Defence Housing Australia

ABN 72 968 504 934

Annual report
for the year ended 30 June 2013

Defence Housing Australia ABN 72 968 504 934
Annual report - 30 June 2013

Contents

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Minister for Defence and the Minister for Finance and Deregulation

I have audited the accompanying financial statements of the Defence Housing Australia and the consolidated entity for the year ended 30 June 2013, which comprise: the Statement by the Directors, Managing Director and Chief Financial Officer; the Consolidated Statement of Comprehensive Income; Consolidated Balance Sheets; Consolidated Statement of Cash Flow; Consolidated Statement of Changes in Equity; Schedules of Commitments; Schedules of Contingencies; and Notes to the Consolidated Financial Statements comprising a Summary of Significant Accounting Policies and other explanatory information. The consolidated entity comprises the Defence Housing Australia and the entities it controlled at the year's end or from time to time during the financial year.

The Board of Directors' Responsibility for the Financial Statements

The directors of the Defence Housing Australia are responsible for the preparation of the financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997,* including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Defence Housing Australia's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Defence Housing Australia's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Defence Housing Australia and the consolidated entity:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Defence Housing Australia's and the consolidated entity's financial positions as at 30 June 2013 and of their financial performance and cash flows for the year then ended.

Australian National Audit Office

Jocelyn Ashford
Executive Director

Delegate of the Auditor-General

Canberra
8 August 2013

Defence Housing Australia
Statement by the Directors, Managing Director and Chief Financial Officer
30 June 2013

Directors' report

In our opinion the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Commonwealth Authorities and Companies Act 1997* as amended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that Defence Housing Australia will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the directors.

Mr Derek Volker AO
Chairman

Mr Peter Howman
Managing Director

Mr Jon Brocklehurst
Chief Financial Officer

8 August 2013

Defence Housing Australia
Consolidated Statement of Comprehensive Income
For the year ended 30 June 2013

	Notes	Consolidated entity 30 June 2013 $'000	Consolidated entity 30 June 2012 $'000	Parent entity 30 June 2013 $'000	Parent entity 30 June 2012 $'000
INCOME					
Revenue					
Housing Services Provided	3	**631,247**	610,504	**631,247**	610,504
Allocation Services Provided	4	**8,919**	8,851	**8,919**	8,851
Sale of Inventories		**348,315**	245,740	**348,315**	245,740
Interest Received	5	**14,493**	14,732	**14,477**	14,732
Other Income		**1,372**	1,021	**1,372**	1,021
Total Revenue		**1,004,346**	880,848	**1,004,330**	880,848
Gains					
Net Gains from Disposal of Investment Properties	6	**36,837**	47,746	**36,837**	47,746
Total Income		**1,041,183**	928,594	**1,041,167**	928,594
EXPENSES					
Employee Benefits	7	**63,693**	53,266	**63,693**	53,266
Housing Services Lease Rentals		**317,006**	299,532	**317,006**	299,532
Rates, Repairs and Maintenance	8	**169,902**	160,917	**169,902**	160,917
Depreciation and Amortisation	9	**13,185**	13,880	**13,185**	13,880
Cost of Inventories Sold		**321,245**	235,086	**321,245**	235,086
Finance Costs	10	**30,854**	31,818	**30,854**	31,818
Write-Down and Impairment of Assets	11	**2,988**	4,987	**2,988**	4,987
Other Expenses		**23,126**	24,527	**23,109**	24,527
Total Expenses		**941,999**	824,013	**941,982**	824,013
Share of the Other Comprehensive Income of Associates and Joint Ventures accounted for using the Equity Method		**1,317**	720	**1,317**	720
Profit Before Income Tax on Continuing Operations		**100,501**	105,301	**100,502**	105,301
Income Tax Expense	12	**15,381**	22,543	**15,381**	22,543
Profit After Income Tax		**85,120**	82,758	**85,121**	82,758
Total Comprehensive Income		**85,120**	82,758	**85,121**	82,758

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	Consolidated entity **30 June 2013 $'000**	Consolidated entity 30 June 2012 $'000	Parent entity **30 June 2013 $'000**	Parent entity 30 June 2012 $'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	13	**330,444**	295,190	**329,428**	295,190
Trade and Other Receivables	14	**9,340**	12,704	**9,340**	12,704
Other Current Assets	16	**31,905**	26,813	**31,905**	26,813
Inventories	18	**276,712**	289,639	**276,712**	289,639
Investment Properties for Sale	15	**21,522**	25,876	**21,522**	25,876
Total Current Assets		**669,923**	650,222	**668,907**	650,222
Non-Current Assets					
Deferred Tax Assets	17	**16,242**	18,913	**16,242**	18,913
Inventories	18	**672,466**	602,240	**672,465**	602,240
Plant, Equipment and Intangibles	19	**8,650**	5,504	**8,650**	5,504
Investment Properties	19	**757,424**	848,676	**757,424**	848,676
Net Finance Lease Receivables	21	**38,880**	872	**38,880**	872
Other Receivables	14	**-**	227	**-**	227
Investments Accounted for Using the Equity Method	20	**5,194**	3,878	**5,194**	3,878
Investment in Subsidiary	39	**-**	-	**1,000**	-
Total Non-Current Assets		**1,498,856**	1,480,310	**1,499,855**	1,480,310
Total Assets		**2,168,779**	2,130,532	**2,168,762**	2,130,532
LIABILITIES					
Current Liabilities					
Trade and Other Payables	22	**65,740**	65,360	**65,736**	65,360
Current Tax Liabilities	23	**8,191**	4,039	**8,191**	4,039
Dividends	24	**51,073**	49,654	**51,073**	49,654
Borrowings	26	**75,000**	130,000	**75,000**	130,000
Other Financial Liabilities	27	**29,068**	25,791	**29,068**	25,791
Provisions	28	**22,226**	19,809	**22,213**	19,809
Total Current Liabilities		**251,298**	294,653	**251,281**	294,653
Non-Current Liabilities					
Borrowings	26	**434,580**	379,580	**434,580**	379,580
Trade and Other Payables	22	**-**	11,754	**-**	11,754
Other Financial Liabilities	27	**959**	1,111	**959**	1,111
Provisions	28	**89,048**	84,588	**89,048**	84,588
Total Non-Current Liabilities		**524,587**	477,033	**524,587**	477,033
Total Liabilities		**775,885**	771,686	**775,868**	771,686
Net Assets		**1,392,894**	1,358,846	**1,392,894**	1,358,846
EQUITY					
Contributed equity		**403,863**	403,863	**403,863**	403,863
Retained Earnings		**989,031**	954,983	**989,031**	954,983
Total Equity		**1,392,894**	1,358,846	**1,392,894**	1,358,846

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Defence Housing Australia
Consolidated Statement of Cash Flows
For the year ended 30 June 2013

	Notes	Consolidated entity		Parent entity	
		30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
OPERATING ACTIVITIES					
Cash Received					
Sales of Goods and Services		**615,092**	610,701	**615,092**	610,701
Sales of Inventory		**341,769**	246,522	**341,769**	246,522
Interest		**14,985**	14,071	**14,969**	14,071
Other Cash Received		**2,151**	215	**2,151**	215
Stamp Duty and Land Tax Equivalents Received		**30,634**	32,990	**30,634**	32,990
Total Cash Received		**1,004,631**	904,499	**1,004,615**	904,499
Cash Used					
Employees		**60,952**	52,620	**60,952**	52,620
Suppliers		**466,430**	470,473	**466,430**	470,473
Borrowing Costs		**30,854**	32,173	**30,854**	32,173
Income Taxes Paid		**8,558**	21,858	**8,558**	21,858
Other Revenue		**46,327**	-	**46,327**	-
Acquisition and Construction of Inventories		**377,101**	356,122	**377,101**	356,122
Stamp Duty and Land Tax Equivalents		**27,135**	30,095	**27,135**	30,095
Total Cash Used		**1,017,357**	963,341	**1,017,357**	963,341
Net Cash Used By Operating Activities	29	**(12,726)**	(58,842)	**(12,742)**	(58,842)
INVESTING ACTIVITIES					
Cash Received					
Proceeds from Sales of Investment Properties		**118,023**	142,891	**118,023**	142,891
Investment in Associates		**-**	1,888	**-**	1,888
Defence Annuities		**-**	36,945	**-**	36,945
Total Cash Received		**118,023**	181,724	**118,023**	181,724
Cash Used					
Acquisitions and Construction of Investment Properties		**15,371**	34,015	**16,371**	34,015
Defence Annuities		**-**	20,643	**-**	20,643
Acquisition of Plant and Equipment		**5,018**	3,396	**5,018**	3,396
Total Cash Used		**20,389**	58,054	**21,389**	58,054
Net Cash from Investing Activities		**97,634**	123,670	**96,634**	123,670
FINANCING ACTIVITIES					
Cash Used					
Dividend Paid		**49,654**	52,332	**49,654**	52,332
Total Cash Used		**49,654**	52,332	**49,654**	52,332
Net Cash Used By Financing Activities		**(49,654)**	(52,332)	**(49,654)**	(52,332)
Net Increase in Cash Held		**35,254**	12,496	**34,238**	12,496
Cash and Cash Equivalents at the Beginning of the Reporting Period		**295,190**	282,694	**295,190**	282,694
Cash and Cash Equivalents at the End of the Reporting Period	13	**330,444**	295,190	**329,428**	295,190

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Defence Housing Australia
Consolidated Statement of Changes in Equity
For the year ended 30 June 2013

Consolidated entity	Retained earnings $'000	Contributed equity $'000	Total equity $'000
Balance at 1 July 2011	921,879	403,863	1,325,742
Profit for the Year	82,758	-	82,758
Total Comprehensive Income	**82,758**	**-**	**82,758**
Transactions with Owners			
Distributions to Owners			
Returns on Capital:			
Dividends	(49,654)	-	(49,654)
Sub-Total Transactions with Owners	(49,654)	-	(49,654)
Balance at 30 June 2012	**954,983**	**403,863**	**1,358,846**
Closing Balance Attributable to the Australian Government	**954,983**	**403,863**	**1,358,846**
Balance at 1 July 2012	954,983	403,863	1,358,846
Profit for the Year	85,120	-	85,120
Total Comprehensive Income	**85,120**	**-**	**85,120**
Transactions with Owners			
Distributions to Owners			
Returns on Capital:			
Dividends	(51,072)	-	(51,072)
Sub-Total Transactions with Owners	(51,072)	-	(51,072)
Balance at 30 June 2013	**989,031**	**403,863**	**1,392,894**
Closing Balance Attributable to the Australian Government	**989,031**	**403,863**	**1,392,894**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Defence Housing Australia
Schedule of Commitments
As at 30 June 2013

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
By Type				
Commitments Receivable				
Sublease Rental Income	**-**	238	**-**	238
Operating Lease income	**3,117,868**	3,131,263	**3,117,868**	3,131,263
Total Commitments Receivable	**3,117,868**	3,131,501	**3,117,868**	3,131,501
Commitments Payable				
Capital Commitments				
Construction Commitments	**117,221**	73,624	**117,221**	73,624
Total Capital Commitments	**117,221**	73,624	**117,221**	73,624
Other Commitments				
House Operating Lease Rentals	**2,661,107**	2,643,454	**2,661,107**	2,643,454
Other Operating Leases	**25,608**	33,850	**25,608**	33,850
Total Other Commitments	**2,686,715**	2,677,304	**2,686,715**	2,677,304
Net Commitments By Type	**313,932**	380,573	**313,932**	380,573
By Maturity				
Commitments Receivable				
Operating Lease Income				
One Year or Less	**385,501**	369,087	**385,501**	369,087
From One to Five Years	**1,426,648**	1,416,642	**1,426,648**	1,416,642
Over Five Years	**1,305,719**	1,345,534	**1,305,719**	1,345,534
Total Operating Lease Income	**3,117,868**	3,131,263	**3,117,868**	3,131,263
Other Commitments Receivable				
One Year or Less	**-**	238	**-**	238
Total Other Commitments Receivable	**-**	238	**-**	238
Commitments Payable				
Capital Commitments				
One Year or Less	**90,646**	71,944	**90,646**	71,944
From One to Five Years	**26,575**	1,680	**26,575**	1,680
Total Capital Commitments	**117,221**	73,624	**117,221**	73,624
Operating Lease Commitments				
One Year or Less	**334,982**	316,068	**334,982**	316,068
From One to Five Years	**1,286,800**	1,268,067	**1,286,800**	1,268,067
Over Five Years	**1,064,933**	1,093,169	**1,064,933**	1,093,169
Total Operating Lease Commitments	**2,686,715**	2,677,304	**2,686,715**	2,677,304
Net Commitments By Maturity	**313,932**	380,573	**313,932**	380,573

NB: Commitments are GST inclusive where relevant

1 Amount received on a sub-let commercial property
2 Rent received under the Head Lease agreement with Deparment of Defence
3 Outstanding contractual payments for buildings under construction
4 Outstanding payments due on properties leased
5 Operating leases included are effectively non-cancellable and comprise leases for office accommodation and the provision of motor vehicles to staff

The above schedule should be read in conjunction with the accompanying notes.

Defence Housing Australia
Schedule of Contingencies
As at 30 June 2013

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Contingent Assets				
Total Contingent Assets	**-**	-	**-**	-
Contingent Liabilities				
Liabilities	**8,320**	9,111	**8,320**	9,111
Total Contingent Liabilities	**8,320**	9,111	**8,320**	9,111
Net Contingent Assets (Liabilities)	**(8,320)**	(9,111)	**(8,320)**	(9,111)

Details of each class of contingent liabilities and contingent assets listed above are disclosed in Note 30: Contingent Liabilities and Assets, along with information on significant remote contingencies that cannot be qualified.

The above schedule should be read in conjunction with the accompanying notes.

Contents of the notes to the consolidated financial statements

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Defence Housing Australia and its subsidiary.

(a) Objectives of DHA

DHA is an Australian Government (Government) controlled entity. The objective of DHA is to provide housing and related services for members of the Australian Defence Force and their families in line with the Department of Defence operational requirements.

DHA is structured to meet one outcome:

To contribute to the Department of Defence's outcomes by providing total housing services that meet the Department of Defence operational and client needs through a strong customer and business focus.

The continued existence of DHA in its present form and with its present operations is dependent on Government policy.

(b) Basis of Preparation of the Financial Statements

The financial statements are required by clause 1(b) of Schedule 1 to the Commonwealth Authorities and Companies Act 1997 and are general purpose financial statements.

The financial statements and notes have been prepared in accordance with:

- Finance Minister's Orders (or FMOs) applicable to for-profit entities for reporting periods ending on or after 1 July 2012; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention, except for certain assets and liabilities, which as noted, are at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

(c) Significant Accounting Judgements and Estimates

Preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management base their judgement on experience and historical information to ensure they are reasonable and fair; and continually monitor and reassess their judgements, estimates and assumptions. Management have identified the following significant accounting policies and judgements:

1 Summary of Significant Accounting Policies (continued)

(c) Significant Accounting Judgements and Estimates (continued)

• The net realisable value of completed inventory properties is assessed annually by an independent valuer. Where the net realisable value for an individual property is less than its cost, the carrying value of the property is written down to its net realisable value.

• The net realisable value of an inventory development site is the finished product's gross realisation less costs to date, costs to complete and selling costs. Where the net realisable value is negative the costs to date for the development site are written down by the value of the estimated loss.

• The fair value of investment properties is assessed annually by an independent valuer and a value in use calculation is prepared internally for assets not identified for future sale. Where the fair value less costs to sell and the value in use calculation for an individual property is less than its costs, the carrying value of the property is written down to the higher of the two valuation methods.

• A liability is recognised for make good costs to be incurred on the expiry of long term leases. Management have made assumptions regarding the future economic outflows associated with the make good expenditure, based on historical data. These assumptions are detailed at note (j).

No other accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

(d) New Australian Accounting Standards

No accounting standard has been adopted earlier than the application date as stated in the standard.

In the current year, DHA has adopted all of the new and revised standards issued by the AASB that are relevant to its operations and effective for the current annual reporting period. There are no new or revised standards or interpretations that were issued prior to the signing of the statements by the Board, and are applicable to the current reporting period, that have a financial impact on the entity.

The following new and revised standard was issued by the AASB prior to the signing of the statements by the Board, which is expected to have a financial impact on the entity in future reporting periods:

AASB 10 Consolidated Financial Statements - effective for annual reporting periods beginning on or after 1 January 2013.
AASB 11 Joint Arrangements - effective for annual reporting periods beginning on or after 1 January 2013.
AASB 13 Fair Value Measurement - effective for annual reporting periods beginning on or after 1 January 2013.
AASB 119 Employee Benefits - effective for annual reporting periods beginning on or after 1 January 2013.

Other new and revised standards that were issued prior to the signing of the statements by the Board and are applicable to the future reporting periods are not expected to have a future financial impact on the entity.

(e) Revenue

All revenues are accounted for on an accrual basis. DHA recognises revenue when;

a) The risks and rewards of ownership have been transferred to the buyer;
b) DHA retains no managerial involvement or effective control over the goods;
c) The revenue and transactions can be reliably measured; and
d) It is probable that the economic benefits associated with the transaction will flow to DHA.

Interest revenue is recognised on an accrual basis using the effective interest method as set out in AASB 139 - Financial Instruments: Recognition and Measurement, taking into account the interest rates applicable to the financial assets.

Profits or losses from the disposal of investment and inventory properties are recognised when all specified conditions relating to the sale are satisfied and there is an unconditional sale. This is when settlement occurs.

1 Summary of Significant Accounting Policies (continued)

(e) Revenue (continued)

Receivables for goods and services are recognised at the nominal amounts due, less any provision for bad and doubtful debts. Collectability of debts is reviewed at 30 June each year. Allowances are made when the debts recovery is judged to be no longer probable.

Revenue received from the Department of Defence is recognised as Revenue from the Department of Defence unless they are in the nature of an equity injection or a loan.

(f) Transactions with the Government as owner

Amounts that are designated as equity injections for a year are recognised directly in contributed equity in that year.

(g) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except:

a. where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO), it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
b. receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from or payable to the ATO, is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO, are classified as operating cash flows.

(h) Employee Benefits

Liabilities for services rendered by employees are recognised at the reporting date to the extent that they have not been settled.

Liabilities for 'short-term employee benefits' that is, wages and salaries and annual leave, expected to be settled within 12 months of the reporting date and termination benefits due within twelve months are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

All other employee benefit liabilities are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

(i) Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of DHA is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including DHA's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on an employee's departure.

The liability for long service leave has been determined by reference to Part E, Chapter 43 of the Finance Minister's Orders 2012-2013. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation. The non-current portion of the liability for long service leave in respect of all employees at 30 June 2013, is recognised and measured at the present value of the estimated future cash flows, based on the shorthand method.

(ii) Superannuation

1 Summary of Significant Accounting Policies (continued)

(h) Employee Benefits (continued)

(ii) Superannuation (continued)
Staff of DHA are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), Public Sector Superannuation accumulation plan (PSSap) or other funds chosen by staff.

The CSS and PSS are defined benefit schemes for the Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Government and is settled by the Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

DHA makes employer contributions to the Government Employee Superannuation Schemes at rates determined by an actuary to be sufficient to meet the cost to the Government of the superannuation entitlements of DHA's employees as they fall due.

From 1 July 2005, new employees are eligible to join the PSSap scheme.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the year.

(i) Leases

DHA as Lessee

The determination of whether an arrangement is or contains a lease and whether the lease is an operating lease or a finance lease is based on the substance of the arrangement at inception date. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to the ownership of the asset.

Operating Leases

Operating lease payments are expensed on a straight line basis which is representative of the pattern of benefits derived from the leased assets.

DHA has three categories of operating leases:

a. residential properties (mostly acquired through the sale and leaseback program) for the housing of Australian Defence Force members, under the Services Agreement on Housing and Related Matters (Services Agreement) between DHA and the Department of Defence;
b. commercial property for the administration of DHA; and
c. motor vehicles used in the operations of DHA.

Finance Leases

DHA does not have any finance leases payable.

DHA as Lessor

DHA finances on-base housing construction and certain off-base properties for the Department of Defence, under annuity arrangements provided for in the Services Agreement. Monthly payments are split - principal amounts are credited against the relevant receivable and the interest component is recorded as revenue under Housing Services Provided.

(j) Sale and Leaseback Provision

DHA records the entire sale proceeds as revenue at the time of settlement.

1 Summary of Significant Accounting Policies (continued)

(j) Sale and Leaseback Provision (continued)

DHA is required under the leaseback agreement to undertake prescribed maintenance (make good) at the end of the lease period.

At the time of recording the sale, a provision is raised to recognise the make good obligation. The provision is based on an assessment of the present value of the necessary costs to make good properties at the end of their lease terms. The estimate includes an inflation factor of 2.5% (2012: 2.5%) and a discount rate of 3.65% (2012: 3.63%), being the 5 year swap rate as at 30 June 2013.

Actual make good expenditure is charged, as incurred against the provision. The estimate of future make good maintenance is reviewed annually to ensure that the make good provision is adequate to meet the liability.

(k) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. Subsequent recognition of loans and borrowings is at amortised cost and interest is charged as an expense as it accrues.

Borrowings are classified as current liabilities unless DHA has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(l) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Defence Housing Australia ('parent entity') as at 30 June 2013 and the results of all subsidiaries for the period then ended. Defence Housing Australia and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(ii) Associates

Associates are all entities over which DHA has significant influence but not control or joint control. Investments in associates are accounted for in the financial statements using the equity method of accounting, after initially being recognised at cost. DHA's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 38).

DHA's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When DHA's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, DHA does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

1 Summary of Significant Accounting Policies (continued)

(l) Principles of consolidation (continued)

(ii) Associates (continued)
Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

(iii) Joint ventures

Jointly Controlled Entities
Interest in Jointly controlled entities are accounted for under the equity method in the financial statements.

Jointly Controlled Assets and Operations
Interests in jointly controlled assets and operations are reported in the financial statements by including DHA's share of assets employed in the joint ventures, the share of liabilities incurred in relation to the joint ventures and the share of any expenses and revenues incurred in relation to the joint ventures in their respective classification categories.

(m) DHA Investment Management Limited

On the 14th December 2012 DHA created a wholly owned subsidiary DHA Investment Management Limited (DHA IML) whose principal objective is to establish, operate and administer Managed Investment Schemes.

DHA IML holds a Australian Financial Services Licence and is the responsible entity, the manager and the issuer of the units in the DHA Residential Property Fund No. 1 (the Fund).

DHA IML is responsible for the operation and mangement of the Fund and must perform in accordance with the duties under the *Corporations Act 2001*, the Fund Constitution and, the Fund Compliance Plan. DHA IML must act honestly, with due care and diligence and in the best interest of unit holders.

(n) Income Tax

DHA, following amendment of the Defence Housing Australia Act 1987, became a Commonwealth income tax payer on 1 July 2007.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1 Summary of Significant Accounting Policies (continued)

(o) Tax Consolidation

DHA is electing to consolidate with DHA IML for income tax purposes. DHA, as the head entity of the tax consolidated group, will lodge a single income tax return for the group. The ATO will be notified of the election upon lodgement of the consolidated income tax return.

DHA and DHA IML entered into a tax funding agreement in June 2013. The agreement outlines the terms on which DHA IML is required to contribute to the payment of the group's income tax liability. The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practical at the end of the financial year. The head entity may also request payment of interim funding amounts to assist with its obligations to pay income tax instalments. The funding amounts are recognised as current inter-company receivables or payables.

(p) Dividends

A provision for dividend is recognised as a liability when dividends are appropriately authorised by the Board and are no longer at the discretion of the entity.The DHA Board resolved on 22 May 2013 to pay a dividend of 60% of net profit after tax. In accordance with paragraph 41.3 of the FMO's DHA has recognised a liability for the dividend. Refer to Note 2.

(q) Cash and Cash Equivalents

Cash and Cash Equivalents means notes and coins held and any deposits held at call or readily convertible to cash with a bank or financial institution including term deposits with terms up to 12 months which can be redeemed on demand. Cash is recognised at its nominal amount.

(r) Financial Assets

DHA classifies its financial assets as loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon trade date.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset, or where appropriate, a shorter period.

Income is recognised on an effective interest rate basis.

Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

1 Summary of Significant Accounting Policies (continued)

(r) Financial Assets (continued)

Impairment of Financial Assets

Financial assets are assessed for impairment at each balance date.

Financial assets held at amortised cost - if there is objective evidence that an impairment loss has been incurred for loans and receivables held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the Statement of Comprehensive Income.

(s) Financial Liabilites

DHA classifies its financial liabilities as Other Financial Liabilities. The financial liabilities are recognised and derecognised upon trade date.

Other Financial Liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Trade and Other Payables

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (irrespective of having been invoiced).

(t) Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Balance Sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

(u) Intangibles

DHA's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight line basis over its anticipated useful life. All software assets were assessed for indicators of impairment as at 30 June 2013.

(v) Property, Plant and Equipment

Property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than $1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use. A net gain or loss from the disposal is recognised in the statement of comprehensive income in the year the asset is derecognised.

Properties

Properties held by DHA are classified as either Inventory or Investment Properties.

1 Summary of Significant Accounting Policies (continued)

(v) Property, Plant and Equipment (continued)

DHA accounts for inventory properties under AASB 102 - Inventories. Inventories are properties which are held for provisioning and are available for sale in the short to medium term in order to free capital for reinvestment. Additional information on inventories can be found at note (y).

DHA accounts for investment properties under AASB 140 - Investment Properties. Investment properties are properties held for long-term provisioning requirements or for capital appreciation. Additional information on investment properties can be found at note (w).

Depreciation

Depreciable assets are written-off to their estimated residual values over their estimated useful lives using, in all cases, the straight-line method of depreciation. Office fitouts are depreciated on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the straight line method over the following useful lives:

	2013	**2012**
Investment Properties	50 Years	50 years
Office Fitouts	3 to 40 years	3 to 40 years
Plant and Equipment	2 to 19 years	2 to 19 years
Software	2.5 to 6 years	2.5 to 6 years

Capital improvements to DHA owned properties are capitalised and depreciated over the remaining life of the asset.

Impairment

All property, plant and equipment assets are tested for impairment on an individual basis at 31 December each financial year. Where there is an indicator of impairment, the asset's recoverable amount is estimated and an impairment adjustment made where the recoverable amount is less than the carrying amount. All property is reviewed as at reporting date to ensure that any impairment that was booked for the property at 31 December remains appropriate at reporting date.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset.

Where impairment write backs are identified, the adjustment is made to value the asset to the higher of cost or recoverable amount (but shall not exceed the carrying amount that would have been determined had no impairment loss been recognised).

(w) Investment Properties

Investment properties are separated into the following categories:

a. Completed properties;
b. Land held for future development; or
c. Work in progress - incomplete construction projects.

Investment properties are initially measured at cost. The carrying amount includes the cost of replacing parts of existing investment properties, at the time those costs are incurred. The carrying amount excludes costs of day-to-day servicing and maintenance of the investment property.

1 Summary of Significant Accounting Policies (continued)

(w) Investment Properties (continued)

Investment properties are subsequently recognised at the lower of cost and recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use where the property is not identified for future sale.

Investment properties are derecognised either when they have been disposed of or when the investment property is withdrawn from use and no future economic value is expected from its disposal.

Transfers from inventory to investment are made when there is a change in the circumstances of a property and it is deemed that the property is now held for capital growth or strategic provisioning.

(x) Investment Properties for Sale

DHA holds a proportion of its investment properties for sale. Investment properties are deemed eligible for sale if identified as a sale and lease back property or when they have below average capital growth expectations; carry high repairs and maintenance expenditure; are permanently privately leased out; have no redevelopment opportunities or have low rental yield.

DHA applies AASB 5 - Non-Current Assets Held for Sale and Discontinued Operations to its investment properties held for sale. These properties are carried at the lower of cost and fair value less costs to sell and are not depreciated.

(y) Inventories

Inventories are separated into the following categories:

a. Completed properties - completed properties held for resale on normal trading cycle;
b. Land held for future development; or
c. Work in progress - incomplete construction projects.

Inventories are initially recognised at cost and are subsequently recognised at lower of cost or net realisable value. Net realisable value is the finished product's gross realisation less costs to date, costs to complete and selling costs.

Development Projects

Development projects are classified as inventory properties whilst in progress where a significant majority of the property on completion of the development is expected to be sold as inventory stock.

Development projects are classified as investment properties where it is anticipated that a significant majority of the property on completion of the development will be classified as investment property.

Development project costs include variable and fixed costs as they relate directly to specific contracts and those costs relating to general contract activity which can be allocated to the project on a reasonable basis.

(z) Repairs and Maintenance

Repairs and maintenance costs are expensed in the period in which they are incurred.

(aa) Provisions

Provisions are recognised when DHA has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

1 Summary of Significant Accounting Policies (continued)

(aa) Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(ab) Competitive Neutrality (State Tax Equivalent Payments)

DHA provides services on a for-profit basis. Under the Competitive Neutrality arrangements, DHA is required to make State Tax Equivalent payments, including payroll tax, land tax and stamp duty.

DHA includes State Tax Equivalent payments in the expenditure items to which they relate. Payroll tax is included in Employee Expenses and is detailed in Note 7. Land tax and stamp duty on property acquisitions are included in Rates, Repairs and Maintenance and are detailed in Note 8.

DHA capitalises stamp duty incurred on vacant land acquisitions.

DHA, in accordance with the Services Agreement, is entitled to recover from the Department of Defence the cost of land tax and stamp duty on property acquisitions. These recoveries form part of Defence Other Charges detailed in Note 3.

(ac) Rounding

Amounts have been rounded to the nearest $1,000 except in relation to the following:

- Remuneration of key management personnel; and
- Remuneration of auditors.

(ad) Financial Risk Management

DHA's principle financial instruments comprise receivables, payables, government loans, finance leases, cash and short term deposits.

It manages its exposure to key financial risks in accordance with DHA's Treasury and Risk Management policy. The objective of the policy is to support the delivery of DHA's financial targets whilst protecting future financial security.

The main risks arising from DHA's financial instruments are interest rate risk, credit risk and liquidity risk. DHA uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring the level of exposure to interest rates and assessments of forecasts for interest rates. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with DHA's Treasurer who regularly reports to the DHA Board.

2 Final Dividends

The DHA Board has declared a final dividend for the year ending 30 June 2013 of $51,072,946 (2012: $49,653,952). The DHA Board resolved on 22 May 2013 to pay a dividend of 60 percent of net profit after tax. In accordance with paragraph 41.3 of the FMO's DHA has recognised a liability for the dividend.

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Final Dividend	**51,073**	49,654	**51,073**	49,654

3 Housing Services Provided

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Defence Rent and Charges	**497,003**	485,947	**497,003**	485,947
Defence Other Charges	**78,454**	66,958	**78,454**	66,958
Lessor Management Fees	**45,807**	43,215	**45,807**	43,215
Other Revenue	**9,258**	13,239	**9,258**	13,239
Annuity Revenue	**725**	1,145	**725**	1,145
Total Housing Service Provided	**631,247**	610,504	**631,247**	610,504

Defence Rent and Charges includes rent from investment properties of $62,730,131 (2012: $69,385,569)

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Housing Services Provided are made up of:				
Housing Services - Related Entities	**575,457**	554,050	**575,457**	554,050
Housing Services - External Parties	**55,790**	56,454	**55,790**	56,454
Total Housing Services Provided	**631,247**	610,504	**631,247**	610,504

4 Allocation Services Provided

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Allocation Administration Fees	**8,919**	8,851	**8,919**	8,851

5 Interest Received

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Interest on Deposits	**14,494**	14,632	**14,478**	14,632
Interest from Joint Ventures	**(1)**	100	**(1)**	100
Total Interest Received	**14,493**	14,732	**14,477**	14,732

6 Net Gains from Disposal of Investment Properties

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Proceeds from Sale	**121,994**	184,041	**121,994**	184,041
Carrying Value of Assets Sold	**(81,328)**	(131,622)	**(81,328)**	(131,622)
Selling Expenses	**(3,829)**	(4,673)	**(3,829)**	(4,673)
Net Gains from Disposal of Investment Properties	**36,837**	47,746	**36,837**	47,746

7 Employee Benefits

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Wages and Salaries	**45,368**	37,532	**45,368**	37,532
Superannuation:				
Defined Contribution Plans	**5,210**	4,784	**5,210**	4,784
Defined Benefit Plans	**3,126**	2,561	**3,126**	2,561
Leave and Other Entitlements	**5,541**	4,822	**5,541**	4,822
Payroll Tax Equivalent	**3,758**	3,200	**3,758**	3,200
Workers' Compensation Premiums	**690**	367	**690**	367
Total Employee Benefits	**63,693**	53,266	**63,693**	53,266

Payroll Tax Equivalent and Workers Compensation Premiums are related party transactions. All other employee benefits are incurred with external parties.

8 Rates, Repairs and Maintenance

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Heritage Property Upgrades for Defence	**-**	564	**-**	564
Other Property Charges	**93,539**	84,093	**93,539**	84,093
Rates and Muncipal Charges	**9,975**	9,958	**9,975**	9,958
Stamp Duty and Land Tax Equivalents	**26,997**	29,655	**26,997**	29,655
Repairs and Maintenance	**39,391**	36,647	**39,391**	36,647
Total Rates, Repairs and Maintenance	**169,902**	160,917	**169,902**	160,917

Stamp Duty and Land Tax Equivalents are related party transactions associated with the Department of Defence. All other expenses are incurred with external parties. Other Property Charges includes expenditure incurred by DHA and recovered from Department of Defence.

Rates, Repairs and Maintenance includes expenditure for investment properties of $17,678,968 (2012: $18,801,298).

9 Depreciation and Amortisation

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Depreciation				
Investment Properties	**11,354**	12,008	**11,354**	12,008
Plant and Equipment	**943**	826	**943**	826
Total Depreciation	**12,297**	12,834	**12,297**	12,834
Amortisation				
Software	**888**	1,046	**888**	1,046
Total Amortisation	**888**	1,046	**888**	1,046
Total Depreciation and Amortisation	**13,185**	13,880	**13,185**	13,880

10 Finance Costs

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Interest on Loans	**30,854**	31,818	**30,854**	31,818

11 Write-Down and Impairment of Assets

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Non-Financial Assets				
Write-downs and Impairments				
Investment Property	**799**	2,658	**799**	2,658
Inventories	**8,085**	12,940	**8,085**	12,940
Plant and Equipment	**-**	122	**-**	122
Total Write-Downs and Impairments	**8,884**	15,720	**8,884**	15,720
Reversals				
Investment Property Reversal	**(2,557)**	(4,630)	**(2,557)**	(4,630)
Inventories Reversal	**(3,339)**	(6,103)	**(3,339)**	(6,103)
Total Reversals	**(5,896)**	(10,733)	**(5,896)**	(10,733)
Net Write-Down and Impairment of Assets	**2,988**	4,987	**2,988**	4,987

To ensure compliance with AASB 140 - Investment Properties, an independent assessment of investment properties was undertaken by registered valuers as at 31 December 2012, in addition a value in use calculation has been prepared internally for assets not identifed for future sale. The carrying value of individal properties, where the cost of the property exceeded the recoverable amount, have been impaired accordingly. Refer also to Note 19.

To ensure compliance with AASB 102 - Inventories, an independent assessment of inventory properties was undertaken by registered valuers as at 31 December 2012 . The carrying value of individual properties, where the cost of the property exceeded the net realisable value, have been adjusted accordingly. Refer also to Note 18.

To ensure compliance with AASB 116 - Property, Plant and Equipment, the carrying values of plant, equipment and software were reviewed and adjusted as appropriate to reflect fair value. The carrying amount of the assets were compared to the recoverable amounts or value in use and adjusted where it was considered that these amounts were in excess of the carrying amount. Refer also to Note 19.

DHA assesses at each reporting date for impairment indicators. If any such indication exists, DHA makes an estimate of the asset's recoverable amount and adjusts where required.

12 Income Tax Expense

(a) Income Tax Expense

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Current Tax	**21,256**	22,702	**21,253**	22,702
Deferred Tax	**2,671**	7,297	**2,674**	7,297
Adjustments for Current Tax of Prior Periods	**(8,546)**	(7,456)	**(8,546)**	(7,456)
	15,381	22,543	**15,381**	22,543
Income Tax Expense is Attributable to:				
Profit from Continuing Operations	**15,381**	22,543	**15,381**	22,543
Aggregate Income Tax Expense	**15,381**	22,543	**15,381**	22,543

(b) Reconciliation of Income Tax Expense to Prima Facie Tax Payable

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Profit from Continuing Operations before income Tax Expense	**100,501**	105,301	**100,502**	105,301
Tax at the Australian Tax Rate of 30.0%	**30,150**	31,590	**30,150**	31,590
Tax Effect of Amounts which are not Deductible (Taxable) in Calculating Taxable Income:				
Tax Cost Base Valuations	**(11,015)**	(8,410)	**(11,015)**	(8,410)
Adjustments for Current Tax of Prior Periods	**(3,776)**	(659)	**(3,776)**	(659)
Other	**22**	22	**22**	22
Income tax expense	**15,381**	22,543	**15,381**	22,543

As a result of DHA becoming a taxable entity on 1 July 2007, an unrecognised temporary difference (Deferred Tax Asset) was created between the accounting carrying value and the tax values for property held as Investment Property. The unrecognised value of the temporary difference at 30 June 2013 is $526,241,535 (2012: $554,384,676). The tax effect of this temporary difference is $157,872,460 (2012: $166,315,403).

13 Current assets - Cash and Cash Equivalents

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Cash at Bank	**1,928**	674	**912**	674
Cash on Hand	**16**	16	**16**	16
Short Term Deposits	**328,500**	294,500	**328,500**	294,500
Total Cash and Cash Equivalents	**330,444**	295,190	**329,428**	295,190

14 Current assets - Trade and Other Receivables

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Current				
Department of Defence Debtors	**1,659**	1,620	**1,659**	1,620
Accrued Income	**6,311**	10,010	**6,311**	10,010
Other Receivables	**1,370**	1,265	**1,370**	1,265
Provision for Impairment of Receivables	**-**	(191)	**-**	(191)
Total Receivables for Goods and Services	**9,340**	12,704	**9,340**	12,704
Non- Current				
Receivables	**-**	227	**-**	227
Total Receivables for Goods and Services	**-**	227	**-**	227
Total Trade and Other Receivables (Net)	**9,340**	12,931	**9,340**	12,931
Good and Services				
Goods and Services - Related Entities	**4,977**	8,651	**4,977**	8,651
Goods and Services - External Parties	**4,363**	4,280	**4,363**	4,280
Total Trade and Other Receivables (Net)	**9,340**	12,931	**9,340**	12,931

14 Current assets - Trade and Other Receivables (continued)

(a) Receivables are expected to be recovered in:

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Less than 12 Months	**9,340**	12,704	**9,340**	12,704
More than 12 Months	**-**	227	**-**	227
	9,340	12,931	**9,340**	12,931

Credit Terms are between 7 and 30 days.

Reconciliation of the Impairment Allowance Account:

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
At 1 July	**191**	87	**191**	87
Provision for Impairment Recognised during the Year	**-**	104	**-**	104
Unused Amounts Reversed	**(191)**	-	**(191)**	-
At 30 June	**-**	191	**-**	191

(b) Receivables are aged as follows:

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Less than 30 Days	**9,340**	12,931	**9,340**	12,931
More than 120 Days	**-**	191	**-**	191
	9,340	13,122	**9,340**	13,122

15 Investment Properties for Sale

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Investment Properties - at Cost	**16,179**	17,228	**16,179**	17,228
Investment Properties - at Cost (Less Impairment)	**5,343**	8,648	**5,343**	8,648
	21,522	25,876	**21,522**	25,876

The amount represents investment properties that are currently available for sale.

16 Other Current Assets

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Other Current Assets				
Finance Lease Receivables	**2,951**	190	**2,951**	190
Other Prepayments	**966**	872	**966**	872
Prepaid Property Rentals	**27,988**	25,751	**27,988**	25,751
	31,905	26,813	**31,905**	26,813

17 Non-current assets - Deferred Tax Assets

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
The balance comprises temporary differences attributable to:				
Employee benefits	**5,028**	4,267	**5,028**	4,267
Doubtful Debts	**-**	57	**-**	57
Make Good Provisions	**27,719**	26,118	**27,719**	26,118
Provisions	**986**	1,047	**986**	1,047
Lease Incentive	**341**	386	**341**	386
Property Plant and Equipment	**148**	454	**148**	454
	34,222	32,329	**34,222**	32,329
Set-off of deferred tax liabilities pursuant to set-off provisions	**(17,980)**	(13,416)	**(17,980)**	(13,416)
Net deferred tax assets	**16,242**	18,913	**16,242**	18,913

17 Non-current assets - Deferred Tax Assets (continued)

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Deferred tax assets expected to be recovered within 12 months	**(1,027)**	(4,474)	**(1,027)**	(4,474)
Deferred tax assets expected to be recovered after more than 12 months	**17,269**	23,387	**17,269**	23,387
	16,242	18,913	**16,242**	18,913

Movements - Consolidated entity	Make Good Provision $'000	Employee Benefits $'000	Provisions $'000	Property Plant and Equipment $'000	Other $'000	Total $'000
At 1 July 2011	$25,172	$3,793	$804	$798	$308	$30,875
(Charged)/credited Charge to the Income Statement	$946	$474	$243	($344)	$135	$1,454
At 30 June 2012	$26,118	$4,267	$1,047	$454	$443	$32,329

Movements - Consolidated entity	Make Good Provision $'000	Employee Benefits $'000	Provisions $'000	Property Plant and Equipment $'000	Other $'000	Total $'000
At 30 June 2012	$26,118	$4,267	$1,047	$454	$443	$32,329
(Charged)/credited Charge to the Income Statement	$1,601	$761	($61)	($306)	($102)	$1,893
At 30 June 2013	$27,719	$5,028	$986	$148	$341	$34,222

18 Inventories

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Completed Properties - at Cost	**198,302**	184,935	**198,302**	184,935
Completed Properties - at Net Realisable Value	**306,199**	322,547	**306,199**	322,547
Land Held for Sale - at Cost	**31,847**	13,540	**31,847**	13,540
Work in Progress - at Cost	**403,533**	358,083	**403,532**	358,083
Work in Progress - at Net Realisable Value	**9,297**	12,774	**9,297**	12,774
Total Inventories	**949,178**	891,879	**949,177**	891,879

	Consolidated entity		Parent entity	
Current Inventories	**276,712**	289,639	**276,712**	289,639
Non-Current Inventories	**672,466**	602,240	**672,465**	602,240
	949,178	891,879	**949,177**	891,879

The Total Fair value of Inventory as at 30 June 2013 is $1,117,297,239 (2012: $1,000,916,896)

19 Non-current assets - Plant, Equipment and Intangibles

Consolidated	Consolidated entity 30 June 2013 $'000	Consolidated entity 30 June 2012 $'000	Parent entity 30 June 2013 $'000	Parent entity 30 June 2012 $'000
Investment Properties				
Investment Properties - at Cost	**724,807**	778,996	**724,807**	778,996
Less: Accumulated Depreciation	**(82,380)**	(77,636)	**(82,380)**	(77,636)
	642,427	701,360	**642,427**	701,360
Investment Properties - Impaired				
Investment Properties - at Cost	**122,396**	158,225	**122,396**	158,225
Less : Accumulation Depreciation	**(4,248)**	(3,851)	**(4,248)**	(3,851)
Less Impairments	**(3,151)**	(7,058)	**(3,151)**	(7,058)
	114,997	147,316	**114,997**	147,316
Total Investment Properties	**757,424**	848,676	**757,424**	848,676
Plant and Equipment				
Plant and Equipment - at cost	**11,369**	11,175	**11,369**	11,175
Less: Accumulated Depreciation	**(5,762)**	(7,145)	**(5,762)**	(7,145)
	5,607	4,030	**5,607**	4,030
Software				
Software Development - at Cost	**24,206**	21,657	**24,206**	21,657
Less: Accumulated Amortisation	**(21,163)**	(20,183)	**(21,163)**	(20,183)
	3,043	1,474	**3,043**	1,474
Impaired Software				
Software Development - at Cost	**-**	155	**-**	155
Less: Accumulated Depreciation	**-**	(91)	**-**	(91)
Less: Impairment	**-**	(64)	**-**	(64)
Total Impaired Software	**-**	-	**-**	-
Impaired Plant and Equipment				
Plant and Equipment - at cost	**-**	137	**-**	137
Less: Accumulated Amortisation	**-**	(137)	**-**	(137)
	-	-	**-**	-
Total Plant, Equipment and Software	**8,650**	5,504	**8,650**	5,504
Total Property, Plant and Equipment	**766,074**	854,180	**766,074**	854,180

The total fair value of Investment Properties (including Investment Properties - Held for Sale in Note 15) as at 30 June 2013 is $1,480,625,794 (2012: $1,604,075,929).

19 Non-current assets - Plant, Equipment and Intangibles (continued)

	Investment Properties $'000	Plant and equipment $'000	Software $'000	Total $'000
At 1 July 2011				
Cost or Fair Value	1,067,099	10,910	20,918	1,098,927
Accumulated Depreciation	(87,914)	(8,373)	(19,292)	(115,579)
Net Book Amount	979,185	2,537	1,626	983,348
Year ended 30 June 2012				
Additions	104,840	2,684	894	108,418
By Transfer to/ from Inventory	(115,747)	-	-	(115,747)
Depreciation/ Amortisation Charge	(12,008)	(826)	(1,046)	(13,880)
Impairment Loss recognised in the Operating Result	1,929	(122)	-	1,807
Transfer (to)/ from Assets Held for Sale	(86,070)	-	-	(86,070)
Other Disposals	(32,901)	(2,282)	-	(35,183)
Depreciation/ Impairment Written Back on Disposal or Transfer	9,448	2,039	-	11,487
Closing Net Book Value 30 June	848,676	4,030	1,474	854,180
At 30 June 2012				
Cost or Fair Value	937,221	11,312	21,812	970,345
Accumulated Depreciation	(88,545)	(7,282)	(20,338)	(116,165)
Net Book Amount	848,676	4,030	1,474	854,180

Consolidated entity	Investment Properties $'000	Plant and equipment $'000	Software $'000	Total $'000
At 1 July 2012				
Cost or Fair Value	937,221	11,312	21,812	970,345
Accumulated Depreciation	(88,545)	(7,282)	(20,338)	(116,165)
Net book amount	848,676	4,030	1,474	854,180
Year ended 30 June 2013				
Additions	13,261	2,595	3,725	19,581
By Transfer to/ from Inventory	(15,177)	-	-	(15,177)
Depreciation/ Amortisation Charge	(11,354)	(943)	(888)	(13,185)
Impairment Loss recognised in the Operating Result	1,792	-	63	1,855
Transfer (to)/ from Assets Held for Sale	(85,090)	-	-	(85,090)
Other Disposals	(3,012)	(2,538)	(1,331)	(6,881)
Depreciation/ Impairment Written Back on Disposal or Transfer	8,328	2,463	-	10,791
Closing Net Book Value as at 30 June	757,424	5,607	3,043	766,074
At 30 June 2013				
Cost or Fair Value	847,203	11,369	24,206	882,778
Accumulated depreciation	(89,779)	(5,762)	(21,163)	(116,704)
Net Book Amount	757,424	5,607	3,043	766,074

20 Non-current assets - Investments Accounted for Using the Equity Method

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Crace Developments Pty Ltd (note 38)	**5,194**	3,878	**5,194**	3,878
Total Share in Assoicates	**5,194**	3,878	**5,194**	3,878

Investment in Associates are accounted for in the financial statements using the equity method of accounting and are carried at cost plus accumulated earnings.

21 Finance Lease Receivables

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Current Finance Lease Receivables				
Due not later than one year	**2,951**	190	**2,951**	190
Total Current Finance Lease Receivables	**2,951**	190	**2,951**	190
Non-Current Finance Lease Receivables				
Due not later than one year but not later than five years	**38,880**	872	**38,880**	872
Total Non-Current Finance Lease Receivables	**38,880**	872	**38,880**	872
Total Finance Lease Receivables	**41,831**	1,062	**41,831**	1,062

	Consolidated entity		Parent entity	
Current				
Annuities - Receivable (C)	**4,863**	243	**4,863**	243
Annuities - Unearned Inter (C)	**(1,912)**	(53)	**(1,912)**	(53)
Current Finance Lease Receivables	**2,951**	190	**2,951**	190
Annuities - Receivable (NC)	**49,833**	971	**49,833**	971
Annuities - Unearn Inter (NC)	**(10,953)**	(99)	**(10,953)**	(99)
Non-Current Finance Lease Receivables	**38,880**	872	**38,880**	872
Total Finance Lease Receivables	**41,831**	1,062	**41,831**	1,062

DHA finances on-base housing constructions and certain off-base properties for the Department of Defence, under annuity arrangements provided for in the Services Agreement. Monthly payments are split - principal amounts are credited against the relevant receivable and the interest component is recorded as Other Revenue under Housing Services Provided.

22 Trade and Other Payables

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Trade Creditors	**6,510**	7,018	**6,514**	7,018
Accrued expenses	**49,662**	63,459	**49,654**	63,459
Accrued Repairs and Maintenance	**1,872**	1,253	**1,872**	1,253
Stamp Duty and Land Tax Payable	**7,696**	5,384	**7,696**	5,384
Total Trade and Other Payables	**65,740**	77,114	**65,736**	77,114

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Supplier payables expected to be settled within 12 months:				
Related Entities	**13,232**	54,383	**13,232**	54,383
External Parties	**52,508**	10,977	**52,504**	10,977
Total	**65,740**	65,360	**65,736**	65,360
Supplier payables expected to be settled in more than 12 months:				
External Parties	**-**	11,754	**-**	11,754
Total Trade and Other Payables:	**-**	11,754	**-**	11,754
Total Supplier Payables	**65,740**	77,114	**65,736**	77,114

23 Current Tax Liabilites

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Current Tax Liabilities	**8,191**	4,039	**8,191**	4,039

24 Dividends

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Provisions - Dividends	**51,073**	49,654	**51,073**	49,654

25 Non-current liabilities - Deferred Tax Liabilities

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
The balance comprises temporary differences attributable to:				
Investment property	**8,499**	5,947	**8,499**	5,947
Prepayments	**6**	8	**6**	8
R&D Expense	**-**	676	**-**	676
Accrued Income	**-**	777	**-**	777
Inventory	**9,475**	6,008	**9,475**	6,008
	17,980	13,416	**17,980**	13,416
Set-off of deferred tax liabilities pursuant to set-off provisions (note 17)	**(17,980)**	(13,416)	**(17,980)**	(13,416)
Net deferred tax liabilities	**-**	-	**-**	-

Movements - Consolidated entity	**Investment property $'000**	**Accrued Income $'000**	**R&D expenses $'000**	**Inventory $'000**	**Other $'000**	**Total $'000**
At 1 July 2011	**2,445**	**609**	**-**	**1,605**	**6**	**4,665**
Charged/(credited)						
- Charged to the income statement	**3,502**	**168**	**676**	**4,403**	**2**	**8,751**
At 30 June 2012	**5,947**	**777**	**676**	**6,008**	**8**	**13,416**
At 1 July 2012	**5,947**	**777**	**676**	**6,008**	**8**	**13,416**
Charged/(credited)						
- Charged to the income statement	**2,552**	**(777)**	**(676)**	**3,467**	**(2)**	**4,564**
At 30 June 2013	**8,499**	**-**	**-**	**9,475**	**6**	**17,980**

26 Current liabilities - Borrowings

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Loans from Department of Defence (Current)	**75,000**	130,000	**75,000**	130,000
Loans from Department of Defence (Non-Current)	**434,580**	379,580	**434,580**	379,580
Total current borrowings	**509,580**	509,580	**509,580**	509,580

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Maturity Schedule for Borrowings Payable:				
Within one year	**75,000**	130,000	**75,000**	130,000
In one to five years	**179,580**	254,580	**179,580**	254,580
In more than five years	**255,000**	125,000	**255,000**	125,000
Total Borrowings	**509,580**	509,580	**509,580**	509,580

DHA has an unsecured borrowing facility with the Department of Finance and Deregulation, incorporating all borrowings, underpinned by a Loan Agreement dated 31 August 2006. The Loan Agreement affords DHA the flexibility to borrow at either fixed or floating interest rates at market rates which includes a competitive neutrality charge. Government policy requires all loan arrangements to be appropriated through and borrowed from the Department of Defence.

27 Other financial liabilities

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Current				
Revenue in Advance	**28,891**	25,614	**28,891**	25,614
Lease Incentive	**177**	177	**177**	177
Total Current	**29,068**	25,791	**29,068**	25,791
Non-Current				
Lease Incentive	**959**	1,111	**959**	1,111
Total Non-Current	**959**	1,111	**959**	1,111
	30,027	26,902	**30,027**	26,902

28 Provisions

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Employee Benefits				
Annual Leave	**4,871**	4,466	**4,871**	4,466
Long Service Leave	**5,105**	4,528	**5,105**	4,528
	9,976	8,994	**9,976**	8,994
Other				
Make Good Provision	**7,305**	5,977	**7,305**	5,977
Other General Provisions	**4,945**	4,838	**4,932**	4,838
	12,250	10,815	**12,237**	10,815
Total Current	**22,226**	19,809	**22,213**	19,809
Non-Current				
Other				
Make Good Provision	**84,873**	81,085	**84,873**	81,085
Other General Provisions	**1,319**	1,093	**1,319**	1,093
	86,192	82,178	**86,192**	82,178
Employee Benefits				
Long Service Leave	**2,856**	2,410	**2,856**	2,410
	2,856	2,410	**2,856**	2,410
Total Non-Current	**89,048**	84,588	**89,048**	84,588
Total Provisions	**111,274**	104,397	**111,261**	104,397

(a) Make Good Provision

Other general provisions include amount set aside for:

- Make good on commercial tenancies at the expiration of the lease term; and
- Other sundry provisions.

Make Good Provision - where the lease term of a property is six years or more, DHA undertakes to make good the property at the expiration of lease and any extension options. The make good provision provides for the cost of refurbishing the leased property as set out in the lease agreement.

28 Provisions (continued)

(b) Movements in provisions

Consolidated entity 2013	Make good provision $'000	Other General Provisions $'000	Total $'000
Carrying amount at start of year	87,062	5,931	92,993
Additional provisions recognised	11,146	5,076	16,222
Amount used	(6,030)	(4,743)	(10,773)
Carrying amount at end of period	92,178	6,264	98,442

Consolidated entity 2012	Make good provision $'000	Other General Provisions $'000	Total $'000
Carrying amount at start of year	83,906	5,220	89,126
Additional provisions recognised	16,741	2,290	19,031
Amount used	(13,585)	(1,579)	(15,164)
Carrying amount at end of period	87,062	5,931	92,993

29 Cash Flow Reconcilation

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Reconcilation of operating results to net cash from operating activities:				
Profit for the Period	**85,120**	82,758	**85,121**	82,758
Depreciation - Plant and Equipment	**1,831**	1,872	**1,831**	1,872
Depreciation - Investment Properties	**11,354**	12,008	**11,354**	12,008
Impairment of Investment Properties	**(1,948)**	(3,445)	**(1,948)**	(3,445)
Gain on Disposal of Assets	**(40,665)**	(52,418)	**(40,665)**	(52,418)
Decrease on other Non Operating Cash Flow Revenue Items	**(1,315)**	(1,964)	**(1,317)**	(1,964)
Increase in other Non Operating Cash Flow Expense Items	**4,118**	4,678	**4,118**	4,678
Decrease in Net Receivables	**3,593**	13,934	**3,593**	13,934
Decrease in Deferred Tax Assets	**2,667**	7,297	**2,671**	7,297
Increase in Inventories	**(77,831)**	(159,803)	**(77,831)**	(159,803)
Increase in Prepayments	**(2,331)**	(1,350)	**(2,331)**	(1,350)
Increase in Provisions	**6,876**	4,503	**6,863**	4,503
Increase/(Decrease) in Supplier Payments	**(11,320)**	33,639	**(11,325)**	33,639
Increase in Other Liabilities	**2,975**	6,061	**2,974**	6,061
Increase/(Decrease) in Tax Liabilities	**4,150**	(6,612)	**4,150**	(6,612)
Net Cash From / (Used by) Operating Activities	**(12,726)**	(58,842)	**(12,742)**	(58,842)

30 Contingent Liabilities and Assets

	Guarantees		Total	
Consolidated entity	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Contingent Assets				
Balance from previous period	**-**	-	**-**	-
New	**-**	-	**-**	-
Expired	**-**	-	**-**	-
Total Contingent Assets	**-**	-	**-**	-
Contingent Liabilities				
Balance from previous period	**9,111**	1,893	**9,111**	1,893
New	**7,520**	8,165	**7,520**	8,165
Obligations Expired	**(8,311)**	(947)	**(8,311)**	(947)
Total Contingent Liabilities	**8,320**	9,111	**8,320**	9,111
Net Contingent Assets (Liabilities)	**8,320**	9,111	**8,320**	9,111

Quantifiable Contingencies

The Schedule of Contingencies in the Financial Statements reports a number of contingent liabilities in the form of bank guarantees which arise as a result of DHA's normal business operations. The amount disclosed represents the aggregate amount of such guarantees. No financial liabilities are expected to arise from provisions of the guarantees.

Unquantifiable Contingencies

As at 30 June 2012, DHA has no unquantifiable contingencies.

Remote Contingencies

As at 30 June 2013, DHA has no remote contingencies.

31 Superannuation

Staff of DHA are employed under the Public Service Act 1999 and are entitled to benefits from the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Public Sector Superannuation accumulation plan (PSSap), under the Superannuation (Productivity Benefit) Act 1988. DHA meets its liability for the employer share of benefits payable under the Superannuation Acts by fortnightly payments to the Commonwealth Superannuation Administration (COMSUPER) in accordance with Section 159(2)of the Superannuation Act 1976 and Section 15 of the Superannuation Act 1990, or to other superannuation funds nominated by employees.

The Department of Finance and Deregulation has advised the Commonwealth Superannuation Administration that for the purpose of actuarial costing of the CSS and PSS, it is essential to be able to identify employer superannuation contributions made under each scheme by the organisation. The separate CSS, PSS and PSSap employer superannuation contribution rates and contributions paid by DHA for the reporting period are:

- CSS members: Contributions at the rate of 20.3% (2012: 21.4%) of salary for superannuation purposes, amounting to $134,750 (2012: $132,517);
- PSS members: Contributions at the rate of 18.1% (2012: 15.2%) of salary for superannuation purposes, amounting to $2,901,836 (2012: $2,420,625); and
- PSSap members: Contributions at the rate of 15.4% (2012: 15.4%) of salary for superannuation purposes, amounting to $4,436,612 (2012: $3,867,731).

32 Key Management Personnel Remuneration

The Directors of DHA during the year were:

Mr Derek Volker AO	Chairman
Mr Peter Howman	Managing Director (appointed 4 February 2013)
Air Vice-Marshal Gary Beck AO (Ret'd)	Director
The Hon Arch Bevis	Director
Ms Carol Holley	Director
The Hon J A L (Sandy) Macdonald	Director
Mr Peter Sharp	Director
Ms Margaret Walker	Director
Ms Janice Williams	Director (appointed 12 December 2012)
Mr Gary Potts	Director (term expired 23 November 2012)
Mr Michael Del Gigante	Managing Director (term expired 3 February 2013)

The specified Executives of DHA during the financial year were:

Mr Peter Howman	Managing Director (appointed 4 February 2013) and Chief Operating Officer
Mr Jon Brocklehurst	Chief Financial Officer
Mr Tony Winterbottom	General Manager Sales & Marketing & Portfolio Management
Mr Brett Jorgensen	General Manager Property and Tenancy Services
Mr John Dietz	General Manager Property Provisioning Group
Mr Shane Nielsen	Chief Information Officer & General Manager Business Solutions & Technology
Mrs Lesley Pothan	General Manager Corporate Affairs (acting 1 July 2012 - 30 June 2013)
Mr Michael Del Gigante	Managing Director (term expired 3 February 2013)

32 Key Management Personnel Remuneration (continued)

The directors and other key management personnel of DHA IML during or since the end of the financial year were:

Ms Carol Holley	Chair, Non Executive Director - appointed 14 December 2012
Mr Peter Howman	Executive Director - appointed 14 December 2012
Mr Michael Del Gigante	Non Executive Director - appointed 14 December 2012
Mr Jon Brocklehurst	Public Officer - appointed 14 December 2012
Mr Ross Jordan	Company Secretary - appointed 14 December 2012
Mr Robert Henman	Compliance Officer - appointed 12 March 2013
Mr Daniel Jones	Chief Operating Officer - appointed 12 March 2013

Key management personnel compensation

The aggregate compensation made to the Directors of DHA is set out below:

	Consolidated entity		**Parent entity**	
	30 June 2013 $	30 June 2012 $	**30 June 2013 $**	30 June 2012 $
Short-term employee benefits	**510,366**	485,311	**510,366**	485,311
Post-employment benefits	**29,037**	33,514	**29,037**	33,514
	539,403	518,825	**539,403**	518,825

The Director's compensation includes wages and salaries, leave accruals, performance and other bonuses, superannuation, motor vehicles, any other allowances and fringe benefits included in remuneration agreements.

33 Senior Executive Remuneration

(a) Senior Executive Remuneration Expense for the Reporting Period

	Consolidated entity		**Parent entity**	
	2013 Number	2012 Number	**2013 Number**	2012 Number
$180,000 to $209,999	**-**	1	**-**	1
$210,000 to $239,999	**1**	2	**1**	2
$240,000 to $269,999	**2**	4	**2**	4
$270,000 to $299,999	**5**	1	**5**	1
$300,000 to $329,999	**1**	2	**1**	2
$330,000 to $359,999	**1**	-	**1**	-
$360,000 to $389,999	**2**	1	**2**	1
$390,000 to $419,999	**-**	-	**-**	-
$420,000 to $449,999	**-**	-	**-**	-
$450,000 to $479,999	**-**	1	**-**	1
$480,000 to $509,999	**1**	-	**1**	-
Total	**13**	12	**13**	12

33. Senior Executive Remuneration (continued)

(a) Senior Executive Remuneration Expense for the Reporting Period (continued)

Total expense recognised in relation to Senior Executive employment

	Consolidated entity		Parent entity	
	30 June 2013	30 June 2012	**30 June 2013**	30 June 2012
Short-Term Employee Benefits:				
Salary	**2,890,897**	2,583,697	**2,890,897**	2,583,697
Annual Leave Accrued	**228,421**	218,168	**228,421**	218,168
Performance Bonus	**399,561**	318,604	**399,561**	318,604
Retention Bonus	**30,000**	95,360	**30,000**	95,360
Total Short-Term Employee Benefits	**3,548,879**	3,215,829	**3,548,879**	3,215,829
Post-Employment Benefits				
Superannuation (Post-Employment Benefits)	**458,764**	408,491	**458,764**	408,491
Long Service Leave	**102,789**	98,176	**102,789**	98,176
Total Post-Employment Benefits	**561,553**	506,667	**561,553**	506,667
Termination Benefits	**-**	-	**-**	-
Termination benefits	**-**	-	**-**	-
Total Employment Benefits	**4,110,432**	3,722,496	**4,110,432**	3,722,496

(b) Average Annual Remuneration Paid to Substantive Senior Executives during the Reporting Period

Reporting Period Ended 30 June 2013

Consolidated entity	**Senior Executives No.**	**Reportable salary $**	**Contributed superannuation $**	**Bonus paid $**	**Total $**
Total remuneration (including part-time arrangements)					
$180,000 - $209,999	**1**	**152,236**	**25,066**	**19,749**	**197,051**
$240,000 - $269,999	**5**	**198,740**	**31,328**	**24,906**	**254,974**
$270,000 - $299,999	**1**	**231,941**	**34,572**	**27,715**	**294,228**
$330,000 - $359,999	**2**	**261,261**	**42,065**	**35,027**	**338,353**
$420,000 -$449,999	**1**	**337,685**	**46,547**	**41,906**	**426,138**
$510,000- $539,999	**1**	**396,737**	**32,116**	**95,467**	**524,320**

33. Senior Executive Remuneration (continued)

(b) Average Annual Remuneration Paid to Substantive Senior Executives during the Reporting Period (continued)

Average Annual Remuneration Packages for Substantive Senior Executives as at 30 June 2012

Reporting Period Ended 30 June 2012

Consolidated entity	Senior Executives No.	Reportable salary $	Contributed superannuation $	Bonus paid $	Total $
Total remuneration (including part-time arrangements)					
$180,000 - $209,999	2	169,000	28,000	10,000	207,000
$240,000 - $269,999	4	191,000	32,000	22,000	245,000
$270,000 - $299,999	2	227,000	33,000	17,000	277,000
$300,000 - $329,999	1	251,000	37,000	32,000	320,000
$330,000 - $359,999	1	273,000	20,000	38,000	331,000
$450,000 - $479,999	1	330,000	87,000	57,000	474,000

(c) Other Highly Paid Staff

Average Annual remuneration Packages for other highly paid staff as at 30 June 2013

Reporting Period Ended 30 June 2013

Consolidated entity	Other Highly Paid Staff No.	Reportable salary $	Contributed superannuation $	Bonus paid $	Total $
Relevant remuneration bands					
$180,000 - $209,999	**18**	**152,706**	**24,044**	**16,628**	**193,378**
$210,000 - $239,999	**6**	**171,284**	**28,674**	**21,970**	**221,928**
$240,000 - $269,999	**1**	**214,889**	**26,313**	**11,851**	**253,053**

Average Annual remuneration Packages for other highly paid staff as at 30 June 2012

Reporting Period Ended 30 June 2012

Consolidated entity	Other Highly Paid Staff No. $'000	Reportable salary $	Contributed superannuation $	Bonus paid $	Total $
Relevant remuneration bands					
$180,000 - $209,999	14	146,000	31,000	15,000	192,000
$210,000 - $239,999	1	160,000	30,000	20,000	210,000

34 Remuneration of Auditors

	Consolidated entity		Parent entity	
	30 June 2013 $	30 June 2012 $	**30 June 2013 $**	30 June 2012 $
Amount Received or Due and Receivable by Auditors				
Australian National Audit Office (ANAO) for the Audit of the Financial Statements	**212,300**	212,300	**212,300**	212,300
	212,300	212,300	**212,300**	212,300
Audit Fees relating to the Audit of Lyons Joint Venture are paid to ANAO. DHA is liable for 50% of these fees.	-	13,200	-	13,200
	-	13,200	-	13,200
Audit Fees relating to the audit of DHA IML are paid to the ANAO. DHA IML is liable for 100% of these fees.	**14,300**	-	-	-
	14,300	-	-	-

The amounts are GST inclusive.

No other services were provided by the ANAO during the reporting period. Deloitte Touche Tohmatsu has been contracted by the ANAO to provide audit services for 2012/2013 on the ANAO's behalf. Fees for these services are included.

35 Related Party Disclosures

DHA forms part of the Department of Defence portfolio. DHA reports to two shareholders ministers - The Minister for Defence and the Minister for Finance and Deregulation.

Key management personnel are detailed in Note 32 . DHA has entered into two joint ventures which are detailed in Note 37.

DHA IML has not provided remuneration to key management personnel. Key management personnel are provided to DHA IML by DHA under a Services Agreement.

DHA and DHA IML entered into the Service Agreement on the 23 May 2013 to assist in the running of the business.

The services to be provided by DHA to DHA IML include:

- The use of DHA employees to assist with compliance with regulatory obligations;
- Accounting, taxation reporting and othe secretarial services;
- Allowing DHA IML to occupy DHA's premises as its registered office for the purpose of the Corporations Act;
- Provide material, equipment and services necessary for the administration of the business;
- Provide maintenance and administration of all equipment and assets used in the administration and provision of services;

The Service Fee for the 2013-14 financial year has been agreed by the two parties. The Service Agreement does not include any additional fees payable to DHA pertaining to the performance of the Company.

36 Economic Dependency

DHA depends on the Department of Defence in accordance with the Services Agreement between the Department of Defence and DHA. DHA received 54.8% of its total revenue from the Department of Defence and from Defence members for the year ended 30 June 2013 (2012: 62.3%).

37 Interests in Joint Venture Developments

(a) The Sanctuary - Wattle Grove

DHA holds a 50% interest in The Sanctuary Development (formerly referred to as Wattle Grove Development) near Moorebank in Sydney. The principal activity of the joint venture was to develop housing sites for the Department of Defence and private sector housing. The development activities of the joint venture ceased in December 2003. DHA's interest in the joint venture has been assessed as a jointly controlled asset. Accordingly, DHA's share of assets employed in the joint venture, the share of liabilities incurred in relation to the joint venture and the share of any expenses incurred in relation to the joint venture are disclosed in the respective classification categories.

Disposal of the final parcel of land was completed in December 2005. The joint venture continues pending receipt of final approval of the development from Liverpool City Council and Sydney Water.

The following represents DHA's total interest in the joint venture as at 30 June 2013.

The income statement and balance sheet items have been incorporated in the financial statements under their respective classifications.

	Consolidated entity		**Parent entity**	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Income Statement				
Revenue	**(1)**	2	**(1)**	2
Total Profit	**(1)**	2	**(1)**	2
Current assets				
Cash	**63**	64	**63**	64
Total Current Assets	**63**	64	**63**	64
Total Assets	**63**	64	**63**	64
Current Liabilities				
Provisions	**77**	77	**77**	77
Total Current Liabilities	**77**	77	**77**	77
Non-current liabilities				
Total non-current liabilities	**-**	-	**-**	-
Net Assets	**(14)**	(13)	**(14)**	(13)
Equity	**(14)**	(13)	**(14)**	(13)

There were no significant contingent liabilities or commitments for expenditure at 30 June 2013.

37 Interests in Joint Venture Developments (continued)

(b) Lyons Joint Venture

In March 2005, DHA entered into a joint venture with a subsidiary of CIC Australia Ltd (CIC) for the development of land at Lee Point Road in Darwin. DHA's 50% contribution to the joint venture was $14,250,000. DHA received $28,500,000 from the joint venture in exchange for the rights to develop the land at Lee Point Road.

DHA's interest in the joint venture has been assessed as a jointly controlled operation. Accordingly, DHA's share of assets employed in the joint venture, the share of liabilities incurred in relation to the joint venture and the share of any expenses incurred in relation to the joint venture are disclosed in the respective classification categories.

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Income Statement				
Revenues	**126**	616	**126**	616
Expenses	**(1)**	(14)	**(1)**	(14)
Total Profit	**125**	602	**125**	602
Current assets				
Cash	**140**	593	**140**	593
Receivables	**1**	-	**1**	-
Total Current Assets	**141**	593	**141**	593
Non-current assets				
Inventory	**138**	138	**138**	138
Total Non-Current Assets	**138**	138	**138**	138
Total Assets	**279**	731	**279**	731
Current liabilities				
Payables	**141**	342	**141**	342
Total Current Liabilities	**141**	342	**141**	342
Non-current liabilities				
Total non-current liabilities	**-**	-	**-**	-
Net Assets	**138**	389	**138**	389
Equity	**138**	389	**138**	389

There were no significant contingent liabilities or commitments for expenditure at 30 June 2013.

38 Investments in associates

(a) Crace Developments

DHA acquired 10% of the issued capital of Crace Developments Pty Ltd (Crace) in 2008. It has been determined that Crace is an associate. Crace is 50% participant in Crace Joint Venture between Canberra Investment Corporation Ltd, Tatebrook Pty Limited, DHA and the Land Development Agency. The Crace Shareholders Agreement provides DHA significant influence over the management of the company.

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Movements in Carrying Amounts				
Carrying Amount at Beginning of Period	**3,878**	4,946	**3,878**	4,946
Share of Profit/(Loss) after Income Tax	**1,316**	720	**1,316**	720
Investments during the Year	**-**	100	**-**	100
Capital Repayment	**-**	(1,888)	**-**	(1,888)
	5,194	3,878	**5,194**	3,878

Summarised financial information of associates

DHA's share of the results of its principal associate and its aggregated assets (including goodwill) and liabilities are as follows:

		Company's share of:			
	Ownership Interest %	**Assets $'000**	**Liabilities $'000**	**Revenues $'000**	**Profit $'000**
2013					
Crace Developments Pty Ltd	10	6,193	1,063	1,864	1,316
2012					
Crace Developments Pty Ltd	10	5,885	2,033	1,179	720

Contingent liabilities of associates

At balance date there were no contingent liabilities of the associate for which DHA is severally liable.

39 Subsidiaries

DHA Investment Management Limited

On the 14th December 2012 DHA created a wholly owned subsidiary DHA Investment Management Limited (DHA IML) whose principal objective is to establish, operate and administer Managed Investment Schemes.

DHA IML holds an Australian Financial Services Licence and is the responsible entity, the manager and the issuer of the units in DHA Residential Property Fund No. 1 (the Fund).

DHA IML is responsible for the operation and management of the Fund and must perform in accordance with the duties under the *Corporations Act 2001*, the Fund's Constitution and the Fund's Compliance Plan.

The following tables set out the Statement of Comprehensive Income and Statement of Financial Position for DHA IML for the period 14 December 2012 to 30 June 2013.

Statement of Comprehensive income	**Year ended 30 June 2013**
Revenue	
Finance Income	16
Total Revenue	**16**
Expenses	
Other Expenses	17
Total Expenses	**17**
Income Tax expense	-
(Loss) for the period	**(1)**
Other Comprehensive Income	-
Total Comprehensive Income for the Period	**(1)**

Statement of Financial Position	**As at 30 June 2013 $'000**
Assets	
Current Assets	
Cash and Cash Equivalents	1,015
Total Current Assets	**1,015**
Non Current Asset	
Deferred Tax Assets	4
Total Non Current Assets	**4**
Total Assets	**1,019**
Liabilities	
Current Liabilities	
Trade and Other Payables	7
Provisions	13
Total Current Liabilities	**20**
Total Liabilities	**20**
Net Assets	**999**
Equity	
Contributed Equity	1,000
Retained Earnings	(1)
Total Equity	**999**

40 Financial risk management

The carrying value of the entity's Financial Assets and Liabilities at the reporting date are as follows

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Financial Assets				
Cash at Bank	**1,928**	674	**912**	674
Cash on Hand	**16**	16	**16**	16
Short Term Deposits	**328,500**	294,500	**328,500**	294,500
Trade and Other Receivables	**9,340**	12,931	**9,340**	12,931
Finance Lease Current	**2,951**	190	**2,951**	190
Finance Lease Non- Current	**38,880**	872	**38,880**	872
Carrying Amount of Financial Assets	**381,615**	309,183	**380,599**	309,183
Financial Liabilities				
Borrowings	**509,580**	509,580	**509,580**	509,580
Trade and Other Payables (Current)	**65,740**	65,360	**65,736**	65,360
Trade and Other Payables (Non Current)	**-**	11,754	**-**	11,754
Other Financial Liabilities	**29,068**	25,791	**29,068**	25,791
Dividends	**51,073**	49,654	**51,073**	49,654
Other Financial Liabilities	**959**	1,111	**959**	1,111
	656,420	663,250	**656,416**	663,250

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Net Income from Financial Assets				
Interest	**14,493**	14,732	**14,477**	14,732
Annuity Revenue	**725**	1,145	**725**	1,145
Net Gain Loans and Receivables	**15,218**	15,877	**15,202**	15,877

40 Financial risk management (continued)

	Consolidated entity		Parent entity	
	30 June 2013 $'000	30 June 2012 $'000	**30 June 2013 $'000**	30 June 2012 $'000
Net Expenses from Financial Liabilities				
Finance Expenses	**30,854**	31,818	**30,854**	31,818
Net Loss Financial Liabilites - Amortised Cost	**30,854**	31,818	**30,854**	31,818

(a) Fair value of Financial Instruments

Consolidated entity	**Carrying Amount 2013 $'000**	**Fair Value 2013 $'000**	Carrying Amount 2012 $'000	Fair Value 2012 $'000
Financial Assets				
Cash at Bank	**1,928**	**1,928**	674	674
Cash on Hand	**16**	**16**	16	16
Short Term Investments	**328,500**	**328,500**	294,500	294,500
Receivables for Goods and Services	**9,340**	**9,340**	12,931	12,931
Finance Lease Receivable	**41,831**	**44,268**	1,062	1,132
Total	**381,615**	**384,052**	309,183	309,253

Consolidated entity	**Carrying Amount 2013 $'000**	**Fair Value 2013 $'000**	Carrying Amount 2012 $'000	Fair Value 2012 $'000
Financial Liabilities				
Department of Defence Loans	**509,580**	**520,647**	509,580	530,724
Trade and Other Payables	**65,740**	**65,740**	77,114	77,114
Other Financial Liabilities	**30,027**	**30,027**	26,902	26,902
Dividends	**51,073**	**51,073**	49,654	49,654
Total	**656,420**	**667,487**	663,250	684,394

The fair value of financial assets and liabilities referred to in the above table has been derived as follows:

- The fair value of government loans is calculated by the Australian Office of Financial Management. The loans are valued by calculating the net present values of all future contracted payments at the relevant interest rate.

- The fair value of finance lease receivables are valued by calculating the net present values of all future contracted payments using the relevant interest rates.

- The Directors consider that the carrying amounts of all other financial assets and liabilities recorded at amortised cost in the financial statements approximates their fair values.

In accordance with AASB 7 - Financial Instruments Disclosures the fair value of government loans and finance leases have been determined using level 2 of the fair value hierarchy.

40 Financial risk management (continued)

(b) Credit Risk

Credit risk arises from the financial assets of DHA, which comprise cash and cash equivalents and trade and other receivables. Exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

DHA does not hold any credit derivatives to offset its credit exposure.

DHA trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it policy to securitise its trade and other receivables. All customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that DHA's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within DHA and financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

The following table illustrates DHA's gross exposure to credit risk, excluding any collateral or credit enhancement

	Consolidated entity		**Parent entity**	
			30 June	30 June
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial Assets				
Cash at Bank	**1,928**	674	**912**	674
Cash on Hand	**16**	16	**16**	16
Short Term Investments	**328,500**	294,500	**328,500**	294,500
Receivables for Goods and Services	**9,340**	12,931	**9,340**	12,931
Finance Lease Receivable	**41,831**	1,062	**41,831**	1,062
Total	**381,615**	309,183	**380,599**	309,183

	Consolidated entity		**Parent entity**	
			30 June	30 June
	2013	2012	**2013**	2012
	$'000	$'000	**$'000**	$'000
Financial Liabilities				
Department of Defence Loans	**509,580**	509,580	**509,580**	509,580
Trade and Other Payables	**65,740**	77,114	**65,736**	77,114
Other Financial Liabilities	**30,027**	26,902	**30,027**	26,902
Dividends	**51,073**	49,654	**51,073**	49,654
Total	**656,420**	663,250	**656,416**	663,250

40 Financial risk management (continued)

(b) Credit Risk (continued)

Credit Quality of financial instruments past due or individually determined as impaired

Consolidated entity	Not Past Due Nor Impaired 2013 $'000	Not Past Due Nor Impaired 2012 $'000	Past Due or Impaired 2013 $'000	Past Due or Impaired 2012 $'000
Financial Assets				
Trade Receivables	9,340	12,931	-	191
Total	9,340	12,931	-	191

Ageing of Financial Assets that are past due but not impaired for 2013

Consolidated entity	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for Goods and Services (Net)	-	-	-	-	-
Total	-	-	-	-	-

Ageing of Financial Assets that are past due but not impaired for 2012

Consolidated entity	0 to 30 days $'000	31 to 60 days $'000	61 to 90 days $'000	90+ days $'000	Total $'000
Receivables for Goods and Services (Net)	-	-	-	191	191

(c) Liquidity Risk

DHA manages liquidity risk by maintaining an appropriate level of marketable securities on hand to meet outgoing commitments in the event of failure to receive any revenue from the normal course of business and ensuring capacity exists to borrow under the Cash Advance Facility based upon annual cash flow forecasts prepared by DHA Finance.

Maturities of financial Liabilities 2013	On Demand $'000	With1 Year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Trade and Other Payables	-	65,740	-	-	-
Department of Defence Loans	-	75,000	114,100	165,480	155,000
Other Financial Liabilities	-	30,027	-	-	-
Dividends	-	51,073	-	-	-
Total non-derivatives	-	221,840	114,100	165,480	155,000

40 Financial risk management (continued)

(c) Liquidity Risk (continued)

	On Demand $'000	Within 1 Year $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000
Maturities for Financial Liabilites 2012					
Trade and Other Payables	-	77,114	-	-	-
Department of Defence Loans	-	130,000	75,000	179,580	125,000
Other Financial Liabilities	-	25,805	171	476	450
Dividends	-	49,654	-	-	-
Total non-derivatives	-	282,573	75,171	180,056	125,450

Derivatives

The above tables detail the expected maturity at balance date for non-derivative financial liabilities. The tables are undiscounted cash flows of financial liabilities based upon their assumed debt rollover patterns and interest payments.

DHA has no derivative financial liabilities in both the current and prior year.

(d) Market Risk

DHA manages interest rate risk by ensuring that both investments and borrowings mature commensurate with cash flow requirements to minimise repricing risk arising from changes in interest rates. DHA also seeks to ensure an appropriate mix of maturities across the yield curve to avoid concentration of maturities on any given date and higher volatility inherent in longer dated investments.

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. DHA has exposure to interest rate risk arising from fluctuations in interest rates applicable to cash and borrowings. Interest rates on finance leases are fixed.

The table below details the interest rate sensitivity analyses of the entity at the reporting date, holding all other variables constant.

Sensitivity analysis of the risk that DHA is exposed to in 2013

			Effect on	
	Risk Variable	**Change in risk variable**	**Profit and Loss**	**Equity**
		%	**$,000**	**$,000**
Interest Rate risk	Interest	1.20	2,382	

40 Financial risk management (continued)

(d) Market Risk (continued)

Sensitivity analysis of the risk that DHA is exposed to in 2012

	Risk Variable	Change in risk variable %	Effect on: Profit and Loss $,000	Effect on: Equity $,000
Interest Rate risk	Interest	1.40	2,344	0

Interest rate sensitivity analysis has been calculated on a "reasonable possible" basis. The rate of 120 basis points (140 basis points 2012) was determined by using the standard parameters issued by the Department of Finance and Deregulation.

41 Subsequent Events

DHA IML established DHA residential Property Fund No.1 which received an application form on 24 July 2013 from Specialised Private Capital Limited, the Trustee for Centric DHA Residential Property Fund for 50 million units ($50.0 million). The application monies are expected to be received and will be used to acquire residential property from DHA valued at $47.1 million.

Other than the above, there have been no events post 30 June 2013 which would have a material impact on the financial statements or operations of the DHA business.