



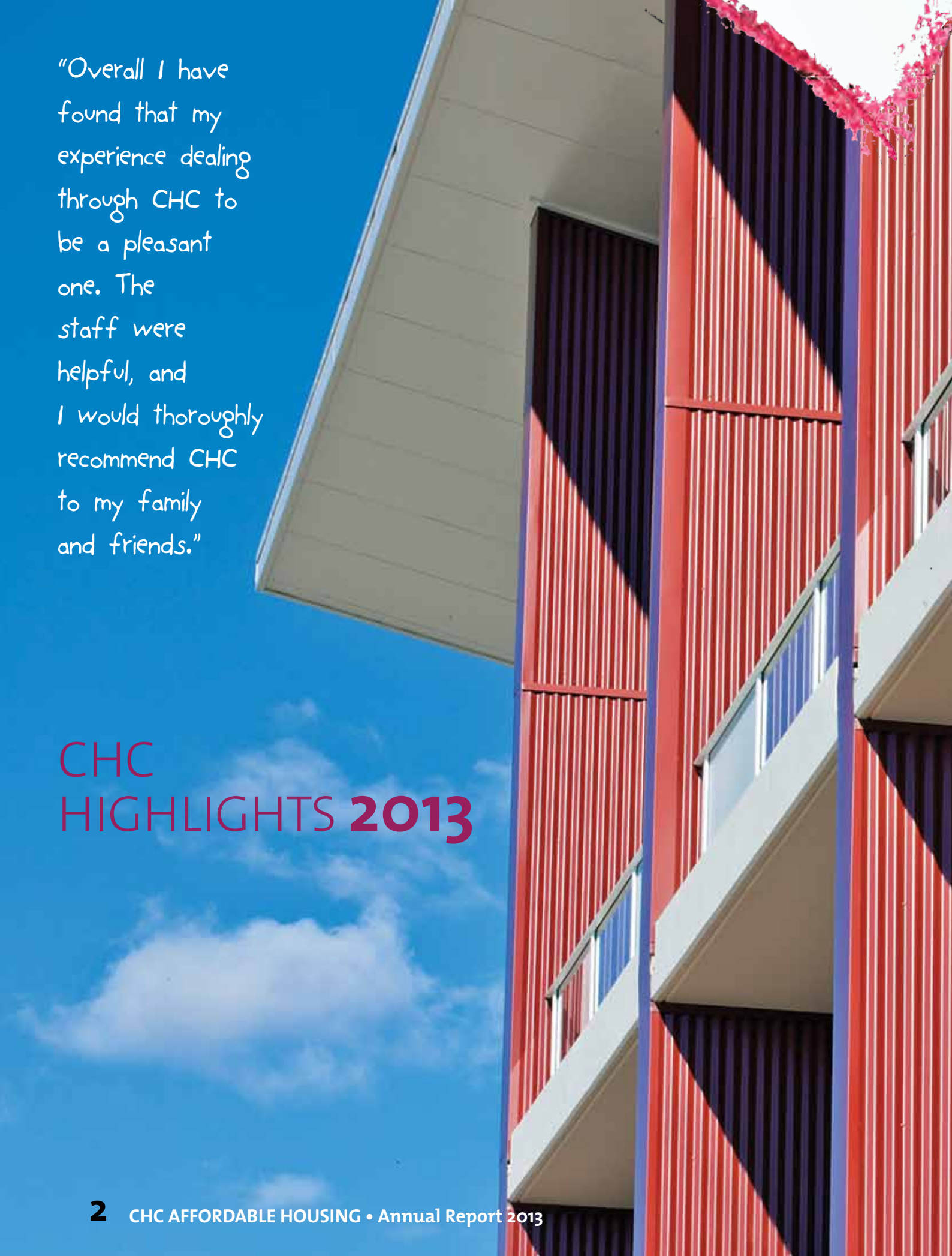
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CHC ANNUAL REPORT **2013**



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*"Overall I have found that my experience dealing through CHC to be a pleasant one. The staff were helpful, and I would thoroughly recommend CHC to my family and friends."*

## CHC HIGHLIGHTS **2013**



RENTAL REBATES TO ELIGIBLE TENANTS

\$2.79m

HOUSING PORTFOLIO

367

SURPLUS FOR REINVESTMENT

\$6.14m

TOTAL VALUE OF ASSETS

\$189m

NET PORTFOLIO INCREASE

43 ↑

TENANCY ENGAGEMENT

3 Tenant Advisory Group Meetings

3 Tenant Newsletters

NUMBER OF PEOPLE HOUSED

1176 ↑



# MISSION AND OBJECTIVES



## MISSION

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 including in development projects adaptable or accessible housing for rent or sale to people with disabilities;
- contribute to long term sustainability and operational affordability by the developing 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 through 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 its staff members. CHC is also committed to high standards in its contractual relationships with builders, maintenance and other consultants, and importantly, the Organisation's property management and tenant responsibilities.

The values that guide CHC include:

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



# CHAIRMAN'S REPORT

**CHC Affordable Housing is a unique organisation within the Australian community/affordable housing sector. Whilst its mission of providing affordable housing to people on low to moderate incomes is mirrored in many other community/affordable housing organisations, its business model and self-funding imperative is uncommon.**

This situation has resulted in an organisation with a distinct dual purpose. One - to provide safe, secure and affordable housing to Canberrans who would otherwise struggle in the private rental/purchase market. Two - operate an economically sustainable business in order to effectively deliver the affordable outcomes.

A recent independent review of CHC acknowledged that the Organisation has grown to become one of Australia's leading affordable housing providers. Indeed, in terms of development capacity, and affordable housing delivery, CHC is among the top five not-for-profit housing groups in Australia.

I reflect on this position with pride and consider this is a significant achievement for an organisation that operates within a relatively small jurisdiction and without recurrent Government funding. Importantly, it also reflects a Board and Management team that has been focussed on achieving goals and moving the Organisation forward. Sound business practices, incorporating risk management and corporate governance principles, have been at the heart of CHC - underpinning each and every decision.

## Results

We honoured our affordable housing obligations in the 2012/13 financial year by increasing our rental portfolio by a net total of 43 dwellings, primarily in the suburbs of Bruce and Bonner. Further, CHC assisted in the delivery of an additional 29 affordable rental dwellings through its innovative National Rental Affordable Scheme investment product. The combination of both results was better than originally forecast for the reporting period.

Our affordable sales were impacted by challenging market conditions, largely resulting from the protracted Federal election campaign, ongoing consumer uncertainty and the strong supply of unit dwellings. A total of 30 affordable sales were achieved during the reporting period, slightly below the forecast target. Nevertheless, we remain confident in achieving our medium-term affordable targets, which we believe will be underpinned by the first-home buyer market. Historically low interest rates, coupled with competitive pricing and well-designed product, should see increased activity within this segment of the market.

CHC further established itself as an economically sustainable business by delivering another strong surplus this year, of \$6.1m. This result was largely attributed to the successful completion of the Eclipse development in Bruce. Importantly, this surplus provides CHC with the opportunity of expanding its services, with continuing affordable housing rebates to eligible tenants; upgrades to existing dwellings; and investment in new affordable housing initiatives.

The Organisation maintained a strong balance sheet and ample liquidity throughout the 2012/13 financial year, with equity increasing to a total of \$102m. Our gearing at 30 June 2013 was 40 per cent measured by net debt to total tangible assets. This gearing is below our target range, and we continue to view our conservative gearing policy as being prudent at the current time given the market challenges.

Further details of the Organisation's financial performance are provided later in this report.

### Future-Proofing Our Organisation

As previously highlighted, the CHC Board recognises that current conditions within Canberra's residential property market have the potential to impact the Organisation's ability to meet its dual purpose. In this regard, CHC has positioned its business activities, in addition to its development projects, to meet a challenging and complex market environment.

A clear example is the staging of projects such as Symphony Park, which has allowed CHC to moderate risk by releasing the project in smaller stages to meet market demand, yet still delivering affordable outcomes and maintaining sustainable economic returns.

It must also be recognised that CHC's innovative use of a number of key ACT and Commonwealth Government initiatives have further strengthened its ability to remain sustainable. The National Rental Affordability Scheme, Land Rent Scheme, and Housing Affordability Fund have provided CHC with a point-of-difference, and have all contributed to the success of its affordable housing projects.



Despite an enviable balance sheet position, CHC has commenced a strategic review of its borrowings with a view to potentially reducing its non-current liabilities. Critical to this review will be the need to balance the delivery of CHC's ongoing development program; meeting our contractual housing targets; and continuing to renew an ageing asset portfolio.

CHC continued to comply with ISO 9001:2008 Quality Management Systems, and also maintained registration under the Housing Assistance Act 2007 as a not-for-profit affordable housing provider.

The Board's sub-committees continued to add value to the business, making the best use of directors' expertise. This includes the Audit Committee, which effectively oversees management's identification and control of risk; and the Community Committee, which ensures the Organisation continues to provide exceptional service to its tenants.

### Thank You

As I stated in my 2011/12 report, CHC's continued success will be largely dependent on the development and retention of strong and enduring relationships with our stakeholders including staff, tenants, customers, suppliers and all levels of government. This holds true – perhaps even more so in these uncertain times.

Particular thanks must be given to Ms Cathi Moore, who is in her final year as Deputy Chair, and Ms Tania Parkes, who has retired her position as a Director of the CHC Board. Ms Moore's tireless dedication and substantial contribution to CHC and its mission has, and continues to be, highly valued by all who have worked with her. Ms Parkes' strategic expertise and community engagement have been highly valued by the CHC Board and Executive team.

*Col Alexander*



"My current rental home from CHC is great. The neighbourhood is safe and secure; It is close to shops and local community recreational facilities; the apartment itself is new and comfortable. I'm very happy with my current residential condition."



## FROM THE CEO

In June of this year, I wrote to CHC's tenants and invited them to participate in a competition to design the front cover of CHC's 2012-13 Annual Report. Themed "*What my Home Means to Me*", the competition was open to children under the age of 12, and generated many entries and a wide variety of interpretations. What was clear from the entries received, was the importance of home – a place more than just shelter – but rather the foundation for a family's sense of purpose and security.

In this regard, CHC's mandate to deliver affordable housing to people on low to moderate incomes goes beyond the effective organisation of bricks and mortar. Rather, it is the provision of opportunity, security and hope. Our tenants remain at the core of our business, and continue to drive our desire to be the best affordable housing provider in the country.

To be the best requires careful planning, assessment of risk, and efficient use of CHC's resources. We are mindful that the environment in which the organisation operates is becoming increasingly complex. Changing market conditions, the introduction of a new national regulatory system, and the management of stakeholder expectations has encouraged an even sharper focus and approach to how we manage our business. Indeed, business improvement is something we actively promote – in fact – it has become a key feature within the culture of the organisation.

### Highlights

Our **Tenancy** division continued to improve, with further investment in our integrated IT system, internal processes and ongoing training of staff. Our maintenance response times were greatly reduced, with the majority of non-urgent requests met within prescribed timeframes. This was largely attributable to a new on-line maintenance request procedure, which was embedded within CHC's updated website.

Despite some easing in certain segments of the rental market, many Canberra families continue to struggle in the private rental



market. During the reporting period, CHC provided rental subsidies totalling \$2.79m to eligible tenants - an increase of \$370k from the previous reporting period.

Our **Development** activities continued, with the Eclipse project nearing completion, and the commencement of Stage 1 at Symphony Park at Harrison. With respect to Eclipse, almost 40% of all units offered for sale achieved the ACT Government's affordable sales threshold, whilst approximately 34% of the project will be available to rent at 80% or below market rent. This is a significant result in terms of rental affordability, and was made possible by CHC's innovative use of the National Rental Affordability Scheme.

Symphony Park - Stage 2 will be primarily targeted to first home buyers, who continue to remain active in the market place. CHC's use of the Housing Affordability Fund (a Commonwealth Government initiative aimed at reducing the up-front cost of new homes), together with the ACT Government's increase to the First Home Owner Grant, will assist many first-home buyers enter the market. Stage 2, comprising 82 one, two and three-bedroom units, is likely to be released later in the 2013 year.

CHC continued delivery of its Land Rent product in the suburb of Bonner, with a total of 40 dwellings completed. Built by some of Canberra's leading builders, each home represents a focussed approach to design, energy efficiency and sustainability. Further dwellings are planned for delivery in the 2013/14 financial year.

Our **Assets** increased by a net total of 43 dwellings, equating to a total of 367 residential properties as at 30 June 2013. Our ongoing upgrade and cyclical maintenance program continues to ensure that our assets are well maintained.

## Future Ready

CHC's ability to continue accessing well-located and functional land will be paramount to meeting our targets and affordable housing outcomes. During the reporting period, a new Memorandum of Understanding was signed with the Land Development Agency that should ensure a steady supply of Land Rent blocks into the foreseeable future.

Further work is also progressing on the potential redevelopment of the former Downer Primary School. In conjunction with the Economic Development Directorate, CHC proposes a landmark urban infill project that, subject to a proposed Territory Plan Variation and ACT Government approval, will deliver significant benefits for the residents of the surrounding neighbourhood, CHC and Canberra more broadly.

Despite the uncertainty within Canberra's residential market, the organisation continues to achieve pleasing results. CHC is mindful of potential further softening in the market, and will closely monitor the situation over the short to medium term.

As a self-funding organisation, our surplus is reinvested into our business for the benefit of our tenants and the community. We are proud of our achievements thus far – but must continue to ensure that we remain a viable and sustainable business. Our strategic and commercial approach to everything we do is imperative to this outcome. However, the support of our stakeholders – and their continued belief in what we are doing to address the issue of housing affordability in Canberra – is equally important and must remain strong.

## Thanks

I wish to thank my Board and staff for their support and enthusiasm. The things that we achieve are representative of our collective efforts. The coming year will no doubt bring challenges. Nevertheless, I am confident that we are well-placed to meet those challenges, and continue to deliver our very important mission.

*Craig Brennan*

# 2012-13 BOARD OF DIRECTORS



**Colin Alexander** Chair 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.







**Cathi Moore** Deputy Chair, Audit Committee Chair, Community Committee Member *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.



**Richard Bear** Audit Committee Deputy Chair, Crace Developments Pty Ltd (CHC nominee), *BCom*

Executive expertise in 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.



**Paul Green** Audit Committee Member, *MG, BA, LLB (Hons)*

Advises property developers and major builders nationally and internationally on project delivery including structure, tax acquisition, construction and financing. Previously managing partner of Meyer Vandenberg from 2005 and Meyer Clapham from 1996 following an initial 21 year career as an officer in the Australian Regular Army. Lecturer in Building and Construction Law at the University of Canberra. Board member of Blue Gum School and the Lidia Perin Foundation. Board member since October 2011.



**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.



**Tania Parkes** Community Committee Member *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 a senior government official for over 13 years working in social policy portfolios. Board member since June 2007.



**Kim Werner** Community Committee Chair *BA/LLB Grad Dip (Population Health)*

Executive experience in the non-government sector and former accredited Mediator and Facilitator. Previous 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.



# COMMITTEES & EXECUTIVE TEAM

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

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.

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.

## Audit Committee

The Board has established an 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 Audit Committee comprises three members with two being Directors and one external appointee with finance/audit qualifications. The Committee meets regularly with the Executive team, providing a forum for communication between the Board, accountants and external auditors. It enhances the credibility and objectivity of financial reports with key stakeholders and the general public.

## 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, and reporting to the Chief Executive Officer. These members have been selected as a result of their qualifications and commercial experience.

## Members of the Executive Team

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

*Portfolio responsibility: Development*

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

*Portfolio responsibilities: Company Secretary, Corporate, Risk Management, Quality Assurance, Human Resources, Tenancy, Records Management, NRAS*

Mr Rohan Haslam, B Art, B Com, CA, Chief Financial Officer

*Portfolio responsibilities: Finance, Assets, IT*



# CORPORATE GOVERNANCE

**CHC has in place a comprehensive system of corporate governance and probity practices designed to provide appropriate levels of disclosure and accountability. In this regard, 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 and Plan
- ISO 9001:2008 Management System

CHC's Audit Committee continues to review, and where necessary, modify or amend these documents to ensure coherent and robust strategic, operational, financial and risk planning.



## 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 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, the environment, injury prevention and business continuity planning.

The Board monitors CHC's risks and mitigating strategies on a regular basis, primarily through the Audit Committee.

## External audits

In accordance with CHC's Constitution, the ACT Auditor-General is responsible for auditing the financial statements of the organisation. CHC also undergoes an annual external audit by BSI, for ongoing certification of its quality management system.

## Internal audits

CHC's internal audits bring 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.

## Internal control framework

CHC's internal control includes strategic, financial, operational and compliance elements established across multiple internal control layers. Controls include

financial planning and reporting, commitment and expenditure delegations, due diligence, procurement contract tendering, organisation-wide risk management and internal audit practices. Before adopting the annual financial statements, the Board receives written confirmation from the CEO that the integrity of the statements is founded on a sound system of risk management, internal compliance and control, and that all material risks have been managed effectively.

## ACT Office of Registrar

CHC maintains its close relationship with the ACT Housing Registrar ensuring continued registration as an Affordable Housing Provider. The Regulatory Framework was established to enable the sector to grow sustainably and provide monitoring of acceptable operating guidelines for risk and performance standards. Oversight is primarily to ensure a measure of protection for the substantial government investment in the sector, but also provides private investment interests with assurance that risk mitigation measures are in place when a provider is registered.

CHC is fortunate to have been invited to participate in the consultative forums that have shaped the COAG Housing Ministers' National Regulatory System over the past few years. This is being rolled out in a phased approach nationally, with Phase 1 beginning 1 July 2013. CHC continues to be an active participant in this process.

## BSI Accreditation

The Organisation 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.



# OUR STAFF

Our staff are committed to delivering quality affordable housing and providing exceptional customer service.



"CHC is committed to providing a safe workplace, free from discrimination and harassment, and recognising the individual contributions of our staff members. CHC will assist its staff to maintain high skill levels."





# OUR TENANTS

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.

"During the reporting period, CHC provided rental subsidies totalling \$2.79m to eligible tenants."





**Consistent with its objects and its not-for-profit purpose, CHC provides rental housing on a concessional basis to eligible tenants. CHC facilitates access to information about its services – including applying, allocation, ongoing eligibility and termination of a tenancy - via its website, printed materials (including newsletters) and forums.**

The Organisation'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 total rent subsidy provided by CHC to its eligible tenants in 2012/13 was \$2.79m compare to \$2.41m in 2011/12. In this regard, the rent subsidy is comprised of \$1.49m for Public Rebated Rent tenants and \$1.30m for Affordable Housing/NRAS tenants.

## Housing Portfolio

The Organisation has a varied housing stock portfolio comprising of detached houses, dual occupancy, group houses and apartments.

As at 30 June 2013, CHC had a stock total of 369 properties, of which 367 are available for residential tenancies.

*See Housing Portfolio Summary on Page 24.*

## Tenancy Summary

Given the diversity of the portfolio, the stock count (based on property title) does not necessarily reflect tenantable areas.

As at 30 June 2013, CHC had a total of 400 tenantable areas.

*See Tenancy Summary on Page 25.*

## 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) and the CHC staff.

CHC conducted three TAG Forums during the reporting period. Forums were well attended and provided CHC with valuable feedback on its delivery and services.

The Executive and Community Committee continue to ensure that the organisation provides exceptional service to its tenants through regular review of CHC's tenant policies and procedures. As such, CHC regularly monitors the effectiveness of its service via its quality management system and provides access to a Complaints and Appeals process for its tenants.





"Our tenants remain at the core of our business and continue to drive our desire to be the best affordable housing provider in the country."

# HOUSING PORTFOLIO SUMMARY

by region and number of bedrooms

367



# TENANCY SUMMARY

by region and tenancy type 400





A man in a white tank top and dark shorts is running on a grassy path in the foreground. In the background, a modern, multi-story apartment building with balconies is visible. The sun is setting behind the building, creating a warm, golden glow and long shadows. Several birds are flying in the sky above the building. The overall scene conveys a sense of active living and community.

# OUR DEVELOPMENTS

“Our aim is to deliver not only affordable dwellings from a pricepoint perspective - but to ensure that the living costs of those dwellings are equally affordable.”

(Col Alexander, Chairman)





## Bonner Homes

Throughout the reporting period, CHC completed construction of 40 three-bedroom homes in Bonner. All homes have been designed for energy efficiency, with features such as double glazing and solar-boostered gas hot water systems. CHC is utilising the ACT Government's Land Rent Scheme to assist in the delivery of these dwellings with all properties to be retained within CHC's affordable rental portfolio.

## Symphony Park – Stage 1

CHC commenced construction of its one and three-bedroom terrace product in Harrison. These 32 terraces (Stage 1) form part of a broader three-staged master-planned development that will deliver significant affordable outcomes over the next two to three years.

Located close to the Gungahlin town centre, schools, universities and stylish cafes, the development is designed to create a great lifestyle with strong connections to the landscape. This highly livable and inspiring new community reveals excellence in design with contemporary and architecturally designed homes. The Terraces provide a diverse range of quality housing options to suit varied budgets and lifestyles, set within a carefully planned neighbourhood.

## Symphony Park – Stage 2

CHC progressed the future release of Stage 2 of Symphony Park. Comprising 82 one, two, and three bedroom dwellings, the project will be targeted primarily to first home buyers. In a first for CHC, eligible purchases will receive a rebate off the market price made possible through the Federal Government's Housing Affordability Fund.



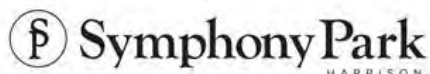


## Eclipse – Bruce

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.

CHC commenced construction of Eclipse in August 2011, with the project set to deliver 223 units and townhouses within close proximity to the city.

In an ACT first, CHC is providing investment opportunities within the development through the National Rental Affordability Scheme (NRAS). Dwellings can be purchased with tax offsets designed to encourage investment in affordable housing. These dwellings are rented at 80% of market rent with owners entering into a Non-entity Joint Venture (NEJV) with CHC and its selected agent.



# OUR ASSETS





"We offer a diverse portfolio  
to meet the various housing needs  
of the community."





## CHC continues to implement a strategic and innovative approach to asset management that:

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

### Asset Portfolio

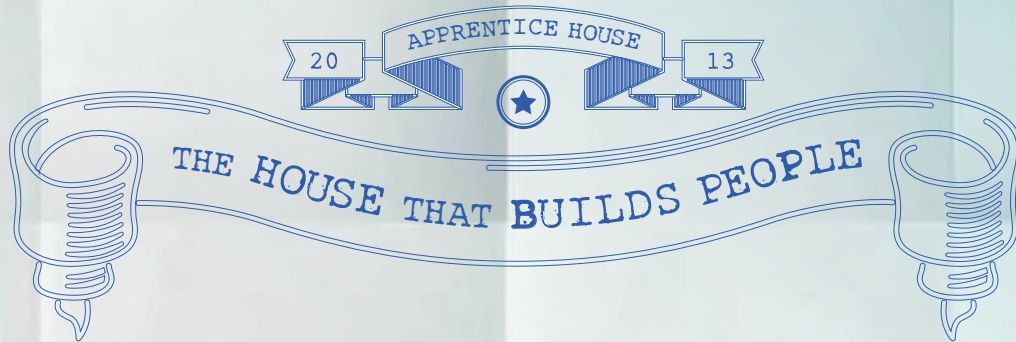
CHC continued to renew its transferred stock assets with 16 completed renewals during the financial year.

The Organisation increased its property portfolio by a net total of 43 dwellings, equating to a total of 369 (2 of which are commercial dwellings) as at 30 June 2013. Six properties were retained from CHC's Eclipse development, and a further 40 detached dwellings were delivered as part of the Land Rent Scheme.

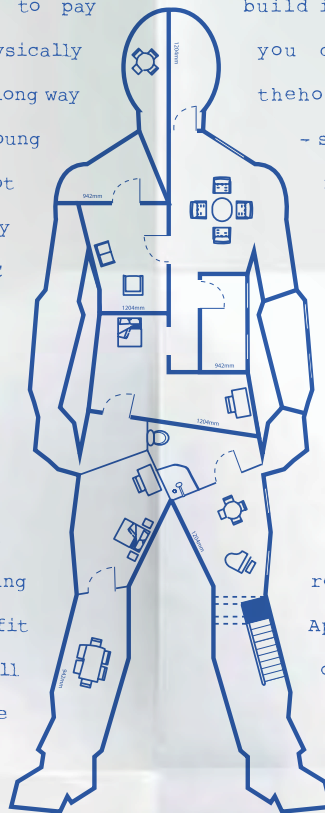
### Redevelopment - Apprentice House

CHC commenced with the redevelopment of a older-style three-bedroom home located in Lyons. In its place, a new five-bedroom home will be built targeting construction and building industry apprentices who may be struggling in the private rental market. Centrally located, the property has been purpose-designed to cater for multiple tenancies, and will also provide life-skills and support services through a mentor program.





Whether it's struggling to pay the bills, working a physically demanding job or just being a long way from home for the first time, young apprentices are often under a lot of pressure in their everyday lives. That's why here at CHC Affordable Housing, we wanted to do something to help. So we're building Apprentice House - a special project where a small group of apprentices doing it tough can live comfortably while paying reduced rent. They'll also benefit from a live-in mentor, so they'll always have someone to guide them. Yes, it's a great cause - but first we have to



build it! So for the next 20 weeks, you can follow this story at [thehousethatbuildspeople.com.au](http://thehousethatbuildspeople.com.au) - so why not take a minute to learn more about the construction of this special building project. Because once completed, Apprentice House really will be a house that builds people. CHC is a not-for-profit affordable housing company that delivers quality properties - for both sale and rent - to the ACT community. Apprentice House is just one of many ways in which we help everyday Canberrans on low to moderate incomes to enjoy a better quality of life.

10 20 30 40 50 60 70 80 90 100  
Scale 1:5



[thehousethatbuildspeople.com.au](http://thehousethatbuildspeople.com.au)

[chcaffordablehousing.com.au](http://chcaffordablehousing.com.au)





# FINANCIAL STATEMENTS









## ACT AUDITOR-GENERAL'S OFFICE



A13/37

Mr Col Alexander  
Chair  
Community Housing Canberra Limited  
PO Box 6239  
O'CONNOR ACT 2602

Dear Mr Alexander

### **AUDIT REPORT – COMMUNITY HOUSING CANBERRA LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

The Audit Office has completed the audit of the financial statements of Community Housing Canberra Limited for the year ended 30 June 2013.

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

Yours sincerely

Dr Maxine Cooper  
Auditor-General

30 October 2013

c.c. Mr Craig Brennan, Chief Executive Officer  
Mr Rohan Haslam, Chief Finance 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 2013 have been audited. These 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 Australian Accounting Standards and the *Corporations Act 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 2013 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

30 October 2013



# COMMUNITY HOUSING CANBERRA LIMITED

(A COMPANY LIMITED BY GUARANTEE ACN 081 354 752)

## FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

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## Corporate information

Company number ACN: 081 354 752

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Directors

C Alexander (Chair)  
C Moore (Deputy Chair)  
R Bear  
P Green  
K Horsham  
T Parkes  
K Werner

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Company Secretary Kim Sinclair

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Registered Office

Ground Floor, 216 Northbourne Avenue  
Braddon ACT 2612

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Principal place of business

Ground Floor, 216 Northbourne Avenue  
Braddon ACT 2612

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Bankers

Westpac  
Dickson ACT

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Auditors

ACT Auditor-General's Office  
P O Box 275  
Civic Square ACT 2608

## Directors' report for the financial year ended 30 June 2013

The Directors present this report to the members of Community Housing Canberra Limited ("the Company") for the year ended 30 June 2013 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:

	Date appointed	Directors' Meetings		Audit	
		A	B	A	B
Mr Colin Alexander (Chair)	30 Oct 09	8	10	-	-
Ms Cathi Moore (Deputy Chair)	30 Oct 07	7	10	5	6
Mr Richard Bear	27 May 08	9	10	6	6
Mr Paul Green	30 Oct 11	10	10	2	2**
Mr Ken Horsham	21 Jan 98*	10	10	-	-
Ms Tania Parkes	27 Jun 07	6	10	-	-
Ms Kim Werner	30 Oct 09	10	10	-	-

A Number of meetings attended

B Number of meetings held during the time the director held office during year

\* Since incorporation

\*\* Mr Green was appointed as a member of the Audit Committee on 12 February 2013

Ms Kim Sinclair is the Company Secretary (appointed 27 September 2011). KPMG, Sydney, is the Company's ASIC agent.

Details of directors' qualifications, experience and special responsibilities can be found on page 8 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 (refer to Note 25).

### 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 corporate governance.

The Company's strategy for achieving these objectives includes: developing new ways to deliver 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; 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 include:

1. continuing to provide rental rebates to Rebate Rent tenants in existing stock;
2. continuing to provide rental rebates to Affordable Rent tenants in existing stock;
3. continuing to provide rental rebates to National Rental Affordability Scheme (NRAS) tenants in new stock with approved NRAS allocations;
4. continuing to provide rental rebates to NRAS Land Rent tenants in new stock with approved NRAS allocations;
5. continuing to refurbish and redevelop transferred stock to improve the standard of that stock;
6. increasing the supply of affordable housing properties available for sale through the capital works program;
7. increasing the supply of affordable housing properties available for rent by eligible applicants through the capital works program;
8. continuing to participate in the ACT Government's Land Rent Scheme (LRS) through the construction of 40 new three bedroom dwellings in Bonner and a further 20 land rent blocks in Jacka and Bonner to allow for construction of three and four bedroom dwellings to occur in 2013-14. These dwellings contribute to the supply of affordable housing properties available for rent by eligible applicants under the National Rental Affordability Scheme (NRAS) tenancy model;
9. ongoing construction of the Eclipse development, which will yield 223 studio, one, two and three bedroom units and town houses in the suburb of Bruce. In addition to a substantial number of affordable properties for sale, the Company made available NRAS incentives to eligible purchasers to increase the supply of affordable rental properties (discussed below). The Company retained 6 properties in the development in 2012-13 to rent to eligible affordable tenants and will retain a further 8 in the 2013-14 financial year. The first four buildings of the project were completed, allowing for sales to occur during the year – the remaining construction and sales activity will occur in the 2013-14 year;
10. finalising preliminary works for the Terraces project at Harrison - this project, which is the first in a three stage development on land owned by the Company, will deliver 27 three bedroom terraces and 5 one bedroom units to the market during the 2013-14 financial year;
11. undertaking preliminary works for the construction of a 5 bedroom group home in Lyons on a block owned by the Company and previously utilised as a rental property – the group home will be made available for rent to construction industry apprentices in the ACT and have a live in caretaker provided by the ACT Building and Construction Industry Training Council;
12. administering the roll out of the NRAS NEJV product, which provides for NRAS incentives to be allocated to properties not owned by the Company, thereby allowing these properties to be rented to qualifying tenants at 80% of market rent;
13. substantially reducing the Company's construction loan facility associated with the Eclipse development; and
14. continuing to work in conjunction with the ACT Government to explore redevelopment options for the former school site in the suburb of Downer, with the aim of delivering a variety of affordable housing options to Canberra's inner north.

In the opinion of the Directors, there were no 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 Company's primary performance measure reflects its mission to provide affordable housing – for both sale and rent – to people on low to moderate incomes. During the 2012-13 financial year, a total rental subsidy of \$2.8 million was provided, compared to a \$2.4 million rental subsidy in 2011-12. The Company continues to provide both a Rebated Rent model (25% of household income plus Commonwealth Rental Assistance) and an Affordable Rent model (74.9% of market rent). In respect of the latter, the Company continues to grow its affordable property portfolio by accessing the ACT Government's Land Rent Scheme and the Commonwealth Government's National Rental Affordability Scheme. Rebates were provided as follows:

Tenancy model	2012-13	2011-12	Increase/(Decrease)
Rebated Rental	\$1,489,309	\$1,531,381	(\$42,072)
Affordable Rental	\$1,296,152	\$883,467	\$412,685
<b>Total</b>	<b>\$2,785,461</b>	<b>\$2,414,848</b>	<b>\$370,613</b>



Furthermore, the Company measures performance through the establishment and monitoring of targets across its operations, including in relation to affordable dwellings for rent and for sale and renewal of existing housing stock, and is committed to long-term financial viability and the development of appropriate risk management and asset management processes to ensure that viability. The Company is also committed to ensuring compliance with both national community housing standards and ACT affordable housing regulatory requirements.

#### Dividends and members' 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 \$1,500 (2012: \$1,600).

#### Events subsequent to balance date

Since the reporting date, other than the matter(s) 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, while also working towards identifying future opportunities to increase the supply of affordable housing for rent and sale.

#### Indemnification and insurance of officers and auditors

Since the end of the previous financial year, the Company has paid insurance premiums of \$11,860 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:

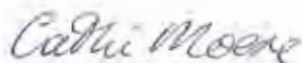
- costs and expenses incurred by the relevant officers in defending proceedings whether civil or criminal and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving willful breach of duty or improper use of information or position to 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 7 and forms part of the Directors' report for the financial year ended 30 June 2013.

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:



Cathi Moore  
Deputy Chair

Canberra 24 October 2013



Richard Bear  
Director



**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 2013, 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.

Dr Maxine Cooper

Auditor-General

24 October 2013

## Directors' qualifications, experience and special responsibilities

Name	Qualifications	Experience	Special responsibilities
<b>Colin Alexander</b>	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.	Chair
<b>Cathi Moore</b>	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).	Deputy Chair Chair (Audit Committee) Member (Community Committee)
<b>Richard Bear</b>	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 (Audit Committee) Grace Developments Pty Ltd (CHC nominee)
<b>Paul Green</b>	MG, BA, LLB (Hons)	Advises property developers and major builders nationally and internationally on project delivery including structure, tax acquisition, construction and financing. Previously managing partner of Meyer Vandenberg from 2005 and Meyer Clapham from 1996 following an initial 21 year career as an officer in the Australian Regular Army. Lecturer in Building and Construction Law at the University of Canberra. Board member of the Lidia Perin Foundation. Board member since October 2011.	Director Member (Audit Committee)
<b>Ken Horsham</b>	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
<b>Tania Parkes</b>	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 a senior government official for over 13 years working in social policy portfolios. Board member since June 2007.	Director Member (Community Committee)
<b>Kim Werner</b>	BA/LLB  Grad Dip (Population Health)	Executive experience in the non-government sector and former accredited Mediator and Facilitator. Previous 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)



<b>Statement of comprehensive income</b>	<b>Note</b>	<b>2013</b>	<b>2012</b>
For the year ended 30 June 2013		\$	\$
<b>INCOME</b>			
Rental revenue	6 (a)	6,162,793	4,488,980
Development sales revenue	6 (b)	39,391,282	-
Grant funding	6 (c)	2,865,979	376,666
Management fees	6 (d)	49,119	-
Other revenue		280	3,646
<b>Total Revenue</b>		<b>48,469,453</b>	<b>4,869,293</b>
<b>Gains</b>			
Gain on disposal/transfer of property, plant and equipment	6 (e)	2,131	4,030,000
<b>TOTAL INCOME</b>		<b>48,471,584</b>	<b>8,899,293</b>
<b>EXPENSES</b>			
Asset management expenses		(2,133,831)	(1,107,834)
Bad debts		(65,759)	(19,730)
Cost of developments sold	7 (a)	(32,596,372)	-
Development expenses	7 (b)	(952,221)	(86,057)
Administrative expenses		(569,824)	(681,584)
Depreciation and Amortisation	7 (c)	(1,109,940)	(805,704)
Employee expenses	8	(1,487,748)	(1,308,962)
Loss on disposal/transfer of property, plant and equipment	7 (d)	(217,164)	(71,605)
Selling expenses		(1,235,682)	(256,593)
<b>TOTAL EXPENSES</b>		<b>(40,378,541)</b>	<b>(4,338,071)</b>
Finance income	9 (a)	305,900	710,516
Finance expenses	9 (b)	(2,255,738)	(2,067,088)
<b>Net finance cost</b>		<b>(1,949,837)</b>	<b>(1,356,572)</b>
<b>NET SURPLUS FOR THE PERIOD</b>		<b>6,143,206</b>	<b>3,204,650</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified subsequently to profit and loss</i>			
Increase in the asset revaluation surplus	23	4,075,418	2,004,867
<i>Items that may be reclassified subsequently to profit and loss</i>			
Net changes in fair value of available for sale financial assets	23	686,330	-
<b>Other comprehensive income for the period</b>		<b>4,761,748</b>	<b>2,004,867</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>10,904,954</b>	<b>5,209,517</b>

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

# Statement of financial position

As at 30 June 2013

	Note	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	13,117,376	8,289,621
Trade and other receivables	12	281,798	1,375,529
Inventory	13	32,109,940	40,980,666
Assets held for sale	5	-	523,123
Other assets	14	1,115,029	400,925
<b>TOTAL CURRENT ASSETS</b>		<b>46,624,142</b>	<b>51,569,863</b>
<b>NON-CURRENT ASSETS</b>			
Capital works in progress	15	494,686	1,958,252
Inventory	13	4,710,466	-
Property, plant and equipment	10	134,667,253	123,635,430
Investments in equity instruments	16	2,196,262	1,509,932
Intangible assets	17	192,527	83,030
<b>TOTAL NON-CURRENT ASSETS</b>		<b>142,261,184</b>	<b>127,186,645</b>
<b>TOTAL ASSETS</b>		<b>188,885,326</b>	<b>178,756,508</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	18	2,466,248	3,696,643
Employee benefits	19	75,421	61,521
Finance lease liability	20	-	7,229
Other interest-bearing debt	4	4,740,010	-
Other provisions	21	2,267,250	1,885,553
Other liabilities	22	160,980	92,757
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,709,909</b>	<b>5,743,703</b>
<b>NON-CURRENT LIABILITIES</b>			
ACT Government loan	4	68,112,000	66,162,000
Employee benefits	19	44,527	-
Other interest-bearing debt	4	8,983,757	15,720,626
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>77,140,284</b>	<b>81,882,626</b>
<b>TOTAL LIABILITIES</b>		<b>86,850,193</b>	<b>87,626,329</b>
<b>NET ASSETS</b>		<b>102,035,133</b>	<b>91,130,178</b>
<b>EQUITY</b>			
Asset revaluation surplus	23	56,566,996	52,399,860
Retained earnings		45,468,137	38,730,318
<b>TOTAL EQUITY</b>		<b>102,035,133</b>	<b>91,130,178</b>

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

<b>Statement of changes in equity</b> For the year ended 30 June 2013	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total Equity</b>
	\$	\$	\$
<b>Opening balance at 1 July 2011</b>	<b>34,828,674</b>	<b>51,091,987</b>	<b>85,920,661</b>
Net surplus for the period	3,204,650	-	3,204,650
<i>Other comprehensive income</i>			
Revaluation of land and buildings	-	2,004,867	2,004,867
<b>Total comprehensive income for the period</b>	<b>3,204,650</b>	<b>2,004,867</b>	<b>5,209,517</b>
Transfer of revaluation increment for assets disposed of	696,994	(696,994)	-
<b>Closing balance at 30 June 2012</b>	<b>38,730,318</b>	<b>52,399,860</b>	<b>91,130,178</b>

	<b>Retained Earnings</b>	<b>Asset Revaluation Surplus</b>	<b>Total Equity</b>
	\$	\$	\$
<b>Opening balance at 1 July 2012</b>	<b>38,730,318</b>	<b>52,399,860</b>	<b>91,130,178</b>
Net surplus for the period	6,143,206	-	6,143,206
<i>Other comprehensive income</i>			
Revaluation of land and buildings	-	4,075,418	4,075,418
Revaluation of financial assets	-	686,330	686,330
<b>Total comprehensive income for the period</b>	<b>6,143,206</b>	<b>4,761,748</b>	<b>10,904,954</b>
Transfer of revaluation increment for assets disposed of	594,613	(594,613)	-
<b>Closing balance at 30 June 2013</b>	<b>45,468,137</b>	<b>56,566,996</b>	<b>102,035,133</b>

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 2013

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Cash receipts from customers		6,408,320	3,705,547
Cash payments to suppliers and employees		(5,623,311)	(3,444,593)
Interest received		305,900	710,516
Interest paid		(3,882,543)	(2,880,365)
Acquisition of property		(5,886,110)	(8,146,836)
Proceeds from the sale of inventory and properties		40,456,832	350,000
Construction of inventory and new properties		(29,419,107)	(28,559,016)
Grant funding		1,935,370	376,666
Goods and Services Tax collected from customers		3,633,953	42,827
Goods and Services Tax input tax credits received from the Australian Taxation Office		1,111,468	3,176,193
Goods and Services Tax paid to suppliers		(3,821,907)	(3,623,989)
<b>Net cash provided by / (used in) operating activities</b>		<b>5,218,866</b>	<b>(38,293,050)</b>
<b>Cash flows from investing activities</b>			
Payments for loans receivable		-	895,303
Acquisition of plant and equipment		(132,483)	(52,777)
Proceeds from the sale of plant and equipment		5,000	-
<b>Net cash (used in) / provided by investing activities</b>		<b>(127,483)</b>	<b>842,526</b>
<b>Cash flows from financing activities</b>			
Cash from borrowed funds		36,160,715	38,120,038
Repayment of loans		(36,417,061)	(12,880)
Repayment of finance lease liability		(7,281)	(4,037)
<b>Net cash (used in) / provided by financing activities</b>		<b>(263,627)</b>	<b>38,103,121</b>
Net increase in cash and cash equivalents		4,827,756	652,597
Cash and cash equivalents at the beginning of the year		8,289,621	7,637,024
<b>Cash and cash equivalents at the end of the year</b>	11	<b>13,117,376</b>	<b>8,289,621</b>

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

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## 1 Corporate information

The financial statements of Community Housing Canberra Ltd (the Company) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 24 October 2013.

## 2 Summary of accounting policies

### (a) Basis of preparation

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

#### Early Adoption of Accounting Standards

The directors have elected under Section 334(5) of the *Corporations Act 2001* to apply the following Accounting Standards in advance of their effective dates:

- AASB 1053 *Application of Tiers of Australian Accounting Standards*; and
- AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

These Accounting Standards are not required to be applied until reporting periods beginning on or after 1 July 2013.

- AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirement for general purpose financial statements:
  - Tier 1 – Australian Accounting Standards
  - Tier 2 – Australian Accounting Standards – Reduced Disclosure Requirements

AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by Tier 2 entities or inserting Reduced Disclosure Requirements paragraphs requiring simplified disclosures for Tier 2 entities.

The Company complies with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

#### 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 (investments in equity instruments) are measured at fair value.

The methods used to measure the fair value of these assets are discussed in Note 3. 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 16 – Investments in equity instruments

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) Changes in accounting policies

**AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income** (applies annual reporting periods beginning on or after 1 July 2012)

From 1 July 2012, AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* has been applied. The changes in accounting policy relate only to disclosures and have no other impact on the financial statements. The changes require the separate presentation of those items of other comprehensive income that may be reclassified to profit and loss in the future from those that are not able to be reclassified to profit and loss. The changes are included in the statements of comprehensive income and in Note 23 – Equity.

### (d) 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.

**Rental revenue** 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 falls due.

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

**Grant funding** from Government is recognised according to the underlying substance of the contractual arrangement. **Reciprocal transfer** is income that arises in the ordinary course of an entity's operations through transactions in which the Company and a government body directly exchange cash, goods, services, or use of assets, etc. at approximately equal value with revenue being recognised as it is earned. Revenue for projects is recognised when earned.

The Company's agreement with the Land Development Agency (LDA) for Housing Affordability Funding was assessed to be reciprocal, as was the payment by the LDA of the Bonner solar saver rebates.

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

The Company had one such transaction with the Community Services Directorate (CSD) for capital grant funding during the year. The Company recognised the value as revenue at the date the transaction occurred.

**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.

### (e) Expenditure

All expenditure is accounted for on an accruals basis reflecting the terms upon which the goods or services are purchased.

### (f) 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. These are recognised in the statement of comprehensive income using the effective interest method.



## 2. Summary of accounting policies continued...

### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances.

Cash flows from operating activities are reported on using the direct method which requires major classes of gross cash receipts and gross payments to be disclosed.

### (h) Trade and other receivables

Trade receivables arise in the normal course of providing goods and services and are recognised and carried at the original invoice amount less an allowance for any impairment. Normal terms of settlement vary from seven to 60 days. The carrying amount of the receivable reflects fair value. Trade and other receivables are initially recognised at fair value with any adjustments to the carrying amount being included in the statement of comprehensive income.

### (i) Inventory

Inventory relates to costs of developments in progress that will be sold on completion to external parties. These costs include land and construction costs and borrowing costs associated with the developments. The Company's accounting policy is to capitalise borrowing costs incurred on acquiring, constructing, or producing a qualifying asset.

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 costs for inventory projects are recognised when it is probable that the future economic benefits embodied within the project will flow to the Company. Inventory is classified as a current asset when it is expected to be sold within one year.

### (j) Assets held for sale

Assets held for sale are assets that are available for immediate sale in their present condition, and their sale is highly probable. These assets are measured at the lower of the carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less cost to sell. Assets held for sale are not depreciated.

### (k) Capital works in progress

Capital works in progress are projects that have been designated for retention by the Company 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.

Work in progress for current projects of the Company is capitalised when it is probable that the future economic benefits embodied within the project will flow to the Company.

### (l) Property, plant and equipment

#### (i) Recognition and measurement

Items of property, plant and equipment, including improvements, are initially measured at cost. After initial recognition plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses, while land and building is 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 is 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 3. 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.



## 2. Summary of accounting policies continued...

### (i) Property, plant and equipment continued...

#### (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.

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

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 surplus, 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 profit and loss.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised in profit and loss, except where a credit balance exists in the asset revaluation surplus, in which case it is applied against that surplus.

#### (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:

	2013 Years	2012 Years
Buildings	62.5	62.5
Leasehold Improvement	3	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 (amortised)	4	4

#### (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 estimated useful lives of intangible assets from the date that they are available for use, as 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 property, plant and equipment, including intangible assets, 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. An impairment loss shall be recognised immediately in profit and loss, unless the asset is carried at the revalued amount in which case it shall be recognised in other comprehensive income and treated as a revaluation decrease.

#### (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...

### (m) 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 profit and loss.

For investments with no active market, fair value is determined by taking into account the purchase price of the asset and consideration of market conditions and other factors that are likely to affect the instrument's fair value, including interest rates, credit risk and volatility.

The Company has one such investment, being the 5% shareholding in Grace 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 receivable are measured at amortised cost using the effective interest method, less any impairment losses. The Company had no such loans receivable during the 2012-13 financial year.

#### (iii) 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 payables are unsecured, non-interest bearing and are normally settled in accordance with the terms of the purchase.

### (n) 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.

#### (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 19. 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 as management has determined that it is improbable that staff with less than 5 years' experience will complete the required service to qualify for long service leave. At balance date 3 employees had completed over five years of service and as such long service leave is recognised for these employees.

#### (iii) Superannuation

Employees are 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 statement of comprehensive income 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.



## 2. Summary of accounting policies continued...

### (o) 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.

Provisions are raised in relation to construction projects where the Company is contractually allowed to withhold part of the payment of construction costs, up to a pre-agreed amount, as recourse in the event of unsatisfactory completion of works. Upon satisfactory completion of works payment is made and the provisions are reversed.

### (p) 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 statement of comprehensive income. 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. Finance 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.

### (q) Loans and borrowings

Loans and borrowings represent financial liabilities incurred by the Company, which are initially recognised at fair value and subsequently measured at amortised cost.

### (r) 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 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.

#### (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 asset's '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 profit and loss. However, because land and buildings are measured at fair value, impairment losses are recognised directly in the asset revaluation surplus. Where the impairment loss exceeds the balance of the asset revaluation surplus for that class of assets, the difference is recognised as an expense in the statement of comprehensive income.



## 2. Summary of accounting policies continued...

### (f) Impairment continued...

### (ii) Non-financial assets continued...

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 2013, there were no indications that any of the Company's property, plant and equipment assets were impaired.

### (x) 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 financial statements. 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.

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.

## 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 2012-13 financial year were valued at fair value on completion with a further valuation of the entire portfolio occurring at 30 June 2013 (see Note 10). Valuations are conducted by an external qualified valuer. The next revaluation is due in June 2015.

### (b) Investments in equity instruments

**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 Grace 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. Based on a review of the factors outlined above, including future cash inflows associated with the investment and the financial position of Grace Developments Pty Ltd, the Company has assessed the fair value to have increased to \$2,196,262. See also Note 16.

#### 4 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.

	2013 £	2012 £
<b>Loans</b>		
Current		
- Westpac Banking Corporation loan	2,388,447	-
- Community CPS loan	154,576	-
- Crace Developments Pty Ltd Loan	2,196,987	-
	<b>4,740,010</b>	
Non-current		
- ACT Government loan	68,112,000	68,162,000
- Westpac Banking Corporation loan	-	10,989,353
- Community CPS loan	8,983,757	4,731,273
- Other interest-bearing debt	8,983,757	15,720,626
	<b>77,095,757</b>	<b>81,882,626</b>

The ACT Government loan consists of a \$50 million loan facility and a \$20 million loan facility both made available at the 90-day bank bill swap rate on the first day of each quarter. The facilities are subject to quarterly interest only repayments for ten years. Total interest incurred for the financial year was \$2,161,159. Of this amount, \$384,169 (being approximately 18% of the interest incurred) has been capitalised to inventory and capital works in progress. No interest was accrued on the loan as all payments were made during the financial year.

The Westpac Banking Corporation loan is a \$15 million short-term loan facility for the construction of the Eclipse project at Bruce. The facility reduced to \$15 million from \$25 million on 31 May 2013. Periodic repayments of loan principal and interest amounts are made in conjunction with sales being settled for the Eclipse project. Total interest incurred for the financial year was \$841,282 which was accrued against the value of the loan pending repayments. All interest expenses were capitalised to inventory.

The Community CPS loans represent sixty nine principal and interest mortgages relating to Land Rent Scheme properties, which are repayable over 25 year terms. Interest costs for the year were \$439,608, of which \$32,848 was capitalised to capital works in progress.

The Crace Developments Pty Ltd loan is a loan made available to shareholders of Crace Developments Pty Ltd – the Company is a 5% shareholder. The interest cost for the year was \$71,987, which was accrued against the value of the loan. It is envisaged that the loan will be repaid periodically throughout the 2013-14 financial year.

##### (a) Borrowings

	2013 £	2012 £
- YARIS (office pool car) lease	-	7,229

The Company had a finance lease for the office pool car purchased in August 2008. The lease was for a term of 48 months at an interest rate of 8.72%. The lease, including residual, was fully paid and extinguished during the 2012-13 financial year. See also Note 20.



#### 4. Loans and borrowings continued...

##### (b) Financing facilities available

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

	2013 \$	2012 \$
<b>Total facilities:</b>		
- ACT Government facility (4.02.08)	50,000,000	50,000,000
- ACT Government facility (28.06.11)	20,000,000	20,000,000
- ACT Government facility total	70,000,000	70,000,000
- Westpac Banking Corporation (Eclipse construction)	15,000,000	25,000,000
- Westpac Banking Corporation (Eclipse construction GST)	835,000	835,000
- Westpac Banking Corporation total	15,835,000	25,835,000
- Community CPS	12,687,224	12,687,224
- Crace Developments Pty Ltd	2,287,500	-
<b>Facilities used at reporting date:</b>		
- ACT Government loans (4.02.08)	50,000,000	50,000,000
- ACT Government loans (28.06.11)	18,112,000	16,162,000
- ACT Government loans total	68,112,000	66,162,000
- Westpac Banking Corporation (Eclipse construction)	2,388,447	10,989,353
- Westpac Banking Corporation (Eclipse construction GST)	-	-
- Westpac Banking Corporation total	2,388,447	10,989,353
- Community CPS	9,138,333	4,731,273
- Crace Developments Pty Ltd	2,196,987	-
<b>Facilities unused at reporting date:</b>		
- ACT Government facility (4.02.08)	-	-
- ACT Government facility (28.06.11)	1,888,000	3,838,000
- ACT Government facility total	1,888,000	3,838,000
- Westpac Banking Corporation (Eclipse construction)	12,611,553	14,010,647
- Westpac Banking Corporation (Eclipse construction GST)	835,000	835,000
- Westpac Banking Corporation total	13,446,553	14,845,647
- Community CPS	3,548,891	7,955,951
- Crace Developments Pty Ltd	90,513	-

##### ACT Government Loans – 4 February 2008 and 28 June 2011

The terms and conditions of the ACT Government loans are set out in the Loan Agreements dated 4 February 2008 and 28 June 2011 respectively, between the parties, Australian Capital Territory and Community Housing Canberra Limited. The loan facilities are to be used only for one or more of the permitted purposes as specified in the loan agreements and are secured by mortgages to the ACT Government over \$75 million worth of property assets.

##### Westpac Banking Corporation

The facility was entered into for a short-term fixed period ending May 2014 to partially fund the construction of the Eclipse project at Bruce, and was made available based on the Company reaching agreed pre-sales and equity contribution targets for the project. The facility limit reduced in May 2013 (from \$25 million to \$15 million) and will be fully repaid in the first quarter of the 2013-14 financial year. The loan is secured by the Company's interest in the land, construction and intellectual property which forms part of the development.

##### Community CPS Commercial Loans

Sixty nine of the Company's Land Rent Scheme properties are partially funded via commercial facilities with Community CPS. These are principal and interest mortgages, repayable over a 25-year term.

##### Crace Developments Pty Ltd

The loan facility is to the value of \$2.288 million (excluding accrued interest) and is available through until 30 June 2014. The facility was made available to allow shareholders to utilise excess cash reserves held by Crace Developments Pty Ltd, prior to dividends being declared.

##### (c) Banker's undertakings

The Company has obtained the following banker's undertakings, which remain outstanding at 30 June 2013:

- 1 25 June 2008, \$6,000 to ACT Planning and Land Authority (ACTPLA) – for verge works at the Forde development;
- 2 9 December 2008, \$19,000 to ACTPLA – for verge works at The Edge development;
- 3 18 January 2011, \$23,100 to Tokich Homes Pty Ltd – being bond on office premises;
- 4 30 June 2011, \$6,000 to ACTPLA – for infrastructure works at the Eclipse development; and
- 5 22 October 2012, \$1,270,000 to ACTPLA – for partial completion of a staged construction project at Eclipse.



#### 4. Loans and borrowings continued...

##### (c) Banker's undertakings continued

It is expected that these undertakings will lapse with recourse as development works are completed and leases expire.

##### Items held as security

Westpac Banking Corporation continues to hold 20 properties as security located at City Edge and Village Vue. This arrangement is reviewed annually.

#### 5 Assets held for sale

Properties are sold as part of the Company's asset management strategy. At 30 June 2013 there were no properties identified as being a non-current asset held for sale.

	2013 \$	2012 \$
Transferred Stock - Land and Building	-	523,123
	-	523,123

#### 6 Income

(a) Rental revenue		2013 \$	2012 \$
Public rebated rental income	i	1,079,239	1,077,765
Affordable housing rental income	ii	615,418	708,678
NRAS housing rental income	iii	3,035,543	2,601,148
NRAS land rent housing rental income	iv	1,380,430	101,389
Other rental income		52,163	-
		6,162,793	4,488,980

##### (b) Development sales revenue

Gross sale proceeds - Eclipse project	v	39,391,282	-
		39,391,282	-

##### (c) Grant funding

Community Services Directorate contribution	vi	2,314,313	-
Land Development Agency - Housing Affordability Fund	vii	376,666	376,666
Bonner solar saver rebate		175,000	-
		2,865,979	376,666

##### (d) NRAS NEJV management fees

NRAS non entity joint venture management fees	viii	49,119	-
		49,119	-

##### (e) Gain on disposal/transfer of property, plant and equipment

		2013 \$	2012 \$
Net gain on disposal of plant and equipment		2,131	-
Net gain on transfer of properties	ix	-	4,030,000
		2,131	4,030,000

## 6. Income continued

### Other Income notes

- i Public related 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.
- iii NRAS housing rental income is based on tenancy agreements that charge 74.9% of market rent and for which an annual subsidy is provided by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer. The subsidy is indexed annually by the rental component of the CPI. The increase in revenue reflects the full year effect of previous year increases in the number of properties in the NRAS housing portfolio and CPI increases.
- iv NRAS land rent housing rental income denotes revenue derived by utilising 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. The increase in revenue reflects the significant addition of new properties in the current and previous financial year (full year effect) to the land rent housing portfolio.
- v Gross sales proceeds reflects sales of the Eclipse development in Bruce throughout the year. Cost of developments sold represents the total cost, net of selling expenses, of the Eclipse project related to the disclosed sales revenues (see note 7 (a)).
- vi Community Services Directorate (CSD) capital grant relates to a contribution provided to the Company to assist with its aim of providing affordable housing outcomes in the ACT, by way of a capital grant.
- vii Land Development Agency - Housing Affordability Fund (HAF) revenue relates to project works at Harrison.
- viii NRAS non entity joint venture (NEJV) management fees relate to fees charged by the Company to administer NRAS NEJV incentives allocated to properties not owned by the Company.
- ix Net gain on transfer of properties reflects receipt of title over 9 properties in Ijong Street, Braddon via transfer from the CSD in 2011-12. No such transfers of properties occurred during the 2012-13 financial year.

## 7 Expenses

		2013 \$	2012 \$
(a) Cost of developments sold			
Eclipse project	i	32,596,372	-
		<b>32,596,372</b>	<b>-</b>
(b) Development expenses			
Community Services Directorate Gungahra Nation Building Stimulus	ii	862,427	-
Other development expenses		99,794	86,057
		<b>962,221</b>	<b>86,057</b>
(c) Depreciation and Amortisation			
Depreciation	10	1,081,023	776,944
Amortisation	17	28,917	28,760
		<b>1,109,940</b>	<b>805,704</b>
(d) Loss on disposal/transfer of property, plant and equipment			
Loss on disposal/demolition of property	iii	217,164	56,658
Impairment on measurement of property to fair value less cost to sell		-	14,947
		<b>217,164</b>	<b>71,605</b>

### Other expenses notes

- i Relates to costs incurred in the construction of the Eclipse project which was partially completed in 2012-13.
- ii Relates to a payment made to CSD in relation to funding provided for the Gungahra NBS project undertaken by the Company.
- iii Relates to the sale of property at 19 Hakea Crescent, O'Connor and the demolition of property at 8 Glenorchy Street, Lyons.

## 8 Employee expenses

		2013 \$	2012 \$
Salaries and wages		1,284,189	1,192,234
Superannuation contributions		115,640	106,569
Provision for annual and long service leave	19	58,427	(2,350)
Other employee expenses		29,493	12,509
		<b>1,487,748</b>	<b>1,308,962</b>

## 9 Finance income and finance expenses

	2013 \$	2012 \$
<b>(a) Finance income</b>		
Interest earned on Grace loan receivable	-	49,810
Interest earned on cash and cash equivalents	305,900	681,706
	<b>305,900</b>	<b>710,516</b>
<b>(b) Finance expenses</b>		
Interest expense on ACT Government loan	1,779,990	2,009,047
Interest expense on other interest bearing debt	478,747	58,041
	<b>2,255,738</b>	<b>2,067,088</b>

i A decrease in interest rates throughout the year contributed to a reduction in interest income and interest expenditure for the ACT Government loan

ii The Company increased its borrowings with Community CPS by \$4,407,060 during the year which contributed to increased interest costs

## 10 Property, plant and equipment

### (a) Adjustment to fair value

During the 2012-13 financial year, construction of 40 land rent properties was completed in the suburb of Bonner and the Company retained 6 properties constructed as part of the Eclipse development. These properties were revalued on the date at which Certificate of Occupancy was issued. The Company engages three valuation companies when fair value assessments are required, being CB Richard Ellis (V) Pty Limited, Colliers International Consultancy and Valuation Pty Limited and Jones Lange LaSalle Incorporated.

In accordance with Company policy, independent accredited valuers are engaged to determine the fair value of the Company's 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 of the current revaluation is 30 June 2013. The valuations were conducted by CB Richard Ellis (V) Pty Limited. The fair value of all Company owned property following the revaluations is disclosed below as part of this note.

### (b) Property, plant and equipment carrying amount

	TOTAL \$
Carrying amount	
2012	
Cost or fair value	124,532,124
Less: Accumulated depreciation	(886,694)
Carrying amount at 30 June 2012	123,635,430
2013	
Cost or fair value	133,733,009
Less: Accumulated depreciation	(1,957,428)
Add: Write back of depreciation	1,756,672
Add: Land and buildings revaluations at 30 June 2013	1,135,000
Carrying amount at 30 June 2013	134,667,253

The carrying amount of the land and building asset class consists of four types of housing stock as follows:

	2013 \$	2012 \$
Transferred land and building	52,280,000	52,629,930
Non-transferred land and building	14,155,000	14,188,550
NRAS land and building	50,680,000	47,763,959
Land Rent building	17,405,000	8,901,248
Total land and building	134,500,000	123,463,687
Plant and equipment	167,253	171,743
	<b>134,667,253</b>	<b>123,635,430</b>



## 10. Property, plant and equipment continued...

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

Reconciliation to carrying amount	Land and Buildings	Plant and Equipment	Property Plant and Equipment
2013			
<b>Carrying amount at 1 July 2012</b>	<b>123,463,687</b>	<b>171,743</b>	<b>123,635,430</b>
Additions - Asset purchases	-	46,632	46,632
Additions - Transfers from capital works in progress/inventory	9,193,253	-	9,193,253
Disposals - Sale/Demolition	(759,591)	(2,869)	(762,460)
Disposals - Transfers to capital works in progress	(440,000)	-	(440,000)
Valuation adjustments to fair value	2,318,747	-	2,318,747
Write back of accumulated depreciation	1,756,672	-	1,756,672
Depreciation charge for the year	(1,032,768)	(48,254)	(1,081,023)
<b>Balance at 30 June 2013</b>	<b>134,500,000</b>	<b>167,253</b>	<b>134,667,253</b>

## 11 Cash and cash equivalents

	2013 \$	2012 \$
Petty cash	300	300
Cash at bank	13,117,076	8,289,321
	<b>13,117,376</b>	<b>8,289,621</b>

## 12 Trade and other receivables

### (a) Current

	2013 \$	2012 \$
Trade debtors	188,914	140,350
Less: Allowance for impairment	(44,617)	(11,045)
	<b>144,297</b>	<b>129,305</b>
Loan drawdown from Grace Developments Pty Ltd	137,500	-
GST receivable	-	1,246,223
	<b>281,798</b>	<b>1,375,529</b>

i Trade debtors is comprised of receivables of \$188,914 of which \$51,508 is considered overdue (30 days +).

ii Represents a drawdown against the Grace Developments Pty Ltd loan facility on 30 June 2013 which was received on 1 July 2013.

iii The Company has recognised a liability in relation to GST at 30 June 2013 (see Note 18).

### (b) Reconciliation of the carrying amounts for impairment allowance

	2013 \$	2012 \$
<b>Carrying amount at the beginning of year</b>	<b>(11,045)</b>	<b>(4,005)</b>
Reduction in allowance arising from write backs	11,045	3,151
Additional allowance recognised	(44,617)	(10,191)
<b>Carrying amount at the end of the year</b>	<b>(44,617)</b>	<b>(11,045)</b>

### 13 Inventory

	2013 \$	2012 \$
<b>Current</b>		
Developments – construction costs	27,173,811	29,690,886
Developments – land	4,936,129	11,290,000
	<b>32,109,940</b>	<b>40,980,666</b>
<b>Non-current</b>		
Developments – construction costs	2,177,690	-
Developments – land	2,532,766	-
	<b>4,710,456</b>	<b>-</b>

As at 30 June 2013, the Company has two active construction projects, located in Bruce and Harrison, identified for sale upon completion. Land held in relation to the Bruce project has been pledged as security against the Westpac Banking Corporation loan facility for the project. The non-current component relates to construction and land costs that will form part of the later stages of work at Harrison. \$30,433,996 in inventory is held as security by Westpac Banking Corporation in relation to its construction loan for the Eclipse project.

### 14 Other assets

	2013 \$	2012 \$
<b>Current</b>		
Accrued income	1,003,762	355,298
Bonds/deposits paid	2,500	2,500
Community Housing property bonds held	(698)	-
Prepayments	109,466	43,127
	<b>1,115,029</b>	<b>400,925</b>

i Includes \$927,356 relating to NRAS incentive payments which are acquitted annually on a May to April basis.

### 15 Capital works in progress

	2013 \$	2012 \$
(a) <b>Capital work in progress</b>		
Developments – construction costs	i 464,688	1,905,689
Software – BASIX	ii -	52,563
	<b>464,688</b>	<b>1,958,252</b>

i As at 30 June 2013 the Company has two capital works in progress projects at Bonnor and Lyons which will be retained upon completion.

ii Preparation of the BASIX Integrated Business System for use was finalised at 30 June 2013 and transferred to intangible assets (see note 17)

#### (b) Reconciliation of capital work in progress developments carrying amounts

	2013 \$	2012 \$
<b>Carrying amount at the beginning of year</b>	<b>1,905,689</b>	<b>-</b>
Additions	6,468,642	9,598,029
Transfers to property, plant and equipment	(7,879,646)	(7,350,089)
Recognised as an expense in comprehensive income	-	(342,251)
<b>Carrying amount at the end of the year</b>	<b>494,686</b>	<b>1,905,689</b>

### 16 Investments in equity instruments

	2013 \$	2012 \$
Shares – Crace Developments Pty Limited at fair value	2,196,262	1,529,932

#### Valuation of equity instruments

The investment is in Crace Developments Pty Ltd (Crace), a special purpose vehicle set up to manage the Crace Urban development. The Company used the audited financial statements of Crace at 30 June 2013 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. Based on a review of factors, including future cash inflows associated with the investment and the financial position of Crace, the fair value was assessed to have increased to \$2,196,262. See also Note 3 (b).

## 17 Intangible assets

	2013 \$	2012 \$
Intangible assets		
At cost	254,083	115,669
Less: Accumulated amortisation	(51,556)	(32,638)
Carrying amount at the end of the year	192,527	83,030

Reconciliation of the carrying amounts for each intangible asset are set out below:

	2013 \$	2012 \$
Carrying amount at the beginning of year	83,030	111,401
Additions	i 138,414	390
Amortisation	7 (28,917)	(28,760)
Carrying amount at the end of the year	192,527	83,030

i Preparation of the final two BASIX Integrated Business System modules for use was finalised at 30 June 2013 and the capital works in progress balance transferred from that account to intangible assets. Four of the 6 units have previously been recognised as intangible assets reflecting their availability for use by the Company. The system is now fully available for use.

## 18 Trade and other payables

	2013 \$	2012 \$
Trade creditors	205,672	212,353
Accrued expenses	ii 1,838,280	3,486,325
GST and PAYG payable to the Australian Taxation Office	iii 424,003	-
Employee salary packaging liability	(1,706)	(2,035)
	2,466,249	3,696,643

i includes an amount of \$42,114 payable to ACT Auditor-General's Office for auditing the financial statements (2011-12 financial year \$40,690). The ACT Auditor-General's Office provided no other services and received no other benefits during the reporting period.

ii The reduction in accrued expense primarily reflects construction invoices for the Eclipse development issued in June 2012 and 2013 respectively.

iii The liability to the Australian Taxation Office includes GST payable of \$400,471 which relates to sales of the Eclipse development.

## 19 Employee benefits

	2013 \$	2012 \$
Current		
Annual leave	75,421	61,521
Total current employee benefits	75,421	61,521
Non-current		
Long service leave	i 44,527	-
Total non-current employee benefits	44,527	-

	2013 \$	2012 \$
Provision for annual and long service leave		
Balance at the beginning of the year	61,521	63,871
Provisions made during the year	i 58,427	-
Provisions reversed during the year	-	(2,350)
Balance at the end of the year	119,948	61,521

i During the year three staff reached 5 years of service and as such a long service leave liability was recognised (see Note also 2(h)).



## 20 Finance lease liability

	2013 \$	2012 \$
Payable within one year	-	7,281
Less: Unexpired interest	-	(52)
	-	7,229

The amount of \$7,281 includes an end of term payment of \$6,894 which was paid in the 2012-13 financial year.

## 21 Other provisions

	2013 \$	2012 \$
Provision for settlement of construction contracts		
Balance at the beginning of the year	1,885,553	
Provisions made during the year	813,510	1,957,865
Provisions reversed during the year	(431,813)	(72,312)
Balance at the end of the year	2,267,250	1,885,553

Provisions made and reversed during the year relate to funds retained by CHC against individual construction invoices, calculated as a percentage of total contract price on construction projects, which are held as recourse in the event of unsatisfactory completion of works. These funds are paid to the construction provider upon reaching specified milestones following completion of the project. During the year funds were retained against the construction project at Bruce and repaid for projects at Bonner (fully) and Bruce (partially). See also Note 2(o).

## 22 Other liabilities

	2013 \$	2012 \$
Revenue received in advance		
Income received in Advance	158,037	92,050
Other	2,943	707
	160,980	92,757

## 23 Equity

	2013 \$	2012 \$
Asset revaluation surpluses		
Balance at the beginning of the year	52,399,860	51,091,987
Disposals/Transfers		
- Land and Buildings	(594,613)	(696,994)
Total Disposals/Transfers	(594,613)	(696,994)
Revaluation increments/decrements on valuation adjustments of		
- Transferred land and buildings	1,136,568	(75,000)
- Non-transferred land and buildings	92,690	10,000
- NRAS land and buildings	1,859,383	1,889,240
- Land Rent buildings	986,778	180,619
Total revaluation increments on valuation adjustments	4,075,418	2,004,867
- Available for sale financial assets	686,330	-
Total revaluation increment	4,761,748	2,004,867
Balance at the end of the year	56,566,996	52,399,860

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 offset an increase in the value of that class of assets previously recognised in the asset revaluation surplus; and to record increases and decreases in fair value of available for sale financial assets until such time as the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in the revaluation surplus is reclassified to profit and loss.

## 24 Commitments and contingencies

### (a) Operating leases

The Company has entered into 102 commercial leases for land and buildings. One lease has an average life of three years with no renewal options included in the contract; the remaining 101 are under the ACT Government's Land Rent Scheme. Land Rent Scheme leases are not included below.

Future minimum rentals payable under these leases as at the reporting date are:	2013
	\$
Within one year	55,760
After one year	-
<b>Total commitments under operating leases</b>	<b>55,760</b>

### (b) Capital expenditure commitments

At reporting date the Company has capital expenditure commitments totalling \$4,567,491 in relation to construction of properties in the suburbs of Lyons, Bonner and Jacka. The works are all expected to be finalised during the 2013-14 financial year. The Company has also exchanged contracts in relation to the purchase of 6 units in the Sorrel multi-unit development in Lyons to the value of \$2,533,743 (GST inclusive), which is expected to occur prior to 30 June 2014.

### (c) Contingent liabilities

#### Crace Developments

The Company has provided a guarantee to the lenders of Crace Developments Pty Limited up to a maximum of \$206,000 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 2013.

## 25 Related parties 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 Colin Alexander (Chair)	Mr Craig Brennan (Chief Executive Officer)
Ms Cathi Moore (Deputy Chair)	Ms Kim Sinclair (Deputy Chief Executive Officer)
Mr Richard Bear	Mr Kel Glover (Chief Operating Officer)
Mr Paul Green	Mr Rohan Hastam (Chief Financial Officer)
Mr Ken Horsham	
Ms Tania Parkes	
Ms Kim Werner	

### (b) Transactions with key management personnel

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

Director	Director Related Entity	2013 \$	2012 \$
Mr Colin Alexander	Crace Developments Pty Ltd	10,000	8,750
Mr Richard Bear		5,000	5,000
Mr Paul Green		5,000	5,000
Mr Ken Horsham	Solutions Alliance Pty Ltd	5,000	5,000
Ms Cathi Moore		5,000	5,000
Ms Tania Parkes		5,000	5,000
Ms Kim Werner		5,000	5,000
		<b>40,000</b>	<b>38,750</b>

## 25. Related parties and related party transactions continued...

### (b) Transactions with key management personnel continued...

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

#### (c) Key management personnel compensation

	2013 \$	2012 \$
Short term employment benefits	835,859	742,648
Other long-term benefits (superannuation)	69,178	61,099
	<b>905,037</b>	<b>803,747</b>

#### (d) Other key management personnel transactions with the Company

Ms Cathi Moore, Mr Richard Bear and Mr Paul Green 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 roles as Directors.

#### Investment in Crace Developments Pty Ltd

The Company is represented on the board of directors of Crace Developments Pty Ltd by Mr Richard Bear. 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 this directorship, Mr Colin Alexander is 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.

## 26 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 2013 the number of members was 15 (2012: 16).



## 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 9 to 33 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 2013 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:

Cathy Moore

Director

[Signature]

Director

Canberra 24 October 2013



