

# FINANCIAL REPORT

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## FOR THE YEAR ENDING 30 JUNE 2016

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Your directors present their report on Pacific Link Housing Limited (“the company”) for the year ended 30 June 2016. The following Financial Report is abridged and full financial statements, including notes, are available on the Pacific Link Housing website at [www.pacificlink.org.au](http://www.pacificlink.org.au)

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## DIRECTORS

The following persons were directors of the company during the whole of the financial year and up to date of this report, unless otherwise stated:

| NAME                     | QUALIFICATIONS AND PERIOD OF DIRECTORSHIP  |
|--------------------------|--|
| <b>David Bacon</b>       | <b>Chairman</b>  |
| Qualifications           | Director   |
| Years Service            | 7 years  |
| Special Responsibilities | Attends any committee meeting in ex-officio capacity   |
| <b>Leoni Baldwin</b>     | <b>Director, Deputy Chairman</b>   |
| Qualifications           | Consultant & Mediator  |
| Years Service            | 4 years  |
| Special Responsibilities | Governance, Project & Tenant Opportunity Programs & Social Enterprises Committees              |
| <b>Alan Bennell</b>      | <b>Director</b>  |
| Qualifications           | Chartered Accountant   |
| Years Service            | 8 years  |
| Special Responsibilities | Finance, Risk & Audit Committee  |
| <b>Stephen Brahams</b>   | <b>Director</b>  |
| Qualifications           | Director   |
| Years Service            | 7 years  |
| Special Responsibilities | Finance, Risk & Audit and Project Committees   |
| <b>Wal Edgell</b>        | <b>Director</b>  |
| Qualifications           | Banking and Property Executive   |
| Years Service            | 2 years  |
| Special Responsibilities | Finance, Risk and Audit, Project & Tenant Opportunity Programs & Social Enterprises Committees |
| <b>Deborah Howe</b>      | <b>Director</b>  |
| Qualifications           | Public Service Manager   |
| Years Service            | 7 years  |
| Special Responsibilities | Governance & Tenant Opportunity Programs & Social Enterprises Committees                       |

# FINANCIAL REPORT

## DIRECTORS

The following persons were directors of the company during the whole of the financial year and up to date of this report, unless otherwise stated:

| NAME                     | QUALIFICATIONS AND PERIOD OF DIRECTORSHIP                 |
|--------------------------|---|
| <b>Cliff Innes</b>       | <b>Director</b>   |
| Qualifications           | General Manager   |
| Years Service            | 7 years   |
| Special Responsibilities | Finance, Risk & Audit and Governance Committees           |
| <b>Kim McLoughry</b>     | <b>Director</b>   |
| Qualifications           | General Manager   |
| Years Service            | 7 years   |
| Special Responsibilities | Tenant Opportunity Programs & Social Enterprise Committee |
| <b>David Simmons</b>     | <b>Director</b>   |
| Qualifications           | Director  |
| Years Service            | 6 years   |
| Special Responsibilities | Governance and Finance, Risk & Audit Committees           |

## MEETINGS OF DIRECTORS

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

| BOARD MEETINGS  |                 |                           |
|-----------------|-----------------|---------------------------|
| DIRECTOR        | NUMBER ATTENDED | NUMBER ELIGIBLE TO ATTEND |
| Alan Bennell    | 10              | 12                        |
| Cliff Innes     | 12              | 12                        |
| David Bacon     | 12              | 12                        |
| David Simmons   | 9               | 12                        |
| Deborah Howe    | 11              | 12                        |
| Kim McLoughry   | 11              | 12                        |
| Leoni Baldwin   | 12              | 12                        |
| Stephen Brahams | 11              | 12                        |
| Wal Edgell      | 11              | 12                        |

## PRINCIPAL ACTIVITIES

The principal activity of the company during the financial year was the provision of low cost subsidised housing to clients on low incomes. No significant change in the nature of this activity occurred during the year.

## SHORT-TERM AND LONG-TERM OBJECTIVES

### The company's short term objectives are to:

- Work with Government to increase the supply of housing
- Build property development capacity, through social and affordable housing developments with environmental and sustainability credentials
- Build strategic alliances with relevant partners and benchmark and evaluate the success of joint projects
- Develop our state of readiness to take advantage of sector changes
- Continue our thought leadership strategy through our evidence-based research program and advocacy to stakeholders and lead innovation
- Maintain tenant focus and quality of services
- Recruit, train and retain our employees and remain an employer of choice
- Establish and maintain effective and efficient systems
- Continue to enhance board development & governance
- Maintain housing stock to a good standard
- Maintain a focus on continuous improvement

### The company's long-term objective:

- Pacific Link Housing Limited aims to continue to provide affordable and secure housing solutions for those in the community who are in the greatest need. We assist those who are able to develop new lives and skills to be able to return to the mainstream housing market. The company operates within a culture of social justice, fairness and transparency and remains accountable to all stakeholders.

## STRATEGIES

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

- By using stronger relationship channels, Pacific Link's aim is to effectively advocate and promote the needs of the community housing sector with all levels of government. The company will seek to change the traditional perspective of community housing as a permanent solution and will take a leading role in highlighting the potential for tenants to transition through, and exit from, social housing given focused and appropriate support programs.
- Pacific Link aims to grow expertise to access opportunities to develop, build or acquire more properties in our area of operation in order to meet social housing demand.
- Pacific Link will further strengthen the business's revenue base and will seek opportunities for alternative government and private funding streams. The company will broaden and diversify our service offering, and will pursue potential for horizontal integration with other complementary service providers.
- Pacific Link will continue to offer a range of participatory methods of tenant involvement and provide programs to assist in building residents' skills and capacity, social inclusion and community engagement.
- Pacific Link will continue to maintain its properties to a good standard to conform with its asset management strategies and conduct pilot programs that seek to improve the properties so that utility costs are minimised.
- The organisation has a skilled and professional team who are committed to continuous improvement. Pacific Link will promote and offer appropriate training opportunities to ensure that the highest levels of practice and procedure continue to reflect quality service provision for clients. Pacific Link is committed to a culture of continuous improvement in all aspects of operation and will make every endeavour to meet the highest standards as set down by the Communities, Housing and Pathways Directorate of the Department of Family and Community Services.
- Pacific Link is well positioned to look forward to an exciting future. One that includes initiatives to enhance the lives of tenants, contribute to a more sustainable approach, grow the number of properties available and contribute to the raising of the community housing sector's profile and reputation.

## FINANCIAL REPORT

### LIABILITY OF MEMBERS ON WINDING UP

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Pacific Link Housing Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$2.00 subject to the provisions of the company's constitution.

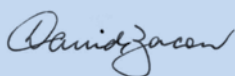
**At 30 June 2016 the collective liability of members was \$110 (2015 \$88).**

### AUDITOR'S INDEPENDENCE DECLARATION

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The lead auditor's independence declaration for the year ended 30 June 2016 has been received and is provided below.

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



**David Bacon**  
Director



**Alan Bennell**  
Director

**Dated:** 15 September 2016

### AUDITOR'S INDEPENDENCE DECLARATION

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**Auditor's independence declaration under Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Pacific Link Housing Limited**

As the lead auditor for the audit of the financial statements of Pacific Link Housing Limited for the financial year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

### FORTUNITY ASSURANCE



**T R Davidson**  
Partner

155 The Entrance Road  
Erina NSW 2250

**Dated:** 15 September 2016

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 30 June 2016

|  | 2016              | 2015              |
|--|-------------------|-------------------|
| <b>Revenue from Continuing Operations</b>        |                   |                   |
| Revenue from government and other grants         | 3,106,779         | 2,931,488         |
| Other income                                     | 9,659,897         | 9,528,718         |
|  | <b>12,766,676</b> | <b>12,460,206</b> |
| Employee benefits expense                        | (2,122,170)       | (1,922,625)       |
| Depreciation and amortisation expense            | (257,098)         | (179,761)         |
| Bad and doubtful expense                         | (160,015)         | (95,402)          |
| Training expenses                                | (45,533)          | (76,786)          |
| Audit, legal and consultancy expenses            | (215,150)         | (192,299)         |
| Finance costs                                    | (1,120)           | (1,192)           |
| Insurance expense                                | (192,941)         | (191,046)         |
| Property repairs and maintenance                 | (1,632,929)       | (1,928,569)       |
| Council and water rates                          | (782,885)         | (709,464)         |
| Rental expense                                   | (5,668,130)       | (5,346,299)       |
| Repairs, maintenance and vehicle running expense | (50,313)          | (56,548)          |
| Other operating expenses                         | (876,476)         | (959,296)         |
|  | <b>761,916</b>    | <b>800,919</b>    |
| <b>Profit before income tax</b>                  |                   |                   |
| Income tax expense                               | -                 | -                 |
|  | <b>761,916</b>    | <b>800,919</b>    |
| <b>Other comprehensive income for the year</b>   |                   |                   |
| Items that will not be reclassified subsequently |                   |                   |
| To profit & loss                                 |                   |                   |
| Gain on the revaluation of land & buildings      | -                 | -                 |
|  | <b>761,916</b>    | <b>800,919</b>    |
| <b>Total comprehensive income for the year</b>   |                   |                   |

# FINANCIAL REPORT

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

|                                      | 2016              | 2015              |
|--------------------------------------|-------------------|-------------------|
| <b>Assets</b>                        |                   |                   |
| <b>Current Assets</b>                |                   |                   |
| Cash and cash equivalents            | 2,895,444         | 4,685,644         |
| Other receivables                    | 598,731           | 566,305           |
| Other financial assets               | 8,195,392         | 8,007,781         |
| Other assets                         | 152,562           | 180,224           |
| <b>Total Current Assets</b>          | <b>11,842,129</b> | <b>13,439,954</b> |
| <b>Non-Current Assets</b>            |                   |                   |
| Property, plant and equipment        | 5,439,877         | 2,900,456         |
| <b>Total Non-current Assets</b>      | <b>5,439,877</b>  | <b>2,900,456</b>  |
| <b>Total Assets</b>                  | <b>17,282,006</b> | <b>16,340,410</b> |
| <b>Current Liabilities</b>           |                   |                   |
| Trade and other payables             | 1,183,505         | 990,111           |
| Financial liabilities                | -                 | 8,314             |
| Employee benefits                    | 124,238           | 99,972            |
| Other liabilities                    | 3,500,000         | 3,500,000         |
| <b>Total Current Liabilities</b>     | <b>4,807,743</b>  | <b>4,598,397</b>  |
| <b>Non-current Liabilities</b>       |                   |                   |
| Trade and other payables             | 60,000            | 80,000            |
| Financial liabilities                | -                 | -                 |
| Employee benefits                    | 120,511           | 130,177           |
| <b>Total Non-Current Liabilities</b> | <b>180,511</b>    | <b>210,177</b>    |
| <b>Total Liabilities</b>             | <b>4,988,254</b>  | <b>4,808,574</b>  |
| <b>Net Assets</b>                    | <b>12,293,752</b> | <b>11,531,836</b> |
| <b>Members' Funds</b>                |                   |                   |
| Retained earnings                    | 11,957,241        | 11,195,325        |
| Asset Revaluation Reserve            | 336,511           | 336,511           |
| <b>Total Members Funds</b>           | <b>12,293,752</b> | <b>11,531,836</b> |

## STATEMENT OF CHANGES IN MEMBERS FUNDS

For the year ended 30 June 2016

|   | ASSET<br>REVALUATION | RETAINED<br>EARNINGS | TOTAL             |
|---|----------------------|----------------------|-------------------|
| <b>Balance at 1 July 2014</b>           | 336,511              | 10,394,406           | 10,730,917        |
| Total comprehensive income for the year | --                   | 800,919              | 800,919           |
| Gain on revaluation of land & building  | -                    | -                    | -                 |
| <b>Balance at 30 June 2015</b>          | 336,511              | 11,195,325           | 11,531,836        |
| Profit for the year                     | -                    | 761,916              | 761,916           |
| <b>Balance at 30 June 2016</b>          | <b>336,511</b>       | <b>11,957,241</b>    | <b>12,293,752</b> |

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

|  | 2016               | 2015               |
|--|--------------------|--------------------|
| <b>Cash flows from operating activities</b>        |                    |                    |
| Receipts from tenants & other persons              | 9,324,510          | 8,968,071          |
| Payments to suppliers and employees                | (11,737,556)       | (11,388,900)       |
| Interest received                                  | 295,907            | 268,212            |
| Receipts from government sources                   | 3,317,702          | 2,931,488          |
| Net cash provided by operating activities          | <b>1,200,563</b>   | <b>778,871</b>     |
| <b>Cash flows from investing activities</b>        |                    |                    |
| Payments for property, plant & equipment           | (2,814,838)        | (1,693,753)        |
| Proceeds from sale of assets                       | 20,000             | 85,001             |
| Net cash used in investing activities              | <b>(2,794,838)</b> | <b>(1,608,752)</b> |
| <b>Cash flows from financing activities</b>        |                    |                    |
| Proceeds from borrowing                            | -                  | -                  |
| Repayment of finance lease                         | (8,314)            | (9,357)            |
| Net cash provided by financing activities          | <b>(8,314)</b>     | <b>(9,357)</b>     |
| <b>Net (decrease)/increase in cash held</b>        | <b>(1,602,589)</b> | <b>(839,238)</b>   |
| <b>Cash at the beginning of the financial year</b> | <b>12,693,425</b>  | <b>13,532,663</b>  |
| <b>Cash at the end of the financial year</b>       | <b>11,090,836</b>  | <b>12,693,425</b>  |



# FINANCIAL REPORT

## DIRECTORS' DECLARATION

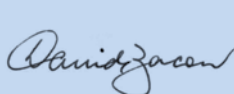
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### For The Year Ended 30 June 2016

In accordance with a resolution of the directors of Pacific Link Housing Limited, the directors declare that:

1. The financial statements, as set out on pages 26 to 35, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012:
  - (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
  - (b) give a true and fair view of the financial position of the company as at 30 June 2016 and of the 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.

Signed in accordance with a resolution of the directors made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013.



**David Bacon**  
Director



**Alan Bennell**  
Director

**Dated:** 15 September 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PACIFIC LINK HOUSING LIMITED

### REPORT ON THE FINANCIAL REPORT

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We have audited the accompanying financial report of Pacific Link Housing Limited (the company), which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in members funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

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The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and

fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### INDEPENDENCE

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In conducting our audit, we have complied with the independence requirements of Australian Charities and Not-for-profits Commission Act 2012.

### OPINION

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In our opinion, the financial report of Pacific Link Housing Limited is in accordance with the Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 the Australian Charities and Not-for-profits Regulations 2013.

### FORTUNITY ASSURANCE



**T R Davidson**

Partner

155 The Entrance Road  
Erina NSW 2250

**Dated:** 15 September 2016