

The Real Estate
Institute of Victoria Ltd

Annual Report

2018 - 2019



PRESIDENT'S REPORT



The REIV Board is responsible for overall governance, management and strategic direction and for delivering accountable corporate performance. In performing this leadership role, the Board considers a wide range of matters in detail. For example: monitoring the financial position and assuring that reporting mechanisms deliver adequate, accurate and timely information; approving budgets and business plans and monitoring major capital expenditures, acquisitions and divestitures; assuring principal risks are identified with appropriate controls to monitor and manage impact; ensuring

sound succession planning so that the Board is comprised of people who are able to meet their responsibilities; and overseeing member and stakeholder engagement, reporting and information flows.

The Board is ably supported in all its endeavours by Gil King, who was reappointed as CEO for a further term of 3 years to 31 December 2021. Grateful thanks are extended to Gil and his team for their dedication, commitment to continuous improvement and considerable achievements.

Significant improvements continue to be made across all Member facing, external stakeholder facing and internal operations in accordance with the Board determined Strategy and Strategic Goals. Highlights are summarised on the following pages.

Stand out achievements from a Board perspective include the launch and gathering momentum of the REIV *Choose a Member* service; the success of REIV's representation work on a host of policy matters and during the State and Federal elections, the latter as part of the REIA national campaign on negative gearing; the increasing demand for REIV commentary by the media; and, the delivery of the *Connect* series of events throughout Regional Victoria.

The *Connect* events provided a long overdue opportunity for our Regional Members to meet and network with each other under an REIV banner and for the REIV to listen, learn, talk, share and train. The Board and CEO have a much better appreciation of the wants, needs and circumstances of our Regional Members. This will be used to good effect when we consider future strategy for member engagement, reporting and the flow of information.

The past 12 months have included considerable focus on corporate governance. Chapter and Division scope, functions and powers were reviewed with new arrangements coming into effect from 1 January 2019. While there has been a serious decline in the number of active Division Committees over many years, it was disappointing that only two Division Committees were capable of being formed this time. It is a fact of life in this time poor, data rich, 24/7, technology reliant world, that structures dependent solely on volunteers can struggle. The *Connect* events have filled a void and built essential bridges this year and we are committed to sustaining engagement with our Regional Victoria Members going forward.

The newly focused Chapter Committees are settling in, aided by the active participation of the CEO and Committee Secretaries – the latter appointed by the CEO from his leadership team.

Considerable thanks must go to all Chapter and Division Committee members who completed their two-year terms on 31 December 2018 and those appointed from or after 1 January 2019 for two years.

A new Constitution will be put to the vote at the 2019 AGM. The new Constitution has been designed to provide a 21st Century foundation for the achievement of the REIV's purpose by reflecting: good corporate governance practice; developments throughout the real estate sector, including the growing diversity of people, businesses and specialisms, the new national training package and not yet known changes to licensing and registration; and technological advances. It will make the REIV more inclusive and agile and better able to adjust to future developments. Subject to Member adoption of the new Constitution, the Board will put in place new By-Laws and considerable work will be required of management to ensure REIV systems and processes reflect the changes.

Another focus for the Board is Risk Management. The REIV's status as a Registered Training Organisation (RTO), all REIV investments, Board composition are just three examples of a wide range of strategic, financial, compliance and operational matters regularly reviewed by the Board and actively managed by management.

Re-registration as an RTO is required every five years and loss of such status for the REIV would be profound. The Board is delighted that our registration remains intact and congratulates the REIV compliance team in particular for their efforts in ensuring this outcome.

The divestment of approximately one third of the REIV's shares in realestateview.com.au Ltd (REV) reduced the REIV's financial exposure, better enables the REIV to focus on its core purpose and released some capital which enabled essential investment in REIV IT systems. The REIV remains a significant shareholder such that REV financial performance must be accounted for in the REIV accounts on an equity accounting basis.

The loss of Brian Ward from the Board last year left a gap not only in legal, governance and commercial expertise, but also independence. All these qualities are now being provided by Michael Clements who joined the Board as an Additional Director in April 2019.

Finally, I must recognise the contributions of all REIV Directors, not least Robyn Waters who provided exemplary leadership as the 2018-19 President.

I look forward to an exciting year ahead.

A handwritten signature in blue ink, appearing to read "Leah", with a stylized flourish at the end.

Leah Calnan

CEO'S REPORT



It is pleasing to see that the financial outcome of the organisation was sound given some of the unknowns that have impacted during the 2018-19 financial year. While not the ideal outcome, it was not possible to budget for some of the issues that arose.

One factor, well known to REIV Members, was the direct impact of Land Tax and Council Rates on the REIV. The REIV's Land Tax bill more than doubled due to the increase in the value of the 335 Camberwell Road property. While on one hand it is good news that the property asset has strong value, with that comes the consequential burdensome taxes.

The REIV's audit costs were also greater than first anticipated as a result of additional work required of our auditors, Pitcher Partners, to investigate and address issues from previous accounting periods. All related internal processes have also been reviewed and revised where necessary.

Over the past 12 months it would be safe to say that the real estate market has been in decline, albeit from very high and robust levels. Toward the end of the financial year there were signs of improvement with higher clearance rates being applied to still low volumes. We are confident, however, that the coming year will see good growth in numbers and clearance rates holding their own.

Of particular concern has been the extremely low vacancy rates in the residential rental market with some regional areas dropping below 2% and in some cases below 1%.

The REIV's advocacy and media presence continues to grow. It was a particularly busy year including a State Election followed by a Federal Election. It is now history that the Andrews' government was returned with an increased majority and continue on with their much needed road and rail infrastructure agenda. This has been affected by the drop in property transactions with resultant property taxes not meeting the forward estimates for revenue. The REIV now provides data twice weekly to the State Treasurer's office to assist in his management of the state's coffers.

On the matter of data, some detailed analysis of REIV data compared with other sources, including that of the Valuer General, has identified that the REIV holds the most accurate account of property transactions. This is primarily because REIV data comes from the 'boots on the ground' and is not subjected to the manipulation and variety of interpretations that other data providers utilise.

Last year I reported that we would continue lobbying against any proposal to remove section 27 of the Sale of Land Act regarding the early release of deposits. I am pleased to advise that this proposal has now dropped off the government's legislative agenda. We will continue to monitor this to ensure there is no change in direction.

Last year I also reported that we had identified a number of issues with the price quoting legislation in terms of the supporting documentation and the Statements of Information. Well it took some time for the government to respond, but I am pleased to advise that revisions to these documents have now been introduced and encapsulate most of the issues that the REIV raised.

Following on from the impact of the Rebate Statement issue outcomes that were achieved late last year, we have completed our external review of all forms provided by REIV to its members. With the rapid changes coming in the residential tenancies legislation we will remain vigilant and any forms impacted by the changes will be reviewed and amended as required in order to provide certainty to our membership.

As a Registered Training Organisation the REIV maintains the highest standards required by training regulators. We were successful this year in ensuring the Victorian Government adopted the new national training package for our profession. Because this will impact on the licensing regime, we have been given an extension of time to introduce the new package to allow Consumer Affairs Victoria to work with us on changes to the qualification and licensing regulations.

Much work has been done on the Constitutional review and we have communicated the proposed changes in the lead up to a vote on the changes at the 2019 AGM.

We are nearing the end of the second year of our three year strategic plan and it is with some pride I can say that all three tiers of its objectives are well on the way to full delivery.

I would like to thank the REIV Board of Directors for their continued support and the REIV team for all their hard work this year.

A handwritten signature in black ink, appearing to be "Gil King", with a long horizontal stroke extending to the right.

Gil King

HIGHLIGHTS

MEMBERSHIP

REIV membership numbers for 2018/19 reflect changes in the sector as a whole. Business Licensing Authority (BLA) data shows an overall year on year reduction of 1.6% for all types of Real Estate Offices and a 4% reduction in registered Agents' Representatives. While BLA data indicates an 8.5% growth in numbers of Licensed Agents in 2018/19, this does not necessarily represent the numbers of Agents who were practising in that period.

REIV Office (Company) membership remained strong with a slight increase on 2017/18 figures although total Office memberships were slightly down versus 2017/18 numbers. Despite the reduction, 2018/19 Office Memberships represent the 2nd highest for this membership category in the last 16 years. This is also the case for Licensed Members, despite a reduction of 3.6% from 2017/18 figures.

The number of Representative Members has reduced by 24% year on year and students by 33%. This reflects market conditions and should be expected to improve as the number of transactions and clearance rates improve.

Total REIV Individual and Office Membership

	30 June 2018	30 June 2019	Variance
Office	2,451	2,423	-1.1%
Individual	6,139	5,321	-13.3%

ADVOCACY AND REPRESENTATION

The REIV's standing as a credible representative body and commentator has continued to grow over the last 12 months. The REIV is increasingly consulted by Government on a wide range of issues from the early stage consideration of ideas through to their conclusion; whatever that might be.

Key policy areas covered in year include:

Purplebricks

Our long campaign against the use of the 'no commission' advertising by Purplebricks has borne fruit with the company exiting the Australian market. Our argument was not on the model adopted by the company, but rather the assertion that vendors would not suffer 'Commissery' by not paying a commission. We were successfully able to argue that the Purplebricks fee payable was, by definition, a commission.

Underquoting and Statements of Information

Consumer Affairs Victoria has recently announced some changes to the documentation supporting the Underquoting legislation. Most of these changes were requested by the REIV to ensure a more transparent process and to level the playing field. One of the major changes has

been to the Statement of Information which must now conform precisely with the Director's approved version.

Residential Tenancies Act

We have worked very closely with Consumer Affairs Victoria since the passing of the amending legislation late last year. The majority of the reforms will come into effect on 1 July 2020 however there have been a few that have been introduced piecemeal. In particular the recent announcement that the 'pets' reforms will come in ahead of time was communicated to us late. At the time of writing this issue was still moving through Parliament but we would expect it to be in before Christmas or even in the new year. Neither timeframe will allow the proper training for our property managers or for landlords (or residential rental providers as they are to be called) to get their head around the reverse onus. Unlike the existing legislation, it will now be up to the residential rental provider to initiate action in VCAT to object to the admission of a pet into a rental property.

The 'pets' issue was used by the government as the mainstay of its reforms around the Residential Tenancies Act. Using pets as a political tool ensured the other issues sat further back in the minds of stakeholders. What has been lost in all this debate is the fact that the property that is being leased is the property of the residential rental provider. Our concern is that the property ownership rights of investors are being eroded and the state is micromanaging the rental market.

Swimming pool and spa barrier regulations

The issue of safety around pools is paramount and the REIV was pleased to contribute to the debate around reforms which will be likely to be rolled out over the next 12 months. The major concern for the REIV was the likelihood that this amending legislation around the need for annual inspections would disadvantage residential rental providers over those who were owner occupiers. I am pleased to report that our advocacy has resulted in this requirement being changed.

The other significant issue around pool and spa barriers related to relocatable pools and spas was the fact that notwithstanding the renter might erect a relocatable pool or spa without consulting the residential rental provider, under the Building legislation, the residential rental provider was liable. We continue to work through these issues.

National Training Package

The REIV was successful in ensuring the Victorian Government adopted the new national training package and we are now working with Consumer Affairs Victoria to develop a new licensing system for the real estate profession in line with the higher standards that will be required.

MEDIA

A strong media presence supports the delivery of the REIV mission, strategy and strategic goals by raising awareness of the REIV and, by association, its Members. The provision of measured, evidence based commentary on matters affecting many Victorians enhances the REIV's reputation and credibility and again, by association, its Members. The REIV monitors audience reach, advertising equivalent spend and media responses – requests for REIV input including provision of quotes, interviews, data and other contextual information – each month. The median monthly results for 2018/19 are shown below.

	2018/19 Monthly Median
Advertising Equivalent Spend	\$440,580
Audience Reach	3.82million
Media Responses	42.5

MOBILISE CONSUMERS

The REIV launched the Choose a Member online tool and the REIV Difference campaign in 2018/19.

Since the launch of *Choose a Member*, agency and agent profile pages have been viewed in excess of 32,000 times with data indicating that for over 90% of searches, this tool is being used by consumers to confirm REIV membership. The initial focus has been to support consumers in their search for agents and agencies in relation to the sale or purchase of residential or commercial properties. There will be ongoing development to extend searchability for all of the specialist services offered by REIV Members and in so doing provide a key platform for consumers to find an REIV member whatever their real estate needs.

“The Difference” campaign is designed to position REIV members as a cut above non-members, being well trained, skilled and up to date professionals who invest in their continuing professional development, are covered by professional indemnity insurance, abide by REIV rules and always act ethically, honestly and fairly.

The campaign is being presented to Victorians through a range of media including online promotion, print advertising, outdoor advertising and radio.

ELEVATE PROFESSIONAL STANDARDS

The starting point for raising standards is the provision of high quality entry level training that delivers job-ready candidates. The delivery of such training for Agents and Agents' Representatives is the core offer from the REIV as a Registered Training Organisation.

Maintaining RTO status is critical to the REIV and requires ongoing dedicated attention to a wide range of policies, practices, procedures and materials to underpin operations and ensure compliance. The REIV successfully achieved re-registration and, more recently, secured a positive audit outcome by the Victorian Registration and Qualifications Authority and an extension

to the Training Package Transition Period, pending action by CAV to finalise and implement corresponding changes to Victorian licensing and registration requirements.

The recently released Victorian Student Satisfaction Survey is very pleasing. Overall, 90.1% of REIV students were satisfied with the training provided, against a Victorian average of 77.5%. The professionalism and reputation of the REIV have been highlighted as the main reasons students choose the REIV to be their preferred training provider. Of employers surveyed, 84% were satisfied with the training provided by the REIV against the Victorian average of 78.5%.

As a leader in real estate training, partnership between professional trainers and educators and real estate practitioners is essential to the design and execution of high quality training and delivery of job ready graduates.

Trading conditions over the last year have affected enrolments across the board and particularly for Agents' Representative courses.

	2018/19	2017/18
Certificate IV Enrolments in year	89	133
Certificate IV Completions in year	38*	101
Agents' Representative Enrolments	1340	1960
Agents' Representative Completions	1208	1700
Traineeships	69	124

**Certificate IV completions may not be in the year of enrolment*

The second element of the REIV's offer is the provision of training and other opportunities in support of professional development. The REIV's approach to Continuing Professional Development is undergoing a fundamental review. The development and implementation of a new scheme is a priority for 2019/20.

Training Eligible for CPD points

	2018/19	2017/18
Number of courses offered	124	106
Number of REIV Member participants	366	363
Number of other participants	700	640

The REIV offers a wide range of events including member only seminars, debates featuring high profile external commentators, auctioneering competitions and the annual awards for excellence.

The focus this year has been on developing the quality of all REIV events, building partnerships with external bodies to support our events programme and taking the REIV to regional Victoria through the Connect series.

Most REIV events form part of the REIV CPD programme, and in 2018/19 some 100 CPD points were available to Members through REIV events alone.

DATA

REIV Research

The REIV is uniquely placed with access to raw data directly from Member agents which is not subject to interpretation, speculation, assumptions or third-party sources. This data is used by the REIV in conjunction with other leading sources of data such as ABS, DHHS, ATO to develop real estate market insights that assist Members in the development and conduct of their businesses, support REIV policy development, advocacy and representation and is of value to many others with a vested interest in the Victorian real estate sector; the State Treasurer's office being but one example.

REIV Members have access to monthly REIV Research Bulletins as part of their membership and can also request more complex reporting from the REIV Research Team.

PropertyData Online Pty Ltd

Property Data On-Line Pty Ltd is a wholly owned REIV subsidiary and Richard Simpson was appointed by the Board in October 2018 as the sole Director of the Company. As an REIV subsidiary, the Company's financial performance forms part of the REIV's consolidated accounts.

The 2018-19 Business Plan has delivered many successes including: significant improvements to the PropertyData platform, including the implementation of a new and more functional mapping system designed to be scalable and cost effective; an active and effective data enrichment programme designed to capture agent data through CRM data feeds; the establishment of multiple commercial agreements with key agency brands for defined data-sets transmitted via API direct into CRMs or Digital Analytics Tools; significantly reduced operating costs achieved not least through comprehensive review of all suppliers and their ongoing active management; a wholly compliant Statement of Information; and, with the REIV, the delivery of the REIV's Choose a Member tool which is powered by PropertyData.

The 2019-22 Strategy and corresponding 2019-20 Business Plan set out clearly defined goals and objectives to improve the product, revenue and gross profit margin.

CHAPTER COMMITTEES

At 30 June 2019

New Committees were formed from 1 January 2019.

Auction

Adam Docking	Chair
Luke Banitsiotis	
Michael Hall	
Harry Li	
Andy Reid	
Raoul Salter	
Paul Tzamalīs	

Business Brokers

Gloria Ammerlaan	Chair
Grita Angelucci	
Amin Badawi	
Anthony Latessa	
Jamal Dabab	
Ian Wollermann	

Buyers' Agents

Ian James	Chair
Bernard Corser	
Noel Dyett (B)	
Richard Kerr	
Paul Murphy	
Janet Spencer	
Eddie Van Pamelen	

Commercial and Industrial

Tim Mitchell	Chair
Bianca Butterworth	
Michael Di Carlo	
Marni Lawson	
Megan Mander	
Richard Simpson	
Wendy Thomson	

New Members

Toby Campbell	Chair
Anthony Cimino	
Peter Hannon	
Megan Kimpton	
Luke Piccolo	

(B): Board representative

Owners Corporation

Adam Mikkelsen	Chair
Lee Maher (B)	
Norman Mermelstein	
Michael Nardella	
John Ross	
Neville Sanders	
Alex Starr	
Lucas Taylor	
Kate Yeowart	

Property Management

Clem Tralongo	Chair
Sabina Aldouby	
Leah Calnan	
Cindy Hartnett	
Nikki Jensen	
Sophie Lyon	
Courtney Thursfield	
Gina Tobolov	

Sales

Andrew Meehan	Chair
Leyden Burdett	
Karen Chernishov	
Christine Henderson	
Jason McDaniel	
Anthony Molinaro	

Valuers

Jim Derzekos	Chair
Warwick Burnham	
Aldo Galante	
Peter Lawrence	
Damian Lynch	
Stephen Miles	
Darrell Simpson	
Julian Valmorbida	
Nicholas Walsh	

DIVISION COMMITTEES

At 30 June 2019

New Division geographical boundaries came into effect from 1 January 2019 to coincide with the start of the new two year cycle for Division Committees.

Elections for Division Committee Members were held in Spring 2018 with two Committees being formed from 1 January 2019.

Loddon Goulburn

Tom Maher	Chair
Jacinta McIvor	Vice Chair
Michael Blake	
Matt Bowles	
Bradley Hinton	
Darryn Mawby	
Andrew Murphy	
Nekti Tzouroutis	

Mornington Peninsula

Andrew Meehan	Chair
Geoff Crowder	Vice Chair

Divisions without committees

Mallee
Wimmera
South West
Barwon
Central Highlands
Ovens Murray
Gippsland
Metropolitan*

**A dedicated Committee is not required for the Metropolitan Division, being served by REIV Camberwell.*

APPOINTMENTS AND HEARINGS

For the financial year 2018/19

Presidential Appointments

Rental Determinations

The appointment of qualified practising valuers to conduct market rent reviews of commercial and industrial premises and recommendations of specialist retail valuers to the Victorian Small Business Commissioner to conduct market rent reviews of retail premises under the Retail Leases Act 2003.

Applications	37
Appointments	33
Withdrawn	4

Miscellaneous Appointments

The appointment of real estate agents and/or qualified practising valuers in accordance with Court Orders, Terms of Settlement or other agreements in relation to Family Law matters, administration of Deceased Estates, Insurance Claims and other residential and commercial disputes.

Applications	47
Appointments	38
Withdrawn	9

Complaints and Disputes

Member to Member

In accordance with the REIV Constitution, By-Laws and Rules of Practice.

Mediations	5
Panel Hearings	0

Public Complaints

The REIV does not manage complaints from consumers about Members. All such complaints are referred to Consumer Affairs Victoria.



The Real Estate Institute of Victoria Ltd and controlled entities

ABN: 81 004 210 897

Consolidated Financial report

For the year ended 30 June 2019

Pitcher Partners

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TABLE OF CONTENTS

Directors' report	1 - 10
Auditor's independence declaration	11
Financial report	
Consolidated statement of profit or loss and other comprehensive income	12
Consolidated statement of financial position	13
Consolidated statement of changes in equity	14
Consolidated statement of cash flows	15
Notes to financial statements	16 - 42
Directors' declaration	43
Independent auditor's report	44 - 46

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereinafter as the consolidated entity) consisting of The Real Estate Institute of Victoria (referred to hereinafter as the company or parent entity) and the entities it controlled, during or at the end of the year ended 30 June 2019.

Directors names

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

Robyn Waters

Richard Simpson

Leah Calnan

Adam Docking

Michael Blake

Noel Dyett

Cameron Way

Sophie Lyon

Frank Hellier

Lee Maher

Michael Clements (Appointed 22 April 2019)

Brian Ward OAM (Resigned 15 October 2018)

Sam Tamblyn (Resigned 10 September 2018)

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

Results

The loss from continuing operations of the group for the year after providing for income tax amounted to \$494,652 (2018: profit of \$284,567). Total comprehensive loss for the year amounted to \$494,652 (2018: Income of \$287,586).

Significant changes in state of affairs

Significant changes in the state of affairs of the group during the financial year, were as follows:

The Company previously held 40.96% shares of Realestateview.com.au Ltd "REV", however this was reduced to 27.46% as at 8 March 2019 following the sale of 1,661,176 shares in REV. For the year ended 30 June 2019, the REV operations have been accounted for using the equity accounting method.

DIRECTORS' REPORT

Objectives

The REIV Mission, Strategy Statement and Strategic Goals for 2018/19 were finalised by the Board in June 2018. The Mission and Strategy Statement were further updated by the Board in March 2019.

Mission

To enhance the professional excellence of our members to the benefit of the communities they work within, and to advocate and represent their interests.

Strategy Statement

By 2021, we will be the respected voice of all Victorian real estate professionals offering quality representation, advocacy, education, networking opportunities and maintaining professional standards.

2018/19 Strategic Goals

- Mobilise the consumer to use an REIV Member
- Maximise the impact of our advocacy and representation work
- Elevate professional standards of real estate practitioners
- Establish a clear end-to-end career pathway for all REIV members

Financial performance was reviewed by the Finance Risk and Audit Committee and its successor body, Board Management and Finance Committee and by the Board at each meeting. Performance against the strategic goals were reported to each Board meeting.

Key achievements in support of the Strategic Goals in the financial year include:

- Launch of *Choose a Member*, an on-line facility powered by data provided by PropertyData Online Pty Ltd to help consumers find REIV Members to satisfy their real estate needs;
- Launch of *The Difference*, a branding campaign for Members and consumers allied to the *Choose a Member* service;
- Successful advocacy and representation on a wide range of matters including the Residential Tenancies Act, Purple Bricks "commisery" marketing, the new National Training Package, Negative Gearing and Capital Gains Tax – as part of a national campaign led by The Real Estate Institute of Australia;
- A strengthened media profile with an audience reach of 22.04m and advertising equivalent spend of \$2.9m in the period January to June 2019;
- Delivery of a series of Connect events throughout Regional Victoria to engage with members and provide training both to support compliance with Underquoting Legislation and Statement of Information preparation and changes to the Residential Tenancies Act;

DIRECTORS' REPORT

Objectives (Continued)

- Successful re-registration as a Registered Training Organisation with continuous improvement to policies, processes and practices;
- Collaboration with Consumer Affairs Victoria, the Department for Human Services and the National Disability Insurance Scheme on the design and delivery of courses;
- Supporting an increasing number of Traineeships.

Operational efficiencies continue to be delivered through active cost control, supplier management, risk management, continuous improvement of processes and policies and targeted investment in IT systems.

Principal activities

The principal continuing activities of the consolidated entity during the financial year were:

- The continued development of the Institute to support and promote the mutual interests of its Members;
- Advocacy and representation on behalf of the real estate sector in Victoria to Government and other stakeholders;
- The delivery of real estate and related education and training;
- The provision of events to support the continuing professional development of Members;
- The delivery of information to Members on real estate and related matters;
- The continued development of PropertyData Online Pty Ltd in line with its Business Plan.

After balance date events

No matters have arisen since 30 June 2019 that has significantly affected or may significantly affect the consolidated entity's operations, the result of those operations or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this directors report as the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

DIRECTORS' REPORT

Information on directors

Robyn Waters

President

Qualifications

CEA (REIV), FREI, FRICS

Experience

A licensed real estate agent operating as a sole trader, with extensive experience across all aspects of real estate practice. An active member of FIABCI and FIABCI World President in 2014. REIA Trustee to the International Ethics Standards Coalition. Ministerial appointment to the Estate Agents Council from 2015 to 2018. REIV representative to the REIA Board from December 2017 to December 2018. Elected to the Board from 1 October 2016 from the Metropolitan Zone, re-elected to the Board from 1 October 2019 and served as a Director previously from 2001 to 2006. REIV Senior Vice President from 23 October 2017 to 8 October 2018.

Special responsibilities

Elected by the Board as REIV President from 8 October 2018. Member of the Finance, Risk and Audit Committee and Board Management Committee to 8 October 2018 and Member of the successor committee, Board Management and Finance Committee, from 8 October 2018.

Richard Simpson

Director

Qualifications

CEA (REIV)

Experience

A licensed real estate agent and managing partner of WB Simpson & Son, a long-standing family owned business that sells and leases residential and commercial property. Previously a Chartered Accountant with KPMG with a focus on the banking, financial and property development sectors. REIV Charitable Foundation Director. Elected to the Board from 1 October 2015 from the Metropolitan Zone and re-elected in 2018. REIV President from 23 October 2017 to 8 October 2018. Chair of the Finance, Risk and Audit Committee and Chair of the Board Management Committee to 8 October 2018.

Special responsibilities

Appointed as the REIV representative to the REIA Board for three years from December 2018. PropertyData Online Pty Ltd Director. Member of the Board Management and Finance Committee, from 8 October 2018.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES

ABN: 81 004 210 897

DIRECTORS' REPORT

Information on directors (Continued)

Leah Calnan	Senior Vice President
Qualifications	CEA (REIV)
Experience	A licensed real estate agent and proprietor and director of Metro Property Management Pty Ltd. A property management and owners corporation management specialist, an REIV accredited trainer and author of "Simple and Successful Property Management". Elected to the Board on 1 October 2014 from the Metropolitan Zone and re-elected for a second term from 1 October 2017. REIV Vice President from 23 October 2017 to 8 October 2018. Chair of the Policy Committee.
Special responsibilities	Elected by the Board as Senior Vice President from 8 October 2018. Appointed by the Board as Members' Council Chair from 8 October 2018. Member of the Finance, Risk and Audit Committee and Board Management Committee, to 8 October 2018 and Chair of the successor committee, Board Management and Finance Committee, from 8 October 2018
Adam Docking	Vice President
Qualifications	CEA (REIV)
Experience	A licensed real estate agent and auctioneer and Director of MJ Docking and Associates Pty Ltd, a family firm operating in the residential, commercial and property management sectors. Elected to the Board from 1 October 2017 from the Metropolitan Zone. Member of the Estate Agency Practice Committee, Member of the Membership Committee to October 2018.
Special responsibilities	Elected by the Board as REIV Vice President from 8 October 2018. Member of the Board Management and Finance Committee from 8 October 2018.
Michael Blake	Director
Qualifications	CEA (REIV)
Experience	A licensed real estate agent and auctioneer and a Sales Consultant with Youngs and Co Pty Ltd Shepparton. Elected to the Board from 1 October 2012 and re-elected for a third term from October 2018 from the Regional Zone. Previously served as a Director from 2009 to 2011.
Special responsibilities	Member of the Membership Committee.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

Information on directors (Continued)

Noel Dyett	Director
Qualifications	FREI, CEA (REIV), CPA
Experience	<p>A licensed real estate agent, auctioneer, sales consultant with Tweed Sutherland First National, Bendigo until 30 June 2019 and operating as a sole trader from the same date. A qualified valuer and certified accountant, both non-practising.</p> <p>Elected to the Board from 1 October 2016 and re-elected from 1 October 2019 from the Regional Zone. Previously served as a Director from 1999 to 2007 and as President in 2004 to 2005. Previously served as Victorian REIA Director from 2006-2009 and as REIA President 2008-2009. An REIV nominated Director of realestateview.com.au from 2016 to 2018. Previously a member of the Finance Risk and Audit Committee.</p>
Special responsibilities	Member of the Membership Committee.
Cameron Way	Director
Qualifications	AREI, CEA (REIV)
Experience	<p>A licensed real estate agent and REIV accredited auctioneer and Managing Director of Woodards Blackburn.</p> <p>Elected to the Board from 1 October 2015 and re-elected from 1 October 2018 from the Metropolitan Zone. Previously a Member of the Board Management Committee and Chair of the Membership Committee to October 2018.</p>
Special responsibilities	Member of the Estate Agency Practice Committee and member of the Membership Committee.
Sophie Lyon	Director
Qualifications	CEA (REIV)
Experience	<p>A licensed real estate agent and Director and General Manager Property Management of Jellis Craig Boroondara. A specialist in property management, an REIV accredited trainer and a regular speaker at industry events in Australia, New Zealand and the USA.</p> <p>Chair of the REIV Charitable Foundation.</p> <p>Elected to the Board from 1 October 2016 from the Metropolitan Zone and re-elected for a further term from 1 October 2018. Previously served as a Director from 2008 to 2014.</p>
Special responsibilities	Chair of the Membership Committee.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES

ABN: 81 004 210 897

DIRECTORS' REPORT

Information on directors (Continued)

Frank Hellier	Director
Qualifications	CEA (REIV), FREI
Experience	<p>A licensed real estate agent and auctioneer and a Senior Executive with Barry Plant Mordialloc, prior to which he operated and controlled four independent real estate offices in the Bayside area.</p> <p>A former member of the Estate Agents Council. REIV Charitable Foundation Director.</p> <p>Elected to the Board from 1 October 2017 from the Metropolitan Zone and previously served as a Director from 1998 to 2009 and 2013 to 2016 and was President from 2002 to 2003. Member of the Propertydata.com.au Management Committee to 8 October 2018.</p>
Special responsibilities	Member of the Membership Committee.
Lee Maher	Director
Qualifications	CEA (REIV)
Experience	<p>A licensed real estate agent and Managing Director of Urban Property Melbourne Pty Ltd providing residential sales, property management services, owners corporation management, buyer advocacy and commercial tenant advocacy.</p> <p>Elected to the Board from 1 October 2017 from the Metropolitan Zone. Member of the PropertyData.com.au Management Committee to 8 October 2018.</p>
Special responsibilities	Member of the Board Management and Finance Committee from 8 October 2018. Member of the Estate Agency Practice Committee.
Michael Clements	Director
Qualifications	B.Comm, LLB
Experience	<p>A Director of Harris Carlson Lawyers, practising across a broad range of legal disciplines, including a longstanding reputation in residential and commercial property transactions.</p> <p>Appointed as an Additional Director by the REIV Board from 22 April 2019.</p>
Special responsibilities	None
Brian Ward OAM	Director - Resigned 15 October 2018
Qualifications	LLB
Experience	<p>Founder of Brian Ward & Partners Pty Ltd, a boutique corporate advisory and legal practice. Extensive Board experience includes: Federal Cabinet appointment as Chair of the Australian Sports Anti-Doping Authority Advisory Group, National Vice Chair of the Australian Red Cross.</p> <p>Appointed as an Additional Director by the REIV Board from 1 March 2018 and resigned as a Director on 15 October 2018.</p>
Special responsibilities	None

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

DIRECTORS' REPORT

Information on directors (Continued)

Sam Tamblyn	Director - Resigned 10 September 2018
Qualifications	CEA (REIV), AAPI, RICS
Experience	A licensed real estate agent and certified practicing valuer, owner and Director of Urban Property Australia Pty Ltd. Appointed as an Additional Director by the Board from April 2016 and resigned on 10 September 2018.
Special responsibilities	Member of the Finance, Risk and Audit Committee and Member of the PropertyData.com.au Management Committee prior to resignation.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

DIRECTORS' REPORT

Meetings of directors

The REIV Board of Directors met a total of 11 times during the financial year. The Board's Finance Risk and Audit Committee met 4 times from 1 July to 8 October when the Board reviewed and made changes to its committee structure:

- The Finance, Risk and Audit Committee and Board Management Committee were merged to form the Board Management and Finance Committee, which met 5 times to 30 June 2019; and
- The Property Data.com.au Management Committee was replaced by PropertyData Online Pty Ltd Director meetings with Management; and
- The Policy Committee and Education Committee were disbanded.

Not all Directors who served in the financial year were eligible to attend all Board or Committee meetings. The number of meetings attended by each Director and those they were eligible to attend, are set out below.

Directors	Directors' meetings		Finance, Risk and Audit Committee meetings (from 8 Oct. 18)		Board Management & Finance Committee (from 8 Oct. 18)	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Robyn Waters	11	11	4	3	5	5
Richard Simpson	11	11	4	4	5	5
Leah Calnan	11	11	4	3	5	5
Adam Docking	11	9	-	-	5	5
Michael Blake	11	9	-	-	-	-
Noel Dyett	11	11	4	4	-	-
Cameron Way	11	11	-	-	-	-
Sophie Lyon	11	9	-	-	-	-
Frank Hellier	11	11	-	-	-	-
Lee Maher	11	11	-	-	5	5
Michael Clements	3	3	-	-	-	-
Brian Ward OAM	3	3	-	-	-	-
Sam Tamblyn	1	1	2	2	-	-

Members guarantee

Every Member of the company is required to contribute to the assets of the company in the event of it being wound up while the Member is a member or within one year of ceasing to be a Member. The amount shall not exceed \$2 per Member. At 30 June 2019, the maximum amount for which Members were liable was \$15,190 based on 7,595 members (2018: \$17,180 based on 8,590 members).

DIRECTORS' REPORT

Indemnity and insurance of officers

The company's indemnity and insurance commitments are set out in a Deed of Indemnity and Access issued to all directors on confirmation of their appointment.

The company has indemnified the officers of the company for costs and expenses incurred in defending any proceedings, in respect of any act or omission of the office as an officer of the company or related company and liabilities incurred, except where the liability arises out of a willful breach of duty or a contravention of sections 182 or 183 of the Corporations Act or as excluded by other provisions in the Corporations Act.

The company maintains an Association Liability Insurance policy which includes directors and officers insurance to the extent permitted by the Corporations Act.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

This report is made in accordance with a resolution of directors pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Signed on behalf of the board of directors.



Director: _____

Dated this ^{29th} day of October 2019

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF THE REAL ESTATE INSTITUTE OF VICTORIA

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of The Real Estate Institute of Victoria and the entities it controlled during the year.



D A KNOWLES

Partner



PITCHER PARTNERS

Melbourne

Date: 29 October 2019

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue, gains and other income			
Revenue from contracts with customers	3	9,201,876	9,559,725
Other revenue	4	1,140,339	1,242,057
Other income	4	<u>166,118</u>	<u>1,193,975</u>
		<u>10,508,333</u>	<u>11,995,757</u>
Less: expenses			
Cost of sales	5	(2,201,739)	(2,188,542)
Depreciation and amortisation expense	5	(1,279,075)	(1,631,264)
Employee benefits expense	5	(4,955,625)	(4,837,133)
Occupancy expense		(295,087)	(223,022)
Repairs and maintenance expense		(68,400)	(253,309)
Advertising expense		(228,235)	(196,092)
Finance costs	5	-	(881)
Impairment losses	5	(220,557)	(465,465)
Events		(354,615)	(468,170)
Other expenses		<u>(1,053,176)</u>	<u>(1,052,926)</u>
		<u>(10,656,509)</u>	<u>(11,316,804)</u>
Share of net losses of associates and joint ventures accounted for using the equity method	5	<u>(305,677)</u>	<u>(229,759)</u>
(Loss) / profit before income tax expense		(453,853)	449,194
Income tax expense	6	<u>(40,799)</u>	<u>(164,627)</u>
Net (loss) / profit after tax from continuing operations		<u>(494,652)</u>	<u>284,567</u>
Net Loss after tax from discontinued operations		<u>-</u>	<u>(344,163)</u>
Loss for the year		<u>(494,652)</u>	<u>(59,596)</u>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Change in tax rate		<u>-</u>	<u>347,182</u>
Other comprehensive income for the year		<u>-</u>	<u>347,182</u>
Total comprehensive income		<u>(494,652)</u>	<u>287,586</u>
Total comprehensive income is attributable to:			
- Members of The Real Estate Institute of Victoria		(494,652)	308,992
- Non-controlling interests		<u>-</u>	<u>(161,963)</u>
		<u>(494,652)</u>	<u>147,029</u>

The accompanying notes form part of these financial statements.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES

ABN: 81 004 210 897

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	7	2,658,509	2,206,429
Receivables	8	301,539	406,932
Inventories	9	43,124	46,960
Investments accounted for using equity method	10	1,384,092	2,520,357
Other assets	11	<u>464,298</u>	<u>292,984</u>
Total current assets		<u>4,851,562</u>	<u>5,473,662</u>
Non-current assets			
Other financial assets	12	76,901	76,901
Intangible assets	13	2,093,327	2,270,519
Property, plant and equipment	14	<u>17,408,811</u>	<u>17,429,076</u>
Total non-current assets		<u>19,579,039</u>	<u>19,776,496</u>
Total assets		<u>24,430,601</u>	<u>25,250,158</u>
Current liabilities			
Payables	15	991,203	698,692
Provisions	16	335,151	342,579
Other liabilities	17	<u>1,763,930</u>	<u>2,400,256</u>
Total current liabilities		<u>3,090,284</u>	<u>3,441,527</u>
Non-current liabilities			
Provisions	16	-	14,461
Deferred tax liabilities	6	<u>2,625,407</u>	<u>2,584,608</u>
Total non-current liabilities		<u>2,625,407</u>	<u>2,599,069</u>
Total liabilities		<u>5,715,691</u>	<u>6,040,596</u>
Net assets		<u>18,714,910</u>	<u>19,209,562</u>
Equity			
Reserves	18	10,068,281	10,068,281
Retained earnings		<u>8,646,629</u>	<u>9,141,281</u>
Total equity		<u>18,714,910</u>	<u>19,209,562</u>

The accompanying notes form part of these financial statements.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Reserves \$	Retained earnings \$	Non- controlling interests \$	Total equity \$
Consolidated				
Balance as at 1 July 2017	9,721,099	8,635,933	1,101,535	19,458,567
Loss for the year	-	(59,596)	-	(59,596)
Change in tax rate	<u>347,182</u>	<u>-</u>	<u>-</u>	<u>347,182</u>
Total comprehensive income for the year	<u>347,182</u>	<u>(59,596)</u>	<u>-</u>	<u>287,586</u>
Deconsolidation of Realestateview.com.au Ltd on loss of control	<u>-</u>	<u>564,944</u>	<u>(1,101,535)</u>	<u>(536,591)</u>
Balance as at 30 June 2018	<u>10,068,281</u>	<u>9,141,281</u>	<u>-</u>	<u>19,209,562</u>
Balance as at 1 July 2018	10,068,281	9,141,281	-	19,209,562
Loss for the year	<u>-</u>	<u>(494,652)</u>	<u>-</u>	<u>(494,652)</u>
Total comprehensive income for the year	<u>-</u>	<u>(494,652)</u>	<u>-</u>	<u>(494,652)</u>
Balance as at 30 June 2019	<u>10,068,281</u>	<u>8,646,629</u>	<u>-</u>	<u>18,714,910</u>

The accompanying notes form part of these financial statements.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flow from operating activities			
Receipts from customers		10,085,893	11,917,132
Other receipts		26,614	-
Payments to suppliers and employees		(9,386,538)	(10,387,648)
Interest received		31,580	30,544
Interest paid		<u>-</u>	<u>(881)</u>
Net cash provided by operating activities	23(b)	<u>757,549</u>	<u>1,559,147</u>
Cash flow from investing activities			
Proceeds from sale of investments		916,706	-
Payment for property, plant and equipment		(135,436)	(92,446)
Payments for intangible assets		<u>(1,086,739)</u>	<u>(1,097,233)</u>
Net cash used in investing activities		<u>(305,469)</u>	<u>(1,189,679)</u>
Reconciliation of cash			
Cash at beginning of the financial year		2,206,429	1,860,401
Net increase in cash held		452,080	369,468
Cash in discontinued operations		<u>-</u>	<u>(23,440)</u>
Cash at end of financial year	23(a)	<u>2,658,509</u>	<u>2,206,429</u>

The accompanying notes form part of these financial statements.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers The Real Estate Institute of Victoria and its controlled entities. The Real Estate Institute of Victoria is a company limited by guarantee, incorporated and domiciled in Australia. The Real Estate Institute of Victoria is a not-for-profit entity for the purpose of preparing the financial statements.

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

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

(a) Basis of preparation of the financial report

Historical Cost Convention

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

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

Where a consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of an investment retained together with any gain or loss in profit or loss.

(c) Going concern

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

(d) Revenue from contracts with customers

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Membership fees and Subscriptions:

The subscription year is based on the financial year, commencing 1 July. Subscriptions are payable annually in advance. Only those membership fees and subscription receipts, which are attributable to the current

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

financial year, are recognised as revenue. Fees and subscription receipts relating to a period beyond the current financial year are shown in the Consolidated Statement of Financial Position as deferred income under the heading Other Current Liabilities.

Other Revenue:

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate for are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when the right to receive the revenue has been established.

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

(e) Income tax

The company income tax is calculated by applying the "principle of mutuality" to the revenues and expenses of the company. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. Accordingly, income from members is deemed to be mutual income and not subject to income tax, and expenses in connection with mutual income are not deductible for tax purposes. All other income and expenses are classified for taxation purposes in accordance with taxation legislation.

Current income tax expense or revenue 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.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised 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 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.

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

Tax Consolidation

The parent entity and its subsidiary have implemented the tax consolidation legislation and have formed a tax-consolidated group from 1 July 2011. This means that:

- each entity recognises their own current and deferred tax amounts in respect of the transactions,

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax (Continued)

events and balances of the entity.

- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(f) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

(g) Financial instruments

Initial recognition and measurement

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

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

Classification of financial assets

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

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

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

Trade and other receivables

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

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (Continued)

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers and contract assets.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counter party has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (Continued)

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the group. Recoveries, if any, are recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

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

Property

Freehold land and buildings are measured at revalued amounts, being the fair value at the date of the revaluation, less any subsequent accumulated depreciation and any accumulated impairment losses. At each reporting date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity. To the extent that the increase reverses a decrease of the same class of asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same class of asset are recognised in other comprehensive income; all other decreases are recognised in profit or loss.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

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

Class of fixed asset	Depreciation rates	Depreciation basis
Buildings at valuation	4%	Straight line
Plant and equipment at cost	12-25%	Straight line
Motor vehicles at cost	25%	Straight line
Furniture, fixtures and fittings at cost	7.5-20%	Straight line
Computer equipment at cost	15-35%	Straight line

(i) Intangible assets

Separately acquired intangible assets

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Intangible assets (Continued)

IT software development costs

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

(j) Employee benefits

(i) Short-term employee benefit obligations

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

(ii) Long-term employee benefit obligations

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

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in the profit or loss.

Acquisition related costs are expensed as incurred.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

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

(m) Comparatives

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

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Non-current assets and disposal groups held for sale

A discontinued operation is a component of the consolidated entity that has been disposed of, control has been lost, or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the consolidated financial statements.

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs to sell of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

(o) Investments in associates

An associate is an entity over which the group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The group's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the group's share of the profits or losses of the associate is recognised in the group's profit or loss and the group's share of other comprehensive income items is recognised in the group's other comprehensive income. Details relating to associates are set out in Note 22.

Unrealised gains and losses on transactions between the group and an associate are eliminated to the extent of the group's interest in the associate.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment and future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined.

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a minimum period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 2.5% (2018: 2.5%) for cash flows in year two to five and which is based on the historical average, and a terminal value growth rate of 2.5% (2018: 2.5%), a discount rate within the range of 12% - 18% (2018: 12% - 18%) to determine value-in-use.

(b) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS		
Revenue from contracts with customers		
Sales - products	741,712	971,708
Sales - training registrations	1,735,530	2,550,505
Sales - online products	640,749	627,968
Subscription income	<u>6,083,885</u>	<u>5,409,544</u>
	<u>9,201,876</u>	<u>9,559,725</u>
NOTE 4: OTHER REVENUE AND OTHER INCOME		
Other revenue		
Interest income	31,580	30,544
Grants	756,951	805,705
Other revenue	<u>351,808</u>	<u>405,808</u>
	<u>1,140,339</u>	<u>1,242,057</u>
Other Income		
Gain on deconsolidation of Realestateview.com.au Ltd	-	1,193,975
Gain on sale of investments	<u>166,118</u>	<u>-</u>
	<u>166,118</u>	<u>1,193,975</u>
	<u>1,306,457</u>	<u>2,436,032</u>
NOTE 5: OPERATING PROFIT		
Profit / (loss) before income tax has been determined after:		
Cost of sales	2,201,739	2,188,542
Finance costs	-	881
Depreciation and amortisation	1,279,075	1,631,264
Bad debts		
- bad and doubtful debts	81,026	22,666
Impairment	220,557	465,465
Employee benefits	4,955,625	4,837,133
Share of associates loss		
- Share of associated company loss	(305,677)	(229,759)

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 6: INCOME TAX		
(a) Components of tax expense		
Deferred tax	40,799	51,641
Change in tax rate	<u>-</u>	<u>112,986</u>
	<u>40,799</u>	<u>164,627</u>
(b) Income tax reconciliation		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit / (loss) before income tax at 27.5% (2018: 27.5%)	(124,810)	28,884
Add tax effect of:		
Share of net losses of associates	84,061	63,184
Non-deductible expenses	62,177	132,269
REV tax losses not booked as DTA	-	94,645
Net adjustment for mutual expenses	33,087	61,002
Change in tax rate	<u>-</u>	<u>112,986</u>
	179,325	464,086
Less tax effect of:		
Other non-assessable items	-	328,343
Temporary differences not previously recognised	<u>13,716</u>	<u>-</u>
	<u>13,716</u>	<u>328,343</u>
Income tax expense/(benefit) attributable to profit	<u>40,799</u>	<u>164,627</u>
(c) Current tax		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	-	102,876
Deconsolidation of REV	<u>-</u>	<u>(102,876)</u>
Current tax liabilities / (assets)	<u>-</u>	<u>-</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 6: INCOME TAX (CONTINUED)		
(d) Deferred tax		
Deferred tax relates to the following:		
<i>Deferred tax assets</i>		
The balance comprises:		
Tax losses carried forward	1,163,974	1,213,365
Temporary differences	<u>29,622</u>	<u>21,030</u>
	<u><u>1,193,596</u></u>	<u><u>1,234,395</u></u>
<i>Deferred tax liabilities</i>		
The balance comprises:		
Land and buildings at fair value	<u>3,819,003</u>	<u>3,819,003</u>
Net deferred tax liabilities	<u><u>2,625,407</u></u>	<u><u>2,584,608</u></u>
(e) Deferred income tax (revenue)/expense included in income tax expense comprises		
Decrease in deferred tax assets	40,799	164,627
Discontinued operations DTA adjustment (Deconsolidation of REV)	<u>-</u>	<u>(314,444)</u>
	<u><u>40,799</u></u>	<u><u>(149,817)</u></u>
(f) Deferred income tax related to items charged or credited directly to equity		
Decrease in deferred tax liabilities (tax rate change)	<u>-</u>	<u><u>(347,182)</u></u>
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash on hand	500	990
Cash at bank	1,208,009	1,005,439
Cash on deposit	<u>1,450,000</u>	<u>1,200,000</u>
	<u><u>2,658,509</u></u>	<u><u>2,206,429</u></u>
NOTE 8: RECEIVABLES		
CURRENT		
Receivables from contracts with customers	274,379	368,575
Allowance for credit losses	<u>(96,575)</u>	<u>(16,136)</u>
	177,804	352,439
Other receivables	<u>123,735</u>	<u>54,493</u>
	<u><u>301,539</u></u>	<u><u>406,932</u></u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8: RECEIVABLES (CONTINUED)

Receivables from contracts with customers

A receivable from a contract with a customer represents the group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Invoicing of customers generally occurs on a monthly basis. Outstanding invoices are due for payment within 30 days of the invoice date.

Impairment of receivables from contracts with customers and other receivables

The following table provides a reconciliation from the opening balance to the closing balance of the loss allowance for receivables from contracts with customers and other receivables:

	Total \$
12 - month expected credit losses	
Receivables from contracts with customers	-
Loss allowance at 1 July 2017	105,966
Decrease in provision	<u>(89,830)</u>
Loss allowance at 30 June 2018	<u>16,136</u>
Loss allowance at 1 July 2018	16,136
Increase in provision	<u>80,439</u>
Loss allowance at 30 June 2019	<u>96,575</u>

The following table provides information about the risk profile of receivables from contracts with customers using a provision matrix. The information in the below table does not distinguish between customer or product types as the group's historical credit loss experience does not show different patterns for different customer or product types.

	12-month expected credit losses					
	Days aged					
	Current	30	60	90	120+	Total
	\$	\$	\$	\$	\$	\$
2019						
Estimated total gross carrying amount subject to credit loss	1,696	2,537	1,833	164,354	29,061	199,481
Expected credit loss rate	85.00 %	85.00 %	85.00 %	41.00 %	85.00 %	
Expected credit loss	<u>1,442</u>	<u>2,156</u>	<u>1,558</u>	<u>66,717</u>	<u>24,702</u>	<u>96,575</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 9: INVENTORIES		
CURRENT		
<i>At cost</i>		
Finished goods	<u>43,124</u>	<u>46,960</u>

NOTE 10: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

CURRENT		
Equity accounted investments in associates	<u>1,384,092</u>	<u>2,520,357</u>

Realestateview.com.au Ltd was previously a controlled entity but control ceased on 12 September 2017 following the issue of new shares to other shareholders. A further sale of shares occurred during the 2019 financial year. At balance date the Company holds a 27.46% (2018: 41.18%) interest in Realestateview.com.au Ltd.

Reconciliation

Opening balance	2,520,357	-
Shares in Realestateview.com.au recognised on deconsolidation as equity accounted investment	-	3,780,534
Share of net losses of associates accounted for using the equity method	(305,677)	(229,759)
Impairment	-	(1,030,418)
Disposal of shares	<u>(830,588)</u>	<u>-</u>
Closing balance	<u>1,384,092</u>	<u>2,520,357</u>

An impairment loss was recognised in relation to the carrying value of shares in Realestateview.com.au Ltd in the prior year. To the extent the loss represents a reversal of previous revaluations it has been recognised as a reduction to the gain arising on deconsolidation of the controlled entity. The balance of the impairment in the prior year has been recognised in the profit and loss as an impairment loss.

NOTE 11: OTHER ASSETS

CURRENT		
Prepayments	462,627	292,162
Accrued income	<u>1,671</u>	<u>822</u>
	<u>464,298</u>	<u>292,984</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 12: OTHER FINANCIAL ASSETS		
NON CURRENT		
<i>Financial assets at fair value through other comprehensive income</i>		
<i>Other financial assets at fair value</i>		
Other investments	<u>76,901</u>	<u>76,901</u>

The fair value of unlisted available for sale financial assets cannot be reliably measured as they do not have a quoted market price in an active market. As a result, all unlisted investments are reflected at cost. Unlisted available for sale financial assets could be disposed of if required.

NOTE 13: INTANGIBLE ASSETS

Software at cost	4,530,715	4,133,966
Accumulated amortisation and impairment	<u>(3,989,826)</u>	<u>(3,556,131)</u>
	540,889	577,835
PDOL data development	9,019,061	8,329,071
Accumulated amortisation and impairment	<u>(7,466,623)</u>	<u>(6,636,387)</u>
	<u>1,552,438</u>	<u>1,692,684</u>
Total intangible assets	<u>2,093,327</u>	<u>2,270,519</u>

(a) Reconciliations

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

<i>Software at cost</i>		
Opening balance	577,835	2,605,185
Additions	396,749	375,241
Disposals	-	(6,475)
Amortisation expense	(433,695)	(466,072)
Deconsolidation of controlled entity	<u>-</u>	<u>(1,930,044)</u>
Closing balance	<u>540,889</u>	<u>577,835</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 13: INTANGIBLE ASSETS (CONTINUED)		
(a) Reconciliations (Continued)		
<i>PDOL data development</i>		
Opening balance	1,692,684	1,979,700
Additions	689,990	721,992
Impairment losses	(140,557)	-
Amortisation	(689,679)	(1,007,700)
Deconsolidation of controlled entity	-	(1,308)
Closing balance	<u>1,552,438</u>	<u>1,692,684</u>
<i>Total Intangible assets reconciliation</i>		
Opening balance	2,270,519	6,452,928
Additions	1,086,739	1,097,233
Disposals	-	(6,475)
Impairment losses	(140,557)	-
Amortisation	(1,123,374)	(1,473,772)
Deconsolidation of controlled entity	-	(3,799,395)
Closing balance	<u>2,093,327</u>	<u>2,270,519</u>
NOTE 14: PROPERTY, PLANT AND EQUIPMENT		
Land		
Freehold land		
At valuation	<u>15,950,000</u>	<u>15,950,000</u>
Buildings		
At valuation	1,974,378	1,923,102
Accumulated depreciation	<u>(653,621)</u>	<u>(541,128)</u>
	<u>1,320,757</u>	<u>1,381,974</u>
Total land and buildings	<u>17,270,757</u>	<u>17,331,974</u>
Plant and equipment		
Plant and equipment at cost	61,581	30,419
Accumulated depreciation	<u>(31,139)</u>	<u>(30,419)</u>
	30,442	-

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
Motor vehicles at cost	57,625	32,625
Accumulated depreciation	<u>(10,638)</u>	<u>(6,457)</u>
	46,987	26,168
Furniture, fixtures and fittings at cost	1,625,804	1,612,160
Accumulated depreciation	<u>(1,584,531)</u>	<u>(1,560,711)</u>
	41,273	51,449
Computer equipment at cost	459,403	445,050
Accumulated depreciation	<u>(440,051)</u>	<u>(425,565)</u>
	<u>19,352</u>	<u>19,485</u>
Total plant and equipment	<u>138,054</u>	<u>97,102</u>
Total property, plant and equipment	<u><u>17,408,811</u></u>	<u><u>17,429,076</u></u>

(a) Valuations

The fair values of freehold land, and buildings on freehold land have been determined by reference to director valuations, based upon independent valuations previously obtained at 30 June 2017. Such valuations are performed on a fair value basis, being the amounts for which the assets could be exchanged between market participants in an arm's length transaction at the valuation date.

(b) Reconciliations

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

Freehold land

Opening carrying amount	<u>15,950,000</u>	<u>15,950,000</u>
Closing carrying amount	<u><u>15,950,000</u></u>	<u><u>15,950,000</u></u>

Buildings

Opening carrying amount	1,381,974	1,400,001
Additions	51,277	85,318
Depreciation expense	<u>(112,494)</u>	<u>(103,345)</u>
Closing carrying amount	<u><u>1,320,757</u></u>	<u><u>1,381,974</u></u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)		
(b) Reconciliations (Continued)		
<i>Plant and equipment</i>		
Opening carrying amount	-	132,673
Additions	31,162	-
Depreciation expense	(720)	-
Deconsolidation of controlled entity	-	(132,673)
Closing carrying amount	<u>30,442</u>	<u>-</u>
<i>Motor vehicles</i>		
Opening carrying amount	26,168	45,161
Additions	25,000	-
Depreciation expense	(4,181)	(4,078)
Discontinued operation	-	(14,915)
Closing carrying amount	<u>46,987</u>	<u>26,168</u>
<i>Furniture, fixtures and fittings</i>		
Opening carrying amount	51,449	77,327
Additions	13,218	-
Depreciation expense	(23,394)	(25,878)
Closing carrying amount	<u>41,273</u>	<u>51,449</u>
<i>Computer equipment</i>		
Opening carrying amount	19,485	36,548
Additions	14,779	7,128
Depreciation expense	(14,912)	(24,191)
Closing carrying amount	<u>19,352</u>	<u>19,485</u>
<i>Total property, plant and equipment</i>		
Carrying amount at 1 July	17,429,076	17,641,710
Additions	135,436	92,446
Net revaluation increments / decrements	-	-
Depreciation expense	(155,701)	(157,492)
Deconsolidation of controlled entity	-	(147,588)
Carrying amount at 30 June	<u>17,408,811</u>	<u>17,429,076</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 15: PAYABLES		
CURRENT		
<i>Unsecured liabilities</i>		
Trade creditors	292,293	239,474
Sundry creditors and accruals	<u>698,910</u>	<u>459,218</u>
	<u>991,203</u>	<u>698,692</u>
NOTE 16: PROVISIONS		
CURRENT		
Employee benefits	(a) <u>335,151</u>	<u>342,579</u>
NON CURRENT		
Employee benefits	(a) <u>-</u>	<u>14,461</u>
(a) Aggregate employee benefits liability	335,151	357,040
NOTE 17: OTHER LIABILITIES		
CURRENT		
Deferred income	1,559,268	2,215,793
Revenue received in advance	182,662	131,458
Fund held in trust - Rental determination	<u>22,000</u>	<u>53,005</u>
	<u>1,763,930</u>	<u>2,400,256</u>
NOTE 18: RESERVES		
Asset revaluation reserve	18(a) <u>10,068,281</u>	<u>10,068,281</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$

NOTE 18: RESERVES (CONTINUED)

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

Movements in reserve

Opening balance	10,068,281	9,721,099
Change in tax rate	-	347,182
Closing balance	<u>10,068,281</u>	<u>10,068,281</u>

Asset revaluation reserve:

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

NOTE 19: KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation received by key management personnel of the group

- short-term employee benefits	<u>288,574</u>	<u>299,671</u>
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NOTE 20: RELATED PARTY TRANSACTIONS

(a) Transactions with other related parties

Property Data Online had several transactions with its parent entity, The Real Estate Institute of Victoria, during the year ended 30 June 2019.

Property Data Online has an intercompany payable to The Real Estate Institute of Victoria of \$1,566,053 at 30 June 2019 (2018: \$1,761,675).

The Real Estate Institute of Victoria provided services to Property Data Online totalling \$420,000 for the year ended 30 June 2019 (2018: \$150,000)

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 21: INTERESTS IN CONTROLLED ENTITIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

	Country of incorporation	Ownership interest held by the group		Ownership interest held by NCI	
Subsidiaries of The Real Estate Institute of Victoria:		2019 %	2018 %	2019 %	2018 %
Propertydataonline Pty Ltd	Australia	100	100	-	-
Realestateview.com.au Ltd	Australia		41		59
During the prior year ownership was diluted as a result of additional shares that were issued. This entity was removed from the consolidated group. See Note 22.					
Touch Base Telematics Pty Ltd	Australia	100	34	-	-
Effective 31 May 2019 PDOL purchased the remaining shares in TBT and now owns 100%, as such the entity now forms part of the consolidated group.					

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22: INTERESTS IN ASSOCIATES AND JOINT ARRANGEMENTS

(a) Associates and Joint Ventures

Investments in associates and joint ventures are accounted for using the equity method.

Interests are held in the following associated companies:

Associate	Nature of relationship	Ownership interest		Measurement basis	Quoted fair value (if available)	
		2019 %	2018 %		2019 \$	2018 \$
Realestateview.com.au Ltd	Associate	27	41	Equity accounted	-	-

Balance date: 30 June 2019

Country of incorporation: Australia

Effective 12 September 2017, REIV relinquished its controlling interest in Realestateview.com.au Ltd (REV) due to a dilution of shares. Up until the date of relinquishing control, the loss from the period from 1 July 2018 - 12 September has been recognised in the accounts as a loss from discontinuing operations. The total loss for this period was \$344,163.

Following the loss of controlling interest, REIV's share of REV's operations has been accounted for using the equity accounted investment method.

Touch Base Telematics Pty Ltd	Associate	100	34		-	-
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Balance date: 30 June 2019

Country of incorporation: Australia

The director's made a decision to fully impair the investment in Touch Base Telematics in FY17 as such the loss for the year ended 30 June 2018 has been excluded from the consolidated financial statements under the equity accounted method. Effective 31 May 2019 PDOL purchased the remaining shares in TBT and now owns 100%, as such the entity now forms part of the consolidated group. The investment has been fully impaired for the year ended 30 June 2019.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 23: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:		
Cash on hand	500	990
Cash at bank	1,208,009	1,005,439
At call deposits with financial institutions	<u>1,450,000</u>	<u>1,200,000</u>
	<u>2,658,509</u>	<u>2,206,429</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Loss from ordinary activities after income tax	(494,652)	(59,596)
Adjustments and non-cash items		
Amortisation / Depreciation	1,279,075	1,631,264
Impairment	220,557	1,030,418
Net gain on disposal of financial instruments	(166,118)	-
Deconsolidation of controlled entity	-	(738,340)
Write off - fixed assets	-	6,475
Equity accounted share of loss in REV	305,677	229,759
Changes in operating assets and liabilities		
Decrease in receivables	105,393	418,072
(Increase) / decrease in other assets	(171,314)	107,357
Decrease in inventories	3,836	1,305
Increase / (decrease) in payables	292,511	(174,624)
Decrease in other liabilities	(636,326)	(355,554)
Increase / (decrease) in deferred taxes	40,799	(511,809)
Decrease in provisions	<u>(21,889)</u>	<u>(25,580)</u>
Cash flows from operating activities	<u>757,549</u>	<u>1,559,147</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24: MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute to a maximum of \$2 each towards meeting any outstandings and obligations of the company. At 30 June 2019 the number of members was 7,595 (2018: 8,590). The combined total amount that members of the company are liable to contribute if the company is wound up is \$15,190 (2018: \$17,180).

	2019	2018
	\$	\$

NOTE 25: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, The Real Estate Institute of Victoria, financial statements:

(a) Summarised consolidated statement of financial position

Assets

Current assets	6,127,368	6,895,907
Non-current assets	<u>17,760,903</u>	<u>17,753,150</u>
Total assets	<u>23,888,271</u>	<u>24,649,057</u>

Liabilities

Current liabilities	2,911,127	3,199,496
Non-current liabilities	<u>2,625,407</u>	<u>2,599,069</u>
Total liabilities	<u>5,536,534</u>	<u>5,798,565</u>

Net assets	<u>18,351,737</u>	<u>18,850,492</u>
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Equity

Share capital	-	-
Retained earnings	8,283,416	8,782,211
Reserves		
Asset revaluation reserve	<u>10,068,281</u>	<u>10,068,281</u>
Total equity	<u>18,351,697</u>	<u>18,850,492</u>

(b) Summarised consolidated statement of profit or loss and other comprehensive income

Loss for the year	(498,795)	(801,264)
Other comprehensive income for the year	<u>-</u>	<u>395,467</u>
Total comprehensive loss for the year	<u>(498,795)</u>	<u>(405,797)</u>

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, of the group.

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors opinion, the financial statements and notes thereto, as set out on pages 12 - 42, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2019 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director: _____



Dated this

29th

day of

October

2019

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE REAL ESTATE INSTITUTE OF VICTORIA

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Real Estate Institute of Victoria Ltd (Consolidated) "the Company" and its controlled entities, "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's report.

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

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE REAL ESTATE INSTITUTE OF VICTORIA

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

THE REAL ESTATE INSTITUTE OF VICTORIA LTD AND CONTROLLED ENTITIES
ABN: 81 004 210 897

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE REAL ESTATE INSTITUTE OF VICTORIA**

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



D A KNOWLES

Partner

Date: 29 October 2019



PITCHER PARTNERS

Melbourne