Brisbane Housing Company Limited
ABN 75 101 263 834

Financial Report

For the period 1 July 2019 to 30 June 2020

Contents

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Financial Report for the Year Ended 30 June 2020

DIRECTORS' REPORT

Your directors present this financial report on Brisbane Housing Company Limited consolidated entity ("Group") for the financial year ended 30 June 2020.

Incorporation

Brisbane Housing Company Limited ("BHC" or "the Company") is a not for profit legal entity incorporated in Australia as a company limited by shares.

Directors

The name of each person who has been a director during the year are:

Eloise Atkinson
John Gallimore
Geoff Woolcock
Stuart Gregory
Ben Foster (Resigned 22 July 2020)
Les Jones
Julie Heckenberg
Stacey Ross
Kirsty Smith

All directors have been in office from the start of the financial year to the date of this report unless indicated otherwise.

Information on Directors

Eloise Atkinson	–	Independent Chair (Appointed 20 July 2016)
	–	Director since 2007
	–	B. Des St., B.Arch, AIA, GAICD
	–	Member of Property Committee, Member of Tenancy Management Committee, Member of Finance Committee, Member of Audit & Risk Committee
	–	Director nominated by the State Government and Brisbane City Council
John Gallimore	–	Director since 2002
	–	BA, LLB (Hons), FANZCN, MAICD
	–	Member of Property Committee, Member of the Audit & Risk Committee
	–	Director nominated by the State Government
Geoff Woolcock	–	Director appointed 2009
	–	BA Hons 1 (UQ) PhD (La Trobe)
	–	Member of Tenancy Management Committee
	–	Director nominated by Community Shareholders
Stuart Gregory	–	Director since 2005
	–	B.Comm (Hons), FCPA, MAICD
	–	Chair of Finance Committee, Member of Audit & Risk Committee
	–	Director of BHC Development Services Pty Ltd
	–	Director nominated by Brisbane City Council
Ben Foster	–	Director since 2010 (Resigned 22 July 2020)
	–	B. App Science., Dip Fac Mgt, AAIQS
	–	Chair of Property Committee
	–	Director nominated by Community Shareholders

Directors Report continued

Les Jones	–	Director since 2012
	–	B.Com and Admin Victoria University Of Wgtn N.Z, CA, MAICD
	–	Chair of Audit & Risk Committee, Member of Finance Committee
	–	Director nominated by Community Shareholders
Julie Heckenberg	–	Director since 2013
	–	Dip of Teaching (TAFE)
	–	Chair of Tenancy Management Committee
	–	Director nominated by Community Shareholders
	–	Director of Catalyst Affordable Housing Limited
Stacey Ross	–	Director since 2016
	–	BHS, DipComDevel, DipComServ, DipYthWork
	–	Secretary and Director for Logan Women's Health & Wellbeing Centre Ltd
	–	Member of Tenancy Management Committee
	–	Director nominated by the State Government
Kirsty Smith	–	Director since 2016
	–	B.Com & Grad.Dip Property Economics (Development Major)
	–	Member of Property Committee
	–	Director nominated by Community Shareholders

Company Secretary
The following person held the position of Company Secretary for the entire financial year:
Peter Garrone, B.Com and LLB (Hons), Chartered Accountant (Australia). Peter Garrone has worked for Brisbane Housing Company Limited since March 2017 as Chief Financial Officer and was appointed Company Secretary on 19 April 2017.

Principal Activities
The principal activities of the Group during the financial year were the provision of affordable housing and activities to support this mission in Queensland.

Operating Results
The comprehensive income of the Group amounted to $7,046,155 (2019: $12,281,417). No provision for Income tax was established as Brisbane Housing Company Limited is exempt from income tax and the non-exempt subsidiaries have carried forward losses.

Dividends Paid or Recommended
No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made as the Group reinvests all surpluses in the development of affordable housing.

Review of Operations
The Group continued to provide affordable housing during the financial year. The Group completed construction on an affordable retirement village at Sherwood, Brisbane which provides 52 new units of accommodation. Construction commenced on a 32 unit development in Woolloongabba, Brisbane which is part of the Partnering for Growth initiative with the Queensland Government. Construction is expected to be completed in early 2021.

BHC's AA- credit rating was reaffirmed by Standard and Poor's during the year and it is anticipated that the credit rating will assist BHC in accessing the appropriate funding to further BHC's strategy of providing additional affordable housing.

Significant Changes in State of Affairs
During the year there were no material or significant changes in the state of affairs of the Group. The Group continues to focus on the development and management of affordable housing within Queensland.

Directors Report continued

After Balance Date Events
Other than disclosed below, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

In July 2020, the Group signed a 8 year lease commencing 1 September 2020 for office space at Level 17, 333 Ann Street Brisbane.

In September 2020, BHC entered into a contract to purchase a parcel of land located at Wardle Street, Mt Gravatt. Settlement date is to be determined and is subject to the satisfaction of a number of conditions.

In October 2020, the Group entered into a capital funding agreement with the State Government in relation to an affordable housing development at Ernest Street, South Brisbane.

Future Developments, Prospects and Business Strategies
The Group expects to continue to build affordable housing in the State of Queensland by developing mixed tenure and mixed use buildings. This will involve the use of external funding, Government grants and cash generated by the Group. The Group will continue to investigate alternative methods of raising private sector funding to finance development projects and the AA- credit rating from Standard and Poor's may assist with this process.

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

Options
No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Meetings of Directors
During the financial year, 10 meetings of directors were held. Attendances by each director during the year were as follows:

Committee Meetings

	Directors' Meetings		Audit Committee		Finance Committee		Property Committee		Tenancy Management Committee	
	A	B	A	B	A	B	A	B	A	B
Eloise Atkinson	10	10	3	1	9	6	10	10	6	3
John Gallimore	10	10	3	3			10	9		
Geoff Woolcock	10	10							6	6
Stuart Gregory	10	9	3	3	9	9				
Ben Foster	10	10					10	9		
Les Jones	10	10	3	3	9	9				
Julie Heckenberg	10	8							6	6
Stacey Ross	10	8							6	4
Kirsty Smith	10	10					10	10		

A = Number of meetings held
B = Number of meetings attended

Indemnifying Officers
During the financial year, the Group paid a premium to insure against legal costs that might be incurred in defending an action against one of the directors or officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty in relation to the Group.

Directors Report continued

Proceedings on Behalf of the Entity
No person has applied for leave of Court to bring proceedings on behalf of an entity of the Group or intervene in any proceedings to which an entity of the Group is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings.

None of the Group entities were party to any such proceedings during the year.

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under s 60-40 of the Australian Charities and Not-for-Profits Commission Act 2012 is set out on page 7.

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

Chairperson

Eloise Atkinson

Dated this 21st day of October 2020

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Auditor's Independence Declaration

To the Directors of Brisbane Housing Company Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Brisbane Housing Company Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S G Hancox
Partner - Audit & Assurance

Brisbane, 21 October 2020

Brisbane Housing Company Limited
ABN 75 101 263 834

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group	
		2020	2019
		$	$
Revenue from rent		17,515,515	16,888,809
Revenue from government grants		4,473,806	6,988,374
Other revenue		2,001,560	1,194,663
Total Revenue	2	**23,990,881**	**25,071,846**
Property expenses		8,474,199	7,161,070
Employee benefits expense		5,614,207	5,280,079
Depreciation and amortisation		7,720,662	7,153,144
Finance costs		119,342	120,595
Professional fees		375,329	355,937
Administration expenses		884,836	944,742
Other expenses		439,932	662,781
Total Expenses	3	**23,628,507**	**21,678,348**
Surplus before income tax		**362,374**	**3,393,498**
Income tax expense		-	-
Surplus after income tax		**362,374**	**3,393,498**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Gains/(Losses) on property revaluation		6,683,781	8,887,919
Other comprehensive income, net of income tax		**6,683,781**	**8,887,919**
Total comprehensive income for the year		**7,046,155**	**12,281,417**

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited
ABN 75 101 263 834

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	Consolidated Group	
		2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	19,409,113	16,150,127
Trade and other receivables	5	345,051	254,170
Loans to third parties	6	26,920	26,920
Other current assets	7	1,754,513	1,535,715
TOTAL CURRENT ASSETS		**21,535,597**	**17,966,932**
NON-CURRENT ASSETS			
Property, plant and equipment	8	338,283,957	319,751,404
Right of use assets	9	34,843	-
Work in progress	10	3,154,326	9,864,942
Investment properties	11	1,386,241	1,386,241
Loans to third parties	6	185,287	207,387
Intangible assets	12	79,909	86,591
TOTAL NON-CURRENT ASSETS		**343,124,563**	**331,296,565**
TOTAL ASSETS		**364,660,160**	**349,263,497**
CURRENT LIABILITIES			
Trade and other payables	13	11,787,298	3,625,268
Current provisions	14	489,611	558,285
Lease liabilities		214,483	-
TOTAL CURRENT LIABILITIES		**12,491,392**	**4,183,553**
NON-CURRENT LIABILITIES			
Non-current provisions	14	160,230	117,561
TOTAL NON-CURRENT LIABILITIES		**160,230**	**117,561**
TOTAL LIABILITIES		**12,651,622**	**4,301,114**
NET ASSETS		**352,008,538**	**344,962,383**
EQUITY			
Issued capital	18	11	11
Reserves		104,022,960	97,339,179
Retained earnings		247,985,567	247,623,193
TOTAL EQUITY		**352,008,538**	**344,962,383**

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited
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STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2020

	Note	Share Capital	Retained Earnings	Asset Revaluation Reserve	Total
		$	$	$	$
Consolidated Group					
Balance at 1 July 2018		11	244,229,695	88,451,260	332,680,966
Total comprehensive income for the year		-	3,393,498	8,887,919	12,281,417
Balance at 30 June 2019		11	247,623,193	97,339,179	344,962,383
Total comprehensive income for the year		-	362,374	6,683,781	7,046,155
Balance at 30 June 2020		11	247,985,567	104,022,960	352,008,538

The accompanying notes form part of these financial statements.

Brisbane Housing Company Limited
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STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2020

	Note	Consolidated Group	
		2020	2019
		$	$
CASH FLOW FROM OPERATING ACTIVITIES			
Rent & other income		20,694,120	17,668,555
Payments to suppliers and employees		(15,736,495)	(13,982,108)
Government grants		5,976,038	1,681,223
Interest received		318,431	471,586
Finance costs		(95,746)	(34,000)
Net cash provided by operating activities		**11,156,348**	**5,805,256**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(991,373)	(467,714)
Payments for work in progress		(10,461,132)	(16,875,447)
Proceeds from sale of fixed assets		15,000	-
Net cash used in investing activities		**(11,437,505)**	**(17,343,161)**
CASH FLOW FROM FINANCING ACTIVITIES			
Loan repayments from third parties		22,100	23,820
Payments relating to leases		(174,457)	-
Retirement village incoming contributions		3,692,500	-
Net cash provided by (used in) financing activities		**3,540,143**	**23,820**
Net increase in cash held		3,258,986	(11,514,085)
Cash and cash equivalents at beginning of financial year		16,150,127	27,664,212
Cash and cash equivalents at end of financial year	4	**19,409,113**	**16,150,127**

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Brisbane Housing Company Limited and controlled entities ("Consolidated Group" or "Group"). Brisbane Housing Company Limited is a not for profit company limited by shares.

1.1 Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-Profits Commission Act 2012.

The financial statements cover Brisbane Housing Company Limited as a consolidated entity. The financial statements are presented in Australian Dollars, which is the consolidated entity's functional and presentation currency.

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

1.2 New and revised standards that are effective for these financial statements.

In the current year, the Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the Group.

AASB 15 Revenue from Contracts with Customers
The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases
The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities
The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.2 New and revised standards that are effective for these financial statements continued

AASB 1058 Income of Not-for-Profit Entities continued
recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption
AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained profits at 1 July 2019 was as follows:

	1 July 2019 $'000
Operating lease commitments as at 1 July 2019 (AASB 117)	255
Finance lease commitments as at 1 July 2019 (AASB 117)	-
Operating lease commitments discount based on the weighted average incremental	-
borrowing rate of 2.71%	(3)
Short term leases not recognised as a right-of-use asset (AASB 16)	-
Low-value assets leases not recognised as a right-of-use asset (AASB 16)	(54)
Accumulated depreciation as at 1 July 2019 (AASB 16)	-
Right-of-use assets (AASB 16)	198
Lease liabilities - current (AASB 16)	200
Lease liabilities - non-current (AASB 16)	-
Increase / (reduction) in opening retained profits 1 July 2019	(2)

1.3 Summary of accounting policies

a. Principles of Consolidation

A controlled entity is any entity of which Brisbane Housing Company Limited has the power to govern the financial and operating policies, so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

b. Revenue
Revenue recognition from 1 July 2019

The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

b. Revenue continued

Revenue recognition from 1 July 2019 continued

the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rental Income

Rental Income is recognised in accordance with AASB 15. The performance obligation of providing units of accommodation or commercial tenancy (as documented in the lease agreement) is satisfied over a period of time as the lessee occupies the premises. Accordingly, revenue is recognised over the same period of time at the rates agreed to in the rental agreement.

Grants

Grant funding is received by the Group from a number of sources. The performance obligations attached to the grant funding are considered when determining whether to account for the revenue under AASB 15 or AASB 1058. Where the grant funding has no specific performance obligations attached the revenue is recognised at the point in time the right to receive the grant funds occurs.

In situations where a capital funding agreement is in place the grant funding is often received up-front or at the time specified milestones in the project are achieved. The funding agreement may include the transfer of land as well as a cash contribution towards the construction costs of the building. For each funding agreement the Group identifies the performance obligations which often require construction of a building on a particular site and may also require the Group to contribute towards a particular share of the construction costs.

Where land is transferred, the performance obligation is satisfied at the point in time the land is transferred to the Group. Revenue is recognised under AASB 1058 at the time of the transfer at fair value.

Where cash funding is received up-front and the performance obligations have been identified as being fulfilled over time in line with the construction works on the project, the funds received are accounted for under AASB 1058 and are initially recorded as a liability under unearned grant income (see note 13 Trade and other payables). Grant revenue is recognised in profit or loss over time in proportion to the value of construction works over the same period. If conditions are attached to the grant which must be satisfied before the company is eligible to retain any remaining contribution, the grant will be recognised as a liability until those conditions are satisfied.

Donations

Donations are recognised as revenue at the time the pledge is made.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

b. Revenue continued

Revenue recognition to 30 June 2019

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

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Grant revenue is recognised in the Statement of Profit or Loss and Other Comprehensive Income when it is controlled. When there are conditions attached to grant revenue relating to the use of those grants for specific purposes, it is recognised in the Statement of Financial Position as Unearned Income (Liability) until such conditions are met or services provided.

Donations and bequests are recognised as revenue when received unless they are designated for a specific purpose, where they are carried forward as prepaid income on the Statement of Financial Position, until the specific purpose is met.

Interest revenue is recognised using the effective interest rate 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.

Rental income is recognised in accordance with tenancy agreements.

Revenue from property sales is recognised in the Statement of Profit or Loss and Other Comprehensive Income at the time of settlement.

c. Construction Contracts and Work in Progress

Construction work in progress is valued at cost. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

d. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, or directors' valuations, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against the revaluation reserve directly in equity; all other decreases are charged to the Statement of Profit or Loss and Other Comprehensive Income.

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

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

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

d. Property, Plant and Equipment continued

Plant and Equipment continued
Plant and equipment that have been contributed at no cost or for nominal cost are valued at the fair value of the asset at the date it is acquired.

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

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

Class of Fixed Asset	**Depreciation Rate**
Buildings	2.5%
Plant & Equipment	3 – 25%
Office Equipment	10 - 50%
Motor Vehicles	20%
Leasehold Improvements	20 - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. Investment Properties
Investment properties are properties which are outside the core mission of Brisbane Housing Company Limited and are held for generation of cash flows and capital appreciation.

Investment properties are recognised at fair value, based on periodic, but at least triennial, valuations by external independent valuers, or director's valuations. Investment properties are not depreciated.

f. Leases
All leases, except for short-term leases and leases of low-value are recognised in the Statement of Financial Position with a 'Right of Use' asset and a corresponding 'Finance Lease Liability'. The right of use asset is depreciated over the term of the lease and the finance lease liability is reduced as lease payments are made. An 'interest' charge is recognised in finance costs over the term of the lease.

g. Impairment of Assets
At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income. Refer to Note 1d for the accounting policy for property assets.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

h. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 1 year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on the corporate bond rate with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to employee superannuation funds and are charged as expenses when incurred.

i. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they are incurred.

j. Cash and Cash Equivalents

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

k. 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 Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

l. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997. Subsidiaries that are not exempt from income tax did not have taxable income for the period.

m. Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software is currently amortised over 4 years.

Management Rights

Management rights are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Management rights are amortised over 10 years.

n. Provisions

Provisions are recognised when the entity 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.

o. Comparative Figures

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

p. Financial Instruments

Recognition, Initial Measurement and Derecognition
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and Subsequent Measurement of Financial Assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified in to the following categories upon initial recognition:

- Amortised cost
- Fair value through profit and loss (FVPL)
- Equity instruments at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- The Group's business model for managing the financial asset
- The contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent Measurement of Financial Assets

(i) Financial Assets at Amortised Cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL);

- They are held within a business model whose objective is to hold the financial assets and collect contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall in to this category of financial instruments.

Impairment of Financial Assets
In assessing the impairment of financial assets, the Group uses the "expected credit losses" model (ECL). The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").
- "Stage 3" would cover financial assets that have objective evidence of impairment.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

p. Financial Instruments continued

Trade and Other Receivables
The Group makes use of a simplified approach for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The Group assesses the impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group fully provides for amounts that are more than 60 days past due.

Included in trade and other receivables at 30 June 2020 is an amount receivable from rental tenants charged by Brisbane Housing Company Limited during the current financial year amounting to $328,994 and a provision for impairment has been made for $207,368.

Classification and Measurement of Financial Liabilities
The Group's financial liabilities include trade and other payables and a bank facility (not drawn down as at 30 June 2020). Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

q. Critical Accounting Estimates and Judgments

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

Key estimates - Impairment
The entity assesses impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell in assessing recoverable amounts incorporate a number of key estimates.

Key estimates - Plant and Equipment
To comply with AASB 116, as each building is completed the Board of Directors adopts Quantity Surveyor estimates for Plant and Equipment associated with rental properties based on the estimated replacement cost of the assets. Depreciation for Building Plant and Equipment has been calculated by amortising the replacement cost of the assets over the remaining useful life as determined by the Quantity Surveyor’s report and adopted by the Board of Directors.

Key estimates - Land & Buildings at valuation
The sale of certain properties in the Group's portfolio would give rise to a taxable supply under the GST legislation and therefore be subject to GST. This GST liability would cause the net sale value being less than the book value. No adjustment to the book value has been made in the accounts as there is no current intention to sell any of the affected properties and also because the potential GST liability could be avoided by renting the affected properties at market rents for a period of five years.

Refer to Note 8 which highlights key estimates in relation to the valuation of land and buildings.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Summary of accounting policies continued

q. Critical Accounting Estimates and Judgments continued

Key estimates - Work In Progress
Directors review amounts held in work in progress on a quarterly basis to assess the likelihood of a project progressing. Costs for projects that are aborted are expensed by a resolution of the Board.

Key estimates - Deferred Management Fee Income
Residents of the retirement village pay an up-front ingoing contribution, of which 70% is ultimately refundable and with 30% being a "deferred management fee" (DMF) paid to the Group. The DMF is payable over a 5 year period or on a pro-rata basis if the resident leaves within the 5 year period. For the year ended 30 June 2020, management has elected to amortise the DMF income on the basis of 5 years. There was insufficient information available regarding the potential length of stay of residents to determine whether another period of time was more appropriate to amortise the DMF income.

Fair Value Measurement Heirarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level heirarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

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

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

Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The inputs used for the purposes of revaluing the Group's land and buildings fall under the "Level 2" inputs.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

NOTE 2: REVENUE

	Consolidated Group	
	2020	**2019**
	$	**$**
(a) Revenue from rent		
– Residential rent (incl service charges)	15,912,382	15,418,203
– Commercial rent	319,482	310,027
– Recovery of tenant damage	359,927	346,838
– Caretaking income	684,104	683,686
– Other property related revenue	239,620	130,055
	17,515,515	16,888,809
(b) Revenue from grants		
– Grants – Affordable Housing	3,352,373	5,896,249
– Grants – National Rental Affordability Scheme	1,121,433	1,092,125
	4,473,806	6,988,374
(c) Other revenue		
– Management fees	591,935	612,306
– Management fees relating to Elevate Residential	208,819	76,006
– Accommodation fees relating to Arbor Sherwood Retirement Village	38,294	-
– Deferred management fees relating to Arbor Sherwood Retirement Village*	137,965	-
– Interest received	165,705	456,281
– Other revenue **	858,842	50,070
	2,001,560	1,194,663
Total Revenue	23,990,881	25,071,846

* Deferred Management Fees are payable by the resident during the first 5 years of occupancy. If a resident exits within the first 5 years, Deferred Management Fees are payable on a pro rata basis to the date of exit.

** Other Revenue includes $725,000 relating to proceeds from a legal claim.

NOTE 3: EXPENSES

	Consolidated Group 2020 $	2019 $
Expenses		
Finance costs:		
– External	119,342	120,595
– Right of Use Asset *	2,890	-
Bad and doubtful debts	195,748	105,817
Depreciation expense on non-cancellable leases		
– Right of Use Asset *	352,659	-
Rental expense on operating leases (comparative year) or leases where AASB16 has been applied		
– minimum lease payments	35,377	174,915
Expenses relating to Elevate Residential	295,965	168,585
Sales and marketing expenses relating to Arbor Sherwood	393,461	549,098

* Depreciations for Right of Use Asset includes an amount of $180,767 to cover make-good cost at the end of the lease.

NOTE 4: CASH AND CASH EQUIVALENTS

	Consolidated Group 2020 $	2019 $
Cash at bank	1,787,275	850,127
Short term deposits with original maturity < 3 months	7,521,838	5,800,000
Short term deposits with original maturity 3-6 months	10,100,000	9,500,000
	19,409,113	16,150,127

The average effective interest on cash and term deposits was 1.31% (2019: 2.40%).

At 30 June 2020, the Company had a bank guarantee in favour of the lessor of the property occupied as the head office of the Company to a total value of $142,120 (2019 $142,120). The lease for this property expired on 31 August 2020 and the bank guarantee has been returned by the lessor to the Company and extinguished by the bank. The Company has a secured bank guarantee in favour of the lessor of the property occupied at the new head office of the Company to a total value of $385,637.

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated Group 2020 $	2019 $
CURRENT		
Residential receivables	329,108	339,760
Commercial receivables	223,311	142,729
	552,419	482,489
Provision for impairment of receivables	(207,368)	(228,319)
	345,051	254,170

Refer to note 1.3(r) for analysis details on past due receivables.

NOTE 6: LOANS TO THIRD PARTIES

	Consolidated Group	
	2020	2019
	$	$
Current	26,920	26,920
Non current	185,287	207,387
	212,207	234,307

Loans to third parties are interest free with the balance payable after 10 years from the start of the loan.

NOTE 7: OTHER CURRENT ASSETS

	Consolidated Group	
	2020	2019
	$	$
CURRENT		
Prepayments	751,193	661,014
Accrued income	561,371	289,963
Interest receivable	4,627	87,626
GST receivable	142,790	298,012
Advances and deposits	294,532	199,100
Total other assets	1,754,513	1,535,715

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

The Group's land and buildings were revalued as at 30 June 2020 by independent valuers and director valuations. The Group is required to classify all assets and liabilities measured at fair value using a three level heirarchy (see Fair Value Measurement Heirarchy under Critical Accounting Estimates and Judgements) and the inputs used for the purposes of revaluing the Group's land and buildings fall under the "Level 2" inputs.

Valuations were made on the basis of open market value with consideration being given to the reduced rental charged on the properties, reflecting the mission of the Group. The revaluation increment was credited to the asset revaluation reserve in shareholders' equity during the year. Director valuations were made taking into account independent valuations, their knowledge of the Group's assets and the current market.

The valuations have been performed with reference to the current market conditions however there is uncertainty as to the effect the Coronavirus (COVID-19) pandemic may have on the rental market in the short to medium term. Any movements resulting from the pandemic may affect the future value of these assets.

	Consolidated Group	
	2020	2019
	$	$
Freehold land at:		
– Cost	1,400,000	3,717,128
– Directors' valuation	1,499,870	1,499,870
Total land	2,899,870	5,216,998

Land includes vacant land and land currently under development. Development costs are identified separately under Work in Progress.

Land and Buildings at:		
– Directors' valuation	197,049,104	209,762,519
– Independent valuation	132,900,076	97,147,314
– Less rectification works to be undertaken	(884,500)	-
Total land and buildings	329,064,680	306,909,833

The value of Buildings excludes any associated Plant and Equipment items which are identified separately.

NOTE 8: PROPERTY, PLANT AND EQUIPMENT continued

Plant and equipment		
At cost	20,289,140	22,325,212
Accumulated depreciation	(14,086,224)	(15,005,486)
	6,202,916	7,319,726
Office Equipment		
At cost	359,945	348,611
Accumulated depreciation	(295,583)	(301,697)
	64,362	46,914
Leasehold Improvements		
At cost	766,723	766,724
Accumulated depreciation	(714,594)	(556,115)
	52,129	210,609
Motor Vehicles		
At cost	93,142	166,087
Accumulated depreciation	(93,142)	(118,763)
	-	47,324
Total Property, Plant and Equipment	338,283,957	319,751,404

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (CONT)

a. **Movements in Carrying Amounts**
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Freehold Land	Buildings	Land & Buildings	Plant & Equipment	Office Equipment	Leasehold Improvements	Motor Vehicles	Total
	$	$	$	$	$	$	$	$
Consolidated Group:								
Balance at 30 June 2019	90,789,128	221,337,703	-	7,319,726	46,914	210,609	47,324	319,751,404
Additions	1,400,000	-	18,107,679	589,036	37,789	-	-	20,134,504
Disposals	-	-	-	(19,106)	-	-	(46,605)	(65,711)
Transfers	(89,289,258)	(221,337,703)	310,626,961	-	-	-	-	-
Revaluation increments / (decrements)	-	-	6,683,781	-	-	-	-	6,683,781
Impairment	-	-	(884,500)	-	-	-	-	(884,500)
Depreciation expense	-	-	(5,469,241)	(1,686,740)	(20,341)	(158,480)	(719)	(7,335,521)
Balance at 30 June 2020	2,899,870	-	329,064,680	6,202,916	64,362	52,129	-	338,283,957

NOTE 9: RIGHT OF USE ASSETS

	Consolidated Group	
	2020	2019
	$	$
Right of use asset	387,502	-
Accumulated depreciation	(352,659)	-
	34,843	-

Right of Use Assets relates to the capitalisation of the Company's office lease in accordance with AASB 16. AASB 16 now requires leases that were previously regarded as an operating lease, where the monthly rent expense was reflected in the Statement of Profit or Loss to be recorded in the financial accounts as if it were a finance lease.

The new treatment raises a right of use asset which is then depreciated over the period of the lease. The right of use asset also includes any make good estimations. There is a corresponding current finance lease liability raised, which is discounted due to the long-term nature of the liability. A notional interest cost is charged to finance costs over the term of the lease.

NOTE 10: WORK IN PROGRESS

	Consolidated Group	
	2020	2019
	$	$
Work in Progress		
At cost	3,154,326	9,864,942

Movements in Work in Progress	
Balance at 30 June 2019	9,864,942
Additions	11,058,315
Transfer to property, plant and equipment	(17,768,931)
Balance at 30 June 2020	3,154,326

As a 30 June 2020 there is a 32 unit development at Cornwall Street, Woolloongabba undergoing construction which will have 5 units specifically allocated for disadvantaged youth requiring long term accommodation.

During the year the 52 unit retirement village at Sherwood was successfully completed and is now operational.

NOTE 11: INVESTMENT PROPERTIES

	Consolidated Group	
	2020	2019
	$	$
NON-CURRENT		
Commercial	1,386,241	1,386,241
	1,386,241	1,386,241

Commercial properties are carried at fair value in accordance with Note 1.3(f).

NOTE 12: INTANGIBLE ASSETS

	Consolidated Group	
	2020	2019
	$	$
Software		
Cost	25,800	-
Accumulated amortisation	(3,618)	-
Net Carrying Value	22,182	-

Capitalised Software at 30 June 2020 represents customisation of accounting software to accommodate for the retirement village.

NOTE 12: INTANGIBLE ASSETS continued

	Consolidated Group 2020 $	2019 $
Management rights	288,636	288,636
Accumulated amortisation	(230,909)	(202,045)
Net Carrying Value	57,727	86,591
Net intangibles	79,909	86,591

Movements in Carrying Amounts

	Software $	Management Rights $	Total $
Movement in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year			
Consolidated Group:			
Balance at 30 June 2019	-	86,591	86,591
Additions	25,800	-	25,800
Amortisation expense	(3,618)	(28,864)	(32,482)
Balance at 30 June 2020	22,182	57,727	79,909

NOTE 13: TRADE AND OTHER PAYABLES

	Consolidated Group 2020 $	2019 $
CURRENT		
Trade payables and accruals	1,341,945	2,133,413
GST payable	25,233	17,544
Unearned grant income	3,451,319	191,355
Other unearned income	352,426	349,725
Other payables	1,351,403	933,231
Other payables - retirement village	5,264,972	-
	11,787,298	3,625,268

NOTE 14: PROVISIONS

	Consolidated Group 2020 $	2019 $
Current	489,611	558,285
Non-current	160,230	117,561
	649,841	675,846

NOTE 14: PROVISIONS continued

Analysis of Total Provisions	Short-term Employee Benefits $	Long-term Employee Benefits $	Other $	Total $
Consolidated Group				
Balance at 1 July 2019	246,950	255,896	173,000	675,846
Additional provisions	364,007	65,921	-	429,928
Amounts paid	(277,287)	(5,646)	(173,000)	(455,933)
Balance at 30 June 2020	333,670	316,171	-	649,841

NOTE 15: CAPITAL COMMITMENTS

	Consolidated Group 2020 $	2019 $
a. **Capital Expenditure Commitments**		
Capital expenditure commitments contracted for:		
Capital expenditure projects	7,048,207	6,871,000
	7,048,207	6,871,000
Payable:		
– not later than 12 months	7,048,207	6,871,000
– between 12 months and 5 years	-	-
– greater than 5 years	-	-
	7,048,207	6,871,000

NOTE 16: OPERATING LEASES AS LESSOR

The Group leases out commercial space retained in its developments on an operating lease basis. The lease contracts are all non-cancellable ranging from 3 - 5 years from the commencement of the lease. No contingent rents were recognised. Future minimum lease rentals are as follows:

	Consolidated Group 2020 $	2019 $
Minimum lease rentals due:		
– not later than 12 months	233,195	245,017
– between 12 months and 5 years	365,485	269,520
– greater than 5 years	-	-
	598,680	514,537

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

The Group's key management personnel consisted of the Chief Executive Officer, the Chief Operating Officer, Chief Financial Officer, Projects Director and Directors. Total compensation paid to key management personnel during the financial year amounted to $922,907 (2019: $1,095,980).

NOTE 18: SHARE CAPITAL

	Consolidated Group	
	2020	**2019**
	$	**$**
3 (2018: 3) fully paid Ordinary Shares	3	3
8 (2018: 8) fully paid Community Redeemable Preference Shares	8	8
	11	11

Ordinary shares do not carry the right to receive a dividend or participate in the income, profits or surplus assets of the Company beyond the redemption amount and in the event of winding up, the surplus assets of the company are transferred to one or more charitable institutions nominated by the State Government. Redeemable preference shares do not participate in dividends or proceeds of winding up (apart from the $1 redemption amount).

At shareholders' meetings each ordinary share and community redeemable preference share is entitled to vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

NOTE 19: BORROWINGS

	Consolidated Group	
	2020	**2019**
	$	**$**
Loan Facilities		
Loan Facilities	10,000,000	10,000,000
Amount utilised	-	-
Amount Available	10,000,000	10,000,000

At 30 June 2020 the Group has access to a $10m revolving loan facility. The facility is due to expire on 31 January 2021. Termination of the agreement can be effected by notice in writing. No funds were drawn down as at 30 June 2020.

Finance will be available under the facility provided the Group has not breached any borrowing covenants and the required financial ratios are met. At the date of this report the borrowing covenants have been met.
The loan facilities are secured by mortgages over a number of the land and buildings classified as Property, Plant and Equipment in note 8.

NOTE 20: PARENT ENTITY INFORMATION

Information relating to Brisbane Housing Company Limited - excluding subsidiaries ("the Parent Entity")

	2020 $	2019 $
Statement of Financial Position		
Current Assets	20,681,083	17,243,010
Total Assets	364,436,069	349,078,566
Current Liabilities	12,053,250	3,997,380
Total Liabilities	12,425,906	4,114,941
Total Equity	352,010,163	344,963,625

	2020 $	2019 $
Statement of Profit or Loss and Other Comprehensive Income		
Surplus for the year	645,310	3,574,161
Add: Profit/(loss) recorded on investment in Catalyst Affordable Housing Limited	91,430	1,336,186
Other Comprehensive Income	6,469,297	7,371,435
Total Comprehensive Income	7,206,037	12,281,782

At 30 June 2020 the Parent Entity has $7.0m of capital expenditure commitments relating to projects and capital works (2019: $6.9m). The Parent Entity has not entered into a deed of cross guarantee nor are there any contingent liabilities at the year end other than those described in Note 22.

NOTE 21: COMPOSITION OF THE GROUP

Set out below are details of the subsidiaries held directly by the Group:

Name of the Subsidiary	Country of Incorporation and principal place of business	Principal Activity	Proportion of Ownership interests held by the Group	
			2020	2019
BHC Development Services Pty Ltd	Australia	Dormant	100%	100%
Catalyst Affordable Housing Limited	Australia	Developer/Manager of Affordable Housing in Gladstone	100%	100%

NOTE 22: CONTINGENT LIABILITIES

As a condition of the funding received under the funding agreement with the State Government (the State), for the Bothwell Street project (Caggara House), the Company was required to construct 57 social housing units. The State contributed the land currently valued at $2.46m and cash of $7.47m. The State has an option to purchase the development in 2053 and a first right of refusal if the Company sells before that date. The Company may be required to repay the contingent liability to the State in the event of a sale of the property. The contingent liability is a proportion of the value of the property based on the proportion of the total cost which was provided by the State and is to reduce by 2.5% per annum.

NOTE 23: AFTER BALANCE DATE EVENTS

In July 2020, the Group signed a 8 year lease commencing 1 September 2020 for office space at Level 17, 33 Ann Street Brisbane.

In September 2020, BHC entered into a contract to purchase a parcel of land located at Wardle Street, Mt Gravatt. Settlement date is to be determined and is subject to the satisfaction of a number of conditions.

In October 2020, the Group entered into a capital funding agreement with the State Government in relation to an affordable housing development at Ernest Street, South Brisbane.

There is no litigation filed against the Group since balance date and the Group is unaware of any pending litigation.

The financial report was authorised for issue on 21st October 2020 by the Board of Directors.

NOTE 24: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons.

During the year the Group invoiced $39,142 excl GST (2019: $39,291 excl GST) in rent to Multicap Ltd for 6 boarding rooms at Hartopp Lane, Kelvin Grove. One of the Group's directors is also a director at Multicap Ltd.

NOTE 25: FAIR VALUE MEASUREMENT

The following table shows the non-financial assets measured at fair value on a recurring basis at 30 June 2020:

	$
Property Plant and Equipment	
Land & Buildings - Independent Valuation	132,900,076
Land & Buildings - Directors' Valuation	198,548,974

Fair value of the land & buildings - independent valuation, is estimated based on valuations performed by independent, professionally qualified property valuers. In conducting their valuation, current rents, building operating costs and valuations of comparable properties are taken in to consideration. Fair value of land and buildings - directors' valuations are estimated based on the average percentage increase of the independent valuations.

The land and buildings were revalued on 30 June 2020. The land and buildings were previously revalued in June 2019.

Brisbane Housing Company Limited
ABN 75 101 263 834

DIRECTORS' DECLARATION

The directors of the entity declare that:

1. The consolidated financial statements and notes, as set out on pages 8 to 31, are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012 and:

   a. comply with Accounting Standards reduced disclosure requirements (including Australian Interpretations) and the Australian Charities and Not-for-Profits Regulations 2013; and

   b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the company and of the consolidated group.

2. In the directors' opinion there are reasonable grounds to believe that the company and its subsidiaries will be able to pay their debts as and when they become due and payable.

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

Eloise Atkinson (Chairperson)

Dated this 21st day of October 2020

Grant Thornton

Level 18, 145 Ann Street
Brisbane QLD 4000

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Independent Auditor's Report

To the Members of Brisbane Housing Company Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Brisbane Housing Company Limited (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Brisbane Housing Company Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012 ("ACNC Act")*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Registered Entity's Directors' report for the year ended 30 June 2020, 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 Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

Auditor's responsibilities for the audit of the financial report

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

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 Registered Entity'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 Registered Entity'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 Registered Entity 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.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Grant Thornton Audit Pty Ltd
Chartered Accountants

S G Hancox
Partner - Audit & Assurance

Brisbane, 21 October 2020