



Launch Housing Limited

ABN: 20 605 113 595

Financial report

For the year ended 30 June 2021

Pitcher Partners

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LAUNCH HOUSING LIMITED

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DIRECTORS' REPORT

The directors present their report together with the financial report of Launch Housing Limited for the year ended 30 June 2021 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Neil Chatfield

Dominic Esposito (Resigned 30 June 2021)

Megan Fletcher

Natasha French (Appointed 1 January 2021)

Carolyn Gale

Wayne Read (Resigned 31 March 2021)

Jillian Riseley

Joel Simmonds (Appointed 1 February 2021)

Ron Wakefield

Diane White (Appointed 1 July 2020)

Pam White

Katharine Williams

Adam Zaccaria (Appointed 1 January 2021)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Company Objectives and Strategy

Launch Housing aims to make Melbourne a world leading city in ending homelessness. Through direct service delivery and with strong partner and community engagement, we work strategically to scale up interventions that work to prevent homelessness, to build and deliver housing solutions others won't, and to bring the best global ideas to local and uniquely Melbourne solutions.

There is no one pathway into or out of homelessness. We know it is caused by combination of trauma, unaffordable housing and inadequate income support, but solutions do exist.

Stopping people becoming homeless by engaging with first-to-know agencies to develop programs to prevent homelessness and then getting people housed by increasing the supply of safe affordable housing, owned or managed by Launch Housing, forms part of the solution. Keeping people housed by extending the range of programs that sustain tenancies and prevent eviction, as well as access to education, employment and community participation is also part of the solution. But none of this is enough.

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DIRECTORS' REPORT

Company Objectives and Strategy (Continued)

Challenging stigma and changing attitudes that some level of homelessness is inevitable, must feature, because this stubbornly persistent view prevents evidence-based policy making from succeeding. A social movement for change that envisions a city and state without homelessness is also necessary. A hyper-local Melbourne Zero or zero homelessness initiative is complementary to and part of our direct service delivery outlook, to have Melbourne be a world leading city in ending homelessness.

We strive for a healthy performance culture where risk and financial health is managed, so that strategy attainment replaces business as usual as the key marker of success.

The values that drive all of our work are empowerment, fresh thinking, agility, leadership and courage.

Principal activities

Launch Housing brings a longstanding history of providing services to people at risk of or experiencing homelessness.

Launch Housing and its predecessor organisations have over 60 years' experience working to minimise harm and enliven rights for people without a safe place to live across 14 sites in 18 local government areas from Whittlesea in the north to Greater Dandenong in the southeast of Melbourne.

We provide housing and support services to individuals, couples and families. Our services include street-based outreach, crisis accommodation, short-term and long-term supportive housing, and assistance to access or retain private rental accommodation.

We provide services to young people in education, to people who have experienced family violence, and facilitate client access to financial entitlements and a range of health services.

In 2020-21, Launch Housing faced extraordinary challenges responding to the impact of the COVID-19 pandemic on our support services and operations. In the preceding four months, from March 2020 to June 2020, Launch Housing developed COVID-19 safe plans for all its operations and placed thousands of people without a safe place to live into emergency accommodation.

Those COVID-19 pressures persisted throughout 2020-21 as public health orders and lockdowns varied alongside the spread of the disease. Chief among the service changes was the intake and retention of large numbers of people into hotels, as lockdowns came and went.

In all, over 450,000 nights of safety were provided with an extra \$19.7m of hotel related funding (\$28.9m total) provided by the State Government, with Launch Housing leading by example to co-ordinate outreach and clinical health services into hotels.

The hotels response was the forerunner to the From Homelessness to a Home (H2H) program, announced by the State government in September 2020 and commissioned in January 2021, to permanently house 1,845 households. Launch Housing was contracted to deliver a multidisciplinary housing and support program, to secure and maintain housing for 420 people entrenched in homelessness, in 210 privately owned and head leased properties and 210 Director of Housing owned properties. Launch Housing will deliver this program with our clinical and allied health consortia partners over two years. A medically supervised COVID-19 Isolation and Recovery Facility was also operated in partnership with St Vincent's Hospital Melbourne (SVHM) and the Brotherhood of St Laurence (BSL) to provide a safe place for clients to self-isolate.

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DIRECTORS' REPORT

Principal activities (Continued)

Despite the very real risks and pressures of the COVID-19 emergency response, significant progress was also made on the housing front. The innovative 48-unit Harris Transportable 'tiny homes' project was completed in January 2021, piloting versatile housing solutions for clients, that make use of under-utilised government owned land. The Families Supportive Housing project in Dandenong, delivering homes and individualised support for 60 women and 140 children affected by family violence, moved into construction in January 2021. And, after winning a City of Banyule design tender for 58 social housing units in the suburb of Bellfield on Council owned land, Launch Housing learned in June 2021 that its 'Bellfield project' was successful in securing State Government funding through the Social Housing Growth Fund's Rapid Grants Round - meaning the project is now on a construction pathway.

The COVID-19 pandemic is not over and its aftershocks will reverberate for a long time. We witnessed incredible resilience from staff, clients and the community. We learnt as a community, that everyone's health is connected to the health of the person next to them, and that everyone needs shelter. This refrain informed our public commentary and community engagement activities, throughout the year.

It informed our inaugural April 2021 'Roughin It Challenge' to raise awareness, challenge stigma and encourage people to get involved in solutions to homelessness and our May 2021 major supporters event where we premiered The Road Home documentary highlighting the reality of our work on the streets of Melbourne. It also informed public discourse with the second Australian Homelessness Monitor published in October 2020, with a special focus on rough sleeping, in conjunction with academic partners from UNSW Sydney and the University of Queensland. It informed a simplified marketing and landlord engagement effort from our social enterprise real estate agency, HomeGround Real Estate, which saw a 60% increase in properties under management, with over a quarter offered at below market rents.

Finally, Launch Housing renewed its Board membership in 2020-21, with four new Directors commencing between 1 July 2020 and 1 February 2021, and two Directors retiring after 22 years' of combined service to Launch Housing and its predecessor organisations. As at 30 June 2021, Launch Housing had 11 Directors; seven women and four men.

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DIRECTORS' REPORT

Information on directors

Neil Chatfield

Director

Qualifications

Master of Business in Finance and Accounting; Post Graduate Diplomas in Information Technology and Accounting, Fellow of the CPA Australia (FCPA), Fellow of the Australian Institute of Company Directors (FAICD).

Experience

Experienced Public Company executive and Non Executive Director. Chairman of Costa Group Holdings since June 2015 and Non-Executive Director since 2011; and Chairman of Aristocratic Leisure Ltd since February 2019 after serving as a Non Executive Director since 2018 - both ASX listed companies.

Previous: Chairman of Seek Limited (2012-18) and Non Executive Director (2005-2012); Non Executive Director and Chairman of Virgin Australia Holdings Ltd (2007-2015); Non Executive Director of NYSE Listed Iron Mountain Incorporated (2016-2017); Recall Holdings Ltd (2013-2016); Executive Director and Chief Financial Officer of Toll Holdings Ltd for over 10 years; and Non Executive Director of Transurban Group from 2009 to 21 October 2021.

Non Executive Director HomeGround Services from 2007 to 2015, appointed Chair 2008.

Special responsibilities

Chair, Board of Directors, Member of Governance & Engagement Committee.

Appointed

1 July 2015

Dominic Esposito

Director

Qualifications

Bachelor of Laws

Experience

Legal practice as Solicitor.

Previous: Non- Executive Director HomeGround Services from 2010 to 2015.

Special responsibilities

Member of Audit, Finance & Risk Committee, Member of Property Committee

Appointed

1 July 2015

Resigned

30 June 2021

Megan Fletcher

Director

Qualifications

Bachelor of Business (Communication), Grad Dip. Communication (part), Diploma Management, Victoria University.

Experience

Independent consultant.

Previous: Group Executive Corporate Affairs, Nufarm Limited, Non-Executive Director Hanover Welfare Services from 2012 to 2015.

Special responsibilities

Member of Governance & Engagement Committee

Appointed

1 July 2015

LAUNCH HOUSING LIMITED**ABN: 20 605 113 595****DIRECTORS' REPORT****Information on directors (Continued)**

Natasha French	Director
Qualifications	Diploma, Property Investment & Finance; Graduate Australian Institute of Company Directors (GAICD); Bachelor of Property - The University of Auckland
Experience	Senior Property Development & Management Executive with extensive experience over 15 years in the property industry. Currently Investment Director - Development at AustralianSuper, and Industrial, Infrastructure, & Logistic Committee member for the Property Council of Australia (Victorian Division). Previous: senior roles at Deloitte Real Estate Advisory, CBRE, Microsoft, Lend Lease and APP Corporation. Non-Executive Director Co-operation Housing – 2014 – 2017, Committee Member for Property Council of Australia (PCA) 2009 – 2012 & 2015 – 2017
Special responsibilities	Member Property Committee (from 31 March 2021)
Appointed	1 January 2021
Carolyn Gale	Director
Qualifications	Master of Business Administration; Certificate of Public Sector Management; Graduate Diploma in Urban Research and Policy; Bachelor of Arts (Honours Political Science); Graduate Australian Institute of Company Directors (GAICD).
Experience	CEO Coroners Court of Victoria; Deputy Secretary, Service Strategy Reform, Department of Justice and Regulation; Executive Director Department of Justice and Regulation; Director Department of Human Services. Previous: Non-Executive Director HomeGround Services from 2013 to 2015.
Appointed	1 July 2015
Wayne Read	Director
Qualifications	Bachelor of Economics (Honours); CA, Chartered Accountants Australia and New Zealand
Experience	Independent consultant. Previous: Partner – CFO Advisory at KPMG with over 30 years' experience advising major listed and government owned corporations on treasury and financial management and energy markets activities.
Special responsibilities	Chair of Audit, Finance and Risk Committee (21 August 2019 to 31 March 2021)
Appointed	1 July 2015
Resigned	31 March 2021

LAUNCH HOUSING LIMITED**ABN: 20 605 113 595****DIRECTORS' REPORT****Information on directors (Continued)**

Jillian Riseley	Director
Qualifications	Masters of Studies in Sustainability Leadership (University of Cambridge); Graduate Australian Institute of Company Directors (GAICD); Executive Business (AGSM); Bachelor of Arts, Public Relations, RMIT University.
Experience	CEO of the Metropolitan Waste and Resource Recovery Group. Previous: Board Director roles include Royal Botanic Gardens (Victoria); Australian Council of Social Service; Responsible Entity Partners; Thin Green Line Foundation and Streetsmart; as well as corporate leadership roles in public affairs and sustainability.
Special responsibilities	Chair of Property Committee
Appointed	18 May 2016
Joel Simmonds	Director
Qualifications	Bachelor of Commerce, Accounting and Finance, Deakin University; Member, Institute of Chartered Accountants in Australia.
Experience	Partner at PricewaterhouseCoopers (PwC), with over 15 years' experience, including two years working in the United States, specialising in providing assurance and advisory services.
Special responsibilities	Chair Audit, Finance & Risk Committee (appointed 31 March 2021)
Appointed	1 February 2021
Ron Wakefield	Director
Qualifications	BE(Hon 1) in Civil Engineering, University of New South Wales (UNSW); Master of Science (MSE) in Civil Engineering and Operations Research, Princeton University; PhD in Civil Engineering, UNSW; Member of the American Society of Civil Engineers (MASCE); Member of the Institution of Engineers Australia (MIEAust), CPEng NER, FRICS.
Experience	Professor of Construction and Dean, School of Property, Construction and Project Management and Deputy Pro Vice Chancellor, College of Design and Social Context Portfolio RMIT University Melbourne, Australia. Previous: Non Executive Director Hanover Welfare Services from 2009 to 2015; Building Practitioners Board Victoria (Member 2007-2015, Co-opted member 2015-2017). Current: Chair, Board of Directors Tract Consulting; Director, Sustainable Built Environment National Research Centre; Director, International Council for Research and Innovation in Building and Construction (CIB); Director JJR Consulting.
Special responsibilities	Member of Audit, Finance & Risk Committee (1 July 2020 to 31 March 2021), Member of Property Committee
Appointed	1 July 2015

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DIRECTORS' REPORT

Information on directors (Continued)

Diane White	Director
Qualifications	Bachelor of Laws (LLB), Victoria University, Wellington, New Zealand; Bachelor of Arts (International Relations and English Literature), Victoria University, Wellington, New Zealand, and Uppsala University, Sweden; Admitted as a Barrister and Solicitor of the High Court of New Zealand
Experience	Currently Director, Strategy & Transactions at Ernst & Young (EY). Previous: Associate Director, Oceana Human Services Practice, and Oceana Gender Network Leader, at EY; Government secondments as Executive and Project Director at Department of Health & Human Services and Family Safety Victoria; Principle Advisory at Victorian Equal Opportunity & Human Rights Commission; Senior Policy & Executive Officer, and Project Manager Independent Mental Health Advocacy, Victoria Legal Aid.
Special responsibilities	Member Governance & Engagement Committee (from 11 November 2020), Member Audit, Finance & Risk Committee (from 31 March 2021).
Appointed	1 July 2020
Pam White	Director
Qualifications	B.Arts (B.A Honours), Politics and History (Monash University) Graduate AICD.
Experience	Consultant - Theory Systems (Human Services & Public Sector Governance). Non-Executive Director of CFA and Chair the Registration and Qualifications Authority. Previous: Non-Executive Director Hanover Welfare Services from 2014 to 2015.
Appointed	1 July 2015
The Hon. Katharine Williams	Director
Qualifications	LLB (Hons) LLM, University of Melbourne.
Experience	Former Justice Supreme Court of Victoria, Judge County Court of Victoria, President Victorian Forensic Leave Panel, Barrister at Victorian Bar, Member of Law Faculties of Melbourne and Monash Universities and Solicitor. Currently Director of St Vincent's Institute of Medical Research. Previous: Non-Executive Director of Over 50s Building Society Ltd and Barristers Chambers Ltd.
Special responsibilities	Chair Governance & Engagement Committee.
Appointed	2 August 2016

LAUNCH HOUSING LIMITED**ABN: 20 605 113 595****DIRECTORS' REPORT****Information on directors (Continued)**

Adam Zaccaria	Director
Qualifications	Bachelor of Applied Economics, University of South Australia; Graduate Certificate of Chartered Accounting Foundations, Deakin University; Global Executive MBA (candidate), University of Sydney; Graduate, Australian Institute of Company Directors (GAICD); Advanced Securitisation Programme, Australian Securitisation Forum.
Experience	Currently Regional Business Bank Executive – Melbourne, National Australia Bank (NAB). Previous: Managing Partner, Private Bank, Ultra High Net Worth & Family Office, NAB, and various Executive and Senior Management positions in Private Banking, Corporate and Institutional, Strategy and Structured Finance at NAB and Bendigo & Adelaide Bank.
Special responsibilities	Member Audit, Finance & Risk Committee (from 31 March 2021)
Appointed	1 January 2021

Company Secretary

The position was held by Arianne Broadbent from 3 February 2020. Arianne holds a Master of Social Work, and is a graduate of the Australian Institute of Company Directors (GAICD).

Meetings of directors

Directors	Board meetings		Governance & Engagement Committee		Audit, Finance & Risk Committee		Property Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Neil Chatfield*	10	10	3	3	3	3	-	-
Dominic Esposito	9	7	-	-	8	7	5	4
Megan Fletcher	9	8	3	3	-	-	-	-
Natasha French*	6	5	-	-	-	-	2	2
Carolyn Gale	9	8	-	-	-	-	-	-
Wayne Read	7	6	-	-	6	6	-	-
Jillian Riseley*	10	8	-	-	-	-	5	4
Joel Simmonds	5	5	-	-	4	4	-	-
Ron Wakefield*	10	9	-	-	6	6	5	5
Diane White	9	8	2	2	2	2	-	-
Pam White	9	5	-	-	-	-	-	-
Katharine Williams	9	6	3	3	-	-	-	-
Adam Zaccaria*	6	5	-	-	2	2	-	-

*Additional sub-committee Board Meeting held on 16 March 2021.

LAUNCH HOUSING LIMITED**ABN: 20 605 113 595****DIRECTORS' REPORT****Financial Result**

For the financial year ended 30 June 2021, Launch Housing delivered an Operating Surplus (excluding capital grants and unrealised gains on investment) of \$1.4 million (2020: \$2.2 million) and a Total comprehensive income for the year, of \$7.0 million (2020: \$2.7 million).

During the year ended 30 June 2021, significant additional activity as been undertaken as a result of the ongoing COVID-19 pandemic. Funding in relation to this activity has been recognised as revenue per below:

COVID-19 Related Revenue Impact	2021	2020
	\$	\$
Emergency Accommodation	19,719,643	6,413,156
Hotels Health Emergency Response	2,571,123	-
Sumner House COVID Facility	1,886,333	350,043
Homelessness to Homes Program	2,460,542	-
Working for Victoria - workforce provision	1,076,082	-
COVID Operating Fund	1,153,961	-
	<hr/> 28,867,684	<hr/> 6,763,199

Launch Housing is dependent on grant funding which comes from the State and Federal Governments and local sources, for the majority of its revenue used to operate the business. Changes to Government policy at any level can have a direct impact on service delivery. Based on funding agreements in place at the date of this report the directors have no reason to believe the funding will not be continued to support Launch Housing.

Limit of liability

The entity is a Company limited by guarantee incorporated under the Corporations Act 2001 and does not have share capital. If the Company is wound up, the Constitution states that current members, and any persons whom were members within the last 12 months immediately prior, are required to contribute an amount determined by the Company, but not exceeding \$10 each, to meet the outstanding obligations of the Company. At 30 June 2021 the number of members was 11.

Significant changes in state of affairs

Since the declaration by the World Health Organisation on 11 March 2020, of the Coronavirus (COVID-19) as a pandemic, there has been a significant impact on local and global economies. The pandemic has had an impact on the scale and operations of the Company and will continue to have an impact on the financial performance of the Company into the future.

Other than those matters discussed above, there were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

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DIRECTORS' REPORT

After balance date events

Subsequent to the reporting date, the State Government of Victoria enacted a lockdown which commenced 5 August 2021. As at the date of the directors' report, the directors have been unable to determine whether there will be any long term impact on the Company.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Signed on behalf of the board of directors.

Director: 

Neil Chatfield

Director: 

Joel Simmonds

Dated this 16 day of November 2021

LAUNCH HOUSING LIMITED
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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF LAUNCH HOUSING LIMITED

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



K L BYRNE

Partner



PITCHER PARTNERS

Melbourne

Date: 19 November 2021

LAUNCH HOUSING LIMITED

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	Note	2021 \$	2020 \$
Revenue and other income			
Operational revenue	3	81,983,273	63,511,695
Other income	3	<u>7,771,793</u>	<u>3,291,123</u>
		<u>89,755,066</u>	<u>66,802,818</u>
Less: expenses			
Client costs		(24,321,862)	(13,652,521)
Consultancy and other professional fees		(2,001,361)	(1,269,531)
Depreciation and amortisation expense	5	(4,257,854)	(3,173,171)
Employee benefits expense	5	(38,322,141)	(33,637,708)
Finance costs	5	(451,925)	(507,759)
Impairment loss	5	(3,997,589)	-
Marketing and fundraising expenses		(610,729)	(256,737)
Motor vehicle and travel expenses		(306,161)	(374,338)
Office and property costs		(6,316,441)	(4,597,953)
Operating lease expenses		(75,298)	(89,743)
Other staff costs		(654,286)	(765,473)
Payments to other agencies		(4,652,779)	(4,696,083)
Other expenses		<u>(2,380,869)</u>	<u>(1,603,233)</u>
		<u>(88,349,295)</u>	<u>(64,624,250)</u>
Operating surplus		<u>1,405,771</u>	<u>2,178,568</u>
Government and philanthropic capital grant income	4	4,963,191	1,485,611
Net gain / (loss) from investments at fair value through profit or loss	17(a)	<u>975,363</u>	<u>(932,681)</u>
Net surplus		7,344,325	2,731,498
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Change in fair value of assets - asset revaluation reserve	17(a)	<u>(316,368)</u>	-
Other comprehensive income for the year		<u>(316,368)</u>	-
Total comprehensive income		<u><u>7,027,957</u></u>	<u><u>2,731,498</u></u>

The accompanying notes form part of these financial statements.

LAUNCH HOUSING LIMITED

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
Current assets			
Cash and cash equivalents	6	45,175,387	17,649,756
Receivables	7	1,203,937	1,397,994
Other assets	8	<u>2,545,050</u>	<u>5,655,171</u>
Total current assets		<u>48,924,374</u>	<u>24,702,921</u>
Non-current assets			
Other financial assets	9	7,491,623	6,328,274
Intangible assets	10	1,503,101	1,546,199
Property, plant and equipment	11	61,541,247	57,874,750
Lease assets	12	<u>7,202,629</u>	<u>3,870,104</u>
Total non-current assets		<u>77,738,600</u>	<u>69,619,327</u>
Total assets		<u>126,662,974</u>	<u>94,322,248</u>
Current liabilities			
Payables	13	7,681,449	8,048,791
Lease liabilities	12	3,296,961	1,759,500
Borrowings	14	4,196,813	4,378,848
Provisions	15	4,210,600	3,158,799
Other liabilities	16	<u>38,922,624</u>	<u>15,774,441</u>
Total current liabilities		<u>58,308,447</u>	<u>33,120,379</u>
Non-current liabilities			
Lease liabilities	12	2,210,967	2,137,667
Borrowings	14	556,677	684,300
Provisions	15	<u>539,657</u>	<u>360,633</u>
Total non-current liabilities		<u>3,307,301</u>	<u>3,182,600</u>
Total liabilities		<u>61,615,748</u>	<u>36,302,979</u>
Net assets		<u>65,047,226</u>	<u>58,019,269</u>
Equity			
Reserves	17	44,582,185	43,692,833
Accumulated surplus	18	<u>20,465,041</u>	<u>14,326,436</u>
Total equity		<u>65,047,226</u>	<u>58,019,269</u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Reserves \$	Retained earnings \$	Total equity \$
Balance as at 1 July 2019	43,597,334	11,204,727	54,802,061
Surplus for the year - restated	-	<u>2,731,498</u>	<u>2,731,498</u>
Total comprehensive income for the year - restated	-	<u>2,731,498</u>	<u>2,731,498</u>
Transfers in / (out) - restated	1,038,637	390,211	1,428,848
Transfers to accumulated surplus upon disposal of financial assets	(485,710)	-	(485,710)
Transfers out - depreciation released on properties	<u>(457,428)</u>	<u>-</u>	<u>(457,428)</u>
Balance as at 30 June 2020 - restated	<u>43,692,833</u>	<u>14,326,436</u>	<u>58,019,269</u>
Balance as at 1 July 2020	43,692,833	14,326,436	58,019,269
Surplus for the year	-	7,344,325	7,344,325
Change in fair value of assets - Asset revaluation reserve	<u>(316,368)</u>	<u>-</u>	<u>(316,368)</u>
Total comprehensive income for the year	<u>(316,368)</u>	<u>7,344,325</u>	<u>7,027,957</u>
Transfers in / (out)	1,940,966	(1,205,720)	735,246
Transfers out - depreciation released on properties	<u>(735,246)</u>	<u>-</u>	<u>(735,246)</u>
Balance as at 30 June 2021	<u>44,582,185</u>	<u>20,465,041</u>	<u>65,047,226</u>

The accompanying notes form part of these financial statements.

LAUNCH HOUSING LIMITED

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Cash flow from operating activities			
Receipts from operations		130,739,835	75,777,864
Payments to suppliers and employees		(88,622,362)	(66,778,318)
Interest received		88,715	179,479
Finance costs		<u>(451,925)</u>	<u>(509,469)</u>
Net cash provided by operating activities	21(b)	<u>41,754,263</u>	<u>8,669,556</u>
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		25,993	37,437
Payment for property, plant and equipment		(9,473,161)	(4,583,151)
Payment for intangibles		<u>(360,590)</u>	<u>(516,530)</u>
Net cash used in investing activities		<u>(9,807,758)</u>	<u>(5,062,244)</u>
Cash flow from financing activities			
Principal portion of lease payments		<u>(4,283,222)</u>	<u>(2,032,436)</u>
Net cash used in financing activities		<u>(4,283,222)</u>	<u>(2,032,436)</u>
Reconciliation of cash			
Cash at beginning of the financial year		17,507,087	15,932,211
Net increase in cash held		<u>27,663,283</u>	<u>1,574,876</u>
Cash at end of financial year	21(a)	<u>45,170,370</u>	<u>17,507,087</u>

The accompanying notes form part of these financial statements.

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report covers Launch Housing Limited as an individual entity. Launch Housing Limited is a Company limited by guarantee, incorporated and domiciled in Australia. Launch Housing Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the Company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Company's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

Coronavirus (COVID-19)

Since the declaration by the World Health Organisation on 11 March 2020, of the Coronavirus (COVID-19) as a pandemic, there has been a significant impact on local and global economies. The pandemic has had an impact on the scale and operations of the Company and will continue to have an impact on the financial performance of the Company into the future.

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue and other income

The Company derives revenue from delivery of homeless support programs and provision of rental accommodation. Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods or services.

Revenue from provision of services

Revenue from the provision of services comprises revenue derived from delivery of homeless support programs. These services are provided under contractual arrangements that contain enforceable and sufficiently specific performance obligations. Revenue from the provision of services is recognised over time, as performance obligations are satisfied, based on either costs incurred or service hours performed, consistent with the manner in which services are provided.

Client contributions

Fees charged for care or services provided to clients are recognised when the service is provided.

Interest income

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.

Rental and other revenue

Rental and other revenue is measured as, or when, goods or services are transferred, and is measured at an amount that reflects the consideration in which the entity expects to be entitled in exchange for the goods or services.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established.

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

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income arising from the transfer of assets

The Company derives income from the transfer of assets when the Company provides no consideration in exchange for the asset received, or the consideration provided by the Company is significantly less than the fair value of the asset received, principally to enable the Company to further its objectives, and the arrangement does not satisfy the criteria to be accounted for as a 'contract with a customer'.

Donations

Cash donations and goods donated for resale are recognised as income when the Company obtains control of the asset. Cash is recognised at the fair value of the consideration received. Goods donated for resale are recognised at current replacement cost.

Operating grants

A transfer of an asset, including cash, under arrangements that do not contain enforceable and sufficiently specific performance obligations is referred to in the financial statements as an 'operating grant'. Assets arising from operating grants are recognised at fair value when the Company obtains control of the asset. Any related amounts, such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions are recognised in accordance with the applicable Australian Accounting Standard. The excess of the initial carrying amount of assets received over the aggregate of the consideration provided by the Company and any related amounts is recognised as income.

Government and philanthropic capital grants

A transfer of a financial asset, including cash, to enable the Company to acquire or construct a recognisable non-financial asset to identified specifications to be controlled by the Company, such as an item of property, plant and equipment, is referred to in the financial statements as a 'government and philanthropic capital grant'. Government and philanthropic capital grants are initially recognised as a liability (unspent government and philanthropic capital grants liability), and subsequently recognised as income as, or when, the Company satisfies its obligation to acquire or construct the specified asset to which the government and philanthropic grant relates. For the acquisition of specified assets, income is recognised when the asset is acquired and controlled by the Company. For the construction of specified assets, income is recognised as the construction progresses on the basis of costs incurred relative to expected costs.

Unspent government and philanthropic capital grants liability

Capital grants are initially recognised as a liability (unspent capital grants liability), and subsequently recognised as income as, or when, the Company satisfies its obligation to acquire or construct the specified asset to which the capital grant relates.

Capital grants are recognised as income when the specified asset is acquired and controlled by the Company, or as the construction of the specified asset progresses on the basis of costs incurred relative to expected costs.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Government grants and support

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Government support include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme, which provide temporary subsidies to eligible businesses significantly affected by Coronavirus (COVID-19).

(e) Income tax

Launch Housing is a Public Benevolent Institution and therefore is exempt from income tax.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

Classification of financial assets

Financial assets recognised by the Company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the Company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the Company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (Continued)

During the financial year, the Company reassessed the classification of investments held. In previous financial years, the Company elected to designate, and subsequently measure, all investments at FVtOCI. After reconsidering the underlying terms and conditions of investments held, the Company has determined that it would be more appropriate for all investments to be classified, and subsequently remeasured, at FVtPL. As a result, changes in fair value of investments are now recognised in profit or loss, instead of other comprehensive income.

Comparative information has been restated to align with the revised accounting policy, so that both the current year and prior year information is presented on a consistent and comparable basis. Applying the revised accounting policy to the comparative information resulted in the restatement of prior year net surplus from \$3,664,179 to \$2,731,498, and the restatement of prior year other comprehensive loss of \$932,681 to nil. The revised accounting policy did not impact the reported amount of total comprehensive income or the carrying amount of investments.

Trade and other receivables

Trade and other receivables arise from the Company's transactions with its customers and are normally settled within 30 days.

Consistent with both the Company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

(h) Property, plant and equipment

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

Property

Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Property is subsequently measured at cost, less accumulated depreciation and any accumulated impairment losses.

Interest in Haig St property

The financial interest in the Haig St property is carried at fair value. The fair value of the asset is calculated as a fixed proportion of the fair market value of the Haig Street property. Unrealised gains and losses arising from changes in fair value are taken directly to equity. An external valuation report is obtained every 3 years.

Plant and equipment

Plant and equipment is measured on the cost basis.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment (Continued)

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at cost	2-10%	Straight line
Plant and equipment at cost	10-20%	Straight line
Leasehold improvements at cost	Lease term	Straight line
Motor vehicles at cost	33-40%	Straight line
Furniture, fixtures and fittings at cost	10-20%	Straight line
Computer equipment at cost	20%	Straight line

(i) Intangible assets

Separately acquired intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses. The estimated useful life for intangibles is 3-5 years.

IT software development costs

Costs incurred in developing IT software are initially recognised as an asset, and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, IT software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

Significant property holding impairment reviews are supported by external valuations every three years, with alternative years supported based on Directors' valuations.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same class of asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets' use and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

(k) Provisions

Provisions are recognised when the Company 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(I) Leases

Lessee accounting

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e. the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Lessor accounting

Each lease is classified as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Leases (Continued)

Operating leases

Underlying assets subject to operating leases are presented in the statement of financial position according to the nature of the underlying asset.

Lease payments from operating leases are recognised as income on either a straight-line basis or another systematic basis (if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished).

Finance leases

At the commencement date of a finance lease, the Company recognises a receivable (for assets held under the finance lease) at an amount equal to the net investment in the lease. The net investment in finance leases is the sum of the lease payments receivable by the Company under the finance lease and the estimated unguaranteed residual value of the underlying asset at the end of the lease term, discounted at the interest rate implicit in the lease.

Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment in finance leases.

(m) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that are denominated in the currency in which the benefits will be paid. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(o) Deferred income

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

(p) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax 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 the 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.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

At 30 June 2021 the Company's current liabilities exceeded current assets by \$9,384,073. The borrowings of \$3,790,869 referred to at Note 14(a) is disclosed as a current liability as it is subject to an annual review. This facility expires 31 May 2022. It is the intention that the Company will extend this (or a similar) facility and expect to do so without issue. The Company holds liquid investments of \$7,491,623 which have been treated as non-current other financial assets refer Note 9.

Note 12 relates to the lease liabilities of the Company, \$3,296,961 of which are due within 12 months of 30 June 2021. The corresponding assets of these leases are captured in Note 12 as non-current lease assets. Therefore, \$3,296,961 contributes toward the current net asset deficiency as at 30 June 2021.

A portion of Note 16 relates to capital grants received in advance for \$24,247,187 of which \$7,612,746 relates to funds already expended in relation to capital works in progress refer Note 12. The current liability, although being utilised to fund non current assets, is unable to be recognised as revenue in FY21 because the performance obligations have not yet been fulfilled. Therefore, \$7,612,746 contributes toward the current net asset deficiency as at 30 June 2021.

This has created a mismatch in the balance sheet for both leases and capital grants in advance which are classified as current liabilities and the non-current assets for which those amounts relate to, totaling \$10,909,707.

On this basis no adjustments have been made to the financial report relating to the recoverability and classification of the carrying amount of assets or the amount and classification of liabilities that might be necessary should the Company not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that effect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

(a) Classification and fair value estimation

Portfolio of investments - The managed portfolio of investments has been classified as 'fair value through profit or loss' and movements in fair value are recognised in profit or loss in the year ended. The fair value of the portfolio has been based on the valuation provided by JBWere which is based on the closing price on the ASX listed securities and information provided by third parties in respect of unlisted securities.

Property Plant and Equipment - The interest in the Haig Street property has been classified as 'Property, Plant And Equipment'. Interest in Haig Street and movements in fair value are recognised directly in other comprehensive income until the Interest in the property is derecognised or determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income are reclassified to profit or loss. The fair value of the property has been based on value per square meter of recent property sales in close proximity to the premises.

Land and buildings - Significant property holding impairment reviews are supported by external valuations every three years, with alternative years supported based on Directors' valuations. Impairment losses in respect of individual assets are recognised immediately in profit or loss for these assets. The fair value of the land and buildings have been based on value of market evidence relating to the properties.

If any of the assumptions underlying the comparison are found not to be correct, this could have a material impact on the carrying amount in the financial statements.

(b) Revenue and other income

The Company derives revenue and other income from a range of activities and sources, including revenue from the provision of services, and income from donations, operating grants and capital grants. In accordance with Australian Accounting Standards, the Company is required to determine whether it is appropriate to recognise revenue and other income in the financial year in which cash or non-cash assets are received or to defer the recognition of revenue and other income until associated obligations and/or conditions (if any) are satisfied. In making this judgement, the Company considers the guidance outlined in AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities and, in particular, whether the arrangement contains enforceable and sufficiently specific performance obligations. Where the Company identifies the existence of enforceable and sufficiently specific performance obligations, or the arrangement requires the Company to use the funds received to acquire or construct items of property, plant and equipment to identified specifications, the recognition of revenue and other income is deferred until the identified obligations are satisfied.

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 3: REVENUE AND OTHER INCOME		
Other revenue		
Dividend income	276,096	354,540
Interest income	88,715	179,479
Operational revenue		
Fundraising and philanthropy	3,980,290	3,736,053
Government and other grants	74,343,218	55,924,894
Service fee income	428,136	487,586
Rental income	<u>2,866,818</u>	<u>2,829,143</u>
	<u>81,618,462</u>	<u>62,977,676</u>
	<u>81,983,273</u>	<u>63,511,695</u>
Other Income		
Other income - government grants and support	5,815,200	2,625,000
Other income	<u>1,956,593</u>	<u>666,123</u>
	<u>7,771,793</u>	<u>3,291,123</u>

(a) COVID-19 impacts

Additional funding has been received and recognised as revenue during the year ended 30 June 2021 as a result of the ongoing COVID-19 pandemic. Refer to the *Financial Results* section of the Directors' Report for further details.

NOTE 4: GOVERNMENT AND PHILANTHROPIC CAPITAL GRANT INCOME

Government capital grant income	2,100,000	636,691
Philanthropic capital grant income	<u>2,863,191</u>	<u>848,920</u>
	<u>4,963,191</u>	<u>1,485,611</u>

NOTE 5: OPERATING SURPLUS

Surplus has been determined after:

Finance costs		
- Other	254,386	262,680
- Leases - finance charges	<u>197,539</u>	<u>245,079</u>
	451,925	507,759
Depreciation	1,464,714	1,019,622
Amortisation	2,793,140	2,153,549
Bad and doubtful debts	60,415	89,544

LAUNCH HOUSING LIMITED

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
NOTE 5: OPERATING SURPLUS (CONTINUED)		
Impairment		
- Impairment losses	3,997,589	-
Employee benefits:		
- Short term benefits	38,322,141	33,637,708
Net loss on disposal of non-current assets		
- Loss on sale of other non current assets	2,000	2,711
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash on hand	18,675	19,661
Cash at bank	9,182,199	9,728,512
Cash on deposit	<u>35,974,513</u>	<u>7,901,583</u>
	<u><u>45,175,387</u></u>	<u><u>17,649,756</u></u>
NOTE 7: RECEIVABLES		
CURRENT		
Trade debtors and other receivables, gross	1,342,288	1,503,339
Provision for impairment	<u>(138,351)</u>	<u>(105,345)</u>
	<u><u>1,203,937</u></u>	<u><u>1,397,994</u></u>
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	673,670	858,978
Other assets	-	49,772
Accrued income	757,686	4,250,771
Right of reimbursement (portable long service leave) asset	680,617	317,106
Bank guarantee	38,122	41,858
Bonds and deposits	<u>394,955</u>	<u>136,686</u>
	<u><u>2,545,050</u></u>	<u><u>5,655,171</u></u>

LAUNCH HOUSING LIMITED

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2021	2020
\$	\$

NOTE 9: OTHER FINANCIAL ASSETS

NON CURRENT

Financial assets at fair value through profit or loss

Shares in managed funds	<u>7,491,623</u>	<u>6,328,274</u>
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Listed and unlisted funds managed by JB Were are recorded at fair value as at 30 June 2021. Fair value is determined by reference to closing bid prices on the Australian Securities Exchange. Dividends and distributions received during the year were reinvested in the portfolio.

NOTE 10: INTANGIBLE ASSETS

Trademarks at cost	14,824	14,824
Computer software	2,546,751	2,160,669
Accumulated amortisation and impairment	<u>(1,098,259)</u>	<u>(694,571)</u>
	1,448,492	1,466,098
Work in progress	<u>39,785</u>	<u>65,277</u>
Total intangible assets	<u>1,503,101</u>	<u>1,546,199</u>

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

Trademarks at cost

Opening balance	<u>14,824</u>	<u>14,824</u>
Closing balance	<u>14,824</u>	<u>14,824</u>

Computer software

Opening balance	1,466,098	1,286,739
Additions	-	474,645
Amortisation expense	(403,688)	(295,286)
Transfers in	<u>386,082</u>	<u>-</u>
Closing balance	<u>1,448,492</u>	<u>1,466,098</u>

LAUNCH HOUSING LIMITED

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 10: INTANGIBLE ASSETS (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Work in progress</i>		
Opening balance	65,277	23,392
Additions	360,590	41,885
Transfers out	<u>(386,082)</u>	<u>-</u>
Closing balance	<u>39,785</u>	<u>65,277</u>
<i>Total Intangible assets reconciliation</i>		
Opening balance	1,546,199	1,324,955
Additions	360,590	516,530
Amortisation expense	<u>(403,688)</u>	<u>(295,286)</u>
Closing balance	<u>1,503,101</u>	<u>1,546,199</u>
NOTE 11: PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land at cost	<u>15,302,630</u>	<u>15,559,897</u>
Buildings at cost	39,148,235	36,528,438
Accumulated depreciation	<u>(4,391,162)</u>	<u>(3,468,932)</u>
	<u>34,757,073</u>	<u>33,059,506</u>
Interest in Haig Street property		
Interest in Haig Street property	<u>1,258,597</u>	<u>1,574,965</u>
Total land and buildings	<u>51,318,300</u>	<u>50,194,368</u>
Plant and equipment		
Plant and equipment at cost	260,755	260,755
Accumulated depreciation	<u>(200,573)</u>	<u>(179,145)</u>
	60,182	81,610
Leasehold improvements at cost	1,982,754	1,982,754
Accumulated depreciation	<u>(1,497,758)</u>	<u>(1,395,946)</u>
	484,996	586,808

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Motor vehicles at cost	1,671,325	1,721,199
Accumulated depreciation	<u>(718,309)</u>	<u>(534,848)</u>
	953,016	1,186,351
Furniture, fixtures and fittings at cost	200,477	200,477
Accumulated depreciation	<u>(175,126)</u>	<u>(159,706)</u>
	25,351	40,771
Computer equipment at cost	1,629,613	1,327,986
Accumulated depreciation	<u>(1,072,851)</u>	<u>(874,369)</u>
	556,762	453,617
Work in progress at cost	<u>8,142,640</u>	<u>5,331,225</u>
Total plant and equipment	<u>10,222,947</u>	<u>7,680,382</u>
Total property, plant and equipment	<u>61,541,247</u>	<u>57,874,750</u>

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

Land

Opening carrying amount	15,559,897	15,559,897
Impairment losses recognised	<u>(257,267)</u>	<u>-</u>
Closing carrying amount	<u>15,302,630</u>	<u>15,559,897</u>

Buildings

Opening carrying amount	33,059,506	32,176,902
Transfers in	6,278,488	1,485,611
Depreciation expense	(922,230)	(603,007)
Impairment losses recognised	<u>(3,658,691)</u>	<u>-</u>
Closing carrying amount	<u>34,757,073</u>	<u>33,059,506</u>

Interest in Haig Street property

Opening carrying amount	1,574,965	1,574,965
Net revaluation decrements	<u>(316,368)</u>	<u>-</u>
Closing carrying amount	<u>1,258,597</u>	<u>1,574,965</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Plant and equipment</i>		
Opening carrying amount	81,610	74,162
Additions	-	25,405
Depreciation expense	<u>(21,428)</u>	<u>(17,957)</u>
Closing carrying amount	<u>60,182</u>	<u>81,610</u>
<i>Leasehold improvements</i>		
Opening carrying amount	586,808	156,335
Additions	-	461,371
Depreciation expense	<u>(101,812)</u>	<u>(30,898)</u>
Closing carrying amount	<u>484,996</u>	<u>586,808</u>
<i>Motor vehicles</i>		
Opening carrying amount	1,186,351	904,491
Additions	-	537,856
Disposals	(27,993)	(40,148)
Depreciation expense	<u>(205,342)</u>	<u>(215,848)</u>
Closing carrying amount	<u>953,016</u>	<u>1,186,351</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	40,771	56,282
Depreciation expense	<u>(15,420)</u>	<u>(15,511)</u>
Closing carrying amount	<u>25,351</u>	<u>40,771</u>
<i>Computer equipment</i>		
Opening carrying amount	453,617	349,412
Additions	301,627	46,380
Transfers in	-	194,226
Depreciation expense	<u>(198,482)</u>	<u>(136,401)</u>
Closing carrying amount	<u>556,762</u>	<u>453,617</u>
<i>Work in progress</i>		
Opening carrying amount	5,331,225	3,282,748
Additions	9,171,534	3,728,314
Transfers out	(6,278,488)	(1,679,837)
Impairment losses recognised	<u>(81,631)</u>	<u>-</u>
Closing carrying amount	<u>8,142,640</u>	<u>5,331,225</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 11: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(a) Reconciliations (Continued)		
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	57,874,750	54,135,194
Additions	9,473,161	4,799,326
Disposals	(27,993)	(40,148)
Net transfers	-	-
Net revaluation decrements	(316,368)	-
Depreciation expense	(1,464,714)	(1,019,622)
Impairment losses recognised	<u>(3,997,589)</u>	<u>-</u>
Carrying amount at 30 June	<u>61,541,247</u>	<u>57,874,750</u>

Interest in Haig Street property

The Haig Street property is owned by the Department of Health and Human Services and is leased to Launch Housing for use as a crisis accommodation facility. At the time of construction, Hanover Welfare Services (a controlled entity, now deregistered) contributed \$200,000 to the cost of construction for the purpose of establishing an office facility. The lease agreement entitles Launch Housing to a pro-rata share of the proceeds or market value upon exiting the property.

The property was valued by Acumentis, an independent valuer, on 30 June 2021. The fair value of the property at 30 June 2021 reflects this valuation which has been performed in line with Launch Housing's policy to obtain external valuation reports every 3 years.

The best evidence of fair value is current prices in an active market for similar properties. The following unobservable inputs were used in the fair value measurement:

- Land sale price per square metre.

Land and buildings

During the year ended 30 June 2021, independent external valuations were undertaken by Acumentis, an independent valuer, for the Company's portfolio of land and buildings. The valuations were based on relevant market evidence in relation to the land and buildings.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: LEASE ASSETS AND LEASE LIABILITIES

(a) Lease assets

Land and buildings

Buildings

Buildings under lease	10,518,159	5,517,117
Accumulated amortisation	<u>(3,393,360)</u>	<u>(1,791,553)</u>
	7,124,799	3,725,564

Office equipment

Office equipment under lease

Accumulated amortisation	211,250	211,250
	<u>(133,420)</u>	<u>(66,710)</u>
	77,830	144,540

Total carrying amount of lease assets	<u>7,202,629</u>	<u>3,870,104</u>
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Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Buildings

Opening carrying amount	3,725,564	4,545,588
Additions	5,721,977	971,529
Depreciation	<u>(2,322,742)</u>	<u>(1,791,553)</u>
Closing carrying amount	<u>7,124,799</u>	<u>3,725,564</u>

Office equipment

Opening carrying amount	144,540	211,250
Depreciation	<u>(66,710)</u>	<u>(66,710)</u>
Closing carrying amount	<u>77,830</u>	<u>144,540</u>

(b) Lease liabilities

CURRENT

Lease liability - buildings	3,227,340	1,693,109
Lease liability - office equipment	<u>69,621</u>	<u>66,391</u>
	<u>3,296,961</u>	<u>1,759,500</u>

NON CURRENT

Lease liability - buildings	2,199,039	2,056,118
Lease liability - office equipment	<u>11,928</u>	<u>81,549</u>
	<u>2,210,967</u>	<u>2,137,667</u>
Total carrying amount of lease liabilities	<u>5,507,928</u>	<u>3,897,167</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

	2021 \$	2020 \$
NOTE 12: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)		
(c) Lease expenses and cashflows		
Interest expense on lease liabilities	169,656	213,238
Amortisation expense on lease assets	2,389,452	1,858,263
Cash outflow in relation to leases	4,280,872	2,044,438

Homelessness to a Home (H2H) leases

During the year ended 30 June 2021, right of use assets and lease liabilities increased significantly. This is due to the commencement of the Homelessness to a Home (H2H) program, announced by the Victorian State Government in September 2020, and commissioned in January 2021. These right of use assets relate to head lease contracts (of duration greater than 12 months) undertaken by Launch Housing as part of their commitment to house and support 420 clients.

NOTE 13: PAYABLES

CURRENT

Unsecured liabilities

Trade creditors	1,473,855	2,482,876
Other creditors	450,422	669,584
GST credits	775,751	265,850
Rent payable	1,384,716	781,761
Accrued expenses	<u>3,596,705</u>	<u>3,848,720</u>
	<u>7,681,449</u>	<u>8,048,791</u>

NOTE 14: BORROWINGS

CURRENT

Unsecured liabilities

Bank overdraft	<u>5,017</u>	<u>142,669</u>
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Secured liabilities

Bank loans	(a) 3,790,869	3,790,869
Hire purchase liability	<u>400,927</u>	<u>445,310</u>
	<u>4,191,796</u>	<u>4,236,179</u>
	<u>4,196,813</u>	<u>4,378,848</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

		2021	2020
		\$	\$
NOTE 14: BORROWINGS (CONTINUED)			
NON CURRENT			
<i>Secured liabilities</i>			
Deferred consideration	(b)	439,000	438,000
Hire purchase liability		<u>117,677</u>	<u>246,300</u>
		<u>556,677</u>	<u>684,300</u>

(a) Assets pledged as security

On 19 June 2017 Launch Housing signed a facility agreement with their external financier. The purpose of the facility is to assist with the purchase of properties for the entity's social housing portfolio as well as the refinance of debt held with the previous lender.

The facility is subject to annual review by the lender on or around 29 December each year, up until the expiry of the facility agreement on 31 May 2022.

The lender retains security over the property assets of Launch Housing Limited. The total value of the facility is \$10,000,000.

Under the general terms of the finance agreement, the lender retains the ability to act at its discretion should any significant changes in the operating conditions of the entity change. As a result, the entity's borrowings have been classified as current as at 30 June 2021.

(b) Deferred consideration

On 8 June 2012, HomeGround Services entered into a purchase agreement with the Urban Renewal Authority Victoria (now Places Victoria) to purchase a ground floor shop within a mixed nine-storey strata title apartment complex at 12-20 Nicholson St, East Coburg.

A fixed price deferred contract of \$440,000 was entered into for the acquisition of the property. Deferred charges of \$10,000 were prepaid on settlement and are being amortised over 10 years. The settlement date of the transaction was 9 July 2012 and the amount is payable 10 years after the settlement date. A first registered mortgage has been charged over the office unit situated at 12-20 Nicholson St, East Coburg in favour of Urban Renewal Authority Victoria (now Places Victoria).

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

		2021 \$	2020 \$
NOTE 15: PROVISIONS			
CURRENT			
Employee benefits	(a)	<u>4,210,600</u>	<u>3,158,799</u>
NON CURRENT			
Employee benefits	(a)	<u>539,657</u>	<u>360,633</u>
(a) Aggregate employee benefits liability		4,750,257	3,519,432

NOTE 16: OTHER LIABILITIES

Other current liabilities relate to amounts held for unexpended funds on specific projects.

CURRENT			
Operating grants received in advance		14,775,437	1,672,064
Capital funds received in advance		<u>24,147,187</u>	<u>14,102,377</u>
		<u>38,922,624</u>	<u>15,774,441</u>

NOTE 17: RESERVES

Asset revaluation reserve	17(a)	1,529,820	870,825
Property maintenance reserve	17(b)	403,772	448,772
Property impairment reserve	17(c)	(3,997,589)	-
Acquisition reserve	17(d)	5,510,358	5,510,358
Other reserves	17(e)	2,427,632	2,427,632
Capital reserve	17(f)	<u>38,708,192</u>	<u>34,435,246</u>
		<u>44,582,185</u>	<u>43,692,833</u>

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements in the fair value of financial assets.

Movements in reserve

Opening balance		870,825	1,803,506
Change in fair value of assets		(316,368)	-
Transfers from / (to) accumulated surplus		975,363	(446,971)
Transfers to accumulated surplus upon disposal of financial assets		-	(485,710)
Closing balance		<u>1,529,820</u>	<u>870,825</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2021	2020
\$	\$

NOTE 17: RESERVES (CONTINUED)

(b) Property maintenance reserve

Property maintenance fund

This fund has been reserved for the future maintenance costs associated with properties rented out to the Company's clients.

Nicholson Street Maintenance Reserve

This maintenance reserve fund has been established to meet the cost of major refurbishments and cyclical repairs for the 58 residential units within the "Nicholson" complex at 12-20 Nicholson Street, East Coburg, Victoria.

Therry Street Maintenance Reserve

This maintenance reserve fund has been established to meet the cost of major refurbishments and cyclical repairs for the 5 residential units within the "Central Sky Lounge Apartment Hotel" complex at Therry Street, Melbourne, Victoria.

Movements in reserve

Opening balance	448,772	448,772
Transfers to capital reserve	(45,000)	-
Closing balance	<u>403,772</u>	<u>448,772</u>

(c) Property impairment reserve

The property impairment reserve is used to record the impairment losses recognised on the Company's land and buildings which are carried at cost.

Movements in reserve

Opening balance	-	-
Transfers from accumulated surplus	(3,997,589)	-
Closing balance	<u>(3,997,589)</u>	<u>-</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2021	2020
\$	\$

NOTE 17: RESERVES (CONTINUED)

(d) Acquisition reserve

This reserve was formed on the acquisition date and consists of the excess of the fair value of the acquiree's net assets over their carrying amount.

Movements in reserve

Opening balance	<u>5,510,358</u>	<u>5,510,358</u>
Closing balance	<u>5,510,358</u>	<u>5,510,358</u>

(e) Other reserves

Furniture Replacement Reserve

These funds are reserved for replacement and maintenance of furniture in the properties that the entity manages.

Affordable Housing Reserve

The funds are earmarked for property-related expenditure including the development of the entity's social housing strategy and operation of our transitional housing service.

Bequest Reserve

Bequest reserve comprises unspent bequest income transferred in accordance with the Bequest Policy of Launch Housing. These funds will accumulate in this reserve until such time that decisions are approved by the Board for distribution to fund projects/programs.

Foyer Project Reserve

Foyer Project Reserve comprises unspent operational and capital funding of Holmesglen and Kangan Foyers. These funds will be spent on future foyer service development projects.

Movements in reserve

Opening balance	<u>2,427,632</u>	<u>2,427,632</u>
Closing balance	<u>2,427,632</u>	<u>2,427,632</u>

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2021	2020
\$	\$

NOTE 17: RESERVES (CONTINUED)**(f) Capital reserve**

The purpose of the reserve is to separately account for special purpose capital grants received to finance the purchase of properties used by the organisation's service delivery programs. These properties are required to be used in accordance with the funding requirements. The balance of the reserve represents total capital grants received, written down annually by an amount equal to depreciation on the properties procured with these capital grants.

Movements in reserve

Opening balance	34,435,246	33,407,066
Transfers in	4,963,192	1,485,608
Transfers from property maintenance reserve	45,000	-
Transfers out - depreciation released on properties	<u>(735,246)</u>	<u>(457,428)</u>
Closing balance	<u>38,708,192</u>	<u>34,435,246</u>

NOTE 18: ACCUMULATED SURPLUS

Accumulated surplus at beginning of year	14,326,436	11,204,727
Net surplus	7,344,325	2,731,498
Transfers to reserves	<u>(1,205,720)</u>	<u>390,211</u>
	<u>20,465,041</u>	<u>14,326,436</u>

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

Amounts received or due and receivable by the Key Management Personnel of the Company	<u>1,876,939</u>	<u>1,797,183</u>
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NOTE 20: RELATED PARTY TRANSACTIONS

No related party transactions took place during the year. Refer to Note 19 for the remuneration of key management personnel.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2021	2020
\$	\$

NOTE 21: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Cash on hand	18,675	19,661
Cash at bank	9,182,199	9,728,512
At call deposits with financial institutions	35,974,513	7,901,583
Bank overdrafts	<u>(5,017)</u>	<u>(142,669)</u>
	<u>45,170,370</u>	<u>17,507,087</u>

(b) Reconciliation of cash flow from operations with surplus after income tax

Surplus from ordinary activities after income tax	7,344,325	2,731,498
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Adjustments and non-cash items

Depreciation and amortisation	4,257,854	3,173,171
Impairment losses recognised	3,997,589	-
Net loss / (gain) on disposal of property, plant and equipment	2,000	2,711
Net loss / (gain) on disposal of financial instruments	-	67,372
Fair value adjustment to financial instruments	(975,363)	932,681
Net gain on financial assets reinvested	(187,986)	(185,804)

Changes in operating assets and liabilities

Decrease / (increase) in receivables	194,057	(33,448)
Decrease / (increase) in other assets	3,110,121	(3,655,108)
(Decrease) / increase in payables	(367,342)	2,875,064
Increase in other liabilities	23,148,183	2,321,638
Increase in provisions	<u>1,230,825</u>	<u>439,781</u>
Cash flows from operating activities	<u>41,754,263</u>	<u>8,669,556</u>

NOTE 22: MEMBERS' GUARANTEE

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute to a maximum of \$10 each towards meeting any outstandings and obligations of the Company. At 30 June 2021 the number of members was 11. The combined total amount that members of the Company are liable to contribute if the Company is wound up is \$110.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date, the State Government of Victoria enacted a lockdown which commenced 5 August 2021. As at the date of the directors' declaration, the directors have been unable to determine whether there will be any long term impact on the Company.

Other than the matter described above, there has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2021, of the Company, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2021, of the Company.

NOTE 24: RESTRICTIONS ON THE USE OF BUILDINGS

58 residential units within the "Nicholson" complex at 12-20 Nicholson Street, East Coburg, Victoria

The Funding Deed between Launch Housing and the Director of housing contains performance clauses, including restrictions on the sale of any units including repayment at value of capital improvements.

1 commercial office unit within the "Nicholson" complex at 12-20 Nicholson Street, East Coburg, Victoria

The deferred payment agreement between Launch Housing and Urban Renewal Authority Victoria (now Places Victoria) contains specific clauses, including restrictions on the sale of the office, the use of the office to provide property management, facilities management or community management services to the Nicholson.

5 residential units within the "Central Sky Lounge Apartment Hotel" complex at 43 Therry Street, Melbourne, Victoria

The Funding Deed between Launch Housing and the Director of housing contains performance clauses, including restrictions on the sale of any units. The Director of Justice has nomination rights over these Designated Properties.

The 42 individual properties procured during the year ended 30 June 2017 in nominated locations under the Rapid Housing (Homelessness) and Rapid Housing (Family Violence) grant fund.

All have the restriction that "The Funding Deed between Launch Housing and the Director of housing contains performance clauses, including restrictions on the sale of any units.

NOTE 25: ECONOMIC DEPENDENCY

Launch Housing is dependent on grant funding which comes from the State and Federal Governments and local sources, for the majority of its revenue used to operate the business. Changes to Government policy at any level can have a direct impact on service delivery. Based on funding agreements in place at the date of this report the directors have no reason to believe the funding will not be continued to support Launch Housing.

LAUNCH HOUSING LIMITED

ABN: 20 605 113 595

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

2021	2020
\$	\$

NOTE 26: CHANGES IN ACCOUNTING POLICY

In prior years, the unrealised gains/(losses) on the investment portfolio were accounted for through Other Comprehensive Income. The portfolio is constructed with investments in various managed funds that are puttable instruments, rather than equity instruments and accordingly do not qualify to be accounted for through Other Comprehensive Income (as clarified by the AASB). The unrealised gains/(losses) on all investments have been reclassified to be accounted for through the Profit and Loss Statement. The Net Asset position has not changed.

Restatement of other comprehensive income

	2020 Opening \$	Increase / (Decrease) \$	2020 Restated \$
Profit or loss			
Net loss on restatement of financial asset to fair value through profit or loss	-	(932,681)	(932,681)
Net surplus for the year	<u>3,664,179</u>	<u>(932,681)</u>	<u>2,731,498</u>
Other comprehensive income			
Net loss on restatement of financial asset to fair value through profit or loss	(932,681)	932,681	-
Other comprehensive income for the year	<u>(932,681)</u>	<u>932,681</u>	<u>-</u>

LAUNCH HOUSING LIMITED

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DIRECTORS' DECLARATION


The directors declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: 

Neil Chatfield

Director: 

Joel Simmonds

Dated this 16 day of November 2021

LAUNCH HOUSING LIMITED
ABN: 20 605 113 595

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LAUNCH HOUSING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Launch Housing Limited, "the Company", which comprises the statement of financial position as at 30 June 2021, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "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 Company's annual report for the year ended 30 June 2021, 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.

LAUNCH HOUSING LIMITED
ABN: 20 605 113 595

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LAUNCH HOUSING LIMITED

Other Information (Continued)

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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the ACNC Act and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.


LAUNCH HOUSING LIMITED
ABN: 20 605 113 595

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LAUNCH HOUSING LIMITED

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



K L BYRNE

Partner



PITCHER PARTNERS

Melbourne

Date: 19 November 2021