/As Women's Property Initiatives
Directors' report
30 June 2018

Rent outstanding from current tenants	Less than 1%	1% to 5%	1.2%
Arrears written off as bad debt	Less than 1%	1% to 5%	0%
Evictions	Less than 5%	5%-10%	0
Tenancies maintained (long term housing)	More than 90%	75% - 90%	92.6%
Urgent requested repairs completed within 24 hours of request	100%	90% to 99%	100%
Non-urgent requested repairs completed within 14 days of request	More than 90%	75% to 90%	82.1%
Regular board meetings	100%	80% to 99%	100%
Active board members (including positions vacant)	More than 90%	75% to 90%	100%
Active board members (excluding positions vacant)	More than 95%	80% to 95%	100%

Operational and financial

Proportion of funding provided by:

- Non-government and philanthropic grants	22%
- Donations	5.0%
- Investments	1.0%
- Rental Income from tenants	46%
- Government grants	25%
- Other income	1.0%

Proportion of funding spent on

- Tenant Properties	18%
- Additional Housing projects	73%
- Administration and activities to increase growth and business development	9.0%

Information on Directors

Debra Mika

Chair of the Board

Convenor of Strategic Planning and Business Development Committee

Debra has extensive experience in senior management roles in the financial services sector, and is currently Head of Strategy and Product at First State Super. She has applied her leadership, analytical and financial skills to lead a range of significant strategic change programs in various organisations and has operated her own business providing consulting services in strategic and business planning. Debra holds a Master of Business Administration and is a Graduate member of the Australian Institute of Company Directors.

Carmel McCormack

Vice Chair

Member of the Strategic Planning and Business Development Committee

Carmel has worked for professional membership associations for many years, including the Real Estate Institute of Victoria and the Australian Institute of Architects. She is currently Executive Officer (Vic & Tas) for the Planning Institute Australia, responsible for a range of activities, both externally and internally focused, including policy, advocacy, education, professional development, certification, member services, communications, marketing, sponsorship, finance and administration. Carmel has been involved in WPI for 14 years and served as Chair between 2003 and 2008. Carmel was re-appointed as Chair in January 2014, and served between January 2014 and December 2015.

Christine Gilbertson

Treasurer

Convenor of the Audit and Risk Committee

Christine is a Chartered Accountant with 30 years' experience in the profession and private sector, with particular expertise in risk management, cash flow management, structuring and audit. She is currently the CFO of a private business with an extensive property portfolio. Christine is a director of Scalzo Food Industries. She also represents the landowners at the Calderwood residential estate in a project with Lendlease.

Alyssa M Caplan

Member of the Strategic Planning and Business Development Committee

Alyssa has a Bachelor of Laws (Honours) and a Bachelor of Commerce with a Major in Economics. She is a Senior Commercial Lawyer & Legal Director with over 17 years' experience in the law, both in private practice and as a corporate lawyer. Alyssa brings legal expertise with a commercial focus, strong operations skills, creative problem solving and a collaborative work style. She has a proven ability of helping achieve business objectives while minimising risk. Alyssa has held several roles on executive leadership teams, including managing the legal teams supporting a global professional services organisation in Australia & New Zealand and across Asia Pacific

Donna M Graham (nee Rayner)

Member of the Audit and Risk Committee

Donna has a Diploma in Law (Legal Practitioners Admission Board), Graduate Certificate in Innovation & Entrepreneurship (University of Adelaide). She is a principal at Russell Kennedy Law Firm and her areas of practice are Property Law, Aged Care and Retirement Villages and Due Diligence. Donna is Joint Deputy Convenor, Russell Kennedy Women's Network (2016) a Member, Victorian Women Lawyers and was recognised by Best Lawyers 2013 - 2018 for expertise in Retirement Villages and Senior Living Law.

Beverley Kliger (resigned 16 November 2017)

Member of Strategic Planning and Business Development Committee

Beverley is a social policy and planning consultant with over 30 years' experience in research, advocacy, policy analysis in the not for profit sector. She held the position of CEO of Victorian Council of Social Service in 2005 and has been the foundation member of numerous non-profit organisations including Welfare Rights Unit, and Consumer Law Centre and Victorian Women's Housing Association (WPI). Beverley has a Masters in Policy and Planning. She has developed an expertise in social and affordable housing and has specialised in affordable housing policy development for local government.

Jeanette Large

Company Secretary

Member Strategic Planning & Business Development Committee, Audit & Risk Committee and Director of Property Initiatives Real Estate Pty Ltd

With a Bachelor of Behavioural Science and a Graduate Diploma in Business Management, Jeanette has extensive experience across the housing sector: from running refuges and local housing groups to management roles in government departments. Under Jeanette's leadership, WPI's housing stock has increased from 11 dwellings to 79. By working innovatively with public, corporate and non-government partners, Jeanette has increased the organisation's size and influence. Jeanette facilitated WPI's certification as a registered Housing Agency and has moved WPI into a highly visible space in the government and public arenas, through constant advocacy for more affordable housing for women and their children.

Ellie Schwab (appointed 1 March 2018)

Ellie has extensive experience in project and operations management in the property development sector and is currently Regional General Manager, Office and Industrial at Dexus. She is responsible for a large portfolio of prime grade office and industrial assets. Prior to this Ellie held a number of senior roles in the development team at Lend Lease, most recently, National Manager, Retirement Living. She has significant experience in operational and cultural transformation projects, strong stakeholder relationships with business and government, and impressive leadership experience. She has delivered industry leading projects and developed businesses including communities, commercial, retirement, apartments and urban regeneration.

Katie Struthers (appointed 16 November 2017)

Member of the Audit and Risk Committee

Katie is a chartered accountant with over 17 years' experience in professional practice advising clients in a number of industries and sectors both in Australia and the UK. She is currently a Director in Assurance at Ernst and Young, one of the Big Four professional services firms. Katie has strong technical accounting knowledge, as well as a risk management focus and a deep understanding of the role, workings and challenges of boards and committees. She brings significant experience in financial management, risk management and governance.

Noral Wild

Director of Property Initiatives Real Estate Pty Ltd

Noral has extensive experience in the property sector having worked in it for 21 years. Her experience is across transactions, valuations, development feasibility and consultancy. Noral is a National Director at Jones Lang LaSalle Global real estate firm and previously worked at a Big 4 accounting firm for almost 10 years. Noral specialises in various forms of housing including seniors living, student accommodation and social and affordable housing. Her client experience is wide ranging from corporates, large public and private companies, banking institutions and Government. Leveraging on this experience Noral is able to bring property expertise to WPI, particularly in the area of development feasibility and development risk identification and to broaden the WPI group connections into the wider property sector network.

Events Subsequent to the End of the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years are included in the above section of the report under "Short-term and Long-term Objectives."

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

The Company paid an insurance premium in respect of a contract insuring each of the directors and officers of the company against all liabilities and expenses arising as a result of work performed in their respective capabilities, to the extent permitted by the law.

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Directors' Meetings

Director	Number Eligible to Attend	Number Attended
Debra Mika	9	8
Carmel McCormack	9	6
Christine Gilbertson	9	9
Beverley Kliger	3	1
Noral Wild	9	7
Jeanette Large	9	9
Alyssa Caplan	9	8
Donna Graham	9	6
Katie Struthers	6	6
Ellie Schwab	3	2

Corporate governance

All directors, other than Jeanette Large, are non-executive and provide their services to Victorian Women's Housing Association Ltd on a voluntary basis. The Board facilitates the identification of significant areas of business risk, implements procedure to manage such risks and develops policies regarding the establishment and maintenance of appropriate ethical standards. The Board develops the overall strategic direction of the company and monitors the achievement of this, and the management of the company, using policy governance framework. Their specific role is to ensure compliance in legal, statutory, and ethical matters; monitor the business environment; identify business risk areas; identify business opportunities; and monitor systems established to ensure prompt and appropriate responses to customer complaints and enquiries.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012* is included in page 12 of this financial report and forms part of the Directors' Report

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



Director

Dated: 22 October 2018



Director

Dated: 22 October 2018

Corporate Governance

<page left blank for insertion of auditors independence declaration>

Auditor's independence declaration

A copy of the auditor's independence declaration is attached to the Auditor's Report and Non-financial Governance Report. The declaration is included in page 12 of the Auditor's Report and forms part of the Director's Report.

Signed on behalf of the auditor, the Auditor's Report.



Page 12

Date: 30 June 2018



Page 12

Date: 30 June 2018

Auditor Independence Declaration to the Directors of Victorian Women's Housing Association Limited T/As Women's Property Initiatives

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

- 1) The auditor independence requirements as set out in Section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- 2) Any applicable code of professional conduct in relation to the audit.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE



GORDON ROBERSTON
Partner

Melbourne Victoria
22 October 2018

Victorian Women's Housing Association Ltd T/AS Women's Property Initiatives
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$ Restated
Revenue	4	2,112,029	5,583,297
Expenses			
Employee benefits expense		(474,848)	(438,001)
Property expenses		(459,810)	(337,820)
Depreciation and amortisation expenses	5	(446,316)	(367,127)
Finance cost	5	(155,496)	(169,332)
Rent expense		(47,687)	(46,954)
Audit, Legal and Consultancy fees		(19,806)	(25,063)
Other expenses		(168,212)	(248,384)
Surplus for the year		339,854	3,950,616
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>339,854</u>	<u>3,950,616</u>

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

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Statement of financial position
As at 30 June 2018

	Note	2018 \$	2017 \$ Restated
Assets			
Current assets			
Cash and cash equivalents	6	457,615	1,426,419
Trade and other receivables	7	61,353	76,824
Financial assets	8	300,000	300,000
Total current assets		818,968	1,803,243
Non-current assets			
Financial assets	9	10	10
Loans receivable	10	1,755,172	1,597,438
Property, plant and equipment	11	22,586,493	21,506,377
Total non-current assets		24,341,675	23,103,825
Total assets		25,160,643	24,907,068
Liabilities			
Current liabilities			
Trade and other payables	12	52,395	41,189
Amounts received in advance	13	236,732	935,878
Provisions	14	66,994	52,035
Borrowings	15	292,164	292,164
Total current liabilities		648,285	1,321,266
Non-current liabilities			
Amounts received in advance	13	1,479,577	1,413,461
Borrowings	15	3,402,958	2,882,372
Total non-current liabilities		4,882,535	4,295,833
Total liabilities		5,530,820	5,617,099
Net assets		19,629,823	19,289,969
Member's Funds			
Retained profits		16,573,449	16,233,595
Reserves	16	3,056,374	3,056,374
Total Member's Funds		19,629,823	19,289,969

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

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Statement of changes in equity
For the year ended 30 June 2018

	Reserves	Retained surpluses	Total equity
	\$	\$	\$
Balance at 1 July 2016	3,056,374	12,282,979	15,339,353
Surplus after income tax expense for the year – restated	-	3,950,616	3,950,616
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	3,950,616	3,950,616
Balance at 30 June 2017 – restated	3,056,374	16,233,595	19,289,969
Balance at 1 July 2017 – restated	3,056,374	16,233,595	19,289,969
Surplus after income tax expense for the year	-	339,854	339,854
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	339,854	339,854
Balance at 30 June 2018	3,056,374	16,573,449	19,629,823

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

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Statement of cash flows
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from government and other grants		236,327	4,131,766
Receipt from customers and other sources		1,010,929	957,936
Payments to suppliers and employees		(1,077,456)	(960,239)
Interest received		22,738	41,879
Finance costs		(155,496)	(169,332)
Net cash from operating activities	21	37,042	4,002,010
Cash flows from investing activities			
Payments for investments		-	(300,000)
Proceeds from disposal of property, plant and equipment		-	364,981
Payments for property, plant and equipment	11	(1,526,432)	(3,790,918)
Net cash used in investing activities		(1,526,432)	(3,725,937)
Cash flows from financing activities			
Net receipts / repayment from borrowings		520,586	(129,478)
Net cash provided from / used in financing activities		520,586	(129,478)
Net increase/(decrease) in cash and cash equivalents		(968,804)	146,595
Cash and cash equivalents at the beginning of the financial year		1,426,419	1,279,824
Cash and cash equivalents at the end of the financial year	6	457,615	1,426,419

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

Note 1. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 and Victorian legislation the Fundraising Appeals Act 1998 and associated regulations requirements to prepare and distribute financial statements to the members of Victorian Women's Housing Association Ltd T/As Women's Property Initiatives. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of Victorian Women's Housing Association Ltd T/As Women's Property Initiatives.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

AASB 10: Consolidated Financial Statements

Victorian Women's Housing Association Ltd is the sole beneficiary of the Property Initiatives Fixed Trust. Under the Property Initiatives Fixed Trust, Victorian Women's Housing Association Ltd is entitled to 100% of accounting profits earned by Property Initiatives Real Estate Agency Pty Ltd. Victorian Women's Housing Association Ltd effectively controls the Property Initiatives Fixed Trust. The Property Initiatives Fixed Trust however has not been consolidated as the Company has not complied with AASB10: Consolidated Financial Statements as it is not required to as a non-reporting entity.

Historical cost convention

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

Critical accounting estimates

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

Revenue recognition

Rental Income

Rental income is brought to account when received, and to the extent that it related to the subsequent period it is disclosed as a liability.

Grant Income

Grant income received, other than for specific purposes, is brought to account for the period to which the grant relates. 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.

Deferred Income

Unspent grant income received in relation to specific projects and events is not brought to account as revenue in the current year but deferred as a liability in the financial statements until spent for the purpose received.

Capital Grants

Grant Income received relating to the purchase of capital items is shown as Capital Grant income and brought to account in the year in which it is received, and included in revenue.

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

Donations

Donations income is recognised when the entity obtains control over the funds which is generally at the time of receipt.

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

Income tax

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

Current and non-current classification

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Notes to the financial statements
30 June 2018

Cash and cash equivalents

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

Trade and loan receivables

Trade and loan receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days

Property, plant and equipment

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

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

Buildings	Straight Line Method	40 years
Office equipment	Reducing Balance Method	3-4 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.

Impairment of non-financial assets

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

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

Trade and other payables

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

Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amount expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of estimated future cash outflows to be made for those benefits. Provision is made for the entity's liability for long service leave when an employee reaches 5 years of continuous service.

Fair value measurement

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

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Notes to the financial statements
30 June 2018

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

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 2018. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

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

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

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Employee benefits provision

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

Fair value measurement of Melbourne Apartment Project loan book

The company has determined the fair value of the loan book gifted for Melbourne Apartment Project (MAP) using the income approach. The company has prepared cash flow projections for 30 years discounted using 5.2% interest rate. Non recoverability of 20% of the loans has also been incorporated into cash flow projections.

Note 3. Restatement of comparative financial statement as a result of correction of an error

The comparative financial statement has been restated due to correction of an error relating to the recognition of time for Melbourne Apartment Project loan receivable.

Statement of profit or loss and other comprehensive income

Extract	2017 \$ Reported	\$ Adjustment	2017 \$ Restated
Revenue			
Revenue	5,624,654	(41,357)	5,583,297
Surplus for the year	3,991,973	(41,357)	3,950,616
Total comprehensive income for the year	3,991,973	(41,357)	3,950,616

Statement of financial position

Extract	2017 \$ Reported	\$ Adjustment	2017 \$ Restated
Total current assets	1,803,243	-	1,803,243
Loans receivable	1,956,532	(359,096)	1,597,438
Total non-current assets	23,462,919	(359,096)	23,103,825
Total assets	25,266,162	(359,096)	24,907,068
Total Current liabilities	1,321,266	-	1,321,266
Amounts received in advance	1,731,198	(317,737)	1,413,461
Total non-current liabilities	4,613,570	(317,737)	4,295,833
Total liabilities	5,934,836	(317,737)	5,617,099
Net assets	19,331,326	(41,357)	19,289,969
	2017 \$	\$	2017 \$

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Notes to the financial statements
30 June 2018

	Reported	Adjustment	Restated
Equity			
Retained profits	16,274,952	(41,357)	16,233,595
Reserves	3,056,374	-	3,056,374
Total equity	19,331,326	(41,357)	19,289,969

Note 4. Revenue

	2018	2017
	\$	\$
		Restated
Operating Revenue		
-Core Grants	276,197	309,781
-Rental Income	953,067	841,954
-Other Income	99,644	61,635
	<u>1,328,908</u>	<u>1,213,370</u>
Other revenue		
-Interest received from financial institutions	22,738	41,879
-Other revenue	760,383	4,328,048
	<u>783,121</u>	<u>4,369,927</u>
Revenue	<u>2,112,029</u>	<u>5,583,297</u>

Note 5. Expenses

	2018	2017
	\$	\$
Surplus before income tax includes the following specific expenses:		
Depreciation		
-Plant and equipment	2,546	7,355
-Properties	443,770	359,772
Total depreciation	<u>446,316</u>	<u>367,127</u>
Finance cost	<u>155,496</u>	<u>169,332</u>

Note 6. Current assets - cash and cash equivalents

	2018	2017
	\$	\$
Cash on hand	129	200
Cash at bank	457,486	1,426,219
	<u>457,615</u>	<u>1,426,419</u>

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Notes to the financial statements
30 June 2018

Note 7. Current assets - trade and other receivables

	2018	2017
	\$	\$
Rent in arrears	10,445	8,823
Deposit- Vendor Trust Account	-	29,153
Sundry debtors	138	182
Bonds paid	5,000	-
Distribution receivable (a)	228,666	163,666
GST receivable	7,104	-
Provision for Impairment	(190,000)	(125,000)
	<u>61,353</u>	<u>76,824</u>

- (a) Under the Property Initiatives Real Estate Agency Trust Deed, Victorian Women's Housing Association Ltd receives 100% of the trust distributions, being the profit made by Property Initiatives Fixed Trust. The distribution receivable is the amount of this distribution that has not been received at the end of the year.

Note 8. Current assets - financial assets

	2018	2017
	\$	\$
Term Deposit	<u>300,000</u>	<u>300,000</u>
	<u>300,000</u>	<u>300,000</u>

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Notes to the financial statements
30 June 2018

Note 9. Non-current assets – financial assets

	2018 \$	2017 \$
Unlisted investments-shares in related entity	10	10
	<u>10</u>	<u>10</u>

Note 10. Non-current assets – loans receivable

	2018 \$	2017 \$ Restated
Melbourne Apartment Project loan book	1,755,172	1,597,438
	<u>1,755,172</u>	<u>1,597,438</u>

Note 11. Non-current assets - property, plant and equipment

	2018 \$	2017 \$
Capital Work in Progress	-	52,780
Land and buildings - at cost	25,426,410	23,788,863
Less: Accumulated depreciation	(2,857,025)	(2,354,920)
	<u>22,569,385</u>	<u>21,433,943</u>
Office equipment - at cost	60,210	60,210
Less: Accumulated depreciation	(58,938)	(56,392)
	<u>1,272</u>	<u>3,818</u>
Website – at cost	15,836	15,836
Less: accumulated amortization	-	-
	<u>15,836</u>	<u>15,836</u>
	<u>22,586,493</u>	<u>21,506,377</u>

Note 11. Non-current assets - property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Capital WIP \$	Land and Buildings \$	Office Equipment \$	Website \$	Total \$
Balance at 1 July 2016	439,536	17,796,001	8,291	11,420	18,255,248
Additions	52,780	3,730,840	2,882	4,416	3,790,918
Disposals	-	(172,662)	-	-	(172,662)
Transfers from WIP	(439,536)	439,536	-	-	-
Depreciation expense	-	(359,772)	(7,355)	-	(367,127)
Balance at 30 June 2017	52,780	21,433,943	3,818	15,836	21,506,377
Additions	-	1,526,432	-	-	1,526,432
Disposals	-	-	-	-	-
Transfers from WIP	(52,780)	52,780	-	-	-
Depreciation expense	-	(443,770)	(2,546)	-	(446,316)
Balance at 30 June 2018	-	22,569,385	1,272	15,836	22,586,493

The capital work in progress in the prior year relates to the construction of building at St. Albans.

Note 12. Current liabilities - trade and other payables

	2018 \$	2017 \$
Sundry creditors and accruals	35,997	24,735
GST Payable	-	448
Tenants bonds and rent in advance	16,398	16,006
	<u>52,395</u>	<u>41,189</u>

Note 13. Amount received in advance

	2018	2017
	\$	\$ Restated
Current		
Deferred income - operational grants (i)	145,122	263,763
Deferred income - capital projects (i)	91,610	672,115
	<u>236,732</u>	<u>935,878</u>
Non-Current		
Deferred income - Melbourne Apartment Project loan book (ii)	<u>1,479,577</u>	<u>1,413,461</u>

(i) The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

(ii) The liability for deferred income represents the fair value of the Melbourne Apartment Project loan book that is required to be utilised towards affordable home ownership construction and sale projects as per the conditions set out in the deed of assignment of advance agreements signed between WPI and MAP.

Note 14. Provisions

	2018	2017
	\$	\$
Provision for annual leave	14,879	18,246
Provision for long service leave	52,115	33,789
	<u>66,994</u>	<u>52,035</u>

Note 15. Borrowings

	2018	2017
	\$	\$
Current		
Bank Loans- secured	<u>292,164</u>	<u>292,164</u>
Non-Current		
Bank Loans-secured	<u>3,402,958</u>	<u>2,882,372</u>

a) Bank loans are secured by a registered first mortgage over the freehold properties.

b) The facilities were entered into on:

- NAB - 23 April 2008 (Termination date 23 April 2028)

- Bank MECU (Consolidated) - 19 December 2016 (Termination date 360 months from date of execution of Agreement)

Under the borrowing terms and conditions of the facilities, the Directors identify that the BANK MECU borrowing facilities are subject to annual review to determine if there has been a material change in the credit risk of the Company from the perspective of the lender. The Directors have assessed that no such deterioration has occurred and accordingly continue to recognise the non-current component of the borrowing facility consistent with the document terms.

Note 16. Reserves

	2018 \$	2017 \$
Capital reserves at the end of the financial year	<u>3,056,374</u>	<u>3,056,374</u>

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Crowe Horwath, the auditor of the company:

	2018 \$	2017 \$
<i>Audit services – Crowe Horwath</i>		
Audit of the financial statements	<u>14,000</u>	<u>14,000</u>

Note 18. Contingent liabilities

The company had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Note 19. Commitments

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

Note 20. Events after the reporting period

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

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Notes to the financial statements
30 June 2016

Note 21. Reconciliation of surplus after income tax to net cash from operating activities

	2018 \$	2017 \$ Restated
Surplus for the year	339,854	3,950,616
Adjustments for:		
Depreciation	446,316	367,127
Profit/loss on sale of asset	-	(192,319)
Bad debt	66,742	125,000
Melbourne Apartment Project contribution income	(91,617)	(183,977)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(51,270)	(17,842)
(Decrease)/Increase in trade and other creditors	11,205	4,266
(Decrease)/Increase in amount received in advance	(699,146)	(57,578)
(Decrease)/Increase in provisions	14,958	6,717
Net cash from operating activities	<u>37,042</u>	<u>4,002,010</u>

Note 22. Company Details

The registered office and principal place of business of the company is:
Victorian Women's Housing Association Ltd
Level 1, 22 William Street
Melbourne Vic 3000

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Directors' declaration
30 June 2018

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

In accordance with a resolution of the directors of Victorian Women's Housing Association Ltd, the directors declare that:

1. The financial statements and notes, as set out on pages 13 to 28, are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - a. complying with the Accounting Standards applicable to the extent described in Note 1 to the financial statements and complying with the Australian Charities and Not-for-Profits Commission Regulation 2013; and
 - b. giving a true and fair view of the financial position as at 30 June 2018 and of the performance of the company 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.



Director

Dated: 22 October 2018



Director

Dated: 22 October 2018

Victorian Women's Housing Association Ltd T/As Women's Property Initiatives
Independent auditor's report

[This page has intentionally been left blank for the insertion of page one of the independent auditor's report]

Independent Auditor's Report to the Directors of Victorian Women's Housing Association Limited T/As Women's Property Initiatives

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Victorian Women's Housing Association Limited T/as Women's Property Initiatives (the Company), which comprises the statement of financial position as at 30 June 2018, 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Company has been prepared 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 2018 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 Qualified Opinion

As disclosed within Note 13: Amount received in advance, the Company has recorded non-current deferred income of \$1,479,577 in the statement of financial position as at 30 June 2018 and \$1,413,461 as at 30 June 2017. These amounts relate to a gift received by the Company during the year ended 30 June 2017 and in accordance with the requirements of *AASB 1004 Contributions* meets the definition of a non-reciprocal transfer. As such, in accordance with *AASB 1004 Contributions* the amount of \$1,479,577 should have been recognised as income in the statement of profit or loss and other comprehensive income during the year ended 30 June 2017 and so revenue and surplus for the year ended 30 June 2017 are understated by this amount and revenue and surplus for the year ended 30 June 2018 are understated by \$66,116 and retained earnings by \$1,413,461. Non-current liabilities as disclosed in the statement of financial position as at 30 June 2018 are also overstated by \$1,479,577 and as at 30 June 2017 are overstated by \$1,413,461.

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 *Corporations Act 2001* 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 qualified 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 directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

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 2018, but does not include the financial report and our auditor's report thereon.

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

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 of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards to the extent described in Note 1 to the financial report and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and for 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 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- 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 the audit.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

G. Robertson

GORDON ROBERTSON

Partner

Dated at Melbourne this 29th day of October 2018

[This page has intentionally been left blank for the insertion of page two of the independent auditor's report]

