PORTWAY HOUSING ASSOCIATION INC

(ABN 57 229 788 759)

GENERAL PURPOSE

FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED

30 JUNE 2016

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PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED
30 JUNE 2016

	Note	2016 $	2015 $
Revenue	2	4,054,766	3,749,797
Employee benefits expense	3	(663,695)	(569,856)
Depreciation and amortisation expense	3	(79,678)	(79,797)
Program, activities & resident costs	3	(99,045)	(53,695)
Property expenses	3	(1,173,780)	(616,408)
Finance costs	3	(90,943)	(113,193)
Capital Contribution to Housing SA	3	(883,022)	(750,830)
Management, administration & other expenses	3	(429,728)	(499,006)
Profit before income tax expense		634,875	1,067,012
Income tax expense relating to ordinary activities	1a	Nil	Nil
Current year surplus		634,875	1,067,012
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss when specific conditions are met:			
Gain on Provision Adjustment		-	6,047
Net profit or loss on revaluation of land & buildings through asset revaluation reserve		75,000	1,414,062
Other comprehensive income for the year		75,000	1,420,109
Total comprehensive income for the year		75,000	1,420,109
Total comprehensive income attributable to members of the entity		709,875	2,487,121

The accompanying notes form part of these financial statements.

PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	2016	2015
		$	$
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	**5**	908,661	848,200
Accounts receivables & other debtors	**6**	598,988	655,399
Other current assets	**7**	59,686	72,215
TOTAL CURRENT ASSETS		1,567,335	1,575,814
NON-CURRENT ASSETS			
Property, plant & equipment	**8**	23,240,704	23,189,330
TOTAL NON- CURRENT ASSETS		23,240,704	23,189,330
TOTAL ASSETS		24,808,039	24,765,144
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payables & other payables	**9**	267,117	332,659
Borrowings	**10**	31,196	30,725
Provisions	**11**	316,666	283,527
TOTAL CURRENT LIABILITIES		614,979	646,911
NON-CURRENT LIABILITIES			
Borrowings	**10**	2,710,070	3,461,169
Provisions	**11**	877,676	761,625
TOTAL NON-CURRENT LIABILITIES		3,587,746	4,222,794
TOTAL LIABILITIES		4,202,725	4,869,705
NET ASSETS		20,605,314	19,895,439
EQUITY			
Reserves		15,886,033	15,811,033
Retained earnings		4,719,281	4,084,406
TOTAL EQUITY		20,605,314	19,895,439

The accompanying notes form part of these financial statements.

PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2016

	Retained Earnings $	Reserves $	Total $
Balance 1 July 2014	3,011,347	14,396,971	17,408,318
Profit attributable to members	1,067,012	-	1,067,012
Transfer to reserves	-	1,414,062	1,414,062
Total other comprehensive income for the year	6,047	-	6,047
Balance 30 June 2015	4,084,406	15,811,033	19,895,439
Profit attributable to members	634,875	-	634,875
Transfer to reserves	-	75,000	75,000
Total other comprehensive income for the year	-	-	-
Balance 30 June 2016	4,719,281	15,886,033	20,605,314

Note: Portway Housing Association Inc. has received Capital Grants and Property Contributions from the South Australian Housing Trust. A decision has been made to account for these as Reserves rather than Retained Earnings. The balance of the reserves as at 30 June 2016 are:

	2016 $	2015 $
RESERVES		
Capital Grants Reserve	4,950,927	4,950,927
Property Contribution Reserve	10,794,545	10,794,545
Asset Revaluation Reserve	140,561	65,561
Total Reserves	15,886,033	15,811,033

PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
30 JUNE 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from clients and government		3,956,254	3,593,987
Interest received		556	1,072
Payments to suppliers and employees		(3,198,811)	(2,571,976)
Net cash provided by operating activities		757,999	1,023,083
CASH FLOWS FROM INVESTING ACTIVITIES			
Maintenance Provision		109,142	(444,380)
Purchase of property, plant and equipment		(56,052)	(2,171,942)
Proceeds of Investments		-	843,747
Net cash provided by (used in) investing activities		53,090	(1,772,575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(826,925)	(217,809)
Proceeds from borrowings		76,297	1,377,301
Net cash provided by (used in) financing activities		(750,628)	1,159,492
Net (decrease)/ increase in cash		60,461	410,000
Cash at beginning of Financial Year		848,200	438,200
Cash at end of Financial Year	5	908,661	848,200

The accompanying notes form part of these financial statements.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

Portway Housing Association Inc applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053:Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the *Associations Incorporation Act 1985,* and the *Australian Charities and Non-for-profits Commission Act 2012*. The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statement are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, has been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 31st October 2016 by the committee.

(a) Income tax

The association is exempt from income tax.

(b) Fair Value of Assets and Liabilities

The association measures some of its assets at fair value on a recurring basis.

Fair value is the price the association would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (ie. the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a markets participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Property, Plant and Equipment

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

Note 1: Statement of Significant Accounting Policies (continued)

Property
Land and buildings are initially measured at cost. Subsequently they are measured using the capital value determined by the Valuer General of South Australia. Increase in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity.

Restricted Investment Properties
The association has recognised properties received under the National Building Economic Stimulus Program (NBESP) and other properties jointly funded by the association and State and Federal Governments as Restricted Investment properties in the financial statements. The properties will be used to generate rental income and capital appreciation for the association.

Government restrictions apply to the sale of these properties with the proceeds on disposal to be directed towards further investment in social and affordable housing.

Recognition of these properties as investment property is consistent with the requirements of AASB 116 *Property, plant and equipment* and AASB 140 Investment property.

Plant and Equipment
Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

Work in Progress
Work in progress is measured on the costs basis and represents buildings under construction. Once construction is completed the asset will be transferred to buildings and plant and equipment and depreciated accordingly.

Depreciation
The depreciable amount of all fixed assets, but excluding buildings and freehold land, is depreciated on either a straight line or reducing balance basis over the asset's useful life to the association commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant & Equipment	10.0% straight line

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) Leases

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

(e) Service Concession Arrangements

AASB Interpretation 12 Service Concession Arrangements apply to arrangements where government transfers public infrastructure to non-government organisations subject to the following conditions;

a) the government controls and regulates what services the non-government organisation must provide with the infrastructure, to whom it must provide them, and at what price; and

Note 1: Statement of Significant Accounting Policies (continued)

b) the government retains residual ownership of the infrastructure.

The above conditions are deemed to have been satisfied through the requirements of the SACCH Act and Funding Agreement which prescribe how the community houses are to be used, the eligible tenants that are entitled to tenant them, and what rents can be charged. The arrangements also require Community Housing Organisations to return long term vacant property to government under the Funding Agreement. Infrastructure within the scope of the Interpretation should not be recognised as property, plant and equipment of the operator, irrespective of the extent to which the operator bears the risks and rewards incidental to ownership and regardless of which party has legal title to it during the term of the arrangement, since the asset is "controlled" by the government. Instead, the non-government organisation recognises a financial asset to the extent it has a right to charge users (tenants) of the public service.

(f) Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is identifiable when:

a) It is separable, that is, capable of being separable or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
b) Arises from contractual or other legal rights, regardless of whether those rights are transferrable or separable from the entity or from other rights and obligations.

The application of AASB 138 to these General Purpose Financial Statements has resulted in the removal of the Intangible Contractual Rights as an Intangible asset. As the primary user of these General Purpose Financial Statements Portway Housing Association does not consider the future economic benefits associated with the Debenture Funding Agreement can be reliably measured under AASB 138.

As at 30 June 2016, the Association operated 258 properties under this arrangement, to a combined value of $70,126,000.

(g) Capital Grants

The Association has received Capital grants from the South Australian Housing Trust to develop/purchase properties at Ethelton, Para Vista, Paralowie, and Largs North.

Ethelton

The Association received a Capital Grant of $3,129,000 from the South Australian Housing Trust to purchase properties at Ethelton. The Grant was bought to account as income in the 2009/10 Financial Year. The Grant is subject to a Deed of Priority and Deed of Statutory Covenant and continues indefinitely. In the event the funding agreement is terminated the Association is liable to repay a Contribution Amount being the lesser of the Valuer General's market valuation at the time of sale or the amount of the original grant indexed quarterly by CPI. As at 30 June 2016, the indexed value of the grant is $3,554,088, and the Valuer Generals market valuation was $3,150,000.

Para Vista

The Association received a Capital Grant of $1,095,610 from the South Australian Housing Trust to develop affordable housing at Para Vista. The grant was bought to account as income in the 2009/10 Financial Year. The Grant is subject to a Deed of Priority and Deed of Statutory Covenant and continues for a period of 30 years, expiring 30 September 2039. In the event the funding agreement is terminated the Association is liable to repay a Contribution Amount being the lesser of the Valuer General's market valuation at the time of sale or the amount of the original grant indexed quarterly by CPI. As at 30 June 2016, the indexed value of the grant is $1,244,453, and the Valuer Generals market valuation was $2,525,000.

Paralowie

The Association received a Capital Grant of $312,693 from the South Australian Housing Trust to purchase two dwellings at Paralowie for the purpose of affordable housing. The grant was bought to account as income in the 2013/14 Financial Year. The Grant is subject to Deed of Statutory Covenant and continues indefinitely. In the event the funding agreement is terminated the Association is liable to repay a Contribution Amount being the lesser of the Valuer General's market valuation at the time of sale or the amount of the original grant

Note 1: Statement of Significant Accounting Policies (continued)

indexed quarterly by CPI. As at 30 June 2016, the indexed value of the grant is $319,833, and the Valuer Generals market valuation was $540,000.

Largs North

The Association received a Capital Grant of $383,160 from the South Australian Housing Trust to develop affordable housing at Largs North. The grant was bought to account as income in the 2013/14 Financial Year. The Grant is subject to a Deed of Statutory Covenant and continues indefinitely. In the event the funding agreement is terminated the Association is liable to repay a Contribution Amount being the lesser of the Valuer General's market valuation at the time of sale or the amount of the original grant indexed quarterly by CPI. As at 30 June 2016, the indexed value of the grant is $391,910, and the Valuer Generals market valuation was $650,000.

(h) Property Contribution

Nation Building Economic Stimulus Plan

The Association received Property Contributions totalling $10,794,545 from the South Australian Housing Trust as part of the Nation Building Economic Stimulus Plan. The grant was bought to account as income in the 2011/12 Financial Year. The Grant is subject to a Deed of Statutory Covenant and continues indefinitely. In the event the funding agreement is terminated the Association is liable to repay a Contribution Amount being the lesser of the Valuer General's market valuation at the time of sale or the amount of the original property contribution indexed quarterly by CPI. As at 30 June 2016, the indexed value of the property contribution is $11,606,220, and the Valuer Generals market valuation was $10,140,000.

(i) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss in which case transaction costs are recognised immediately as expenses in profit or loss .

Classification and Subsequent Measurement

(i) *Loans and Receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at cost.

(ii) *Held-to-Maturity investments*
Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the association's intention to hold these investments to maturity. They are subsequently measured at cost.

(iii) *Financial Liabilities*
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

(j) Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Note 1: Statement of Significant Accounting Policies (continued)

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the association no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(k) Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is immediately recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Employee Benefits

Short-term employee benefits
Provision is made for the association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The association's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current provisions in the statement of financial position.

Other long-term employee benefits
Provision is made for employees' annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements of obligations for other long-term employee benefits for changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The association's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current provisions.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and at call deposits with banks or financial institutions and investments in money market instruments maturing within less than three months.

(n) Accounts Receivable and Other Debtors

Accounts receivables and other debtors include amounts receivable from customers for services provided in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Note 1: Statement of Significant Accounting Policies (continued)

(o) Revenue and Other Income

Grant revenue is recognised in the statement of profit or loss and comprehensive income when the association obtains control of the grant, it is possible that the economic benefits gained from the grant will flow to the association and the amount of the grant can be measured reliably.

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

When grant revenue is received whereby the association incurs and 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.

Donations and bequests are recognised as revenue when received.

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

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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

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

(q) Comparative Figures

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

(r) Accounts Payable and Other Payables

Accounts Payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(s) New and Amended Accounting policies Adopted by the Association

An assessment of Accounting Standard and Interpretations issued by the AASB that are not yet mandatorily applicable to the association and their potential impact on the association when adopted in future periods is discussed below:

AASB9: Financial Instruments (December 2014) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

Note 1: Statement of Significant Accounting Policies (continued)

The key changes that may affect the association on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedging accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although members of the committee anticipate that the adoption of AASB 9 may have an impact on the association's financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

(t) Provisions

Provisions are recognised when the association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(u) Key Estimates

Impairment
The association assesses impairment at the end of each reporting date by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

	Note	2016	2015
		$	$

Note 2: Revenue & Other Income

Rent		3,512,026	3,250,420
Interest received		556	1,072
Other income		542,184	498,305
Total Revenue		4,054,766	3,749,797

Note 3: Expenses

Employee benefits expense		663,695	569,856
Depreciation of Property, Plant & Equipment:		79,678	79,797
Insurance		85,884	95,777
Audit Expenses		-	-
Financial Costs		90,943	113,193
Activities		70,553	38,028
Administration Expenses		343,844	403,229
Vacancies Foregone		28,492	15,667
Capital Contribution payable to Housing SA		883,022	750,830
Property Expenses		1,173,780	616,408
Total Expenses		3,419,891	2,682,785

	Note	2016	2015
		$	$

Note 4: Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the association during the year are as follows:

		2016	2015
Key management personnel compensation		133,401	115,325

Other KMP transactions

For details of other transactions with KMP, refer to Note 15: Related Party Transactions.

Note 5: Cash & Cash Equivalents

	Note	2016	2015
Cash on hand		300	200
Cash at bank		310,159	265,126
Cash on deposit		598,202	582,874
	17	908,661	848,200

Note 6: Accounts receivable & Other Debtors

	Note	2016	2015
Trade debtors		6,526	43,040
Sundry debtors		592,462	610,555
Tenancy Levies		-	1,804
		598,988	655,399
Financial assets classified as loans and receivables			
Trade and other receivables:			
- total current	17	598,988	655,399

Note 7: Other Current Assets

		2016	2015
Prepayments		59,686	72,215

	Note	2016	2015
		$	$

Note 8: Property, Plant and Equipment

	2016	2015
Restricted Investment Properties – Land at Board valuation 2015	-	9,331,569
Restricted Investment Properties – Land at Board valuation 2016	9,437,239	-
	9,437,239	**9,331,569**
Restricted Investment Properties – Buildings at Board valuation 2015	-	13,384,431
Restricted Investment Properties – Buildings at Board valuation 2016	13,384,431	-
	13,384,431	**13,384,431**
Building Work In Progress	15,608	-
Plant and equipment at cost	800,543	790,768
Less accumulated depreciation	(397,117)	(317,438)
	403,426	**473,330**
Total Property, Plant and Equipment	**23,240,704**	**23,189,330**

Movements in carrying amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the financial year.

	Land	Buildings	Buildings WIP	Plant & Equipment	Total
	$	$	$	$	$
Balance at 30 June 2014	6,645,507	12,488,584	-	549,042	19,683,133
Additions	1,272,000	895,847	-	5,101	2,172,948
Depreciation / Amortisation expense	-	-	-	(79,797)	(79,797)
Revaluation	1,414,062	-	-	-	1,414,062
Disposal	-	-	-	(1,016)	(1,016)
Balance at 30 June 2015	9,331,569	13,384,431	-	473,330	23,189,330
Additions	30,670	-	15,608	9,774	56,052
Depreciation / Amortisation expense	-	-	-	(79,678)	(79,678)
Revaluation	75,000	-	-	-	75,000
Carrying amount at 30 June 2016	9,437,239	13,384,431	15,608	403,426	23,240,704

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
		$	$

Note 9: Accounts & Other Payables

	Note	2016 $	2015 $
Current			
Trade creditors		98,024	168,555
Sundry creditors & Accruals		169,093	164,104
		267,117	322,659
Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables:			
- total current	17	267,117	322,659

Note 10: Borrowings

	Note	2016 $	2015 $
Current			
Westpac		-	-
Homestart		31,196	30,725
Total Current Borrowings		31,196	30,725
Non Current			
Westpac		1,869,496	2,592,855
Homestart		281,594	312,991
Uniting Church In Australia		558,980	555,323
Total Non Current Borrowings		2,710,070	3,461,169
Total Borrowings	17	2,741,266	3,491,894

	2016	2015
	$	$

Note 11: Provisions

	2016 $	2015 $
Current:		
Tenancy Levy	202,780	182,714
Provisions for Employees Benefits	113,886	100,813
	316,666	283,527
Non-Current:		
Maintenance Provisions	858,050	741,999
Provisions for Employees Benefits	19,626	19,626
	877,676	761,625
Total Provisions	1,194,342	1,045,152

Analysis of employee provisions

	2016 $	2015 $
Opening Balance	120,439	97,101
Additional Provisions	73,127	72,702
Amount Used	(60,054)	(49,364)
Balance	133,512	120,439

	Note	2016	2015
		$	$

Note 12: Capital and Leasing Commitments

a. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2016 $	2015 $
Payable – minimum lease payments		
- not later than 12 months	48,815	46,350
- between 12 months and five years	-	46,350
- later than five years	-	-
	48,815	92,700

The association leases office space from UnitingCare Wesley Port Adelaide Inc. The lease has a term of three years and five months and expires on 30 June 2017. The lease has one right of renewal for three years. The lease is subject to increases by CPI.

Note 13: Contingent Liabilities

The Board is not aware of any contingent Liabilities for 2016.

Note 14: Related Party Transactions

The Board is not aware of any related party transactions.

Note 15: Fair value Measurements

The Association has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after initial recognition.

The association does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

Recurring fair value measurements		
Non-financial Assets		
Restricted Investment Properties – Land at Board valuation	9,437,239	9,331,569
Restricted Investment Properties – Buildings at Board valuation	13,384,431	13,384,431
Total non-financial assets recognised at fair value on a recurring basis	22,821,670	22,716,000

For Restricted Investment Properties – Land and Buildings at Board valuation, the fair values have been determined using the capital value as determined by the Valuer General of South Australia.

Note 16: Events occurring after the Balance Sheet date

Nil

Note 17: Financial Risk Management

The association's financial instruments consist of deposits with banks, accounts receivables and loans.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2016	2015
	Note	**$**	**$**
Financial assets			
Cash and cash equivalents	5	908,661	848,200
Loans and receivables			
- Trade and other receivables	6	598,988	655,399
		1,507,649	1,503,599
Financial liabilities			
Financial liabilities at amortised cost:			
- Trade and other payables	9	267,117	322,659
- Borrowings	10	2,741,266	3,491,894
		3,008,383	3,814,553

PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

DECLARATION BY BOARD OF MANAGEMENT

The Board of Management have determined that the association is a reporting entity.

The Board of Management have determined that this general purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the accounts.

In the opinion of the Board of Management, the financial statements as set out on pages 1 to 19:

1. Presents a true and fair view of the financial position of Portway Housing Association Inc as at 30 June 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards –Reduced Disclosure Requirements of the Australian Accounting Standards Board, the Associations Incorporation Act 1985, and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012.

2. At the date of this statement, there are reasonable grounds to believe that Portway Housing Association Inc is 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 Management, pursuant to regulation 60-15 of the Australian Charities and Not-for-profits Commission Regulation 2013 and is signed for and on behalf of the Board of Management by:

....

Name: Peter Bicknell

Position: Chairperson

....

Name: Andrew Zeuner

Position: Treasurer

Dated: 31 OCTOBER 2016

PORTWAY HOUSING ASSOCIATION INC (ABN 57 229 788 559)

BOARD OF MANAGEMENT REPORT

In accordance with section 35(5) of the Associations Incorporation Act, 1985, the Board of Management of Portway Housing Association Incorporated hereby states that during the financial year ended 30 June 2016 -

(a) (i) No officer of the association;

(ii) no firm of which an officer is a member;

(iii) no body corporate in which an officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and the association.

(b) No officer of the association has received directly or indirectly from the association any payment or other benefit of a pecuniary value.

This report is made in accordance with a resolution of the Board of Management and signed by two members of the Board of Management.

....

Name: Peter Bicknell | Position: Chairperson

....

Name: Andrew Zeuner | Position: Treasurer

Dated: 31 OCTOBER 2016

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012

In accordance with section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the board members of Portway Housing Association Inc.

As lead audit partner for the audit of the financial statements of Portway Housing Association Inc for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in respect of the audit.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

31 October 2016

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Nexia Edwards Marshall

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTWAY HOUSING ASSOCIATION INC

Report on the Financial Report

We have audited the accompanying financial report of the Portway Housing Association Inc ('the Association'), which comprises the statement of financial position as at 30 June 2016 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, the declaration by board of management and the board of management report.

Board Members' Responsibility for the Financial Report

The board members 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, the *Associations Incorporation Act 1985* and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the board members determine is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan 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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board members, 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

In conducting our audit, we have complied with the independence requirements of the Australian professional ethical pronouncements.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTWAY HOUSING ASSOCIATION INC (CONT)

Opinion

In our opinion, the financial report of Portway Housing Association Inc is prepared in accordance with the *Associations Incorporation Act 1985* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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

ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

We have obtained all the information and explanations required from the Association.

Nexia Edwards Marshall

Nexia Edwards Marshall
Chartered Accountants

Damien Pozza
Partner

Adelaide
South Australia

31 October 2016

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