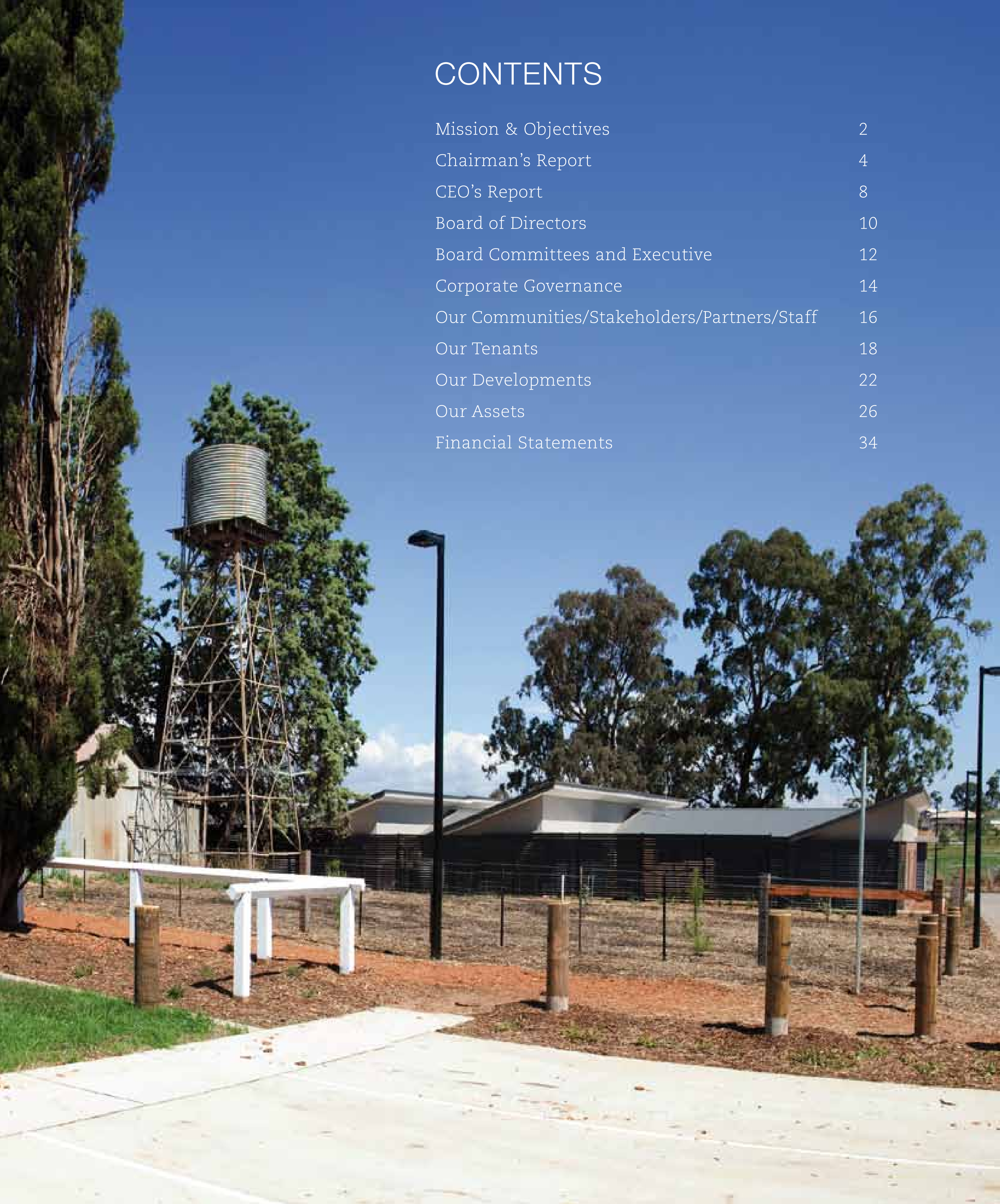
chc affordable housing ANNUAL REPORT 2011

chc affordable housing
creating homes and communities

CONTENTS



MISSION & OBJECTIVES

To provide affordable housing for people on low to moderate incomes.

Objectives

Improve access to affordable housing

CHC will improve access to affordable housing by:

- increasing the supply of affordable rental properties;
- developing new strategies for the delivery of affordable housing; and
- developing quality affordable housing for sale to home buyers.

Create appropriate housing

CHC will seek to add to the supply of appropriate affordable housing by working collaboratively to:

- improve housing choice by the inclusion in development projects of adaptable or accessible housing for rent or sale to people with disabilities;
- contribute to long term sustainability and operational affordability by the development of housing that promotes energy and water efficiency; and
- improve community capacity, by increasing housing diversity and locational distribution of affordable housing while maximising proximity to transport, employment, shopping, cultural and sporting facilities.

Improve service delivery

CHC will promote the engagement of customers and stakeholders by:

- improving the quality of housing provided to tenants through strategic asset management;
- establishing participatory processes; and

- developing community partnerships with other community organisations to assist in supporting tenants and improving social capital.

Develop the organisational capacity of CHC by efficient and appropriate corporate governance

CHC will ensure its policies and practices contribute to the long term viability of CHC as an independent not-for-profit organisation by:

- periodically reviewing its operations to ensure compliance with the requirements of a Charity and Public Benevolent Institution;
- continuing to meet its legislative obligations under the Corporations Act 2001, other relevant legislation and regulations and the governance requirements of the CHC constitution; and
- maintaining its registration as an affordable housing provider in the ACT.

Values

CHC is committed to providing a safe workplace, free from discrimination and harassment, and recognising the individual contributions of our staff members. CHC is also committed to high standards in our contractual relationships with builders, maintenance and other consultants, and importantly, our property management and tenant responsibilities.

The values that guide CHC include:

- Ethical practice
- Respect
- Leadership
- Creativity
- Accountability
- Sustainability

CHAIRMAN'S REPORT

Ross Barrett Chairman

It is with pride that I reflect on the achievements of the organisation, and more importantly, how those achievements have helped the lives of individuals, couples and families who would otherwise struggle in the private rental or open market.

Throughout 2010/11, CHC continued to deliver satisfying outcomes in affordable housing. A number of those outcomes provided ACT residents with the opportunity to purchase their first home or move into a new affordable rental property. Creating these opportunities is the result of an organisation that is truly dedicated to realising its Mission – *to provide affordable housing for people on low to moderate incomes.*

The continued support of CHC and its strategic vision cannot be understated. In this regard, the organisation's relationship with government and the private sector has been instrumental to its continued growth and success. In many respects, these relationships have strengthened the capacity of CHC to fast-track many affordable developments, and allowed the organisation to be an active participant in a number of affordable housing initiatives.

A number of those initiatives, including CHC itself, reflect the ongoing commitment by both local and federal governments in addressing the issue of housing affordability. This was demonstrated by CHC securing an additional $20 million loan facility with the ACT Government to assist in the delivery of 90 affordable rental properties across the ACT. Moreover, the organisation continued to leverage the benefits of the Federal Government's National Rental Affordability Scheme (NRAS), and was successful in obtaining a further 481 NRAS

incentives which will be applied across a number of future CHC projects.

Affordable Housing Action Plan

The ACT Government's Affordable Housing Action Plan (2007) provides a framework for CHC to increase the supply of affordable housing for sale and rent to those on low and moderate income levels. The Plan establishes a clear set of expectations in relation to the company's performance.

In respect to increasing the supply of affordable rental housing, a total of 58 new affordable rental properties were delivered across the suburbs of Crace, Harrison and Canberra's inner north.

A total of 34 affordable housing sales were made at CHC's "Eclipse" development at Bruce. This project will be delivered in several stages and will yield further affordable dwellings over the next two financial years.

CHC also commenced the planning stages for its next major development located at Harrison. The project will yield in excess of 200 dwellings, including a large number of affordable properties for sale and rent, and is expected to be released to the public in the second quarter of the 2011/2012 financial year.

Financial Performance

CHC is underpinned by strong financial discipline, corporate responsibility and the understanding of protecting the interests of its clients and key stakeholders.

The results and operations for the 2010/11 financial year were pleasing, with equity increasing by $26.58m to a total of $85.92m. An operating surplus of $9.34m was recorded for the reporting period. Further details of the company's financial performance are provided later in this report.

The Next Phase

As I indicated in my 2009/10 report, CHC's ability to deliver affordable housing remains a complex and difficult challenge that is dependent upon a range of factors including:

- securing diversity and affordability in land supply;
- an orderly progression of developments;
- the successful management of risk;
- stability in economic conditions and market interest rates; and
- the continuation of housing demand.

My position on these matters has not changed, and indeed, has been reinforced with the current uncertainty involving global and domestic economic conditions. Clearly, the housing market has come under pressure in the past year, with the development sector often the first to be affected by such instability.

To respond to the housing market challenges, CHC has focused on maintaining affordability and marketability of its projects through product innovation, and by ensuring that the organisation's developments are well-located close to public transport and employment centres. Furthermore, CHC has developed a robust strategic business plan and risk management framework to ensure that it is well-placed to deal with such challenges into the future.

In consultation with CHC's key stakeholders, work continues in reviewing the legal instruments and agreements that provide the framework for CHC to deliver affordable housing. I continue to be of the opinion that for CHC to maintain itself as a viable and sustainable affordable housing provider, ongoing regular review, monitoring and update (where necessary) of these instruments will be required.

Corporate Governance

Constitutional and governance arrangements continued to evolve to support CHC as an independent entity and to ensure the implementation of best practice policies.

CHC continued to comply with ISO 9001:2008 Quality Management protocols, gaining its re-certification in October 2010, and also maintained registration under the Housing Assistance Act 2007 as a not-for-profit affordable housing provider.

A revised and updated Corporate Governance Charter was adopted by the Board, providing a further level of certainty regarding CHC's operational and governance activities.

The Board's Audit Committee continued to oversee management's identification and control of risk, with a strong internal audit program operating under its careful oversight.

Consultancy Relationships

CHC has worked hard to develop strong and reliable relationships with its consultants, architects and builders. Their combined expertise and commitment to CHC's values and mission have helped create some wonderful outcomes for both the organisation and broader community.

Of particular note was the redevelopment of the Gungaderra Homestead, which was completed in April 2011. This challenging heritage restoration project comprised the refurbishment of the rundown homestead and construction of 29 new affordable residential dwellings. Importantly, the project created a sense of community for the residents, and provided the Gungahlin region with a new community facility.

Similarly, the Edge development was completed in December 2010, delivering 104 new dwellings within the suburb of Franklin. Approximately 60 per cent of the development was priced below the ACT Government's affordability threshold, allowing many first-home buyers to take their first-step into the real estate market.

Conclusion

This year marks my fourth and final year as CHC's Chairman, and I feel honoured to have been part of the evolution of CHC over that time. It is with pride that I reflect on the achievements of the organisation, and more importantly, how those achievements have helped the lives of individuals, couples and families who would otherwise struggle in the private rental or open market.

CHC is fortunate to have both a strong and competent Board and dedicated, caring staff that are focussed on delivering results and meeting client needs. The effective sub-committees continue to add value to the organisation and make best use of directors' expertise.

I thank both the Board and the talented staff of CHC for their continued commitment to the organisation and to its mission of delivering affordable housing.

I believe I am leaving CHC in a strong position, and I am very confident in the capability of the Board and management to enhance CHC's success even further.

Ross Barrett Chairman

CEO'S REPORT

Craig Brennan CEO

The past 12 months have been a period of significant growth for CHC, with the completion of a number of developments that have delivered quality affordable housing across the ACT.

It has also been a year of balancing short-term goals and medium to long-term strategic objectives – a balance that I believe has been successfully achieved by CHC's Board, management and staff.

Our strong financial performance was driven by the completion of projects, in addition to securing grant funding through a range of Federal Government programs such as the Housing Affordability Fund and the Nation Building Stimulus initiative.

CHC also improved its revenue performance through an increase to its housing portfolio. This increase was driven by the organisation's commitment to acquire new affordable dwellings at Crace, and retention of stock through CHC's own development activities.

CHC Highlights

Our **Tenancy** division continued to improve its tenancy management services with a comprehensive review of the organisation's tenancy processes and procedures. A new communication strategy encompassing a new *Tenant Handbook, Quarterly Newsletter*, and establishment of a *Tenant Advisory Group* demonstrate CHC's ongoing commitment to its valued clients.

CHC continued to provide rental subsidies to eligible tenants, with a total subsidy of $2.01m – an increase of $0.61m from the previous reporting period.

Our **Development** activities delivered further affordable outcomes to many ACT residents. The completion of the "Edge" project in Franklin was a highlight, delivering 104 new dwellings within the

high-growth region of Gungahlin. Similarly, completion of the Gungaderra Homestead redevelopment showcased CHC's ability to deliver innovative and diverse product within the affordable housing sector.

Our **Assets** increased by 58 dwellings, equating to a total of 254 properties as at 30 June 2011. CHC took the first-step of constructing free-standing three and four bedroom homes in the suburb of Franklin. Incorporating a number of sustainable measures designed to reduce living costs, the homes were allocated to eligible families under CHC's affordable rental model. A further 77 homes have been planned for construction over the 2011/12 financial year utilising the ACT Government's Land Rent Scheme.

Positioned for the Future

Whilst there has been some softening in residential markets around Australia, CHC has planned accordingly, with appropriate risk management strategies in place to ensure that the organisation is well-positioned to continue to deliver affordable housing in this environment.

Sound corporate governance principles in addition to a competent and highly-skilled board and management team continue provide the foundation for CHC to capitalise on its position as one of Australia's leading affordable housing providers.

Over the next year, the organisation will focus on further business improvement processes and diversity of product. Creating value for the long-term for our communities and stakeholders will be a key theme – delivered in a sustainable manner through every aspect of our business.

I would like to thank everyone in the CHC team. CHC has developed a strong culture of performance and dedication to the organisation's mission. This year's results reflect their commitment.

Finally, I would like to recognise Ross Barrett, who has announced his retirement as CHC's Chairman. Ross has been the cornerstone of CHC's success over the past four years, providing strong advice and guidance through a period of significant change and growth. I look forward to working closely with CHC's new Chairman to ensure the organisation's continued success.

Craig Brennan CEO

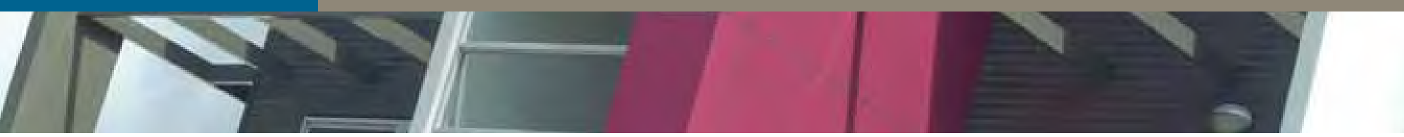
CHC is fortunate to have a strong and competent Board with each member elected as a result of a commitment to, and an understanding of, CHC's mission and objectives.

The appointment of individual Directors is within the following expertise profiles as outlined in CHC's Constitution:

- housing development and procurement;
- asset management;
- social housing management;
- community development;
- social policy development;
- law;
- accounting; and
- corporate finance.

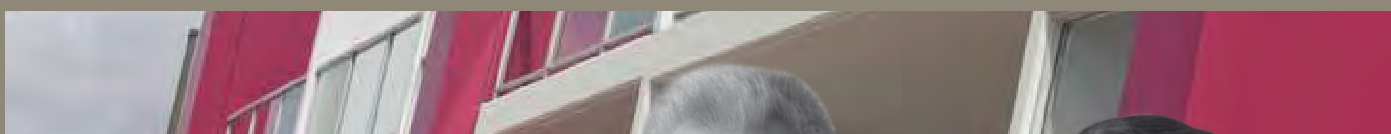
L-R: Mr Ross Barrett, Ms Cathi Moore.

BOARD OF DIRECTORS



Our Board's focus remains on strategy, governance and risk management

L-R: Ms Tania Parkes, Mr Col Alexander, Ms Kim Werner.



L-R: Mr Ken Horsham, Mr Richard Bear.

The Chair, Deputy Chair and one other Director are appointed by the ACT Government.

The Chief Executive Officer is an ex-officio member of the Board and attends all CHC Committees.

BOARD COMMITTEES AND EXECUTIVE

Audit Committee

The Board has an established Audit Committee to oversee:

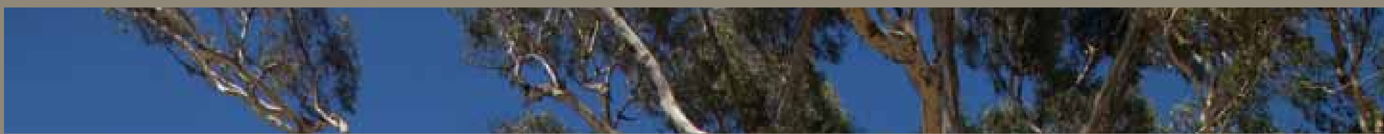
- management of organisational risk;
- maintaining an effective control environment that includes systems for internal monitoring and financial and fraud control;
- maintaining reliable financial reporting;
- compliance with applicable laws, regulations and guidelines; and
- maintaining effective and efficient audit functions.

The Committee provides a forum for communication between the Board, senior staff, accountants and external auditors.

The Audit Committee is comprised of three members, with two being Directors and one external appointee with finance/ audit qualifications.

Community Committee

CHC's Community Committee has been established to ensure that the organisation continues to provide exceptional service to its tenants. The Committee undertakes regular review of CHC's tenancy policies and procedures, and has established a *Tenant Advisory Group* to facilitate effective two-way communication between CHC and its tenants.



CHC Executive Team

The Executive Team of CHC provides strategic leadership to CHC under the governance of the Board. These members have been selected as a result of their qualifications and experience.

L-R: Mr Craig Brennan, Ms Kim Sinclair, Mr Kel Glover

Members of the Executive Team

Mr Craig Brennan,
B Comm, MBA.
Chief Executive Officer

Ms Kim Sinclair,
Dip. Company Directors, GAICD.
Deputy CEO, CFO

Mr Kel Glover,
Chief Operating Offer

CORPORATE GOVERNANCE

CHC has in place a comprehensive system of corporate governance practices designed to provide appropriate levels of disclosure and accountability.

The organisation has a number of guiding standards and policies embedded within the following documents and systems:

- CHC Constitution
- Corporate Governance Charter
- Risk Management Plan
- Fraud Control Policy
- ISO 9001:2008 Management System

During the reporting period, CHC undertook a review of its *Corporate Governance Charter* to ensure consistency with the "Principles of Good Corporate Governance and Best Practice Recommendations" produced by the Australian Stock Exchange.

In addition, CHC's Audit Committee continued to review, and where necessary, amend its Risk Management Plan and Fraud Control Policy.

Risk Management Framework

CHC operates a rigorous system of risk oversight, management and internal control. The organisation's approach is to identify, assess and manage risks that affect (or have the potential to affect) its business.

This approach to risk management incorporates risk principles into the decision making process at all levels, and overlays the CHC's management structure to engender a culture of personal responsibility to recognise and appropriately treat risk.

The Board oversees a comprehensive Risk Management Plan covering all potentially significant business risks, including

CHC's strategic considerations. This framework ensures that the Board has a clear understanding of CHC's risk, and allows the Board to influence and monitor the effectiveness and adequacy of risk mitigation strategies.

Risk identification, measurement and mitigation strategies are included in all business-related proposals considered by the Board. There are also a number of programs in place to manage risk in specific areas, such as fraud, injury prevention and business continuity planning.

The Board monitors CHC's risks and mitigating strategies primarily through the Audit Committee.

External audit

In accordance with CHC's Constitution, the ACT Auditor-General is responsible for auditing the financial statements of the organistion.

Internal quality assurance audit

CHC's internal audit brings a systematic and disciplined approach to risk management, control and governance processes. The internal audit work program is endorsed annually by the Audit Committee, with results, progress and performance regularly reviewed by the Committee.

BSI Accreditation

The company continued to receive ISO 9001:2008 accreditation of its systems through the British Standards Institution. In order to achieve and maintain accreditation, CHC demonstrated that it:

- maintained a set of procedures that covered all key processes in the business;
- monitored processes to ensure effectiveness;
- kept adequate records;
- checked output for defects, with appropriate and corrective action where necessary;
- regularly reviewed individual processes and the quality system itself for effectiveness; and
- facilitated continual improvement.

BSI™

ISO 14001:2004 certified

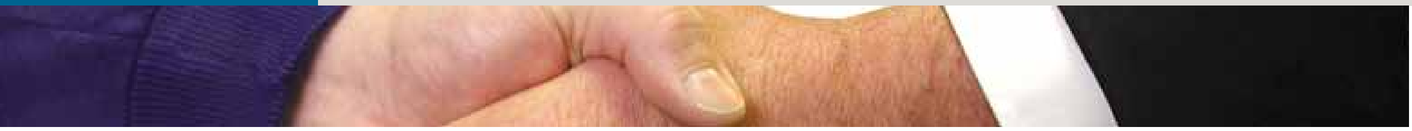
OUR COMMUNITIES

We aim to be an important part of the everyday lives of our tenants. We develop, own and manage our own properties, placing us in a unique and enviable position to deliver against our mission.

OUR STAKEHOLDERS

We value our stakeholder relationships and work hard to engender confidence and trust in our strategy and business model.

OUR PARTNERS



Our consultants, architects, and builders bring specialist expertise and resources to CHC and its projects.

OUR STAFF

Our staff are committed to delivering quality affordable housing and providing exceptional customer service. We invest heavily in staff training to ensure that our systems and processes meet the needs of our clients.

OUR TENANTS

HIGHLIGHTS

- ✔ Rental Subsidies to eligible tenants of $2.01m – an increase of $0.61m
- ✔ A further 64 tenancies
- ✔ A revised tenant communication strategy including new *Tenant Handbook* and *Quarterly Newsletter*
- ✔ Establishment of the *Tenant Advisory Group*
- ✔ Further National Rental Affordability Scheme Incentives

OUR TENANTS

Consistent with its objects and its not-for-profit purpose, CHC provides rental housing on a concessional basis to eligible tenants.

The company's tenancy composition consists of a number of models:

- Public Rebated Rent (Community Housing);
- Affordable Housing (74.9% of market rent); and
- National Rental Affordability Scheme (74.9% of market rent)

The **Public Rebated Rent** model is available only to tenants who had tenure at the time the ACT Government transferred stock to CHC.

The **Affordable Housing Model** is capped at 74.9 per cent of the market rent of a property.

The majority of CHC's new dwellings receive subsidies under the **National Rental Affordability Scheme** (NRAS).

To support CHC's charitable status, CHC has adopted a consistent rental policy of charging 74.9 per cent of the market rent under the NRAS scheme.

All new housing vacancies are offered at Affordable Housing rates or under Commonwealth NRAS arrangements.

The total rent subsidy provided by CHC to its eligible tenants in 2010/11 was $2,015,885 compared to $1,399,173 in 2009/10. In this regard, the rent subsidy is comprised of $1,223,387 for Public Rebated Rent tenants and $792,798 Affordable Housing tenants.

The Company has a varied housing stock portfolio comprising of detached houses, dual occupancy, group houses and apartments. Given the diversity of the portfolio, the stock count (based on property title) does not necessarily reflect tenantable areas.

As at 30 June 2011, CHC had a total of 293 tenantable areas.

Tenant type	2011		2010	
Public Rebated Rent (Community Housing)	122	(42%)	98	(43%)
Affordable Housing	38	(13%)	42	(18%)
NRAS	121	(41%)	81	(35%
Managed Properties	8	(3%)	8	(4%)
Land Rent	4	(1%)		
	293		229	

Tenant Advisory Group

To enhance CHC's relationship with its tenants, the Community Committee established the *Tenant Advisory Group* (TAG). The TAG represents a participative partnership between CHC and its tenants, with the group working towards the active implementation of tenant participation.

The TAG also provides a forum for CHC to provide information on the planning and delivery of its housing services, and to strengthen communication with its tenants.

Membership is open to all current CHC tenants, with CHC membership consisting of the CEO (Chair), Deputy CEO and Tenancy Managers.

The Community Committee also reviewed and approved a *Tenant Handbook* and production of a *Quarterly Newsletter*.

OUR DEVELOPMENTS

HIGHLIGHTS

- ✔ Completion of the "Edge" Franklin – 104 units
- ✔ DA approval for "Eclipse" Bruce - 223 units
- ✔ Acquisition of 24 dwellings at Crace
- ✔ Completion of 4 Land Rent homes at Franklin
- ✔ Completion of the redevelopment of Gungaderra Homestead
- ✔ Planning for a further 221 units and terraces at Harrison

OUR DEVELOPMENTS

The Edge:

In November, CHC completed its flagship development - the "Edge" located in Franklin. The "Edge" comprised 104 residential units within eight detached two to three storey buildings. The development redefined the notion of affordable housing and provided the opportunity for home-ownership for many ACT residents.

CHC is developing new strategies to improve access to quality affordable housing.

Franklin Homes:

Throughout July and August, CHC completed four homes in the new suburb of Franklin. Comprising three and four bedrooms, the homes were built for retention within CHC's affordable rental portfolio. The land was acquired under the ACT Government's Land Rent Scheme, lowering CHC's up-front capital cost. CHC will complete a further 77 homes under the Scheme over 2011/12 reporting period.

Gungaderra Homestead:

In April, CHC completed its redevelopment of the Gungaderra Homestead. The development comprised 29 two-bedroom units incorporating passive and active energy efficient design measures. The homestead was refurbished as a community facility including a new hall and refurbished men's shed. The development has been retained within CHC's portfolio.

Crace – Further Acquisitions:

CHC settled on 24 two and three-bedroom dwellings within the new masterplanned suburb of Crace, and exchanged contracts on a further 16 to be delivered in the 2011/12 financial year. CHC continues to be a five per cent shareholder in Crace Developments Pty Ltd – the joint venture partner with the Land Development Agency.

Eclipse – Bruce:

DA approval was granted for "Eclipse" located in Bruce. "Eclipse" will deliver 223 units and townhouses, comprising a mix of one, two and three bedroom configurations. Construction is anticipated to commence in July 2011.

"Eclipse"proves conclusively that affordability can be achieved without compromising on quality. Cutting corners is not the CHC way, a fact that is evident in the development's inclusions.

OUR ASSETS

HIGHLIGHTS

- ✔ Refurbishment of seven homes in Ainslie
- ✔ A portfolio of 254 properties - an increase of 58 from 2010/11
- ✔ Ongoing maintenance of existing stock

OUR ASSETS

During the 2010/11 reporting period, CHC continued to implement a strategic approach to asset management that:

- provided effective asset services including programmed and cyclical maintenance;
- reviewed housing quality, condition and value; and
- identified housing assets for long term retention, renovation, redevelopment or replacement.

The organisation's Asset Management Strategy (AMS) has three key components:

1. the renewal of transferred stock via refurbishment, redevelopment or disposal;
2. a Capital Works Program of housing stock for retention and sale; and
3. the upgrading of housing standards to reduce maintenance and operational costs.

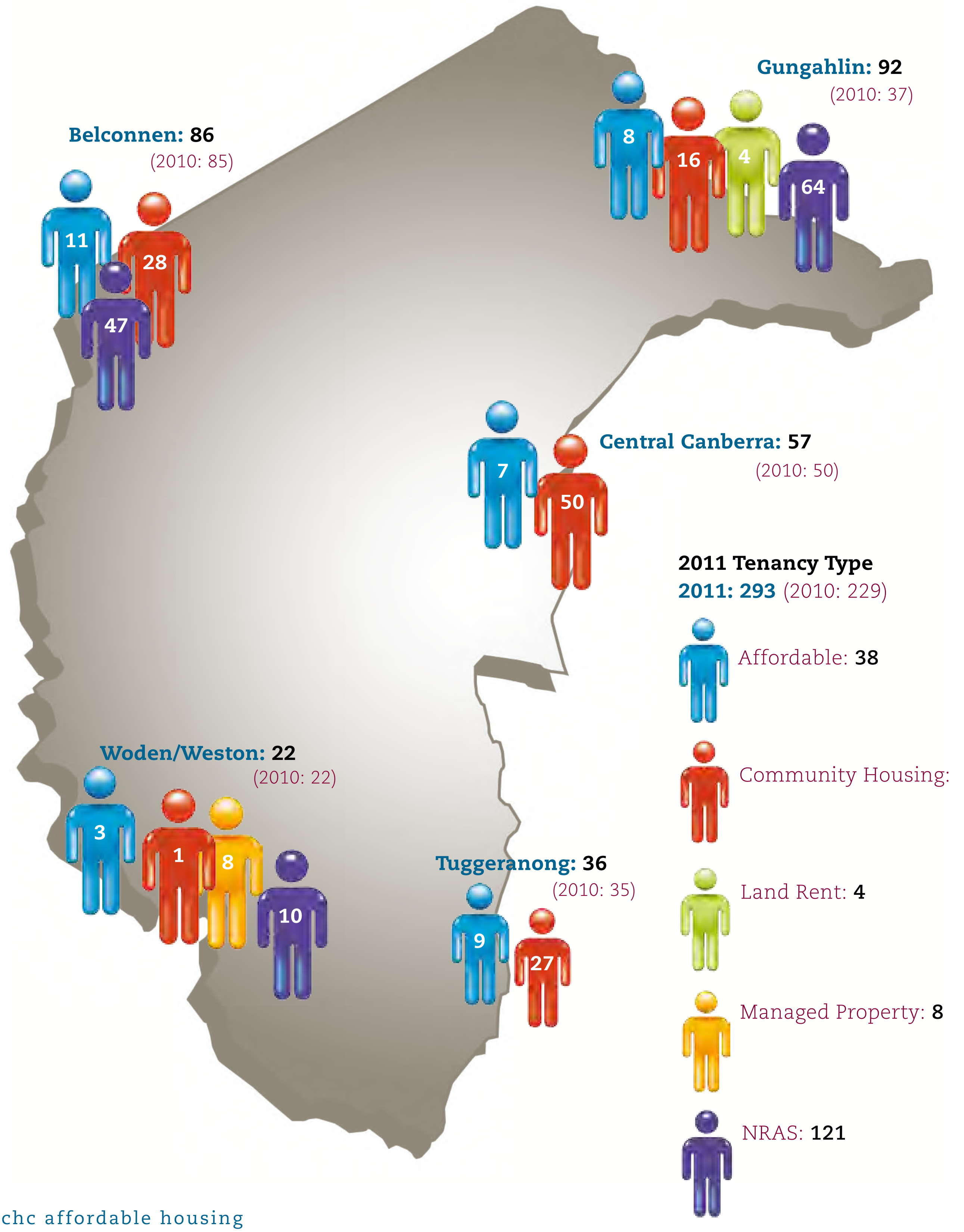
The AMS is continually reviewed to ensure that the Company meets its targets as established in the 2010-2015 Statement of Corporate Intent.

During the reporting period, CHC continued to increase its portfolio with further acquisitions at Crace. As at 30 June 2011, a total of 24 properties had been settled, with a further 16 expected in the 2011/12 financial year.

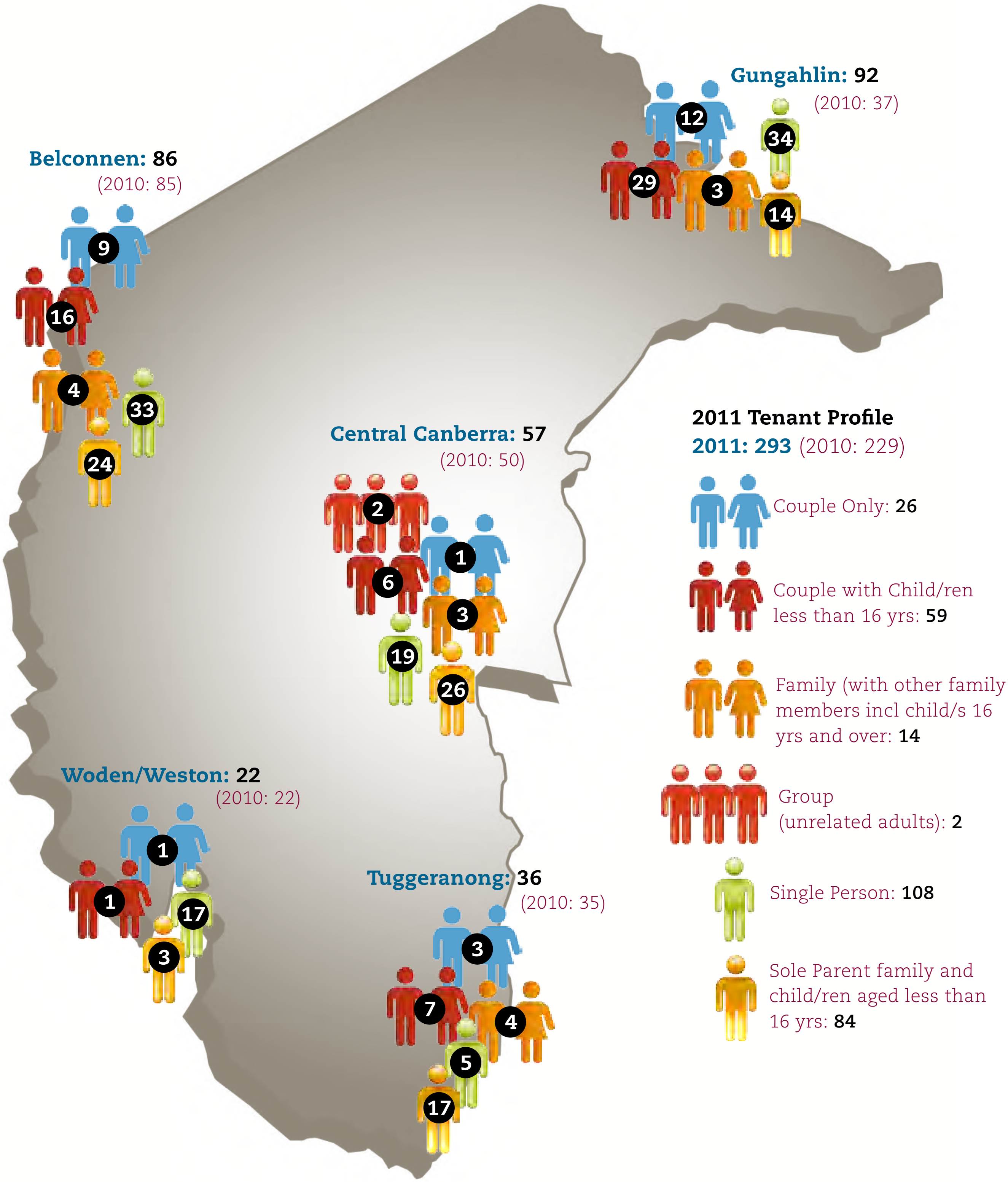
The organisation's redevelopment activities reflect a commitment to renew its aged transferred housing stock. This program is focused on reducing future maintenance costs and ensuring that CHC continues to provide safe and appropriate housing. In this regard, CHC completed refurbishment on seven of its transferred properties in the inner-north suburb of Ainslie.

The Company increased its property portfolio by 58 properties, equating to a total of 254 properties as at 30 June 2010. Properties were both purchased and sold as part of the redevelopment and refurbishment of transferred stock, with land acquired as part of the Capital Works Program and the Land Rent Scheme.

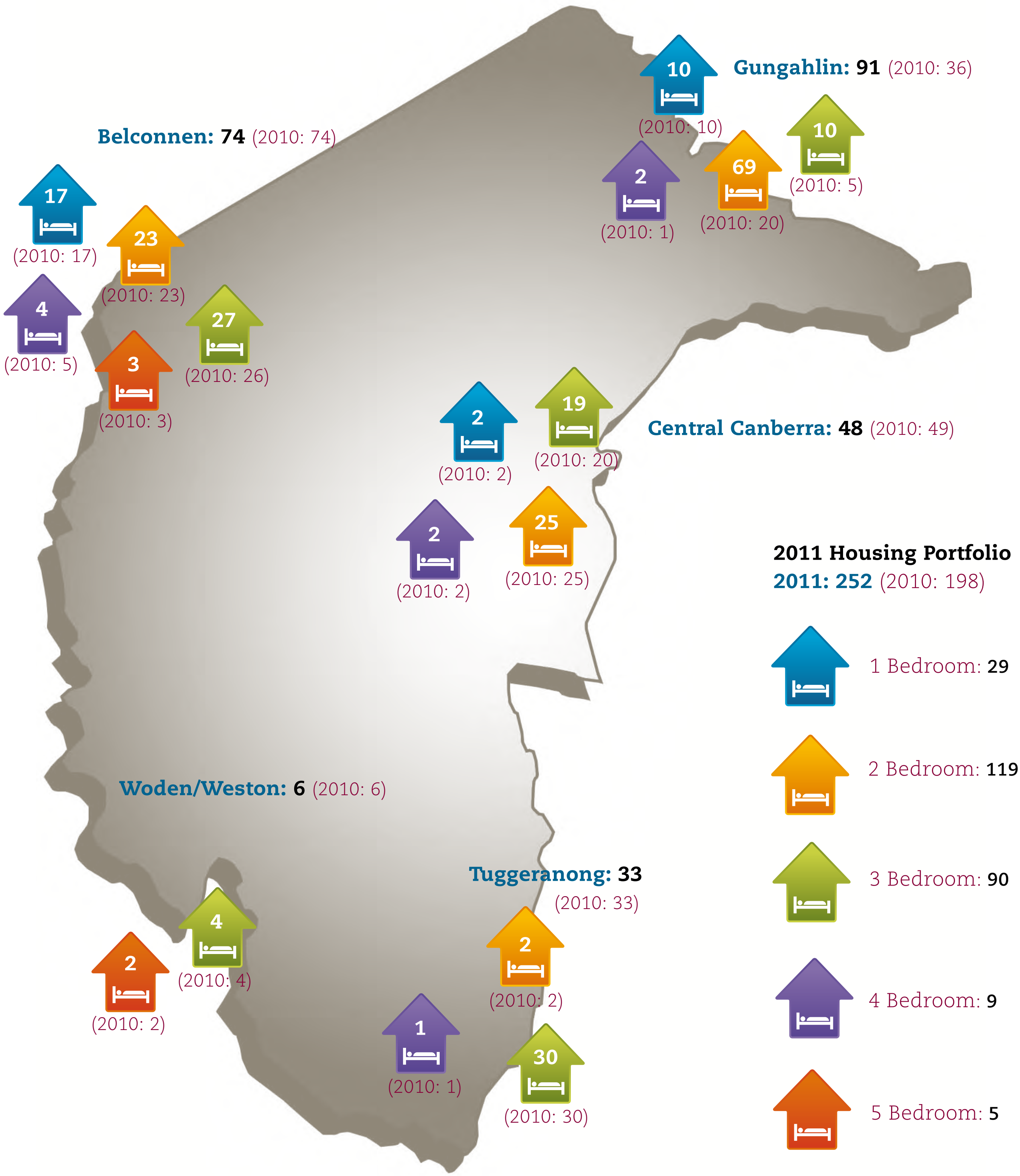
TENANCY SUMMARY
by tenancy type



TENANCY SUMMARY
by household composition



SUMMARY OF HOUSING PORTFOLIO
by number of bedrooms



FINANCIAL STATEMENTS

For the Year Ended 20 June 2011

HIGHLIGHTS

- ✔ Rental subsidies of $2.01m
- ✔ Grant funding through the Housing Affordability Fund
- ✔ Further NRAS incentives

ACT AUDITOR-GENERAL'S OFFICE

A11/17

Mr Ross Barrett
Chair
Community Housing Canberra Limited
PO Box 6239
O'CONNOR ACT 2602

Dear Mr Barrett

AUDIT REPORT – COMMUNITY HOUSING CANBERRA LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The Audit Office has completed the audit of the financial statements of Community Housing Canberra Limited for the year ended 30 June 2011.

I have attached the audited financial statements and unqualified audit report.

Thank you for the cooperation of the staff of Community Housing Canberra Limited during this audit.

Yours sincerely

M. Cooper

Dr Maxine Cooper
Auditor-General
14 October 2011

c.c. Mr Craig Brennan, Chief Executive Officer
Ms Kim Sinclair, Deputy Chief Executive Officer
Ms Cathi Moore, Chair, Finance and Audit Committee

ACT AUDITOR-GENERAL'S OFFICE

INDEPENDENT AUDIT REPORT
COMMUNITY HOUSING CANBERRA LIMITED

To the Members of Community Housing Canberra Limited

Report on the financial statements

The financial statements of Community Housing Canberra Limited (the Company) for the year ended 30 June 2011 have been audited. The financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes and directors' declaration.

Responsibility for the financial statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with the Australian Accounting Standards (including Australian Accounting Interpretations and *Corporations Regulations 2001*). This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Corporations Act 2001*, I am responsible for expressing an independent audit opinion on the financial statements of the Company.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial statements are free from material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

Although the effectiveness of internal controls is considered when determining the nature and extent of audit procedures, the audit was not designed to provide assurance on internal controls.

The audit is not designed to provide assurance on the prudence of decisions made by the Company.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of the these financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the Company are in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2011 and its performance for the year ended on that date; and

(b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and *Corporations Regulations 2001*.

The audit opinion should be read in conjunction with other information disclosed in this report.

Dr Maxine Cooper
Auditor-General
14 October 2011

COMMUNITY HOUSING CANBERRA LIMITED

(A company limited by guarantee)

ACN 081 354 752

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2011

Contents to the Financial Statements

Corporate information

Company number	ACN: 081 354 752
Directors	R Barrett (Chair) C Moore (Deputy Chair) C Alexander R Bear K Horsham T Parkes K Werner
Company Secretary	Ken Horsham
Registered Office	KPMG Level 10, 10 Shelley Street Sydney NSW 2000
Principal place of business	Ground Floor Unit 1, 216 Northbourne Avenue Braddon ACT 2612
Bankers	Westpac Dickson ACT
Auditors	ACT Auditor-General's Office P O Box 275 Civic Square ACT 2608

Directors' report for the financial year ended 30 June 2011

The Directors present this report to the members of Community Housing Canberra Limited ("the Company") for the year ended 30 June 2011 and the auditor's report thereon.

Directors

The Directors of the Company at any time during the year and to the date of this report are:

			Directors' Meetings		Audit	
	Date appointed	Date of cessation	A	B	A	B
Mr Ross Barrett (Chair)	30 Oct 07		11	12	-	-
Ms Cathi Moore (Deputy Chair)	30 Oct 07		11	12	7	7
Mr Colin Alexander	30 Oct 09		11	12	-	-
Mr Richard Bear	27 May 08		11	12	7	7
Mr Ken Horsham	21 Jan 98*		12	12	-	-
Ms Tania Parkes	27 Jun 07		9	12	-	-
Ms Kim Werner	30 Oct 09		12	12	-	-

A Number of meetings attended
B Number of meetings held during the time the director held office during year
* Since incorporation

Mr Ken Horsham has been the Company Secretary since 21 January 1998. KPMG, Sydney, is the Company's ASIC agent.

Details of directors' qualifications, experience and special responsibilities can be found on page 11 of this report.

Directors' Interests and Benefits

Since incorporation, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors shown in the financial statements) by reason of a contract made by the Company or a related Company with a Director or with a firm of which the Director is a member, or with a Company in which he/she has a substantial financial interest. The Company's Directors are remunerated in conjunction with acting in their capacity as a director and for development and management advice given in their capacity as members of the Development Committee (refer to note 30).

Environmental regulations

The Company's development and asset management activities are subject to environmental regulations under both Commonwealth and Territory regulations. The Company aims to achieve a high standard in environmental matters. The Directors have not received notification nor are they aware of any breaches of environmental laws by the Company.

Short and Long Term Objectives and Strategies

The Company's short and long term objectives are to:

- improve access to affordable housing;
- create appropriate housing;
- improve service delivery; and
- develop organisational capacity through efficient and appropriate corporate governance.

The Company's strategy for achieving these objectives includes:

- developing new strategies for the delivery of affordable housing;
- improving housing choice by the inclusion in development projects of adaptable or accessible housing for rent or sale to people with disabilities;
- improving the quality of housing provided to tenants through strategic asset management; and
- periodically reviewing operations to ensure compliance with the requirements of a Charity and Public Benevolent Institution.

Principal activities

The Company's principal activities undertaken during the financial year to achieve its objectives and strategies are summarised below:

1. the continued provision of rental rebates to Rebated Rent tenants in existing stock;
2. the continued provision of rental rebates to Affordable Rent tenants in existing stock;
3. the continued provision of rental rebates to National Rental Affordability Scheme (NRAS) tenants in new stock with approved NRAS allocations;
4. the continued refurbishment and redevelopment of transferred stock to improve the standard of that stock;
5. increasing the supply of affordable housing properties available for sale through the capital works program and existing stock disposal strategy;
6. increasing the supply of affordable housing properties available for rent by eligible applicants through the capital works program and purchasing strategy;
7. the direct tenancy management of 40 properties returned from Havelock Housing Association (HHA) to the Company as per the 22 June 2010 Deed of Assignment. This Deed was effective from 1 July 2010;
8. the continued participation in the ACT Government's Land Rent Scheme (LRS) with completion of four dwellings in Franklin in the first quarter of the financial year. These dwellings have increased the supply of affordable housing properties available for rent by eligible applicants under the NRAS tenancy model;
9. the execution of a Funding Agreement on 28 November 2010 with the Land Development Agency (LDA) to access the Commonwealth Government's Housing Affordability Fund (HAF) program. This agreement has two funding components: the first is for the construction of a public road; and the second comprises construction of a private road, residential building and services. The public road will be handed back to the Territory and Municipal Services Directorate upon completion;
10. the application for additional NRAS incentives with a further two submissions made under Round 4;
11. the commitment to increased participation in the LRS with the exchanging of contracts on 22 December 2010 for a further 77 properties for development in the 2011/12 financial year;
12. the continued participation in, and completion of, the Gungaderra Homestead project with the financial assistance of the Commonwealth Government's Social Housing Nation Building Stimulus (NBS) and Community Services Directorate. The project, completed on 28 February 2011, has two components - the refurbishment of the original homestead, machinery shed and surrounding gardens (under community title) and the development of 29 residential units;
13. the continued participation in the Braddon project under the Commonwealth Government's Social Housing NBS. On the project receiving unit titling, nine properties will be transferred to the Company. This is expected in the first quarter of the 2011/12 financial year. In the interim, upon achieving practical completion in March and while awaiting the registration of unit titles, the Company and Community Services Directorate entered into an Operation Deed and License for Use on 25 May 2011 allowing the Company to tenant these properties. These properties are tenanted under the Rebated Rent model;
14. the acquisition of a further 24 properties in the Crace development;
15. the execution on 23 June 2011 for a further $20 million loan agreement and deed variation with the ACT Government;
16. the acquisition of two land sites at Bruce and Harrison;
17. the execution on 29 June 2011 of a Management Agreement between HHA and the Company that governs the ongoing management by HHA of the remaining 15 Company properties. This agreement was effective retrospectively from 1 July 2010;
18. the continued participation in Crace Developments Pty Ltd as a minor shareholder; and,
19. the continued investment in the development of an integrated whole-of-business software solution to increase business governance and internal efficiencies.

In the opinion of the Directors, there were no other significant changes in the nature of the Company's activities during the year not otherwise disclosed in this report or the financial statements.

Performance measures

The operating surplus of the Company was $9,342,683.

The Company measures performance through the establishment and monitoring of benchmarks and targets across its three operating segments, which are the Company's business lines. The Company's corporate function is reviewed as a separate business line and is part of internal management reporting. While revenue generated from the corporate function is incidental to the Company's activities and is not considered to be a separate reportable operating segment, the corporate function has been disclosed under the heading 'Other'. For a detailed breakdown of the segments, refer to Note 7.

	2011 $	2010 $
Surplus from Asset Management	1,517,535	1,063,995
(Deficit) from Tenancy Management	(202,936)	(178,719)
Surplus from Development Operations	9,102,393	1,939,427
(Deficit) from Other Operations	(1,074,309)	(1,212,214)
	9,342,683	**1,612,489**

Asset Management

The Company's Asset Management Strategy (AMS) has three key components:

1. the renewal of transferred stock via refurbishment, redevelopment or disposal;
2. a capital works program of housing stock for retention and sale; and
3. the upgrading of housing standards to reduce maintenance and operational costs.

The AMS is continually reviewed to ensure that the Company meets its targets as established in the 2010-2015 Statement of Corporate Intent.

Activities include rental, maintenance and redevelopment activities of its transferred, non-transferred and NRAS rental housing portfolio. This reporting period the Company added Land Rent properties to its rental portfolio. Rental revenue is derived from rebated, affordable and NRAS tenancy rent models. The four Land Rent properties received NRAS allocations and as such are let under the NRAS rental model.

The continuation of the NRAS initiative provides an opportunity for the Company to offset rental rebates provided to the community and bring forward planned developments to maximise the advantage of the Federal Government's subsidy of $7,143 per dwelling (as at 1 May 2011). In December 2010, the Company submitted two applications to FaHCSIA for further allocations in Round 4. As of 30 June 2011, the Company is yet to receive formal notification of the outcome of these applications from the Department of Sustainability, Environment, Water, Pollution and Communities (SEWPaC).

The maintenance program reflects cyclical and responsive expenses. Redevelopment activities reflect the Company's ongoing commitment to renew its aged transferred housing stock by refurbishment or disposal. This program is focused on reducing future maintenance costs and increasing tenancy revenue to maximise the Company's return on its housing assets. In this regard, the Company completed refurbishment on seven of its transferred stock during the reporting period. These properties are located in the suburb of Ainslie.

The Company completed settlement on one transferred stock dwelling in Ainslie – previously listed as Asset Held for Sale at 30 June 2010. In addition, in December 2010, the Company disposed of another transferred stock dwelling in Narrabundah.

In accordance with the Company's agreement with Crace Developments Pty Ltd, the Company undertook the following activities in the reporting period relating to its Crace acquisitions:

- settlement of a further 24 properties; and
- exchanging of contracts for 16 properties.

At 30 June 2011, a total of 29 properties had been acquired with the remaining 27 exchanged awaiting settlement throughout the 2011/12 financial year.

Asset management (continued)

In the first quarter of the reporting period, four land rent dwellings were added to the Company's housing portfolio. These properties offer a mix of three and four bedroom detached housing for rent under the NRAS model.

During the 2010/11 financial year, the Company increased its property portfolio by 58 properties and disposed of two properties equating to a total of 254 properties as at 30 June 2011. Properties were both purchased and sold as part of the redevelopment and refurbishment of transferred stock, with land acquired as part of the capital works program and the LRS.

This year's result of $1,517,535 is primarily attributed to an increase in the National Rental Affordability Scheme (NRAS) rental dwellings acquired or completed and retained for rent. This is reflected in the NRAS revenue for 2011, being $1,652,151, compared to $613,292 in 2010. This revenue figure includes the Company's Land Rent rental revenue and NRAS incentive payment of $502,629 from the Department of Sustainability, Environment, Water, Population and Community (SEWPAC). NRAS was previously managed by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA).

Tenancy management

The deficit of $202,937 reflects expenses directly relating to employment of tenancy staff, rental advertising, and other direct tenancy management related costs.

During the 2010/11 financial year, the Company continued to provide the community with rebated, affordable, NRAS and LRS rental accommodation on concessional terms to low to moderate income earners.

On 1 July 2010 the Company, in accordance with the Deed of Assignment with HHA, received back the direct tenancy management of 40 transferred stock properties and tenants. HHA continues to manage 15 properties on behalf of the Company under a Management Agreement.

The total rent subsidy provided by the Company to its eligible tenants in 2010/11 was $2,015,885 compared to $1,399,173 in 2009/10. In this regard, the rent subsidy is comprised of $1,223,387 for public rebated rent tenants and $792,798 affordable rental tenants.

The Company has a varied housing stock portfolio comprising of detached houses, dual occupancy, group houses and apartments. Given the diversity of the portfolio, the stock count (based on property title) does not necessarily reflect tenantable areas. The Company continues to maintain its Rebated Rental clients (25% of household income PLUS Commonwealth Rental Assistance), and increase its Affordable and NRAS Tenancies (74.9% of market rent). The Company has elected to provide NRAS Tenancies at 74.9% of market rent. The current Land Rent stock is let under the NRAS tenancy model.

The Company continues to manage one property in Chapman under a sub-lease arrangement with Community Services Directorate (CSD). This property offers eight tenancies and the sub-lease expires on 30 June 2014.

As at 30 June 2011, the Company had 293 tenantable areas available:

Tenant type	2011		2010	
Public Rebated Rent (Community Housing)	122	(42%)	98	(43%)
Affordable Housing	38	(13%)	42	(18%)
NRAS	121	(41%)	81	(35%)
Managed Properties	8	(3%)	8	(4%)
Land Rent	4	(1%)		
	293		**229**	

Development Operations

The development operations of the Company include the development of Greenfield sites, the Company's acquisition program and development of other site opportunities presented to the Company.

The Commonwealth Government's NBS initiative provided an opportunity for the Company to increase its rental housing portfolio and asset base. The Company entered into two projects, in partnership with CSD, being the Gungaderra Homestead development in Harrison and a multi-unit development in Braddon.

Development Operations (continued)

The first project, Gungaderra Homestead in the suburb of Harrison was completed in February 2011 and delivered the refurbishment and restoration of the Gungaderra Homestead, Men's Shed (machinery shed), and the construction of 29 residential units and associated community facilities. The Company has let the community facilities to Northside Community Services and retained a total of 29 properties for rent. The Company has, in accordance with the agreement with DHCS, allocated 13 of the dwellings for rebated rent and the remaining 16 to the NRAS tenancy model.

The second project located in Braddon was completed in March 2011, and upon registration of unit titling, the Company will receive title transfer of 9 units. Pending the completion of this process, the Company entered into an Operating Agreement and License to Use these facilities on the 25 May 2011.

The Company's "Edge" development in Franklin completed in November 2010. This project was 100% sold prior to completion, with 60% of development priced below the ACT Government's affordability price threshold.

In December 2010, the Company was successful in securing 77 housing lots under the ACT Government's LRS, with delivery of the first sites due in the first quarter of the 2011/12 financial year. The development of these sites will allow the Company to expand its detached housing stock for eligible families.

Planning and marketing of the Company's "Eclipse" project in Bruce continues, with the project to be delivered in three stages offering a diversity of residential housing options. The land purchase for this project was completed in June 2011.

The Company continued planning and completed the land acquisition for its next major project located in Harrison. The development will deliver a further 221 dwellings. The Company has entered into an agreement with the LDA to deliver a range of affordable outcomes across the project utilizing the Commonwealth's HAF.

The result of $9,102,393 reflects a significant increase in surplus, primarily due to the completion of the Company's "The Edge" development in November 2010 and the recognition of government grant funding contributions: NBS funding of $5,811,082; and HAF funding of $1,030,000.

Other Operations, which is not an operating segment, reflects the Company's corporate function. This includes corporate employment costs, office overheads and general depreciation and amortisation.

On 14 January 2011, the Company relocated its office to leased premises at 216 Northbourne Avenue, Braddon. The Company will continue to work on internal efficiencies and remains committed to internal quality control practices, monitoring of current corporate staffing levels and office overheads.

The result of ($1,074,310) is an improvement of 11.37% on the previous year of ($1,212,214).

Dividends and member's guarantee

The Company's constitution precludes the distribution of surplus funds to its members. In accordance with the Company's constitution, each member is liable to contribute $100 in the event that the Company is wound up. The total amount members would contribute is $1,600 (2010: $2,100).

Events subsequent to balance date

The Company continued with planning of its Harrison project with a Development Application lodged on 18 August 2011.

Other than the matters discussed above, there has not arisen, in the interval between the end of the financial year and the date of the report, any item, transaction or event of a material and unusual nature that in the opinion of the directors is likely to substantially affect the operations of the Company, the results of those operations, or the Company's state of affairs in future financial years.

Future developments

The Company will continue to carry on the principal activities noted above.

The agreement with CSD to provide a further $2.4 million in assets in the joint venture between CSD and Hindmarsh for the Lyons Estate development is yet to be concluded.

The Company entered into a fixed price construction contract for its "Eclipse" development in the suburb of Bruce. Construction began in July 2011.

Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Company has paid insurance premiums of $17,270 in respect of directors' and officers' liability and legal expenses insurance contracts for current and former directors and officers, including senior executives of the Company.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings whether civil or criminal and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving willful breach of duty or improper use of information or position to gain a personal advantage.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts; as such disclosure is prohibited under the terms of the contract, confidentiality clause 12.14.

Auditor's independence declaration

The Auditor's independence declaration in accordance with s.307C of the *Corporations Act 2001* is set out on page 11 and forms part of the Directors' report for the financial year ended 30 June 2011.

Signed in accordance with a resolution of the Directors made pursuant to s. 298(2) of the *Corporations Act 2001* on behalf of the Directors:

Ross Barrett
Chair

Cathi Moore
Deputy Chair

Canberra, 14th October 2011

ACT AUDITOR-GENERAL'S OFFICE

Auditor's Independence Declaration

To the Directors of Community Housing Canberra Limited

In relation to the audit of the financial statements of Community Housing Canberra Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

M. Cooper

Dr Maxine Cooper
Auditor-General
14 October 2011

Directors' qualifications, experience and special responsibilities

Name	Qualifications	Experience	Special responsibilities
Ross Barrett	BE, CPEng, EngExec, FIE Aust, FAICD	Director of Woden Contractors Pty Ltd and Director of Tatebrook Pty Ltd. President of the Master Builders' Construction and Housing Association of the Australian Capital Territory, national board member of the Master Builders Association of Australia Inc and National President of the Civil Contractors Federation. Board member since October 2007.	Chairman Chair (Development Committee)
Cathi Moore	BA (Soc Sci)	Extensive experience in public administration, both in the social policy and program management areas and has a wide range of experience in the community sector. 10 years at the Senior Executive Level managing a range of commercial and operational areas and reviewing the efficiency and effectiveness of government services in the former Commonwealth Department of Administrative Services (DAS). Member of Marymead Board. Board member since October 2007.	Deputy Chair Chair (Audit Committee)
Ken Horsham	FAIM, Grad Dip (Architecture)	Housing, planning and development consultant with urban development and urban management experience. Prior housing policy advisor with the Australian Government, ACT Commissioner for Housing and General Manager ACT Housing and Community Services Bureau. Chair of Northside Community Service. Board member since January 1998.	Director Member (Development Committee) Company Secretary
Colin Alexander	OAM, BA (Acc), FCPA	Extensive corporate finance and accounting expertise and over 20 years' experience in the land development and construction industry. CEO of CIC Australia Ltd since its founding in 1986, Chairman of the Canberra MBA Fidelity Fund, Board member of the ACT Property Council, Council member of the Canberra Business Council and Board member of the MBA Skills Centre Building Fund. Board member since October 2009.	Director Member (Development Committee)
Richard Bear	BCom	Executive responsibility for financial management, information technology and human resource management. Prior Assistant Secretary within the Department of Veterans Affairs, an Assistant General Manager of the Child Support Agency, and the General Manager, Development and Construction for Defence Housing Australia. Board member since May 2008.	Director Member (Development Committee) Member (Audit Committee)
Tania Parkes	PhD (Literature)	Principal of Tania Parkes Consulting. Social planner with 15 years' experience in consultation, research, evaluation and in facilitating residential and commercial property developments for government, non-government and private sectors. Previously senior government official for over 13 years working in social policy portfolios. Board member since June 2007.	Director
Kim Werner	BA/LLB Grad Dip (Population Health)	Executive experience in the non-government sector and an accredited Mediator and Facilitator. Key appointments include *Manager*, Women's Centre for Health Matter Inc, *Deputy Director,* Toora Women Inc, and *Governance and Planning Manager,* Secretariat of National Aboriginal and Islander Child Care Inc. Currently holds the position of *Deputy Chair,* Private Mental Health Consumer Carer Network (Australia). Board member since October 2009.	Director Chair (Community Committee)

Statement of comprehensive income

For the year ended 30 June 2011

	Note	2011 $	2010 $
INCOME			
Rental revenue	9 (a)	3,274,195	2,012,119
Development sales revenue	9 (b)	30,555,087	5,720,909
Grant funding	9 (c)	6,841,082	2,493,523
Other revenue		320	374
Total Revenue		40,670,684	10,226,925
Gains			
Gain on disposal of property, plant and equipment	9 (d)	168,190	200,474
TOTAL INCOME		**40,838,875**	**10,427,399**
EXPENSES			
Asset management expenses		(635,179)	(459,702)
Bad Debts		(21,462)	(13,518)
Cost of developments sold	10 (a)	(26,261,579)	(5,385,316)
Development expenses	10 (b)	(40,859)	(221,357)
Administrative expenses		(302,947)	(261,909)
Professional fees		(141,351)	(229,766)
Depreciation	13 (c) (vii)	(665,920)	(427,691)
Amortisation	22	(3,878)	(12,760)
Employee expenses	11	(1,166,873)	(1,103,008)
Repairs and maintenance		(433,792)	(331,740)
Revaluation decrement	13 (c) (vi)	-	(97,495)
Loss on disposal of property, plant and equipment	10 (c)	(7,379)	(43,193)
Selling expenses		(1,187,793)	(221,627)
Other expenses	10 (d)	(69,765)	(59,535)
TOTAL EXPENSES		**(30,938,778)**	**(8,868,617)**
Finance income	12 (a)	642,196	315,268
Finance expenses	12 (b)	(1,199,610)	(261,561)
Net finance cost		**(557,414)**	**53,707**
NET SURPLUS FOR THE PERIOD		**9,342,683**	**1,612,488**
OTHER COMPREHENSIVE INCOME			
Increase in asset revaluation surpluses	28 (a)	17,232,656	2,762,244
Other comprehensive income for the period		**17,232,656**	**2,762,244**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**26,575,339**	**4,374,732**

The statement of comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2011

	Note	2011 $	2010 $
CURRENT ASSETS			
Cash and cash equivalents	14	7,637,024	230,414
Trade and other receivables	16	397,552	1,251,510
Inventory	17	15,552,968	17,405,771
Prepayments		37,884	27,698
Assets held for sale		-	393,093
Loan receivable	21	-	38,799
Other assets	18	512,162	770,207
TOTAL CURRENT ASSETS		**24,137,590**	**20,117,492**
NON-CURRENT ASSETS			
Capital works in progress	19 (a)	-	3,119,192
Capital works in progress – software	19 (b)	52,563	157,690
Transferred stock – land and buildings	13 (c) (i)	49,870,000	36,609,793
Non-transferred stock – land and buildings	13 (c) (ii)	14,265,000	11,332,200
NRAS stock - land and buildings	13 (c) (iii)	38,029,998	22,090,736
Land Rent – Buildings	13 (c) (iv)	1,060,000	-
Plant and equipment	13 (c) (v)	163,272	156,667
Investments in equity instruments	20	1,509,932	1,509,932
Loan receivable	21	895,303	958,327
Intangible assets	22	111,401	-
TOTAL NON-CURRENT ASSETS		**105,957,649**	**75,934,538**
TOTAL ASSETS		**130,095,059**	**96,052,030**
CURRENT LIABILITIES			
Trade and other payables	23	344,916	3,518,426
Employee benefits	25	63,871	53,865
Other provisions	26	-	120,948
Finance lease liability	24	3,255	2,984
Other liabilities	27	67,903	-
TOTAL CURRENT LIABILITIES		**479,944**	**3,696,223**
NON- CURRENT LIABILITIES			
ACT Government Loan	5	43,000,000	33,000,000
Finance lease liability	24	7,229	10,484
Other interest bearing debt	5	687,224	-
TOTAL NON-CURRENT LIABILITIES		**43,694,453**	**33,010,484**
TOTAL LIABILITIES		**44,174,397**	**36,706,707**
NET ASSETS		**85,920,661**	**59,345,323**
EQUITY			
Asset revaluation surpluses	28 (a)	51,091,987	34,445,528
Retained earnings	28(b)	34,828,674	24,899,795
TOTAL EQUITY		**85,920,661**	**59,345,323**

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 30 June 2011

	Retained Earnings $	Asset Revaluation Surpluses $	Total Equity $
Opening balance at 1 July 2009	**21,482,147**	**33,489,524**	**54,971,671**
Surplus for the period	1,612,489	-	1,612,489
Other comprehensive income			
Revaluation of land and buildings		2,762,244	2,762,244
Total comprehensive income for the period	**-**	**2,762,244**	**4,374,733**
Transfer of revaluation increment for assets disposed of	1,805,158	(1,806,240)	(1,082)
Closing balance at 30 June 2010	**24,899,794**	**34,445,528**	**59,345,322**

	Retained Earnings $	Asset Revaluation Surpluses $	Total Equity $
Opening balance at 1 July 2010	**24,899,794**	**34,445,528**	**59,345,322**
Surplus for the period	9,342,683	-	9,342,683
Other comprehensive income			
Revaluation of land and buildings	-	17,232,656	17,232,656
Total comprehensive income for the period	**9,342,683**	**17,232,656**	**26,575,339**
Transfer of revaluation increment for assets disposed of	586,197	(586,197)	-
Closing balance at 30 June 2011	**34,828,674**	**51,091,987**	**85,920,661**

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows
For the year ended 30 June 2011

	Note	2011 $	2010 $
Cash flows from operating activities			
Cash receipts from customers		39,575,723	11,552,894
Cash payments to suppliers and employees		(16,048,324)	(29,945,788)
Interest received		574,019	297,408
Interest paid		(1,199,610)	(1,063,675)
Acquisition of property		(19,668,594)	-
Proceeds from sale of property		1,058,500	-
Construction of new property		(8,607,754)	-
Grant funding		1,030,000	-
Net cash (used in) operating activities	15	**(3,286,040)**	**(19,159,161)**
Cash flows from investing activities			
Payments for investments		170,000	(15,000)
Acquisition of plant and equipment		(187,538)	(123,320)
Proceeds from the sale of plant and equipment		27,000	35,455
Net cash (used in) investing activities		**9,462**	**(102,866)**
Cash flows from financing activities			
Cash from borrowed funds		10,687,224	8,000,000
Repayment of finance lease liability		(4,037)	(4,037)
Net cash provided by financing activities		**10,683,187**	**7,995,963**
Net increase/(decrease) in cash and cash equivalents		7,406,610	(11,266,064)
Cash and cash equivalents at the beginning of the year		230,414	11,496,478
Cash and cash equivalents at the end of the year	14	**7,637,024**	**230,414**

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements

1 Corporate information

The financial statements of Community Housing Canberra Ltd (the "Company') for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 14 October 2011.

Community Housing Canberra is a company limited by guarantee, domiciled in Australia with the principal place of business being the Australian Capital Territory ("ACT").

The nature of the operations and principal activities of the Company for the financial year ended 30 June 2011 are described in the Directors' report.

2 Summary of accounting policies

(a) Basis of preparation

The financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*.

Historical cost convention

The financial statements are prepared on the basis of historical costs except for the following:

- land and buildings are measured at fair value less accumulated depreciation on buildings and any impairment losses; and
- available for sale financial assets are measured at fair value.

The methods used to measure the fair value of these assets are discussed in note 4. The financial statements have been prepared on a going concern basis.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Company's functional currency.

(b) Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 -Determination of fair values
- Note 20 - Financial investments

The Company has had no significant changes to accounting policy starting as of 1 July 2010. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

2. Summary of accounting policies continued…

(c) Revenue recognition

Revenue is recognised when the Company is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Revenue from rentals comprises the revenue earned from the provision of community and affordable housing to entities outside the Company. Rental revenue is recognised when the fee in respect of services is invoiced.

Development sales revenue, from the sale of land and building arising from development activities, is recognised on the date of settlement.

Grant Funding. Government grant funding is recognised according to the underlying substance of the contractual arrangement.

Reciprocal transfer. Income that arises in the ordinary course of an entity's operations are transactions in which the Company and a government body directly exchange cash, goods, services, or use of assets, etc. at approximately equal value between each party is deemed a reciprocal transfer with revenue being recognised as it is earned. Revenue for projects is recognised when earned.

The Company's agreements with the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) for the Gungaderra Homestead project and the Land Development Agency for Housing Affordability Funding were assessed to be reciprocal.

Non-reciprocal transfer. Income which the Company receives, but does not give approximately equal value directly to the provider in return is treated as unconditional government funding and is recognised in profit or loss when the grant becomes receivable.

At balance date, the Company has one such agreement with the Department of FaHCSIA for the Braddon Joint Venture project. This project, while completed in March 2011, is awaiting unit title registration. As such, the Company will recognise the value as revenue at the date of transfer of title to these assets.

Sale of property, plant and equipment proceeds are included as revenue when the significant risks and rewards of ownership have been transferred to the buyer, usually when settlement occurs.

The gain or loss on disposal of property is calculated as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

(d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources.

(e) Finance income and finance expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, losses on disposal of available for sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) and borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of comprehensive income using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and on call deposits with original maturities of six months or less.

Cash flows from operating activities are reported on using the indirect method. The indirect method adjusts profit or loss for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing activities.

2. Summary of accounting policies continued…

(g) Trade and other receivables

Trade receivables, which comprise amounts due from services provided to clients and sales of developments, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Normal terms of settlement vary from seven to 60 days. The carrying amount of the receivable is deemed to reflect fair value.

(h) Inventory

Inventories are assets held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventory relates to those developments in progress that will be sold on completion to external parties. The cost of inventories is measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Works in progress for current inventory projects of the Company are capitalised as the expense is incurred where it is probable that the future economic benefits embodied within the project will flow to the Company.

(i) Assets held for sale

Assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are re-measured in accordance with the Company's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) Capital works in progress

Capital works in progress are projects that have been designated for retention on completion. The cost of self-constructed assets includes the cost of materials, direct costs for consultants, where relevant, the costs of dismantling and removing items and restoring the site on which they are located, and statutory costs applicable in the asset being fit for use. Capitalisation of wages occurs only when a project is approved by the Board.

Work in progress for current projects of the Company is capitalised as the expense is incurred, where it is probable that the future economic benefits embodied within the project will flow to the Company. Work in progress is split between development redevelopment and software development activities.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, including improvements, are measured at fair value less accumulated depreciation and accumulated impairment losses.

Any property, plant and equipment donated to the Company or acquired for nominal cost are recognised at fair value at the date the Company obtains control of the assets.

Land purchased for development (which is not intended to be sold) is carried at cost under capital works in progress until completion of the capital works development.

(ii) Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods disclosed in Note 4. Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation.

(iii) Revaluation of land and buildings

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of revaluation less any subsequent accumulated depreciation on buildings and any subsequent accumulated impairment losses.

2. Summary of accounting policies continued…

(k) Property, plant and equipment continued…

(iii) Revaluation of land and buildings continued…

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Fair values are confirmed by independent valuations which are obtained with sufficient regularity to ensure that the carrying amounts do not differ materially from the assets' fair values at the balance sheet date.

Land and buildings are treated as a class of assets. When the carrying amount of this class of assets is increased as a result of a revaluation, the increase is credited directly to the asset revaluation surpluses, except where it reverses a revaluation decrement previously recognised in the profit and loss. When there is a reversal of a previous revaluation decrement through the profit and loss, the amount is credited to the statement of comprehensive income.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in the statement of comprehensive income, except where a credit balance exists in the asset revaluation surpluses, in which case it is credited against that surplus.

The Company has adopted a policy of external independent revaluation of its housing portfolio every two years.

(iv) Depreciation

Items of property, plant and equipment (other than land) are depreciated over their useful lives to the Company commencing from the time the asset is held ready for use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	2011 Years	2010 Years
Buildings	62.5	62.5
Leasehold improvement	3	-
Plant and Equipment		
-Computers	3	3
-Motor vehicles	5-6	5-6
-Office fit out	15	15
-Equipment	5	5
-Furniture and fittings	15	15
-Equipment held under finance leases	Life of lease	Life of lease
Software	4	5

(v) Amortisation

Amortisation is based on the cost of an intangible asset less its residual value. Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimate useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortisation rates, methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(vi) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amounts being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

(vii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal when the item is no longer used in the operations of the Company or when it has no sale value. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Any part of the asset revaluation surplus attributable to the asset disposed of or derecognised is transferred to retained earnings at the date of disposal.

2. Summary of accounting policies continued…

(l) Financial assets and liabilities

(i) Available-for-sale financial investments

Available-for-sale investments are those financial assets that are designated as available-for-sale and are measured at fair value.

Gains or losses on these investments are included in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

The Company has one such investment, being the 5% shareholding in Crace Developments Pty Ltd (see also note 3 (b)).

(ii) Loans receivable

Loan receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables and the loan receivable from Crace Developments Pty Limited.

(iii) Intangible assets

Intangible assets acquired by the Company have finite useful lives and are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. Trade accounts are unsecured, non-interest bearing and are normally settled within 10 working days of recognition.

(m) Employee benefits

Employee benefits comprise wages and salaries, annual, non-accumulating sick and long service leave, and contributions to superannuation plans.

(i) Short term benefits - wages, salaries and annual leave

Liabilities for employee entitlements to wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date are measured at undiscounted amounts based on remuneration rates the Company expects to pay when the obligation is settled. Liabilities for no-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long term benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted.

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures, and periods of service, as disclosed in Note 25. The amount of these provisions would change should any of these factors change in the next 12 months.

Long service leave. Employee long service leave balances are only recognised once five years' service has been attained. At balance date no employee had completed over five years of service and no provisions for long service leave was recognised.

2. Summary of accounting policies continued…

(m) Employee benefits continued…

(iii) Superannuation

From 1 July 2006, new employees have been subject to the Superannuation Choice arrangements. The Company's default fund is AGEST. Employees who choose to join AGEST or other eligible funds have a superannuation guarantee contribution paid into their nominated funds. Contributions are recognised in the income statement when they are due. The Company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

(n) Provisions

A provision is recognised if, as a result of a past event, the Company has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flows that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) Leased assets

Finance Leases are leases where the Company assumes substantially all the risks and rewards of ownership. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the income statement. The fair value of the leases is estimated as the present value of future cash flows, discounted at market interest rates. The carrying value of the lease is considered a reasonable reflection of fair value.

Capitalised leased assets are depreciated over the estimated useful life of the asset.

Operating Leases are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

(p) Loans and borrowings

Loans and borrowings represent financial liabilities incurred by the Company when it is probable that it will result in deriving a future economic benefit. The Company's accounting policy is to capitalise borrowing costs incurred on specifically acquiring, constructing, or producing a qualifying asset.

(q) Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

2. Summary of accounting policies continued…

(q) *Impairment continued…*

(ii) Non-financial assets

The Company, at each reporting date, assesses whether there is an indication that its non-financial assets (property, plant and equipment) are impaired. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount.

An assets 'value in use' is its depreciated replacement cost, where the asset would be replaced, if the Company was deprived of it. The recoverable amount is the greater of the fair value less costs to sell and value in use.

For plant and equipment, an impairment loss is recognised in the statement of comprehensive income. However, because land and buildings are measured at re-valued amounts, impairment loses are recognised directly in the asset revaluation surpluses. Where the impairment loss exceeds the balance of the asset revaluation surpluses for that class of assets, the difference is recognised in the statement of comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised. At 30 June 2011, there were no indications that any of the Company's property, plant and equipment assets were impaired.

(r) Taxation

Income Tax

Under the provisions of Section 50-5, income 1.1 of the *Income Tax Assessment Act 1997* as amended, the Company is exempt from income tax and currently no tax provision has been provided for in the accounts. Such income tax exemption is reviewable by the Australian Taxation Office from time to time and was endorsed in March 2007. The Company holds deductible gift recipient status.

Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

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

(s) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Segment results that are reported to the Chief Executive Officer, who is the Company's chief operating decision maker, comprise items which can be either directly attributed or reasonably allocated to the segment - Asset Management, Development Operations or Tenancy Management. Unallocated items (disclosed as 'Other') comprise mainly corporate activities, office expenses, and corporate assets and liabilities.

(t) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied preparing these financial statements:

2. Summary of accounting policies continued…

(t) New standards and interpretations not yet adopted continued…

Reference	Title	Summary	Application date of standard*	Impact on Company financial statements	Application date for Company*
AASB 9	*Financial Instruments*	New standard resulting from Phase 1 of the replacement of AASB 139, which includes requirements for the classification and measurement of financial assets. Entities with significant equity investments that are classified as available-for-sale under AASB 139 may consider early adopting AASB 9.	1 July 2013	The Company has determined that new standard is not expected to have a significant impact on the financial statements. However, the full impact is not yet known.	1 July 2013
AASB 124	*Related Party Disclosures*	The basis of the amendment to AASB 124 is in the removal of disclosure requirements regarding individual key management personnel (KMP). Revised AASB 124 simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities.	1 July 2013	This amendment to AASB 124 applies to annual reporting periods beginning on or after 1 July, 2013, and early adoption is not permitted. The Company has determined that the amendments are not expected to have a significant impact on the financial statements at 30 June, 2011.	1 July 2013
AASB 2009-5	*Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process.*	Amendments affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes.	1 July 2011	The Company has assessed the various AASBs and determined that the amendments are minor in nature and not expected to have a significant impact on the financial statements.	1 July 2011
AASB 2011-X	*Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*	The purpose of the standard is to harmonize Australian Accounting Standards and New Zealand equivalents to IFRSs (NZ IFRSs) with source International Financial Reporting Standards (IFRSs) to eliminate the differences between the Standards in each jurisdiction.	1 July 2011	As the standard relates to for-profit entities it is not applicable to the Company.	N/A

**designates the beginning of the applicable annual reporting period*

3 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property (land and buildings) is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, and willingly.

In accordance with Company policy, a revaluation of the entire class of Land and Buildings occurs every two years. Properties completed during the 2010-11 financial year were valued at fair value on completion (see note 13a) with a further valuation of the remaining portfolio conducted at 30 June 2011. Valuations are conducted by an external qualified valuer. The next portfolio revaluation is due in June 2013.

The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence. Plant and equipment measurement is carried at cost less accumulated depreciation and any accumulated impairment losses.

3. Determination of fair values continued …

(b) Investments in equity instruments

Available-for-sale. Available-for-sale financial assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as available-for-sale financial assets. Fair values for financial assets not quoted in an active market are determined using appropriate valuation techniques including discounting future cash flows, option pricing models and other methods that are consistent with accepted economic methodologies for pricing financial assets.

The Company has one such investment, being its Crace Developments Pty Ltd shareholding. This investment does not have a quoted market price in an active market. As such the Company has based its assessment of fair value on: general economic conditions, including interest rates; risk and volatility associated with the investment, in particular the performance of construction and development activities and demand for residential occupancies in the ACT; and whether there is any significant evidence since the last reporting date that would materially affect the fair value of the shareholding. The Company has assessed the carrying value at reporting date to be fair value. This is further supported by the 2010/11 financial statements of Crace Development Pty Ltd which value CHC's shareholding at $1,500,010.

4 Financial risk management

The Company has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk and market price risk. This note presents information about the Company's exposure to each of the risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk Management framework. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board of Directors has established an Audit Committee which is responsible for developing and monitoring risk management policies and reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(a) Credit risk exposures

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. Each new tenant undergoes reference checks to ensure creditworthiness before the Company enters into a tenancy agreement. The Company actively manages its receivables balance on a weekly basis. Receivables owing from Government Departments are actively managed where delays are experienced via written communication. Monies owed by Government Departments are not considered to create substantial credit risk to the Company.

Cash and cash equivalents

The Company is exposed to minimal credit risk on its cash and cash equivalents as all cash is held with a bank which has an acceptable credit rating determined by a recognised rating agency.

Loan receivables – Crace Development Pty Ltd

The Company manages its credit risk on its loan to Crace Developments Pty Limited by ongoing communication and representation on the board of directors of Crace Developments Pty Limited. The Company has provided a bank guarantee to the lenders of Crace Developments Pty Limited up to a maximum of $1,150,000 in case of default. The Company has assessed the credit risk of this loan to be low based on its assessment of the audited financial statements of Crace Developments Pty Limited for the year ended 30 June 2011 and the composition and nature of the shareholder entities.

4. Financial risk management continued ...

(a) Credit risk exposures continued…

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Note	2011 $	2010 $
Total facilities			
- Trade receivables	16	397,552	1,251,510
- Cash and cash equivalents	14	7,637,024	230,414
- Loan receivables – Crace Developments Pty Ltd	21	895,303	997,126
		8,929,879	**2,479,050**

The ageing of trade receivables is analysed in Note 16. The loan receivable from Crace Developments Pty Limited is not considered to be past due.

(b) Liquidity risk exposures

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's main financial obligations relate to the ACT Government loan. The Company uses cash flow modeling tools to assists it in monitoring cash flow requirements. The Company provides an annual estimate of the drawdowns required for the financial year. Funds are drawn down at any time during that year, with 20 working days' notice provided to the ACT Government.

(c) Currency risk exposures

The Company is not exposed to currency risk as it operates solely in its functional currency.

(d) Market risk exposures

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market rates.

Exposures arise predominantly from assets and liabilities bearing variable interest rates as the Company intends to hold fixed rate assets and liabilities to maturity. The Company assesses the 90-day bank bill swap rate on a monthly basis, to ascertain trends for future interest forecasts. As at 30 June 2011, the Company has assessed that where an increase is unlikely throughout the 2011-12 financial year, it has allowed for a 0.4% basis point rise in its budgeting and forecasts. A sensitivity analysis using 100 basis points provides an indication of how a doubling of this forecast would affect the Company.

4. Financial risk management continued …

(d) Market risk exposures continued…

The Company's exposure to liquidity, and interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to the table below.

2011	**Notes**	**Weighted Average Effective interest rate %**	**6 months or less $**	**6 months to 12 months $**	**2 years to 5 years $**	**Over 5 years $**	**Non-interest bearing $**	**Total $**
Financial assets								
Cash and cash equivalents	14	5.03%	7,636,724	-	-	-	300	7,637,024
Trade receivables	16	-	-	-	-	-	397,552	397,552
Investment in equity instruments	20	-	-	-	-	-	1,509,932	1,509,932
Loan receivables	21	7.61%	-	38,799	856,504	-	-	895,303
Other Assets – deposits paid	18		144,613	254,450	-	-	-	399,063
			7,781,337	293,249	856,504	-	1,907,784	10,838,874
Financial liabilities								
ACT Government loan	5 (d)	4.89%	1,051,350	1,051,350	8,410,800	53,513,500	-	64,027,000
Land Rent commercial loans	5 (d)	7.61%	30,346	30,347	242,772	383,759		687,224
Trade and other payables	23	-	344,916	-	-	-	-	344,916
Finance lease liability	24	8.72%	-	3,255	8,064	-	-	11,318
			1,426,612	**1,084,952**	**8,661,636**	**53,897,259**	**-**	**65,070,459**
2010								
Financial assets								
Cash and cash equivalents	14	4.34%	230,114	-	-	-	300	230,414
Trade receivables	16	-	-	-	-	-	1,251,510	1,251,510
Investment in equity instruments	20	-	-	-	-	-	1,509,932	1,509,932
Loan receivables	21	6.35%	-	38,799	1,025,420	-	-	1,064,219
			230,114	38,799	1,025,420	-	3,531,949	4,056,075
Financial liabilities								
ACT Government loan	5 (d)	3.67%	605,550	605,550	4,844,000	39,055,500	-	45,110,600
Trade and other payables	23	-	-	-	-	-	3,518,426	3,518,426
Finance lease liability	24	8.72%	-	4,037	11,318	-	-	15,355
			605,550	**609,587**	**4,855,318**	**39,055,500**	**3,518,426**	**48,644,381**

5 Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are measured at amortised cost.

Loans	2011 $	2010 $
- ACT Government loan	43,000,000	33,000,000
- Community CPS loan	687,224	-
	43,687,224	**33,000,000**

The ACT Government loan is a $50 million loan facility made available at the 90-day bank bill swap rate on the first day of each quarter. The facility is subject to quarterly interest only repayments for ten years, with a one year interest repayment holiday, applicable to the first year of drawdown. The applicable weighted average interest rate for the financial year was 4.89%. Interest accrued on the outstanding balance for the financial year is $nil as payment was made on 30 June 2010. Total interest incurred for the financial year was $2,077,099. Of this amount, $953,402 (being approximately 46% of the interest incurred) has been capitalised into works in progress.

The Community CPS loans represent four principal and interest mortgages relating to LRS properties, which are repayable over a 25 year term. The weighted average interest rate for these loans for the financial year was 7.61%.

(a) Fair Value Hierarchy

The Company is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used in determining their fair value. The fair value hierarchy is made up of the following three levels:

- Level 1 -quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 -inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amount of financial assets measured at fair value, as well as the methods used to estimate the fair value are summarised in the table below. All other financial assets and liabilities are measured at amortised cost, subsequent to initial recognition.

	Classification according to fair value hierarchy							
	2010	2011	2010	2011	2010	2011	2010	211
	Level 1	Level 1	Level 2	Level 2	Level 3	Level 3	Total	Total
Financial Asset	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Investment in equity – Crace shareholding	-	-	-	-	1,509	1,509	1,509	1,509
	-	**-**	**-**	**-**	**1,509**	**1,509**	**1,509**	**1,509**

Transfer between categories

There have been no transfers of financial assets between Level 1, 2 or 3 during the reporting period.

(b) Sensitivity analysis

A change of 25 basis points in interest rates at the reporting date, with all other variables held constant, would have increased interest payable by $218,500 on the loan balances at 30 June 2011. This assumption has been determined to be a reasonably possible movement in interest rates over a 12 month period based on information from various financial institutions, review of movements over the last two years and economic forecaster's expectations.

The impact on equity and profit and loss depends on the amount of borrowing costs capitalised to works in progress. Using the percentage that was expensed for the 2010/11 financial year, equity and profit and loss would have decreased by $161,690 for 2010/11. In respect to current market and economic conditions, CHC has factored a 0.40 basis point interest increase in its 2011/12 budget assumptions.

5. Loans and borrowings continued …

(c) Borrowings

	2011 $	2010 $
- YARIS (office pool car) lease	10,484	13,468

The Company has a finance lease for the office pool car purchased in August 2008. The lease is for a term of 48 months at an interest rate of 8.72%. At the end of the term, a residual amount of $6,894 is payable. See also Note 23. As this rate is fixed, a change in interest rates at the reporting date would not affect profit and loss and equity. As a result, a sensitivity analysis has not been performed.

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The only price risk the Company is exposed to relates to its investment in Crace Developments Pty Limited. A sensitivity analysis has not been undertaken for the price risk as it has been determined that the possible impact on profit and loss or total equity from fluctuations in price is not material.

(d) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	2011 $	2010 $
Total facilities:		
- bank overdraft	-	1,050,000
- ACT Government loans (4.02.08)	50,000,000	50,000,000
- ACT Government loans (28.06.11)	20,000,000	
- Community CPS	687,224	
Facilities used at reporting date:		
- bank overdraft	-	-
- ACT Government loans (4.02.08)	43,000,000	33,000,000
- ACT Government loans (28.06.11)	-	
- Community CPS	687,224	
Facilities unused at reporting date:		
- bank overdraft	-	1,050,000
- ACT Government loans (4.02.08)	7,000,000	17,000,000
- ACT Government loans (28.06.11)	20,000,000	
- Community CPS	-	

ACT Government Loans – 4 February, 2008

The terms and conditions of the ACT Government loan are set out in the Loan Agreement dated 4 February 2008 between the parties, Australian Capital Territory and Community Housing Canberra Limited. The recitals of which are:

A. The lender has agreed, at the request of the borrower, to provide a loan facility to the borrower, the principal amount of which is not to exceed fifty million dollars;
B. The lender and the borrower have agreed to enter into this agreement to set out the terms and conditions of the loan facility; and
C. The advances made under the loan facility are to be used only for one or more of the permitted purposes (as specified in the loan agreement).

ACT Government Loans – 28 June, 2011

The terms and conditions of the ACT Government loan are set out in the Loan Agreement dated 28 June 2011 between the parties, Australian Capital Territory and Community Housing Canberra Limited. The recitals of which are:

A. The lender has agreed, at the request of the borrower, to provide a loan facility to the borrower, the principal amount of which is not to exceed twenty million dollars;

B. The lender and the borrower have agreed to enter into this agreement to set out the terms and conditions of the loan facility; and

C. The advances made under the loan facility are to be used only for one or more of the permitted purposes (as specified in the loan agreement).

5. Loans and borrowings continued ...

(d) Financing facilities available continued ...

CPS Commercial Loans

The Company's four Land Rent Scheme properties are funded via commercial facilities with CPS Community Bank. These are principal and interest mortgages, repayable over a 25 year term.

(e) Banker's Undertakings

The Company has obtained the following banker's undertakings, which remain outstanding at 30 June 2011:

1 25 June 2008 $6,000 to ACT Planning and Land Authority – for verge works at the Forde development;

2 9 December 2008 $19,000 to ACT Planning and Land Authority – for verge works at The Edge development;

3 8 June 2010 $10,000 to ActewAGL – for works at Eclipse development; and,

4 18 January 2011 $23,100 to Tokich Homes Pty Ltd – being bond on office premises.

It is expected that these undertaking's will lapse with recourse as these development works are completed and lease expires.

Items held as security

Westpac Bank continues to hold 24 properties as security located at City Edge and Village Vue. This arrangement is reviewed annually.

6 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks from all of the Company's operations.

The Company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Company standards for the management of operational risk in the following areas:

- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faces and the adequacy of controls and procedures to address the risks identified;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

Compliance with Company standards is supported by a program of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Company's executive team, with summaries submitted to the Audit Committee and Board where appropriate.

The Company remains committed to maintaining its Affordable Housing Provider registration in the ACT and its ISO 9001:2008 Management System certification.

7 Operating segments

Adoption of AASB 8 Operating Segments

The Company adopted AASB 8: Operating Segments with effect from 1 July 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Services from which reportable segments derive their revenues

The Company has three Operating Segments, as described below, which are the Company's business lines. Performance of each of the business lines is reviewed by the Chief Executive Officer and Board on a monthly basis. The following summary describes the operations in each of the Company's reportable segments.

- Asset Management – Includes rental, maintenance and redevelopment activities of community housing, affordable housing, NRAS and Land Rent housing.
- Tenancy – Includes tenancy management activities of owned and managed properties.
- Development – Includes the development, sale and acquisition of new affordable and NRAS (including Land Rent) housing.

The Company's corporate function is reviewed as a separate business line as part of internal management reporting. It generates small amounts of revenue incidental to the activities of the Company and is while not considered to be a separate reportable operating segment under the standard, the revenue and expenses of the corporate function are included in the reportable segment 'Other'.

Information regarding the Company's reportable segments is presented below. The Company does not separate its assets and liabilities into business lines. As such, all information regarding assets and is included in the reportable segment 'Other'.

The Company operates in only one geographical location.

7. Operating Segments continued ...

(a) Information about reportable segments

Segment reporting information presented below reflects internal reporting about components of the Company that are regularly reviewed by the Chief Executive Officer and the Board.

		Asset Management		Tenancy Management		Development		Corporate		Total		Note
(a)	*Segment result*	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
		$	$	$	$	$	$	$	$	$	$	
	Rental revenue	3,226,210	1,974,738	47,985	37,381	-	-	-	-	3,274,195	2,012,119	9 (a)
	Development sales revenue	-	-	-	-	30,555,087	5,720,909	-	-	30,555,087	5,720,909	9 (b)
	Grant funding	-	250,000	-	-	6,841,082	2,243,523	-	-	6,841,082	2,493,523	9 (c)
	Other revenue	-	-	-	-	-	-	320	374	320	374	
	Gain/losses on disposal of property, plant and equipment	168,569	200,474	-	-	-	-	(379)	-	168,190	200,474	9 (d)
	Total segment revenue	**3,394,779**	**2,425,212**	**47,985**	**37,381**	**37,396,169**	**7,964,432**	**(59)**	**374**	**40,838,875**	**10,427,399**	
	Cost of development sold	-	-	-	-	(26,261,579)	(5,385,316)	-	-	(26,261,579)	(5,385,316)	10 (a)
	Depreciation and amortisation	(630,802)	(385,268)	-	-	(1,647)	-	(37,349)	(55,182)	(669,799)	(440,450)	13(c) (vii) & 22
	Revaluation decrement	-	(97,496)	-	-	-	-	-	-	-	(97,496)	13 (c) (vi)
	Loss on disposal of property, plant and equipment	-	-	-	-	-	(1,076)	-	(42,116)	-	(43,192)	10 (c)
	Other expenses	(1,202,872)	(877,543)	(250,922)	(216,100)	(1,448,528)	(632,344)	(1,105,079)	(1,176,175)	(4,007,401)	(2,902,162)	
	Total segment expenses	**(1,833,674)**	**(1,360,307)**	**(250,922)**	**(216,100)**	**(27,711,754)**	**(6,018,736)**	**(1,142,428)**	**(1,273,473)**	**(30,938,779)**	**(8,868,616)**	
	Interest revenue	-	-	-	-	574,019	254,382	68,177	60,886	642,196	315,268	12 (a)
	Interest expense	(43,568)	(910)	-	-	(1,156,042)	(260,651)	-	-	(1,199,610)	(261,561)	12 (b)
	Net finance costs	**(43,568)**	**(910)**	**-**	**-**	**(582,023)**	**(910,826)**	**68,177**	**60,886**	**(557,414)**	**(850,850)**	
	Segment surplus/(deficit)	**1,517,535**	**1,063,995**	**(202,937)**	**(178,719)**	**9,102,393**	**1,939,427**	**(1,074,310)**	**(1,212,214)**	**9,342,683**	**1,612,489**	
(b)	*Segment assets and liabilities*											
	Segment assets	**-**	**-**	**-**	**-**	**-**	**-**	**130,095,059**	**96,052,029**	**130,095,059**	**96,052,029**	
	Segment liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**44,174,397**	**36,706,707**	**44,174,397**	**36,706,707**	

8 Assets held for sale

Properties are sold as part of the Company's asset management strategy. At 30 June 2011 no properties were identified as being held for sale.

9 Other income

(a) Rental revenue

		2011 $	2010 $
Public rebated rental income	i	922,513	867,702
Affordable housing rental income	ii	631,071	531,124
NRAS housing rental income	iii	1,652,151	613,293
NRAS land rent	iv	68,460	-
		3,274,195	**2,012,119**

(b) Development sales revenue

Gross sale proceeds	v	30,555,087	5,720,909
		30,555,087	**5,720,909**

(c) Grant funding

Community Services Directorate – Administration of rebated rent	vi	-	250,000
Community Services Directorate – Gungaderra Nation Building Stimulus	vii	5,811,082	2,243,523
Land Development Authority – Housing Affordability Fund	viii	1,030,000	-
		6,841,082	**2,493,523**

(d) Gain on disposal of property, plant and equipment

Net gain on disposal of properties and motor vehicle	ix	168,190	200,474
		168,190	**200,474**

Other Income notes

i Public rebated rental income is based on tenancy agreements that assess 25% of household income plus Commonwealth Rental Assistance.

ii Affordable housing rental income is based on tenancy agreements that charge 74.9% of market rent. Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer. The increase in revenue for 2011 reflects the increase in the affordable tenancy portfolio together with market rent increases.

iii NRAS housing rental income is based on tenancy agreements that charge 74.9% of market rent and an annual subsidy provided by FaHCSIA. Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer. The annual subsidy, originally provided by FaHCSIA, is now managed by SEWPaC. The incentive is indexed annually by the rental component of the CPI. The increase in revenue reflects the significant addition to the NRAS housing portfolio.

iv NRAS – Land rent rental income denotes revenue derived from the Land Rent Scheme. The Scheme is an ACT Government initiative to increase access to affordable home ownership and was a recommendation of the Government's Affordable Housing Action Plan. The Company receives NRAS incentives for these properties and as such, discloses rental income separately.

v Gross sales proceeds relates to the sale of "The Edge" project during the 2010/11 financial year. Cost of developments sold represents the total cost of "The Edge" project (see note 10 (a)).

vi Community Services Directorate – *Administration of rebated rent funding*
This funding agreement ceased 30 June 2010.

vii Community Services Directorate – *Gungaderra Homestead*
Funding for the construction of a 29 unit development, refurbishment of the heritage listed Homestead and landscaped gardens. Funding is received on a monthly basis, subject to DHCS approval of monthly reports submitted by the Company. The funding agreement is considered to be a reciprocal transfer as receipt of funding is linked to monthly reporting and Community Services Directorate can request the repayment of funding for non-compliance with the funding agreement.

Viii Land Development Authority - Revenue received from the Housing Affordability Fund (HAF) relates to public road works in Harrison.

ix During the 2010/11 financial year, two properties were sold as part of the Company's asset management strategy for a net gain of $161,190 compared to seven properties in the 2009/10 at $200,474. The gain on disposal is recorded as the excess of the net proceeds over the carrying amount. Two motor vehicles were also sold, with a gain of $7,000 on one and a loss of $,7379 on the other.

10 Other expenses

	Note	2011 $	2010 $
(a) Cost of developments sold			
Mirella project		-	5,385,316
The Edge project	i	26,261,579	-
		26,261,579	**5,385,316**
(b) Development expenses			
Provision for repayment of Community Services Directorate funding	ii	(120,948)	120,948
Other development expenses	iii	161,807	100,409
		40,859	**221,357**
(c) Loss on disposal of property, plant and equipment			
Loss on disposal of property		-	1,074
Loss on disposal of motor vehicle		7,379	288
Loss on disposal of office equipment and computer equipment		-	12,270
Loss on disposal of property management database		-	29,559
		7,379	**43,191**
(d) Other expenses			
Travel and accommodation		8,158	7,677
Motor vehicle expenses		23,304	23,697
Insurance		38,303	28,158
		69,765	**59,535**

Other expenses notes

i Relates to costs incurred in the construction of "The Edge" project.

ii Relates to reversal of provision (see Note 26).

iii Development expenses in 2010/11 decreased significantly as the Company continued its planned capital works program with a higher percentage of development costs incurred being capitalised in accordance with Company policy.

11 Employee expenses

	Note	2011 $	2010 $
Salaries and wages		1,044,448	992,506
Superannuation contributions		97,395	86,321
Provision for annual leave	25	10,006	16,893
Fringe Benefits Tax expense		6,050	5,413
Recruitment expenses		8,975	1,875
		1,166,873	**1,103,008**

12 Finance income and finance expenses

	Note	2011 $	2010 $
(a) Finance income			
Interest earned on Crace loan receivable		68,177	60,886
Interest earned on cash and cash equivalents		574,019	254,382
		642,196	**315,268**
(b) Finance expenses			
Interest expense on ACT Government loan	i	1,123,697	260,650
Interest expense on loans		32,345	911
Community CPS – Land Rent Interest		43,568	-
		1,199,610	**261,561**

i The Company increased its ACT Government loan liability by an additional $10,000,000 over the course of the financial year.

13 Property, plant and equipment

(a) Adjustment to fair value

During the 2010/11 financial year, four land rent properties and one Nation Building Stimulus project were completed. These properties were revalued on the issue of the Certificate of Occupancy. In addition, the Company purchased 24 townhouses in the Crace development. These properties were revalued on the date of settlement. The Company engages two valuation companies when fair value assessments are required, being CB Richard Ellis (V) Pty Limited and Colliers International Consultancy and Valuation Pty Limited.

In accordance with Company policy, independent accredited valuers are engaged to determine the fair value of its land and buildings every two years. Fair value is determined directly by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. The effective date for the revaluation was 30 June 2011. The valuations were conducted by CB Richard Ellis (V) Pty Limited (Torrens titled properties) and Colliers International Consultancy and Valuation Pty Limited (Strata & Unit titled properties).

The fair value of all Company owned properties following the revaluations are as follows:

Transferred Housing	$49,870,000
Non-Transferred Housing	$14,265,000
NRAS Housing	$38,029,998
Land Rent Housing	$ 1,060,000
	$103,124,998

13. Property, plant and equipment continued

(b) Property, plant and equipment carrying amount

	Transferred Land	Transferred Buildings	Non- transferred land	Non-transferred Buildings	NRAS Land	NRAS Buildings	Land Rent	Plant and Equipment	TOTAL
	$	$	$	$	$	$	$	$	$
Carrying amount									
2010									
Cost or fair value	26,110,000	10,685,000	5,335,000	6,100,000	6,047,574	16,152,426	-	293,200	**70,723,200**
Less: Accumulated Depreciation	-	(185,207)	-	(102,800)	-	(109,265)	-	(136,532)	**(533,804)**
Carrying amount at 30 June 2010	**26,110,000**	**10,499,793**	**5,335,000**	**5,997,200**	**6,047,574**	**16,043,161**	**-**	**156,668**	**70,189,396**
Asset Land & Buildings Totals	***Transferred***	***36,609,793***	***Non-transferred***	***11,332,200***	***NRAS***	***22,090,735***			
2011									
Cost or fair value	26,831,890	14,262,903	5,800,000	6,657,200	10,507,684	26,718,049	1,060,000	202,331	**92,040,057**
Less: Accumulated Depreciation		(190,279)	-	(98,488)	-	(322,960)	(15,134)	(39,059)	(665,920)
Writeback of Depreciation		375,486		201,288		432,225	15,134	-	**1,024,134**
Land & buildings revaluation at 30 June 2011	6,933,110	1,656,890	1,825,000	(120,000)	9,452,316	(8,757,316)	-	-	**10,990,000**
Carrying amount at 30 June 2011	**33,765,000**	**16,105,000**	**7,625,000**	**6,640,000**	**19,960,000**	**18,069,998**	**1,060,000**	**163,272**	**103,388,271**
Asset Land & Buildings Totals	***Transferred***	***49,870,000***	***Non-transferred***	***14,265,000***	***NRAS***	***38,029,998***			

13. Property, plant and equipment continued

(c) Property, Plant and Equipment reconciliation to carrying amount

Reconciliation to carrying amount	Transferred Land	Transferred Buildings	Non- transferred land	Non-transferred Buildings
2010				
Carrying amount at 1 July 2009	29,835,000	13,002,640	3,455,000	3,979,687
Additions - Asset Purchases	-	-	-	-
Reallocation of asset classes	(2,155,000)	(1,672,767)	1,500,000	1,672,767
Additions - Transfer of improvements/Work in progress	-	-	277,333	470,188
Disposals	(1,285,000)	(544,437)	-	-
Valuation adjustment to fair value	-	-	102,667	-
Revaluation decrement recorded in the Asset Revaluation Surpluses	-	-	-	-
Revaluation decrement recorded in the Income Statement	-	-	-	(30,188)
Depreciation for the year	-	(177,550)	-	(95,253)
Carrying amount at 30 June 2010	26,395,000	10,607,886	5,335,000	5,997,200
Transfer to Buildings for revaluation	-	-	-	-
Transfer to Assets held for sale	(285,000)	(108,093)	-	-
Transfer to Inventory	-	-	-	-
Transfer to Capitalised Work in Progress	-	-	-	-
Balance at 30 June 2010	**26,110,000**	**10,499,793**	**5,335,000**	**5,997,200**
Asset Land & Buildings Totals	***Transferred***	***36,609,793***	***Non-transferred***	***11,332,200***
2011				
Carrying amount at 1 July 2010	26,110,000	10,499,793	5,335,000	5,997,200
Additions - Asset Purchases	1,171,890	3,818,110	465,000	660,000
Disposals	(450,000)	(55,000)	-	
Valuation adjustment to fair value	6,933,110	1,656,890	1,825,000	(120,000)
Writeback of accumulated depreciation	-	375,486	-	201,288
Revaluation decrement recorded in the Income Statement	-	-	-	-
Depreciation for the year	-	(190,279)	-	(98,488)
Balance at 30 June 2011	**33,765,000**	**16,105,000**	**7,625,000**	**6,640,000**
Asset Land & Buildings Totals	***Transferred Stock***	***49,870,000***	*Non-transferred Stock*	***14,265,000***
Note for column		*13 c (i)*		*13 c (ii)*

NRAS Land	NRAS Buildings	Land Rent Buildings	*L and & Buildings TOTAL*	Plant and Equipment	*P, P & E GRAND TOTAL*	Note
1,670,000	2,930,000	-	***54,872,327***	128,064	***55,000,391***	
328,383	1,223,000	-	***1,551,383***	123,320	***1,674,704***	
655,000	-	-	***-***	-	***-***	
3,014,996	9,786,350	-	***13,548,868***	-	***13,548,868***	
-	-	-	***(1,829,437)***	(49,094)	***(1,878,531)***	
379,395	2,280,183	-	***2,762,244***	-	***2,762,245***	
-	-	-	***-***	-	***-***	
(200)	(67,107)	-	***(97,496)***	-	***(97,496)***	*13 c (vi)*
-	(109,265)	-	***(393,093)***	(45,623)	***(427,691)***	*13 c (vii)*
6,047,574	16,043,161	-	***70,032,728***	156,667	***70,582,489***	
-	-	-	***-***	-	***-***	
-	-	-	***(393,093)***	-	***(393,093)***	
-	-	-	***-***	-	***-***	
-	-	-	***-***	-	***-***	
-	-	-	***-***	-	***-***	
6,047,574	**16,043,161**	-	***70,032,728***	**156,667**	***70,189,395***	
NRAS	***22,090,735***					
6,047,574	16,043,161	-	***70,032,728***	156,667	***70,189,395***	
4,460,110	10,674,888	1,060,000	***22,309,998***	72,259	***22,382,257***	
-	-	-	***(505,000)***	(26,594)	***(531,594)***	
9,452,316	(8,757,316)	-	***10,990,000***	-	***10,990,000***	
-	432,225	15,134	***1,024,134***	-	***1,024,134***	
-	-	-	***-***	-	***-***	*13 c (vi)*
-	(322,960)	(15,134)	***(626,861)***	(39,060)	***(665,921)***	*13 c (vii)*
19,960,000	**18,069,998**	**1,060,000**	***103,224,998***	**163,272**	***103,388,270***	
NRAS	***38,029,998***	***1,060,000***				
	13 c (iii)	*13 c (iv)*		*13 c (v)*		

14 Cash and cash equivalents

	2011 $	2010 $
Petty cash	300	300
Bank	7,636,724	230,114
	7,637,024	**230,414**

15 Cash flow reconciliation

RECONCILIATION OF NET SURPLUS/(DEFICIT) FOR THE YEAR WITH NET CASH (USED IN) OPERATING ACTIVITIES	2011 $	2010 $
Net surplus	**9,342,683**	**1,612,489**
Adjustments for:		
Depreciation and amortisation	669,799	440,451
Revaluation increment	-	97,495
Loss/(gain) on disposal of plant and equipment	(160,811)	42,177
Work in progress transferred to cost of goods sold	-	5,385,316
Interest accrued on investment in Crace Developments Pty Limited	(68,177)	(60,886)
Changes in assets and liabilities:		
Decrease/(increase) in other current assets	1,115,180	(312,373)
(Increase) in current receivables	(132,864)	(362,666)
Decrease/(increase) in inventory	16,261,995	(17,022,183)
(Increase) in capitalised work in progress – developments	-	(13,931,049)
(Increase) in capitalised work in progress – software	-	(39,531)
(Increase)/Decrease in land and buildings	(27,217,848)	1,410,543
(Decrease) in prepayments	(10,187)	(1,735)
(Decreases)/increase in provisions	(108,430)	137,841
Increase/(decrease) in lease liability	1,053	1,301
(Decreases)/increase in trade and other payables	(3,046,335)	3,443,650
Increase in other current liabilities	67,903	-
Net cash (used in) operating activities	**(3,286,040)**	**(19,159,161)**

16 Trade and other receivables

(a) Current

		2011 $	2010 $
Trade debtors	i	283,483	1,007,595
Less: Allowance for impairment	ii	(4,005)	(574)
		279,478	1,007,021
GST receivable		118,074	244,489
		397,552	**1,251,510**

i Trade debtors is comprised of receivables of $283,483, of which $279,575 is not considered overdue (0-30 days) and $3,908 is considered overdue (30 days +).

ii The Company has assessed trade debtors for impairment and is of the opinion that impairment on a 90 days+ overdue amount of $4,005 exists at balance date.

(b) Reconciliation of the carrying amounts for impairment allowance

	2011	2010
Carrying amount at the beginning of year	**(574)**	**(21,823)**
Reduction in allowance arising from write backs	-	21,249
Additional allowance recognised	(3,431)	-
Carrying amount at the end of the year	**(4,005)**	**(574)**

17 Inventory

	2011 $	2010 $
Developments – construction costs	4,262,968	15,205,771
Developments – land	11,290,000	2,200,000
	15,552,968	**17,405,771**

Inventory - Developments identified for sale
As at 30 June 2011, the Company has two active capital works projects, located in Bruce and Harrison, identified for sale upon completion.

18 Other assets

Current	2011 $	2010 $
Accrued income	116,372	69,121
Deposit on Land	399,063	701,086
Community Housing property bonds held	(3,273)	-
	512,162	**770,207**

19 Capital works in progress

(a) Capital work in progress

	2011 $	2010 $
Redevelopments – construction costs	-	19,133
Developments – construction costs	-	2,470,059
Developments – land	-	630,000
	-	**3,119,192**

The projects to which the 2009-10 capital works in progress related were finalised during the current year and all balances transferred to property, plant and equipment.

(b) Capital work in progress - SOFTWARE

	2011 $	2010 $
Capitalised development costs of integrated business system – BASIX	**52,563**	**157,690**

The Company has estimated the useful life of the BASIX Integrated Business System at four years. Amortisation has been applied to those modules of the software that are fully operational. Two modules remain under development and as these are not available for use have not been amortised.

(c) Reconciliation of capital work in progress carrying amounts

	2011 $	2010 $
Carrying amount at the beginning of year	**3,119,192**	**2,642,070**
Additions	8,447,155	14,168,517
Transfers to property, plant and equipment	(11,566,347)	(13,691,395)
Carrying amount at the end of the year	**-**	**3,119,192**

20 Financial investments

Investment in Equity Instruments	2011 $	2010 $
Shares – Crace Developments Pty Limited at fair value	**1,509,932**	**1,509,932**

Valuation of equity investments

The Company's investment in Crace Developments Pty Limited, a special purpose vehicle set up to manage the Crace Urban development. The Company used the audited financial statements of Crace Developments Pty Limited 30 June 2011 as well as other factors likely to affect the value of the investment to determine whether any significant movements in the fair value of the investment had occurred. The Company considers that no significant movements in fair value have occurred. See also note 3 (b).

21 Loan receivable

	2011 $	2010 $
Current – Crace Developments Pty Limited at amortised cost	-	38,799
Non-current – Crace Developments Pty Limited at amortised cost	895,303	958,327
	895,303	**997,126**

As part of the Company's acquisition of its investment in Crace Developments Pty Limited, the Company also provided a loan to Crace Developments Pty Limited that reflects the contributions toward working capital. This loan is on an arm's length basis and attracts interest income based on commercial interest rates.

22 Intangible assets

Intangible assets	2011 $	2010 $
At cost	115,279	-
Less: Accumulated amortisation	(3,878)	-
Carrying amount at the end of the year	**111,401**	**-**

Reconciliation of the carrying amounts for each intangible asset are set out below:	2011 $	2010 $
Carrying amount at the beginning of year	**-**	**42,319**
Additions	115,279	-
De-commissioning	-	(29,559)
Amortisation	(3,878)	(12,760)
Carrying amount at the end of the year	**111,401**	**-**

23 Trade and other payables

Current		2011 $	2010 $
Trade creditors		181,094	2,373,928
Accrued expenses	(i)	153,069	1,135,388
Employee salary packaging liability		10,753	9,110
Superannuation payable to external funds		-	-
		344,916	**3,518,426**

(i) Includes an amount of $39,428 being due and receivable by the ACT Auditor-General's Office for auditing the financial statements. The 2009/10 financial year comparative provision figure was $32,370. The ACT Auditor-General's Office provided no other services and received no other benefits during the reporting period.

24 Finance lease liability

Current		2011 $	2010 $
Payable within one year		4,037	4,037
Less: Unexpired interest		(781)	(1,053)
		3,255	**2,984**
Non-current			
Payable between two and five years	(i)	7,281	11,318
Less: Unexpired interest		(52)	(834)
		7,229	**10,484**

(i) The non-current amount of $7,229 includes an end of term payment of $6,894.

25 Employee benefits

Provision for annual leave	2011 $	2010 $
Balance at the beginning of the year	53,865	36,972
Provisions made during the year	10,006	16,893
Balance at the end of the year	**63,871**	**53,865**

26 Other provisions

Provision for Gungaderra repayment of funds	2011 $	2010 $
Balance at the beginning of the year	120,948	-
Provisions made during the year	-	120,948
Provisions reversed during the year	(120,948)	-
Balance at the end of the year	**-**	**120,948**

At the completion of the Gungaderra Homestead project, the Company did not sell three units as allowed for in the Funding Agreement with Community Services Directorate. As such, the Company has no repayment obligations to Community Services Directorate and the provision has been removed to reflect this.

27 Other Liabilities

Revenue received in advance	2011 $	2010 $
Income in Advance	67,903	-
	67,903	**-**

28 Equity

(a) Asset revaluation surpluses

	2011 $	2010 $
Balance at the beginning of the year	**34,445,528**	**33,489,524**
Disposals		
-Land	(485,000)	(1,339,500)
-Buildings	(101,197)	(466,740)
Revaluation increments/(decrements) on valuation adjustments of		
-Land	21,950,074	482,062
-Transferred Stock Buildings	2,242,967	-
-Affordable (non-transferred) Buildings	168,097	-
-NRAS Buildings	(7,293,339)	2,280,182
-Land Rent Buildings	164,857	-
Balance at the end of the year	**51,091,987**	**34,445,528**

The asset revaluation surplus is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the asset revaluation surpluses. This year, due to completions and the revaluation of the Company's housing portfolio, a net increase of $17,232,656 was recorded in the Asset Revaluation Surplus. Revaluation amounts include revaluation on completion and 30 June revaluation.

(b) Retained earnings

	2011 $	2010 $
Balance at the beginning of the year	24,899,794	21,482,147
Surplus for the year	9,342,683	1,612,489
Transfers from asset revaluation reserve	586,197	1,805,158
Retained earnings at the end of the year	**34,828,674**	**24,899,794**

29 Commitments and contingencies

(a) Finance leases

The company has one such lease for the office pool car. Details can be found at Note 24.

(b) Operating leases

The Company has entered into seven commercial leases for land and buildings. Two leases have an average life of three years with no renewal options included in the contracts, four are under the ACT Government's Land Rent Scheme and one was executed with Community Services Directorate pending title transfer. Land Rent Scheme leases are not included below.

Future minimum rentals payable under these leases as at the reporting date are:	2011 $
Within one year	87,000
After one year but not more than five years	156,520
More than five years	-
Total commitments under operating leases	**243,520**

(c) Capital expenditure commitments

At reporting date the company has no capital expenditure commitments that do not relate to inventory entered into after the reporting date.

29 Commitments and contingencies continued ...

(d) Contingent assets

Braddon Operating Lease

The Company and the Community Services Directorate's NBS project was due for completion in March 2011. Transfer of title is dependent on unit titling. As such, the Company is disclosing a contingent asset for nine units that will be independently valued and recognised as revenue on title transfer.

(e) Contingent liabilities

Crace Developments

The Company has provided a guarantee to the lenders of Crace Developments Pty Limited up to a maximum of $1,150,000 if Crace Developments Pty Limited fails to meet certain lending criteria stipulated in its construction loan agreements.

The Company considers the possibility of an outflow of resources embodying economic benefits to be remote as at 30 June 2011.

Housing Affordability Fund (HAF)

The Company and the LDA entered into a Funding Agreement in November 2010 in which the LDA will pass on funding received from the Commonwealth's HAF fund in exchange for the Company meeting obligations in the Funding Agreement. One of the obligations is the completion of a Public Road. As of 30 June 2011, the Company has a contingent liability, on completion, to hand back the Public Road to the ACT Government, at a cost of approximately $1 million.

30 Related party and related party transactions

(a) Key management personnel

The following were key management personnel of the Company at any time during the reporting period and unless otherwise stated were key management personnel for the entire period:

Non-executive directors	Executive
Mr Ross Barrett (Chair)	Mr Craig Brennan (Chief Executive Officer)
Ms Cathi Moore (Deputy Chair)	Ms Kim Sinclair (Deputy Chief Executive Officer)
Mr Colin Alexander	Mr Kel Glover (Chief Operating Officer)
Mr Richard Bear	
Mr Ken Horsham (Company Secretary)	
Ms Tania Parkes	
Ms Kim Werner	

(b) Transactions with key management personnel

Directors of the Company received the following remuneration in conjunction with acting in their capacity as a Director of the Company:

Director	Director Related Entity	2011 $	2010 $
Mr Ross Barrett		-	-
Mr Richard Bear		5,000	5,000
Mr Ken Horsham	Solutions Alliance Pty Ltd	5,000	5,000
Ms Kirsten Westaway*		-	1,666
Ms Kim Werner		5,000	3,750
Ms Tania Parkes		-	-
Ms Cathi Moore		5,000	5,000
Mr Colin Alexander		-	-
		20,000	**20,416**

*While Ms Westaway resigned in October 2009, data is included for comparative purposes.

In addition to salaries, the Company also provides salary sacrificed options to executives and contributes amounts to nominated superannuation funds.

30 Related party and related party transactions continued …

(c) Key management personnel compensation

	2011 $	2010 $
Short term employment benefits	576,032	430,378
Other long-term benefits (superannuation)	47,909	43,086
	623,942	**473,464**

(d) Other key management personnel transactions with the Company

Ms Cathi Moore and Mr Richard Bear provided management advice as members of the Audit Committee in the ordinary course of business. Ms Cathi Moore, Ms Tania Parkes and Ms Kim Werner provided management advice as members of the Community Committee in the ordinary course of their role as Directors.

The terms and conditions of the transactions with Directors and their Director related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

The value of the transactions during the year with Directors and their Director related entities were as follows:

Director	Director Related Entity	2011 $	2010 $
Mr Ken Horsham	Solutions Alliance Pty Ltd	-	8,600

Investment in Crace Developments Pty Ltd
The Company is represented on the board of directors of Crace Developments Pty Ltd by Mr Craig Brennan, with Mr Richard Bear as alternate director. Mr Ross Barrett is a director on the board of Tatebrook Pty Ltd, an investor in Crace Developments Pty Ltd. Mr Colin Alexander is the Chief Executive Officer of CIC Australia, an investor in Crace Developments Pty Ltd. To ensure there is no conflict of interest arising from these directorships, Mr Ross Barrett and Mr Colin Alexander are excluded from the Company's decision making process in relation to the investment in Crace Developments Pty Ltd and any associated decisions in relation to the purchase of properties from the Crace development.

31 Economic dependency

As part of its affordable housing strategy the Company has restructured its stock and rental profile and will continue to expand its supply of affordable housing in the ACT. These strategies form the basis of the successful transition from community housing funded by Government to an affordable housing developer and property manager independent of recurrent subsidy. The Company considers that it will continue to operate as a going concern due to its rigorous development program, continued access to a $50 million financing facility, of which $7 million is still available for drawdown, the signing of an additional $20 million government finance facility, which will be drawn down in the 2011/12 financial year and adherence to best practice corporate governance.

32 Additional company information

Company limited by guarantee

The Company does not have share capital and in the event of winding up, the liability of members is limited to $100. If upon winding-up or dissolution of the Company there remains, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to nor distributed among the members of the Company, but shall be given or transferred to some other institution or Company having objects similar to the objects of the Company and whose Memorandum of Association or constitution shall prohibit the distribution of its or their income and property among its or their members to an extent at least as great as is imposed on the Company, such institution or institutions are to be determined by the members of the Company at or before the time of the dissolution and in default thereof by application to the Supreme Court for determination.

As at 30 June 2011 the number of members was 16 (2010: 21).

Directors' Declaration

In the opinion of the Directors of Community Housing Canberra Limited:

(a) the financial statements of the Company as set out on pages 12 to 46 are in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and
- complying with Accounting Standards and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:

Director

Director

Canberra

14th October 2011

ACKNOWLEDGEMENTS

Geoff Comfort Photography

Our Agency

www.chcaffordablehousing.com.au