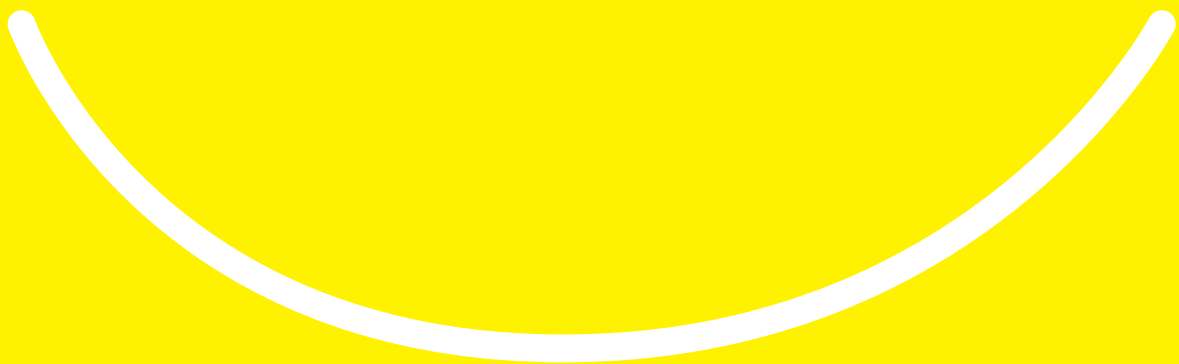


THE DIFFERENCE WE'RE MAKING







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‘WE LOVE OUR HOME,
IT MEANS SO MUCH
MORE TO US THAN
JUST A ROOF OVER
OUR HEADS...’

LAUREN, TENANT, CHC

HIGHLIGHTS

\$2.53 MILLION

RENTAL REBATES TO ELIGIBLE TENANTS

\$108 M

EQUITY

2

TENANT ADVISORY
GROUP MEETINGS

3

TENANT NEWSLETTERS

\$5.1 M


SURPLUS FOR REINVESTMENT

402

HOUSING
PORTFOLIO

A woman with dark hair is smiling while holding a black telephone receiver to her ear. She is wearing a dark-colored top. The background is a soft, out-of-focus indoor setting. A semi-transparent green overlay covers the entire image, and white, hand-drawn style text is superimposed over it.

“WE INCREASE THE
SUPPLY OF AFFORDABLE
RENTAL HOUSING
AND IMPROVE ACCESS
TO AFFORDABLE
HOME OWNERSHIP.”



CHC's
mission is
to provide
affordable
housing to
people on
low and
moderate
incomes.

MISSION & OBJECTIVES

Improve access to affordable housing

CHC is a provider of affordable housing for people on low and moderate incomes, particularly those who are not eligible for public housing.

CHC aims to increase the supply of affordable rental housing for those households experiencing housing stress, and to improve access to affordable home ownership.

Create appropriate housing

CHC is committed to delivering appropriate housing, and ensures that each of its developments provide housing choice and diversity in order to meet the evolving needs of the community.

The company is also mindful of environmental sustainability, meeting special housing requirements, and contributing to the development of socially cohesive communities.

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.

Operate in an efficient manner with appropriate corporate governance

CHC ensures its policies and practices contribute to the long-term viability of CHC as an independent not-for-profit company. The company continues to preserve its status as a public benevolent institution, and invests the proceeds from efficient housing operations towards the retention and expansion of affordable housing for future generations.

Values

CHC values are held by its staff members and are expected in its suppliers.

The values that guide CHC include:

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

CHAIRMAN + CEO'S REPORT

THE DIFFERENCE WE'RE MAKING

The theme for CHC's 2014 Annual Report is The Difference We're Making. This reflects our journey from a community housing provider to one of Australia's leading affordable housing companies. As always, our mission to provide quality affordable housing for people on low to moderate incomes remains at the core of our business – which has again been successfully achieved during the 2013/14 financial year.

Since the introduction of the ACT Government's Affordable Housing Action Plan in 2007, CHC's journey has included a number of initiatives that have made a tangible difference to lives of many Canberrans.

From an affordable sales perspective, CHC has led the way in creating opportunities for home buyers entering the property market. This has included projects such as "The Edge" development in Harrison – the first multi-unit development to be constructed along Gungahlin's Flemington Road corridor; "Eclipse" at Bruce – a 223 unit development located within close proximity to the CBD and Belconnen Town Centre which delivered a significant number of affordable options for purchasers; and "Symphony Park" – a project specifically targeting first home buyers through a combination of rebates and government incentives.

Our primary point of difference is clearly embedded within our affordable rental initiatives. No other company outside the ACT Government is delivering a subsidised rental product to the scale and quality of CHC. The variety of our product allows the company to cater to a diverse demographic – with affordable rental options for singles, couples and families. Further, our green initiatives ensure

that many of our dwellings are not only affordable to rent – but are also affordable to live-in.

To complement CHC's affordable rental program, we have leveraged the Commonwealth Government's National Rental Affordability Scheme and created an investment model that has attracted property investors to the affordable rental housing market. This has enabled additional rental properties to be delivered across the ACT to the benefit of CHC's target market.

The combination of all these initiatives is making a difference.

Financial Performance

Through careful planning and management of resources, we delivered a respectable \$5.1m surplus, thus providing CHC with the opportunity of further expanding its services and affordable initiatives. Notably, we provided a total of \$2.5m in rental rebates to eligible tenants.

The Company maintained a strong balance sheet with modest gearing and ample liquidity throughout the 2013/14 financial year, equity increasing by \$6.2m to a total of \$108m.

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

“OUR PRIMARY POINT OF DIFFERENCE
IS CLEARLY EMBEDDED WITHIN OUR
AFFORDABLE RENTAL INITIATIVES.”



New Opportunities

We continue to seize opportunity.

Over the next decade, the fastest growing demographic group in Canberra will be people aged over 65, expanding to nearly 15 per cent of the population. The challenge moving forward will be to ensure that suitable housing is available for this demographic – and to deliver it at prices they can afford near the services they need.

Recognising this emerging issue, CHC has taken the initial steps in actively pursuing a role within the Retirement Living Sector. In this regard, our proposed redevelopment project located in the inner-north suburb of Downer has been earmarked as the ideal platform to enter this market. With research indicating that downsizers generally want to remain connected to the community and the services with which they are familiar, the Downer project will provide the opportunity for residents in the local area and surrounding suburbs to age in-place.

We are of the firm belief that affordability within the Retirement Living Sector will be an ongoing concern for both government and the wider community. CHC's entry into this sector will provide options for those who are not in a financial position to find appropriate accommodation in their retirement years.

Design work and planning are underway for our first retirement community with a brief to ensure that we create an environment that encourages independence, but also encompasses social inclusion, security, as well affordable options for purchase and rent.

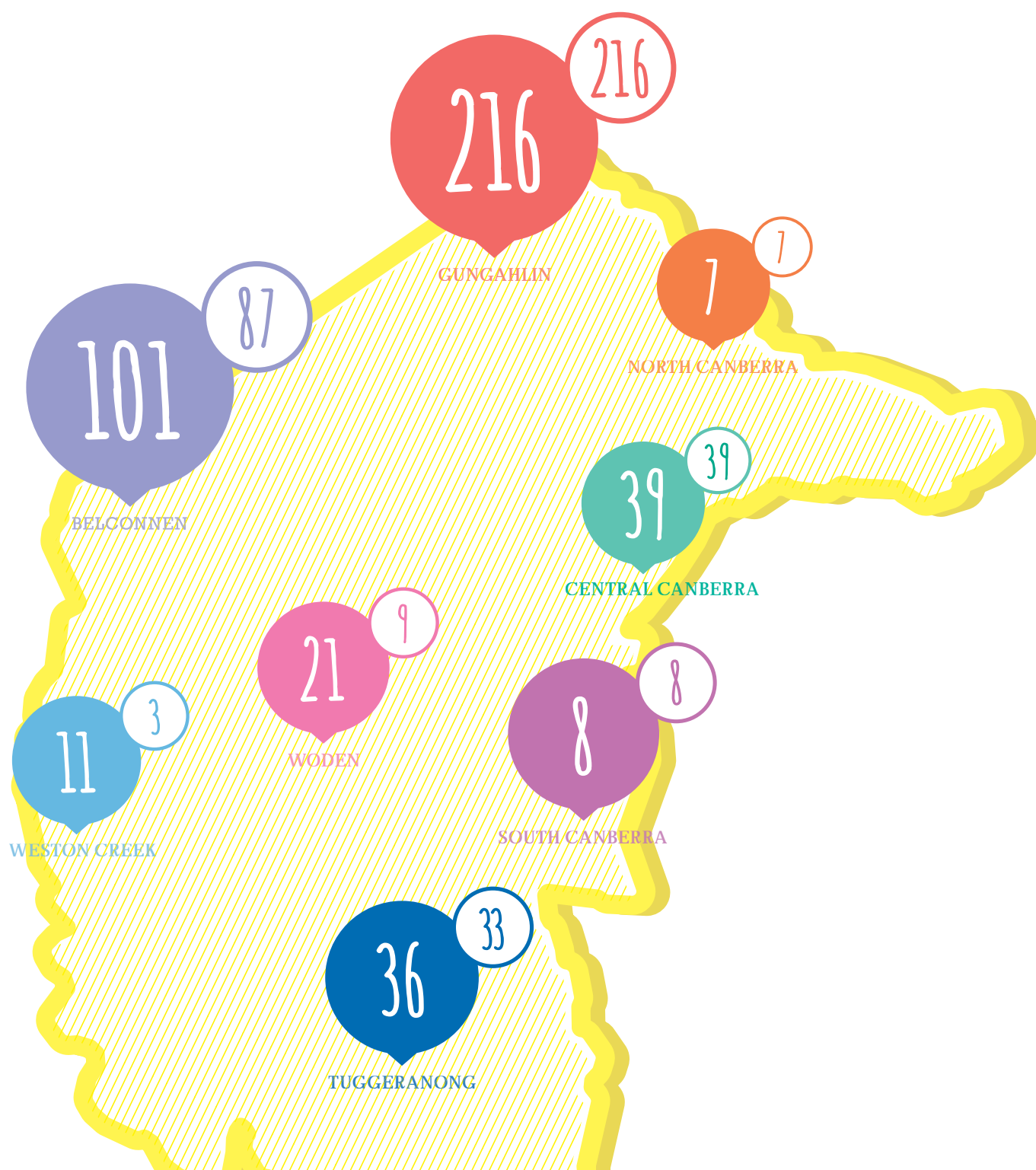
Thank You

As we enter 2015 with a determination to succeed, and a strong commitment to provide exceptional service and affordable product, we are confident of the future for CHC and of our resolve to manage both the opportunities and the challenges ahead.

CHC's Board of Directors, management team and employees are committed to achieving the company's ambitions as a leader in the affordable housing sector, and will set the direction for sustainable growth.

Finally, we wish to thank all those that contribute to the company – your advice, support and hard work continue to make a difference.

HOUSING PORTFOLIO & PROGRAMS



HOUSING PROGRAMS

439

AFFORDABLE

50

MANAGED PROPERTY

8

REBATED RENT

88

SPECIAL PURPOSE

5

LAND RENT

101

PROVIDERS

19

NRAS

168

BELCONNEN			
PROGRAMS		23% PORTFOLIO	
AFFORDABLE	12	1 BEDROOM	31
REBATED RENT	20	2 BEDROOM	23
PROVIDERS	8	3 BEDROOM	26
NRAS	61	4 BEDROOM	4
TOTAL	101	5 BEDROOM	3
		TOTAL	87

GUNGAHLIN			
PROGRAMS		49% PORTFOLIO	
AFFORDABLE	9	1 BEDROOM	10
REBATED RENT	15	2 BEDROOM	93
LAND RENT	101	3 BEDROOM	112
NRAS	91	4 BEDROOM	1
TOTAL	216	5 BEDROOM	0
		TOTAL	216

WESTON CREEK			
PROGRAMS		3% PORTFOLIO	
AFFORDABLE	2	1 BEDROOM	0
REBATED RENT	1	2 BEDROOM	0
MANAGED PROP.	8	3 BEDROOM	3
TOTAL	11	4 BEDROOM	0
		5 BEDROOM	0
		TOTAL	3

CENTRAL CANBERRA			
PROGRAMS		9% PORTFOLIO	
AFFORDABLE	9	1 BEDROOM	2
REBATED RENT	29	2 BEDROOM	29
PROVIDERS	1	3 BEDROOM	7
TOTAL	39	4 BEDROOM	1
		5 BEDROOM	0
		TOTAL	39

TUGGERANONG			
PROGRAMS		8% PORTFOLIO	
AFFORDABLE	15	1 BEDROOM	0
REBATED RENT	13	2 BEDROOM	3
PROVIDERS	8	3 BEDROOM	29
TOTAL	36	4 BEDROOM	1
		5 BEDROOM	0
		TOTAL	33

SOUTH CANBERRA			
PROGRAMS		2% PORTFOLIO	
AFFORDABLE	1	1 BEDROOM	0
REBATED RENT	5	2 BEDROOM	4
PROVIDERS	2	3 BEDROOM	4
TOTAL	8	4 BEDROOM	0
		5 BEDROOM	0
		TOTAL	8

WODEN			
PROGRAMS		5% PORTFOLIO	
SPECIAL PURPOSE	5	1 BEDROOM	3
NRAS	16	2 BEDROOM	3
TOTAL	21	3 BEDROOM	0
		4 BEDROOM	0
		5 BEDROOM	3
		TOTAL	9

NORTH CANBERRA			
PROGRAMS		1% PORTFOLIO	
AFFORDABLE	2	1 BEDROOM	0
REBATED RENT	5	2 BEDROOM	1
TOTAL	7	3 BEDROOM	5
		4 BEDROOM	1
		5 BEDROOM	0
		TOTAL	7

HOUSING PORTFOLIO

402

1 BEDROOM

46

4 BEDROOM

8

2 BEDROOM

156

5 BEDROOM

6

3 BEDROOM

186

BOARD OF DIRECTORS

A BOARD WITH A DIFFERENCE

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.

During the year, Ms Parkes resigned from the Board after providing over six years of valued service. Ms Rebecca Vassarotti filled the vacancy in November 2013, bringing her wealth of experience as a senior executive in the non-government sector to the company.

OUR BOARD'S FOCUS REMAINS
ON STRATEGY, GOVERNANCE
AND RISK MANAGEMENT.





Colin Alexander

Chair

OAM, FCPA, BA (Acc)

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.



Paul Green

Deputy Chair

Member (Audit Committee)

MG, BA, LLB (Hons)

Provides legal advice to property developers and major builders nationally and internationally on project delivery including structure, tax, acquisition, construction and financing. Previously managing partner of Meyer Vandenberg Lawyers following an initial 21 year career as an officer in the Australian Regular Army. Has previously lectured in Building and Construction Law at the University of Canberra. Board member of the Lidia Perin Foundation. Board member since October 2011.



Richard Bear

Director

Member (Audit Committee)

Crace Developments Pty Ltd (CHC nominee)

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.



Rebecca Vassarotti

Director

Chair (Community Committee)

BA/MEnvLaw

Long term executive experience in the non-government sector. Currently Deputy CEO of Australian Council of Social Service. Previous appointments include Executive Director of YWCA of Canberra, and CEO of Consumers Health Forum of Australia. Prior to this was a senior officer in the ACT Government. Previous appointments have included the National Implementation Panel to Reduce Violence Against Women and Children, the ACT Portable Long Service Leave Board and the Government Delegation to the 2013 United Nations Commission for the Status of Women. Board member since November 2013.



Cathi Moore

Director

Chair (Audit Committee)
Member (Community Committee)
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). Board member since October 2007.



Ken Horsham

Director

Grad Dip (Architecture)

Housing, planning and development consultant with urban development and management expertise. Previously a housing and community services advisor with the Australian Government, ACT Commissioner for Housing and General Manager ACT Housing and Community Services Bureau. Chair of Northside Community Service. Former CHC Chair and Executive Director. Board member since January 1998.



Kim Werner

Director

Member (Community Committee)
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.

Tania Parkes – Resigned September 2013

Director (former)

Member (Community Committee – former)
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.





Audit Committee

The Board has an established Audit Committee to oversee:

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

The Audit Committee comprises four members with three 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 company 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.

EXECUTIVE

Members of the Executive Team



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



Ms Kim Sinclair,
Deputy CEO, Dip. Company Directors, GAICD
Company Secretary, Corporate, Risk Management,
Quality Assurance, Human Resources, Tenancy,
Records Management, NRAS



Mr Rohan Haslam
CFO, B Art, B Com, CA
Finance, IT

CORPORATE GOVERNANCE

Risk Management Framework

The Board of CHC is a strong advocate of good corporate governance, transparency and accountability. This is essential for the long term performance and sustainability of our company, and to protect and enhance the interests of our members and other stakeholders.

Our governance framework plays an integral role in supporting our business and helping us deliver on our strategy. It provides the structure through which our strategy and business objectives are set, our performance is monitored, and the risks we face are managed. It provides a clear framework for decision making and accountability across our business activities, and guidance on the standards of behaviour we expect of our people.

We review our governance arrangements regularly – keeping informed and adopting where necessary, new developments in the market place and regulation.

As such during the 2014 financial year, CHC reviewed, and where necessary, modified and amended its corporate governance documents to reflect the following.

- The release of the ASX Corporate Governance Principles and Recommendations, Edition 3 (27 March 2014);
- Transitioning from ACT Affordable Housing registration to registration as a Tier 1 Provider under the Community Housing Providers (Adoption of National Law) Bill 2012;
- Registration as a charity with the Australian Charities and Not for Profits Commission (ACNC) under the Charities Act 2013 effective 1 July 2013; and
- Ongoing compliance as per the Australian Securities Investment Commission (ASIC).

Key Corporate Governance Documents

- Constitution
- Corporate Governance Charter
- Risk Management Policy and Plan
- Fraud Control Policy and Plan
- Work Health and Safety Policy and Plan

ISO 9001:2008 Quality Management System

The company continues to highly value its ISO 9001:2008 accreditation of our management systems. In order to achieve and maintain accreditation, CHC continues to demonstrate that it:

- Maintains a set of procedures that covers all key business processes;
- Monitors processes to ensure effectiveness;
- Keeps adequate records;
- Checks quality of outputs, with appropriate and corrective actions where necessary;
- Regularly reviews quality system components for effectiveness; and
- Facilitates continual improvements.



“OUR GOVERNANCE
FRAMEWORK PLAYS
AN INTEGRAL ROLE
IN SUPPORTING OUR
BUSINESS AND
HELPING US DELIVER
ON OUR STRATEGY.”



“THE COMPANY
CONTINUES TO VALUE
ITS WORKFORCE AS
ITS GREATEST ASSET.”



OUR STAFF

OUR STAFF ARE MAKING A DIFFERENCE.

CHC has a dedicated team. The contribution of every staff member – from the administration support staff through to its front line teams in tenancy and asset management – are integral to ensuring that the company meets its mission and strategic objectives.

The company continues to value its workforce as its greatest asset with ongoing commitment to developing and implementing workforce plans for specific reform and demand areas.

Our priorities remain:

- Finding the right people
- Developing our people
- Supporting and valuing our people

During the 2014 financial year, CHC implemented the following key initiatives:

- Review and update of all human resource processes and documents;
- Regular internal training sessions; and
- An employee wellness program – supporting selected health club memberships.

CHC continues to develop and implement workforce strategies to:

- Attract and retain staff across all business areas;
- Strengthen performance by keeping up with changing technologies;
- Respond to and recognise evolving community expectations;
- Ensure employees know the importance of their work and how it contributes to the achievement of organisational goals; and
- Ensure that employees are well-supported in a safe and healthy workplace.

OUR TENANTS

MAKING A DIFFERENCE

We are making a difference to the lives of many Canberrans who would otherwise struggle in the private rental market.

Consistent with our mission and objectives, CHC provides rental housing on a rebated basis to eligible tenants. Since the commencement of the ***Affordable Housing Action Plan (2007)***, CHC has provided almost \$14m in rental rebates to its tenants. This is a significant achievement that directly benefits the lives of our tenants.

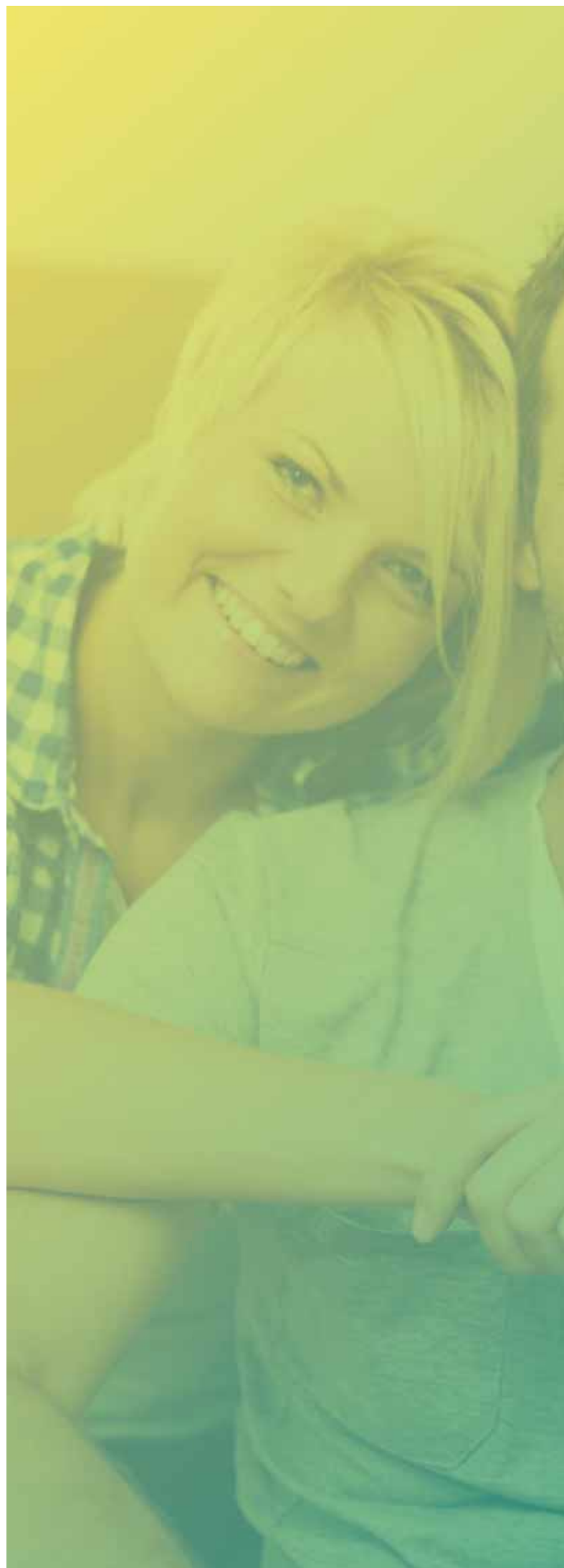
The company's tenancy composition consists of a number of programs:

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

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

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

The majority of CHC's new dwellings receive subsidies under the National Rental Affordability Scheme (NRAS). This legislation was introduced in 2008 by the Commonwealth Government to stimulate the supply of new affordable rental dwellings by providing financial incentives to successful applicants who develop approved dwellings to be rented to eligible low and moderate income households at rents below market rates. To support CHC's charitable status, CHC has adopted a consistent rental policy of charging 74.9 per cent of the market rent under the NRAS scheme.





“WE AIM TO CREATE
A COMMUNITY AND
CONSIDER EFFECTIVE
COMMUNICATION TO
BE AT THE HEART OF
THIS PROCESS.”

Connecting with our Tenants

CHC uses a number of different communication methods to stay engaged with our tenants. We aim to create a community and consider effective communication to be at the heart of this process.

Newsletters

During the course of the 2013/14 financial year, CHC produced a series of Newsletters that were distributed to all CHC tenants. The information contained within these newsletters aims to be both informative and entertaining, and includes useful tips on energy saving strategies, tenant referral programs, CHC's development activities, and maintenance.



Tenant Advisory Group

We understand that nothing replaces face-to-face contact. To better appreciate our tenants, CHC coordinates Tenant Advisory Group meetings throughout the year that provides an effective platform for two-way dialogue. Open to all CHC tenants, the meetings are a valuable and unique way for us to hear what our key stakeholders think of us – where we can improve – and where we are exceeding expectations.

The information collected is varied – and assists CHC with its tenancy services and planning for new development projects.

CHC REGULARLY ENGAGES WITH ITS
RESIDENTS TO UNDERSTAND HOW
SERVICES CAN BE IMPROVED.

Information Evening

Transitioning our tenants into home ownership is something we aim to achieve. Over the years, CHC has assisted a number of its tenants take this significant step. We are proud of this achievement, and continue to provide information and opportunities to our tenants regarding our developments.

In October 2013, CHC held an Information Evening where CHC's tenants were provided with an exclusive preview of a CHC project prior to its market release. A general overview of the project including pricing was provided in addition to access to financial representatives to discuss financing options.

In 2014/15, we will continue to connect with our tenants with a Tenant Survey, Garden Competitions and Tenant Newsletters.



TENANTS STORY

JOHN AND SUSAN ARE A YOUNG COUPLE WHO
HAVE JUST HAD THEIR SECOND CHILD.

Both work in the retail sector and because of their combined income they are not eligible for public housing. Before approaching CHC they were renting a 2 bedroom townhouse in the private rental market which was causing considerable financial stress and was not suitable for their circumstances.

Following a referral from a friend, the couple made an application with CHC for a new three bedroom home.

“OUR LIVES HAVE CHANGED
COMPLETELY SINCE MOVING INTO
OUR CHC HOME. WE HAVE ROOM
FOR OUR GROWING FAMILY
INCLUDING A BACKYARD FOR JOHN
TO GROW HIS VEGETABLES.
WE NOW PAY LESS RENT FOR
A BETTER HOME FOR US.
WE CAN NOW KEEP UP WITH THE BILLS
AND ONE DAY WE WOULD LIKE
TO START SAVING MONEY FOR OUR
OWN HOME SOMEDAY.”





OUR DEVELOPMENTS

OUR RESIDENTIAL DEVELOPMENTS ARE MAKING A DIFFERENCE.

CHC's residential developments remain an important component of our overall business.

In addition to generating revenue for the company, each project contributes to the supply of affordable housing across the Territory.

The 2013/14 financial year culminated in the completion of several significant affordable projects and witnessed the commencement of the planning phase for new development activity.

The background of the image is a photograph of a modern, multi-story building with a prominent gabled roof and large windows. The building is partially obscured by lush green trees and shrubbery in the foreground. The entire image is covered with a semi-transparent green overlay, which serves as a backdrop for the white text. The text is arranged in seven lines, centered horizontally, and uses a clean, sans-serif font.

“THE MASTERPLAN
FOR CHC’S MOST
ANTICIPATED PROJECT
WAS COMPLETED
DURING THE
REPORTING PERIOD.”

BONNER + JACKA

CHC completed 20 three and four bedroom homes in the Gungahlin suburbs of Jacka and Bonner. The land was acquired under the ACT Government's Land Rent Scheme and added important diversity to CHC's portfolio.

Design Team

Builder – Blackett Homes

Designer – Blackett Homes

Project Manager – CHC

Key Outcomes

- 20 new three and four bedroom affordable homes
- Energy Efficiency Ratings of 7-8 Stars
- NRAS approved









ECLIPSE

BRUCE

Representing one of the single largest residential projects to be undertaken by a not for profit in Australia, CHC completed construction of the Eclipse development – a multi-unit project that yielded 223 studio, one, two and three bedroom units and townhouses. In addition to a substantial number of affordable properties for sale, CHC made available NRAS incentives to purchasers to increase the supply of affordable rental properties.

Design Team

Architect – AMC Design and Management

Builder – Milin Builders

Hydraulic Engineer – Sellick Consultants

Structural Engineer – Sellick Consultants

Quantity Surveyor – Aaron Still Consulting

Project Manager – XAct

Key Outcomes

- In excess of 30% of the dwellings for sale and rent offered at an affordable price point
- Energy Efficiency across the project – high percentage of north-facing dwellings
- New community facilities for use by residents including BBQ and meeting space
- NRAS approved
- Retention of 14 units by CHC
- Private sector investment in affordable housing
- Office space for CHC's new corporate headquarters

THE TERRACES

HARRISON

The Terraces, which represent the first in a three-stage development located in Harrison, delivered 27 three bedroom terraces and 5 one bedroom units. Stages two and three of the development will be targeted at Canberra's first home buyer market.

Design Team

Architect – Kasperek Architects

Builder – PBS Building

Hydraulic Engineer – Sellick Consultants

Structural Engineer – Sellick Consultants

Quantity Surveyor – Donald Cant Watts Corke

Project Manager – CHC

Key Outcomes

- Delivery of new affordable housing in a high-growth corridor
- NRAS approved









APPRENTICE HOUSE

LYONS

During the reporting period, CHC completed Apprentice House, a partnership between CHC and Apprentice House Association Inc. The property is designed to be shared by 1st and 2nd year trade apprentices experiencing financial hardship and/or difficulty in finding affordable accommodation in Canberra.

Located in the Canberra suburb of Lyons, the property has five bedrooms, each with its own living area and common shared facilities space. Apprentice House Association Inc has been engaged to provide support to each apprentice living at the house through their 'Live, Learn, and Earn' program.

Apprentices will have the opportunity to gain or strengthen their life skills when living in the home, helping them to manage all aspects of living independently in the wider community. Each apprentice will be responsible for the cleaning of their own living area, maintaining the common living areas including the garden, and cooking the evening meal on a rostered basis.

An important part of living in the home is the supported environment established by all residents and the ability to share and support each other given they will all be working as members of the building industry.

Design Team

Builder – Renaissance Homes

Architect – Kasperek Architects

Project Manager – CHC

Key Outcomes

- New affordable housing in a well-located inner south suburb
- Multiple tenancy options under a single roof
- Targeting young apprentices working within the construction industry

DOWNER

A COMMUNITY WITH A DIFFERENCE

THE MASTERPLAN FOR CHC'S MOST ANTICIPATED PROJECT
WAS COMPLETED DURING THE REPORTING PERIOD.

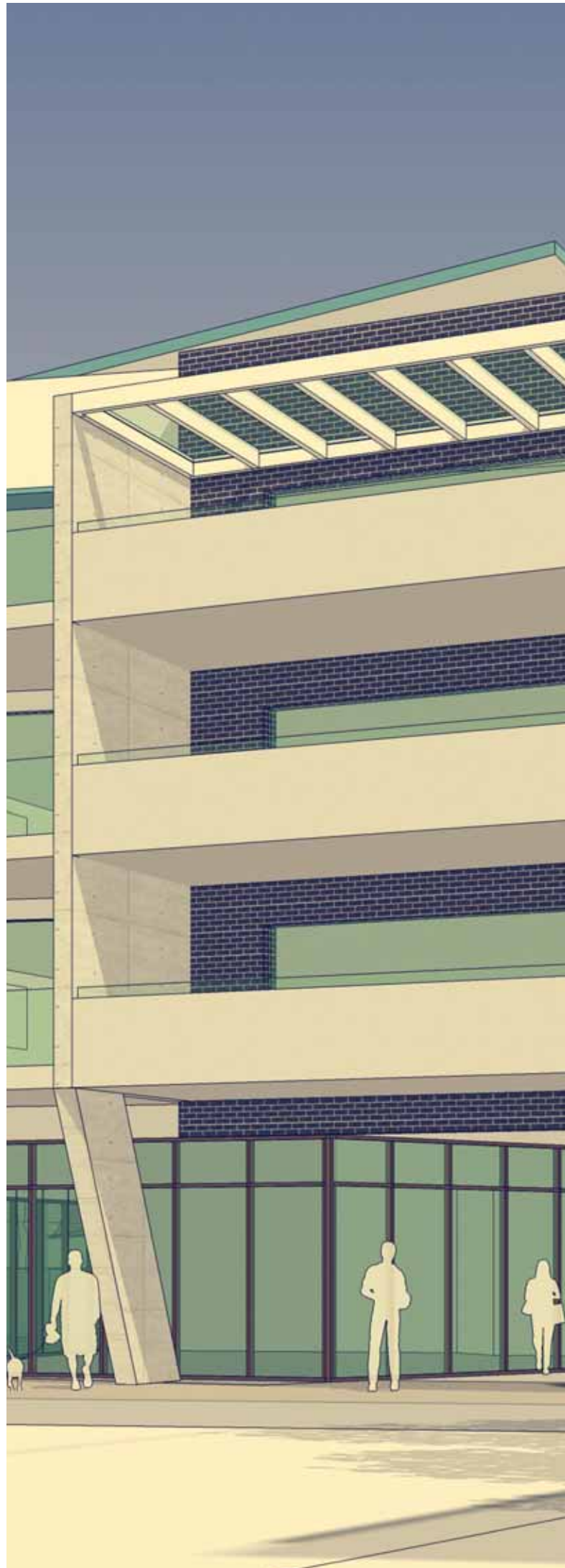
Following close consultation with the Downer community and ACT Government, CHC has created a masterplan that proposes the redevelopment of the former Downer school to deliver approximately 300 dwellings (including Independent Living accommodation), a childcare centre and limited commercial floor space.

The Masterplan includes the following features:


- An integrated and community focused mixed-use development;
- Approximately 300 dwellings which will offer genuine housing choice including affordable housing, downsizers/retirement living and associated community facilities, townhouses and a range of apartment units to suit investors and owner occupiers;
- Retirement living accommodation that will be 100% adaptable;
- Limited commercial tenancies that may specifically service the retirement community; and
- An efficient and legible internal road arrangement.

THE DOWNER PROJECT REPRESENTS CHC'S FIRST
FORAY INTO THE RETIREMENT LIVING SECTOR.

CHC awaits the outcome of the Territory Plan variation – with construction of the first stage anticipated to commence in early 2016.







“WE HAVE A
DIVERSE PORTFOLIO
TO CATER TO THE
NEEDS OF A BROAD
DEMOGRAPHIC.”

OUR ASSETS

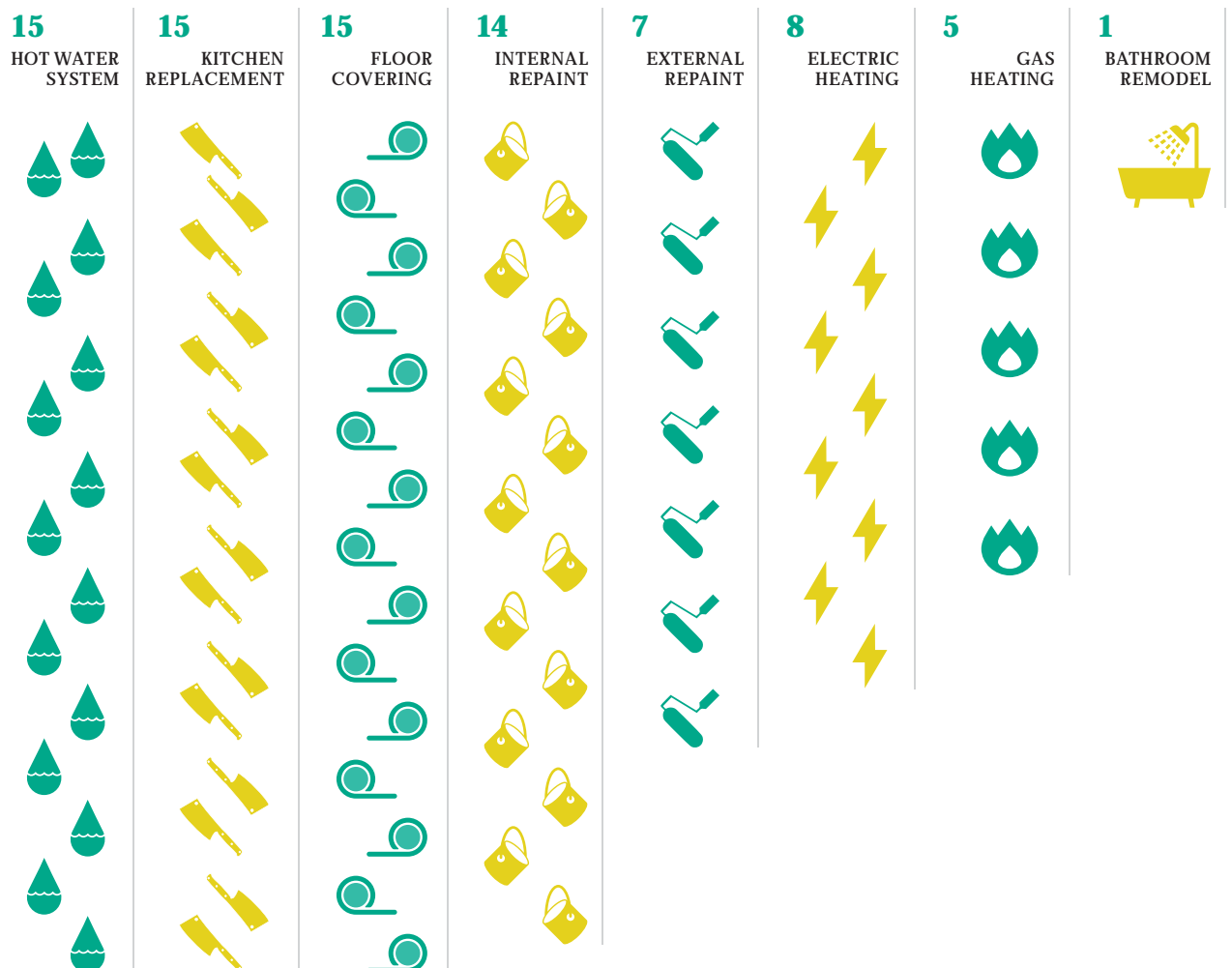
CHC continues to implement a strategic and innovative approach to asset management that:

- 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.

This financial year the Company added 40 new affordable rental properties to its portfolio. These homes have been designed to maximise energy efficiencies to reduce ongoing utility costs for the tenant. Initiatives such as double glazing, energy efficient appliances and orientation of the home have delivered 7 to 8 star NABERS rated dwellings.

Renewal program

CHC continued its refurbishment program of its transferred assets with another 19 properties completed. This included the following works:





FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014





COMMUNITY HOUSING CANBERRA LIMITED

(A company limited by guarantee)

ACN 081 354 752

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

A14/35

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 2014**

The Audit Office has completed the audit of the financial statements of Community Housing Canberra Limited for the year ended 30 June 2014.

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

Yours sincerely



Dr Maxine Cooper
Auditor-General

23 October 2014

c.c. Mr Craig Brennan, Chief Executive Officer
Mr Rohan Haslam, Chief Finance Officer
Mr Paul Green, Chair, Finance and Audit Committee



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 2014 have been audited. The financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, accompanying notes and directors' declaration.

Responsibility for the financial statements

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

The auditor's responsibility

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

The audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance that the financial statements are free of 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 the 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 the financial statements. If users of the 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 *Corporation Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and its performance for the year ended on that date; and
- (ii) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) – Reduced Disclosure Requirements and *Corporations Regulations 2001*.

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



Dr Maxine Cooper
Auditor-General

23 October 2014

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Corporate information

Company number

ACN: 081 354 752

Directors

C Alexander (Chair)
P Green (Deputy Chair – appointed 26 November 2013)
C Moore (Deputy Chair – ceased 26 November 2013)
(reappointed director – 26 November 2013)
R Bear
K Horsham
K Werner
R Vassarotti (appointed 26 November 2013)
T Parkes (resigned 24 September 2013)

Company Secretary

Kim Sinclair

Registered Office

224/29 Braybrooke Street
Bruce ACT 2617

Principal place of business

224/29 Braybrooke Street
Bruce ACT 2617

Bankers

Westpac
Dickson ACT

Auditors

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

Directors' report for the financial year ended 30 June 2014

The Directors present this report to the members of Community Housing Canberra Limited ("the Company") for the year ended 30 June 2014 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	Date ceased	Directors' Meetings		Audit	
			A	B	A	B
Mr Colin Alexander (Chair)	30 Oct 09		8	9	-	-
Mr Paul Green (Deputy Chair)**	30 Oct 11		8	9	4	5
Ms Cathi Moore (Deputy Chair)**	30 Oct 07		7	9	5	5
Mr Richard Bear	27 May 08		6	9	4	5
Mr Ken Horsham	21 Jan 98*		7	9	-	-
Ms Kim Werner	30 Oct 09		8	9	-	-
Ms Rebecca Vassarotti	26 Nov 13		2	4	-	-
Ms Tania Parkes	27 Jun 07	24 Sep 13	1	2	-	-

A Number of meetings attended

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

* Since incorporation

** Ms Moore's appointment as Deputy Chair ceased on 26 November 2013 at which time she was re-appointed as a Director; Mr Green was appointed Deputy Chair on this date

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 or other key management personnel transactions shown in the financial statements at note 23) 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.

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 Rebated 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;

Directors' Report for the financial year ended 30 June 2014 continued...

Principal activities continued...

4. continuing to refurbish and redevelop transferred stock to improve the standard of that stock;
5. increasing the supply of affordable housing properties available for sale through the capital works program;
6. increasing the supply of affordable housing properties available for rent by eligible applicants through the capital works program;
7. continuing to participate in the ACT Government's Land Rent Scheme (LRS) through the construction of 20 new three and four bedroom dwellings in the suburbs of Bonner and Jacka and exchanging on a further 15 land rent blocks in Lawson to allow for future construction of three and four bedroom dwellings. The dwellings constructed in 2014 contribute to the supply of affordable housing properties available for rent by eligible applicants under the NRAS tenancy model;
8. completing construction of the Eclipse development, which yielded 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 purchasers to increase the supply of affordable rental properties. The Company retained an additional 8 residential properties in the development in 2014 (2013: 6) to rent to eligible tenants under the NRAS tenancy model;
9. completing construction of the Terraces project at Harrison - this project, which is the first in a three stage development on land owned by the Company, known as Symphony Park, has delivered 27 three bedroom terraces and 5 one bedroom units and made available NRAS incentives to purchasers to increase the supply of affordable rental properties;
10. finalising design and planning works for stage 2 of the Symphony Park project at Harrison to enable construction to commence in the first quarter of 2015. This stage of the project will deliver 82 one, two and three bedroom units targeting first home buyers through the provision of rebates of \$20,000 under the Commonwealth Government's Housing Affordability Fund.
11. completing construction of a 5 bedroom group home in Lyons on a block owned by the Company and previously used as a rental property. The group home, known as Apprentice House, is available for rent to construction and other industry apprentices in the ACT and has a live-in caretaker provided by the Apprentice House Association;
12. purchasing 6 one and two bedroom units at the Sorrel development in Lyons, which contribute to the supply of affordable housing properties available for rent by eligible applicants under the NRAS tenancy model;
13. continuing to administer the roll out of the NRAS non-entity joint venture (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; 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 2014 financial year, a total rental subsidy of \$2.5 million was provided. 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 continued 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 during 2014 as follows:

Tenancy model	2014 \$	2014 Tenantable areas
Rebated Rental Rebate	1,272,934	107
Affordable Rental Rebate	1,256,194	331
Total Rebate	2,529,128	438

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. The Company is also committed to ensuring compliance with national community housing and not-for-profit regulatory requirements.

Directors' Report for the financial year ended 30 June 2014 continued...

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 \$1,600 (2013: \$1,500).

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 \$18,750 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 that may be incurred by the relevant officers in defending proceedings whether civil or criminal brought against them in their capacity as officers of the Company 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 2014.

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:



Colin Alexander
Chair



Paul Green
Deputy Chair

Canberra **21** October 2014

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 2014, 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.

Yours sincerely



Dr Maxine Cooper
Auditor-General
21 October 2014

Directors' qualifications, experience and special responsibilities

Name	Qualifications	Experience	Special responsibilities
Colin Alexander	OAM, BA (Acc), FCPA	Extensive corporate finance and accounting expertise and over 20 years' experience in the land development and construction industry. CEO of CIC Australia Ltd since its founding in 1986, Chairman of the Canberra MBA Fidelity Fund, Board member of the ACT Property Council, Council member of the Canberra Business Council and Board member of the MBA Skills Centre Building Fund. Board member since October 2009.	Chair
Paul Green	MG, BA, LLB (Hons)	Provides legal advice to property developers and major builders nationally and internationally on project delivery including structure, tax, acquisition, construction and financing. Previously managing partner of Meyer Vandenberg Lawyers following an initial 21 year career as an officer in the Australian Regular Army. Has previously lectured in Building and Construction Law at the University of Canberra. Board member of the Lidia Perin Foundation. Board member since October 2011.	Deputy Chair Member (Audit Committee)
Richard Bear	BCom	Executive responsibility for financial management, information technology and human resource management. Prior Assistant Secretary within the Department of Veterans Affairs, an Assistant General Manager of the Child Support Agency, and the General Manager, Development and Construction for Defence Housing Australia. Board member since May 2008.	Director Member (Audit Committee) Crace Developments Pty Ltd (CHC nominee)
Ken Horsham	Grad Dip (Architecture)	Housing, planning and development consultant with urban development and management expertise. Previously a housing and community services advisor with the Australian Government, ACT Commissioner for Housing and General Manager ACT Housing and Community Services Bureau, Chair of Northside Community Service. Former CHC Chair and Executive Director. Board member since January 1998.	Director
Cathi Moore	BA (Soc Sci)	Extensive experience in public administration, both in the social policy and program management areas and has a wide range of experience in the community sector. 10 years at the Senior Executive Level managing a range of commercial and operational areas and reviewing the efficiency and effectiveness of government services in the former Commonwealth Department of Administrative Services (DAS). Board member since October 2007.	Director Chair (Audit Committee) Member (Community Committee)
Rebecca Vassarotti	BA/MEnvLaw	Long term executive experience in the non-government sector. Currently Deputy CEO of Australian Council of Social Service. Previous appointments include Executive Director of YWCA of Canberra, and CEO of Consumers Health Forum of Australia. Prior to this was a senior officer in the ACT Government. Previous appointments have included the National Implementation Panel to Reduce Violence Against Women and Children, the ACT Portable Long Service Leave Board and the Government Delegation to the 2013 United Nations Commission for the Status of Women. Board member since November 2013.	Director Chair (Community Committee)
Kim Werner	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 Member (Community Committee)
Tania Parkes resigned 24 Sep 13	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 (former) Member (Community Committee - former)

Statement of comprehensive income	Note	2014 \$	2013 \$
For the year ended 30 June 2014			
INCOME			
Rental revenue	5 (a)	6,951,648	6,162,793
Development sales revenue	5 (b)	34,540,441	39,391,282
Grant funding	5 (c)	140,324	2,865,979
Management fees	5 (d)	80,210	49,119
Other revenue	5 (e)	459,434	280
Total revenue		42,172,057	48,469,453
Gains			
Gain on disposal or transfer of property, plant and equipment		12,723	2,131
TOTAL INCOME		42,184,780	48,471,584
EXPENSES			
Asset management expenses		(2,433,115)	(2,133,831)
Bad debts		(121,935)	(65,759)
Cost of developments sold	6 (a)	(28,587,709)	(32,596,372)
Development expenses	6 (b)	(384,279)	(962,221)
Administrative expenses		(622,084)	(569,824)
Depreciation and amortisation	6 (c)	(1,409,340)	(1,109,940)
Employee expenses	7	(1,647,089)	(1,487,748)
Loss on disposal, transfer or impairment of property, plant and equipment and intangible assets	6 (d)	(136,646)	(217,164)
Selling expenses		(1,285,193)	(1,235,682)
TOTAL EXPENSES		(36,627,390)	(40,378,541)
Finance income	8 (a)	1,679,427	305,900
Finance expenses	8 (b)	(2,136,482)	(2,255,738)
Net finance cost		(457,055)	(1,949,837)
NET SURPLUS FOR THE PERIOD		5,100,335	6,143,206
OTHER COMPREHENSIVE INCOME			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Increase in the asset revaluation surplus	21	1,303,149	4,075,418
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net changes in fair value of available for sale financial assets	21	(135,398)	686,330
Other comprehensive income for the period		1,167,751	4,761,748
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,268,086	10,904,954

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

Statement of financial position

As at 30 June 2014

	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	10	24,603,760	13,117,376
Trade and other receivables	11	558,868	281,798
Inventory	12	9,112,690	32,109,940
Other assets	13	2,147,038	1,115,029
TOTAL CURRENT ASSETS		36,422,356	46,624,142
NON-CURRENT ASSETS			
Capital works in progress	14	-	494,686
Inventory	12	4,861,056	4,710,456
Property, plant and equipment	9	146,510,438	134,667,253
Investments in available-for-sale equity instruments	15	560,855	2,196,262
Intangible assets	16	19,165	192,527
TOTAL NON-CURRENT ASSETS		151,951,514	142,261,184
TOTAL ASSETS		188,373,871	188,885,326
CURRENT LIABILITIES			
Trade and other payables	17	1,177,030	2,466,248
Employee benefits	18	154,013	75,421
Other interest-bearing debt	4	633,565	4,740,010
Other provisions	19	1,113,389	2,267,250
Other liabilities	20	160,525	160,980
TOTAL CURRENT LIABILITIES		3,238,523	9,709,909
NON-CURRENT LIABILITIES			
ACT Government loan	4	68,112,000	68,112,000
Employee benefits	18	7,337	44,527
Other interest-bearing debt	4	8,712,793	8,983,757
TOTAL NON-CURRENT LIABILITIES		76,832,130	77,140,284
TOTAL LIABILITIES		80,070,653	86,850,193
NET ASSETS		108,303,218	102,035,133
EQUITY			
Asset revaluation surplus	21	57,183,814	55,880,666
Available-for-sale financial asset surplus	21	550,932	686,330
Retained earnings		50,568,472	45,468,137
TOTAL EQUITY		108,303,218	102,035,133

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

Statement of changes in equity For the year ended 30 June 2014	Retained Earnings \$	Asset Revaluation Surplus \$	Available-for-sale Financial Asset Surplus \$	Total Equity \$
Opening balance at 1 July 2012	38,730,318	52,399,860	-	91,130,178
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 available-for-sale financial assets	-	-	686,330	686,330
Total comprehensive income for the period	6,143,206	4,075,418	686,330	10,904,954
Transfer of revaluation increment for assets disposed of	594,613	(594,613)	-	-
Closing balance at 30 June 2013	45,468,137	55,880,666	686,330	102,035,133

	Retained Earnings \$	Asset Revaluation Surplus \$	Available-for-sale Financial Asset Surplus \$	Total Equity \$
Opening balance at 1 July 2013	45,468,137	55,880,666	686,330	102,035,133
Net surplus for the period	5,100,335	-	-	5,100,335
<i>Other comprehensive income</i>				
Revaluation of land and buildings	-	1,303,149	-	1,303,149
Revaluation of available-for-sale financial assets	-	-	(135,398)	(135,398)
Total comprehensive income for the period	5,100,335	1,303,149	(135,398)	6,268,086
Transfer of revaluation increment for assets disposed of	-	-	-	-
Closing balance at 30 June 2014	50,568,472	57,183,814	550,932	108,303,218

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 2014

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts from customers		5,990,680	6,408,320
Cash payments to suppliers and employees		(6,333,160)	(5,623,311)
Interest and dividends received		1,679,427	305,900
Interest paid		(2,494,603)	(3,882,543)
Acquisition of property		(7,078,520)	(5,886,110)
Proceeds from the sale of inventory and properties		34,538,478	40,456,832
Construction of inventory and new properties		(11,389,840)	(29,419,107)
Grant funding		13,636	1,935,370
Goods and Services Tax collected from customers		3,143,294	3,633,953
Goods and Services Tax input tax credits (paid to) / received from the Australian Taxation Office		(1,168,839)	1,111,468
Goods and Services Tax paid to suppliers		(1,969,383)	(3,821,907)
Net cash provided by operating activities		14,931,169	5,218,866
Cash flows from investing activities			
Payments from investments in equity instruments		1,500,010	-
Acquisition of plant and equipment		(800,943)	(132,483)
Proceeds from the sale of plant and equipment		24,069	5,000
Net cash provided by / (used in) investing activities		723,136	(127,483)
Cash flows from financing activities			
Cash from borrowed funds		837,500	36,160,715
Repayment of loans		(5,005,422)	(36,417,061)
Repayment of finance lease liability		-	(7,281)
Net cash (used in) financing activities		(4,167,922)	(263,627)
Net increase in cash and cash equivalents		11,486,384	4,827,756
Cash and cash equivalents at the beginning of the year		13,117,376	8,289,621
Cash and cash equivalents at the end of the year	10	24,603,760	13,117,376

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 2014 was authorised for issue in accordance with a resolution of the directors on 21 October 2014.

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*. The Company is a not-for-profit entity for the purposes of preparing the financial statements.

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 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 15 – Investments in equity instruments

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated.

(c) Changes in accounting policies

AASB 13 Fair Value Measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

AASB 13 applies prospectively for annual reporting periods beginning on or after 1 January 2013 and as a result the Company has applied AASB 13 for the first time in the current year (see notes 3, 9 and 15). In accordance with the transitional provisions of AASB 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Company's assets and liabilities.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits. Under the amendments, employee benefits 'expected to be settled wholly' within twelve months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. Based on a review of past leave taking trends and practices, the Company expects the annual leave liability at the reporting date to be used wholly within twelve months of the end of reporting period, annual leave is not discounted when calculating the leave liability. There has been no change to the presentation of annual leave as a current liability in accordance with AASB 101 *Presentation of Financial Statements*.

Notes to the financial statements continued...

2. Summary of accounting policies continued...

(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 (ATO).

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, which is typically on a fortnightly basis, in advance of the provision of housing.

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 at fair value when there is a reasonable assurance that the grant will be received and the Company will comply with attached conditions.

Reciprocal transfer is income that arises in the ordinary course of an entity's operations through transactions in which the Company and a government agency 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.

Payment made to the Company by the Land Development Agency (LDA) in relation to solar rebates for properties constructed at Bonner during the year was assessed as reciprocal.

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.

Other income includes the **refund of imputation credits** which is recognised when the right to the refund arises, being the year in which the dividends to which the imputation credits relate are received. As the Company is exempt from income tax (see note 2(s)) any imputation credits received cannot be applied against current or future income tax liabilities and are therefore refundable to the Company from the ATO.

(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 which is recognised in profit or loss using the effective interest method; and dividend income, which is recognised in profit or loss when the Company's right to receive payment is established.

Finance expenses comprise: interest expense on borrowings; losses on disposal of available for sale financial assets; and impairment losses recognised on financial assets (other than trade receivables) which is recognised in profit or loss using the effective interest method.

(g) Cash and cash equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and cash at bank. 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. Normal terms of settlement vary from seven to 60 days. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised costs using the effective interest method, less any allowance for impairment.

Allowance for impairment of the receivables is assessed based on objective evidence and a review of overdue balances, taking into account debts more than 90 days overdue, the amount of individual debts and financial circumstances of those debtors, and any active recovery arrangements in place.

Notes to the financial statements continued...

2. Summary of accounting policies continued...

(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 capitalises borrowing costs incurred on acquiring, constructing, or producing its inventory.

Inventory 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 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 and is differentiated between work in progress (under construction) and available for sale.

(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. The Company capitalises borrowing costs incurred on acquiring, constructing, or producing its capital works in progress.

Costs of capital works in progress are 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 historical cost less accumulated depreciation and accumulated impairment losses, while land and buildings are measured at fair value less accumulated depreciation and accumulated impairment losses.

Any property, plant and equipment donated to the Company or acquired for nominal cost 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.

Property, plant and equipment with a minimum value of \$500 is capitalised.

(ii) 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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets. 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.

Notes to the financial statements continued...

2. Summary of accounting policies continued...

(l) Property, plant and equipment continued...

(iii) Determination of fair values

Fair value has been determined using 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.

When the carrying amount of land and buildings is decreased as a result of a revaluation, the decrease is recognised against the available asset revaluation surpluses. Where no asset revaluation surplus exists the decrease is recognised in profit and loss.

(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:

	2014 Years	2013 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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(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. The useful life of intangible assets has been assessed for 2014 as 4 years (2013: 4 years).

(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 recorded at fair value in which case it is recognised in other comprehensive income and treated as a revaluation decrease. An impairment loss was recognised for the Company's intangible assets in 2014 (see note 16).

(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.

(m) Financial assets and liabilities

(i) Investments in available-for-sale equity instruments

Investments in available-for-sale equity instruments 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, valuation techniques are used to assess fair value, which include consideration of future cash flows and 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 Crace Developments Pty Ltd (see also note 3 (b)).

Notes to the financial statements continued...

2. Summary of accounting policies continued...

(m) Financial assets and liabilities continued...

(ii) Loans receivable

Loans receivable 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 loans receivable during the 2014 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. Trade payables are recognised initially at their fair value and subsequently measured at amortised costs using the effective interest method.

(n) Employee benefits

Employee benefits comprise wages and salaries, annual and long service leave, and contributions to superannuation.

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

Liabilities for employee entitlements to wages, salaries, superannuation and annual leave that are expected to be settled wholly 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 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 estimate its present value.

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 18. The amount of these provisions would change should any of these factors change in the next 12 months.

Long service leave: the long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years of qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave. Long service leave benefits are recognised as either current or non-current liabilities based on whether they are payable within or after 12 months from the reporting date.

(iii) Superannuation

Employees are subject to the Superannuation Choice arrangements. The Company's default fund is AustralianSuper. Employees who choose to join AustralianSuper 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.

(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.

Notes to the financial statements continued...

2. Summary of accounting policies continued...

(p) Leased assets continued...

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.

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 2014, there were no indications that any of the Company's property, plant and equipment assets were impaired.

(s) 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 ATO 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 ATO. 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 ATO 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.

Notes to the financial statements continued...

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 methods described below and reflect the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Non-financial assets - property, plant and equipment

The fair value of property (land and buildings) is measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets.

In accordance with Company policy, a revaluation of the entire class of land and buildings occurs every two years, with the last such valuation taking place as at 30 June 2013. However, if at any time management considers that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Properties completed during the 2014 financial year were valued at fair value on completion. Valuations are conducted by an external qualified valuer. The next revaluation is due as at 30 June 2015.

The following table discloses non-financial assets measured at fair value on a recurring basis at 30 June 2014:

(a) Fair value measurement of non-financial assets		2014 \$
Property, plant and equipment		
Net fair value of		
Land and buildings		145,680,911

(b) Financial assets - investments in available-for-sale 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 the income approach valuation technique, including discounting future cash flow and other methods that are consistent with accepted economic methodologies for pricing financial assets.

The Company has one such investment, being its Crace Developments Pty Ltd shareholding. This investment does not have a quoted market price in an active market. As such the Company has based its assessment of fair value on: general economic conditions, including interest rates; risk and volatility associated with the investment, in particular the performance of construction and development activities and demand for residential occupancies in the ACT; and whether there is any significant evidence since the last reporting date that would materially affect the fair value of the shareholding. Based on a review of the factors outlined above, including future cash inflows associated with the investment and the financial position of Crace Developments Pty Ltd, the Company has assessed the fair value to have decreased to \$560,855. See also note 15.

The following table discloses financial assets measured at fair value on a recurring basis at 30 June 2014:

(a) Fair value measurement of financial assets		2014 \$
Assets		
Net fair value of		
Investments in equity instruments		560,855

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.

	2014 \$	2013 \$
Loans		
Current		
- Westpac Banking Corporation loan	-	2,388,447
- Beyond Bank (formerly Community CPS) loan	188,512	154,576
- Crace Developments Pty Ltd Loan	445,053	2,196,987
Total current	633,565	4,740,010

Notes to the financial statements continued...

4. Loans and borrowings continued...

	2014	2013
	\$	\$
Loans		
Non-current		
- ACT Government loan	68,112,000	68,112,000
- Beyond Bank (formerly Community CPS) loan	8,712,793	8,983,757
Total non-current	76,824,793	77,095,757
Total loans	77,458,358	81,835,767

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 \$1,809,428. Of this amount, \$274,002 (being approximately 15% of the interest incurred) has been capitalised to inventory and capital works in progress.

The Westpac Banking Corporation loan was a \$15 million short-term loan facility for the construction of the Eclipse project at Bruce. The loan was fully repaid and extinguished during 2014 in conjunction with sales being settled for the Eclipse project. Total interest incurred for the financial year was \$12,132 which was accrued against the value of the loan pending repayments. All interest expenses were capitalised to inventory.

The Beyond Bank (formerly 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 \$479,639.

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 \$119,412, which was accrued against the value of the loan pending repayments. Drawdowns of \$700,000 and repayments of \$2,379,947 were made during 2014 and it is envisaged that the loan will be repaid in the 2015 financial year.

(a) Financing facilities available

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

	2014	2013
	\$	\$
Total facilities:		
- 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
- Westpac Banking Corporation (Eclipse construction GST)	-	835,000
- Westpac Banking Corporation total	-	15,835,000
- Beyond Bank (formerly Community CPS)	12,635,943	12,687,224
- Crace Developments Pty Ltd	2,287,500	2,287,500
Total facilities	84,923,443	100,809,724
Facilities used at reporting date:		
- ACT Government loans (4.02.08)	50,000,000	50,000,000
- ACT Government loans (28.06.11)	18,112,000	18,112,000
- ACT Government loans total	68,112,000	68,112,000
- Westpac Banking Corporation (Eclipse construction)	-	2,388,447
- Westpac Banking Corporation (Eclipse construction GST)	-	-
- Westpac Banking Corporation total	-	2,388,447
- Beyond Bank (formerly Community CPS)	8,901,305	9,138,333
- Crace Developments Pty Ltd	445,053	2,196,987
Total facilities used	77,458,358	81,835,767
Facilities unused at reporting date:		
- ACT Government facility (4.02.08)	-	-
- ACT Government facility (28.06.11)	1,888,000	1,888,000
- ACT Government facility total	1,888,000	1,888,000
- Westpac Banking Corporation (Eclipse construction)	-	12,611,553
- Westpac Banking Corporation (Eclipse construction GST)	-	835,000
- Westpac Banking Corporation total	-	13,446,553
- Beyond Bank (formerly Community CPS)	3,734,638	3,548,891
- Crace Developments Pty Ltd	1,842,447	90,513
Total facilities unused	7,465,085	18,973,957

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.

Notes to the financial statements continued...

4. Loans and borrowings continued...

(a) Financing facilities available continued...

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 loan was fully repaid in the first quarter of the 2014 financial year. The loan was secured by the Company's interest in the land, construction and intellectual property which forms part of the development.

Beyond Bank (formerly Community CPS)

Sixty-nine of the Company's Land Rent Scheme properties are partially funded via commercial facilities with Beyond Bank (formerly 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). The facility was made available to allow shareholders to use excess cash reserves held by Crace Developments Pty Ltd, prior to dividends being declared and is due to expire on 31 October 2014.

(b) Banker's undertakings

The Company has obtained the following banker's undertakings, which remain outstanding at 30 June 2014:

- 1 25 June 2008, \$6,000 to the Environment and Planning Directorate (EPD) – for verge works at the Forde development;
- 2 9 December 2008, \$19,000 to EPD – for verge works at The Edge development; and
- 3 30 June 2011, \$6,000 to EPD – for infrastructure works at the Eclipse development.

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

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 Income

(a) Rental revenue

	2014 \$	2013 \$
Public rebated rental income	i 1,004,777	1,079,239
Affordable housing rental income	ii 674,784	615,418
NRAS housing rental income	iii 3,119,437	3,035,543
NRAS land rent housing rental income	iv 2,106,435	1,380,430
Other rental income	46,215	52,163
	6,951,648	6,162,793

(b) Development sales revenue

Gross sales proceeds – Eclipse project	v 30,183,242	39,391,282
Gross sales proceeds – Terraces project	4,357,199	-
	34,540,441	39,391,282

(c) Grant funding

Community Services Directorate contribution	vi 126,687	2,314,313
Land Development Agency – Housing Affordability Fund	vii -	376,666
Land Development Agency – Bonner solar saver rebate	13,636	175,000
	140,324	2,865,979

(d) Management fees

NRAS non entity joint venture management fees	viii 80,210	49,119
	80,210	49,119

(e) Other revenue

Refund of imputation credits from the Australian Taxation Office	ix 459,144	-
Membership	290	280
	459,434	280

Notes to the financial statements continued...

5. Income continued...

Other Income notes

- i Public rebated rental income is based on tenancy agreements that assess 25% of household income plus Commonwealth Rental Assistance.
- ii Affordable housing rental income is based on tenancy agreements that charge 74.9% of market rent. Market rent on the Company's housing portfolio is assessed annually by an independent certified valuer.
- 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 Social Services (DSS). 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.
- iv NRAS land rent housing rental income denotes revenue derived by using 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 and The Terraces development in Harrison throughout the year. Cost of developments sold represents the total cost, net of selling expenses, of the Eclipse and The Terraces projects related to the disclosed sales revenues (see note 6 (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 The Company received a refund of imputation credits from the Australian Taxation Office (ATO) in relation to the Grace Developments Pty Ltd dividend (see notes 2(d) and 8(a)).

6 Expenses

	2014	2013
	\$	\$
(a) Cost of developments sold		
Eclipse project	25,284,004	32,596,372
Terraces project	3,303,705	-
	28,587,709	32,596,372
(b) Development expenses		
Community Services Directorate Gungaharra Nation Building Stimulus	-	862,427
Other development expenses	384,279	99,794
	384,279	962,221
(c) Depreciation and amortisation		
Depreciation	9 1,345,819	1,081,023
Amortisation	16 63,520	28,917
	1,409,340	1,109,940
(d) Loss on disposal, transfer or impairment of property, plant and equipment and intangible assets		
Loss on disposal/demolition of property, plant and equipment	26,805	217,164
Loss on impairment of intangible assets	iii 109,841	-
	136,646	217,164

Other expenses notes

- i Relates to costs incurred in the construction of the Eclipse and The Terraces projects which were both completed in 2014.
- ii Relates to a payment made to CSD in relation to funding provided for the Gungaharra National Building Stimulus project undertaken by the Company.
- iii Relates to the impairment loss assessed for the BASIX Integrated Business System (see note 16).

7 Employee expenses

	2014	2013
	\$	\$
Salaries and wages	1,443,129	1,284,189
Superannuation contributions	132,996	115,640
Provision for annual and long service leave	41,402	58,427
Other employee expenses	29,563	29,493
	1,647,089	1,487,748

Notes to the financial statements continued...

8 Finance income and finance expenses

(a) Finance income

Interest earned on cash and cash equivalents
Dividends received

2014 \$	2013 \$
608,091	305,900
i 1,071,336	-
1,679,427	305,900

(b) Finance expenses

Interest expense on ACT Government loan
Interest expense on other interest bearing debt

1,535,426	1,776,990
601,056	478,747
2,136,482	2,255,738

i The Company has a shareholding in Crace Developments Pty Ltd (see note 15), which declared two dividends during the 2014 financial year. The dividends were fully franked and the imputation credits are refundable to the Company (see note 5(e)).

9 Property, plant and equipment

(a) Adjustment to fair value

During the 2014 financial year, the Company built 20 land rent properties in the suburbs of Bonner and Jacka and one group home in the suburb of Lyons. The Company retained 8 residential and 6 commercial properties constructed as part of the Eclipse development and purchased 6 residential units in the Sorrel development at Lyons. These properties were revalued on the date at which Certificate of Occupancy was issued. The Company engages four valuation companies when fair value assessments are required, being CB Richard Ellis (V) Pty Limited, Colliers International Consultancy and Valuation Pty Limited, Jones Lange LaSalle Incorporated and MMJ Real Estate.

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 measured using the market approach valuation technique. This approach uses prices and other relevant information generated by market transactions involving identical or similar assets. 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.

Carrying amount	TOTAL \$
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
2014	
Cost or fair value	147,954,614
Less: Accumulated depreciation	(1,444,176)
Carrying amount at 30 June 2014	146,510,438

(b) Property, plant and equipment carrying amount

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

	2014 \$	2013 \$
Transferred land and building	51,984,720	52,280,000
Non-transferred land and building	16,790,382	14,155,000
NRAS land and building	55,240,862	50,660,000
Land Rent building	21,664,947	17,405,000
Total land and building	145,680,911	134,500,000
Plant and equipment	829,527	167,253
	146,510,438	134,667,253

Notes to the financial statements continued...

9. Property, plant and equipment continued...

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

Reconciliation to carrying amount	Land and Buildings at fair value	Plant and Equipment at cost	Total Property Plant and Equipment
2014			
Carrying amount at 1 July 2013	134,500,000	167,253	134,667,253
Additions - Asset purchases	2,541,297	800,943	3,342,240
Additions - Transfers from capital works in progress/inventory	8,592,555	-	8,592,555
Disposals - Sale	-	(151,338)	(151,338)
Valuation adjustments to fair value	1,303,149	-	1,303,149
Write back of accumulated depreciation	-	102,399	102,399
Depreciation for the year	(1,256,089)	(89,730)	(1,345,819)
Balance at 30 June 2014	145,680,911	829,527	146,510,438

10 Cash and cash equivalents

	2014 \$	2013 \$
Petty cash	300	300
Cash at bank	24,603,460	13,117,076
	24,603,760	13,117,376

11 Trade and other receivables

(a) Current

	2014 \$	2013 \$
Trade debtors	i 197,059	188,914
Less: Allowance for impairment	(90,299)	(44,617)
	97,760	144,297
Loan drawdown from Crace Developments Pty Ltd	ii -	137,500
Imputation credits refundable from the Australian Taxation Office	iii 459,144	-
Other debtors	1,964	-
	558,868	281,798

i Trade debtors is comprised of rental receivables of \$197,059 of which \$90,544 is considered overdue (30 days +).

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

iii Relates to imputation credits associated with dividends received from Crace Developments Pty Ltd during 2014 (see notes 5 and 8).

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

	2014 \$	2013 \$
Carrying amount at the beginning of year	(44,617)	(11,045)
Reduction in allowance arising from monies recovered	7,801	-
Reduction in allowance arising from write-off of unrecoverable debt	24,925	11,045
Additional allowance recognised	(87,408)	(44,617)
Carrying amount at the end of the year	(99,299)	(44,617)

Notes to the financial statements continued...

12 Inventory

	2014 \$	2013 \$
Current		
Available for sale		
Developments – construction costs	7,878,124	20,273,710
Developments – land	1,234,566	2,587,385
Under construction		
Developments – construction costs	-	6,900,101
Developments – land	-	2,348,744
	9,112,690	32,109,940
Non-current		
Under construction		-
Developments – construction costs	2,328,290	2,177,690
Developments – land	2,532,766	2,532,766
	4,861,056	4,710,456

As at 30 June 2014, the Company has one active construction project, located in Harrison, identified for sale upon completion. The current component of inventory relates to the completed portion of the Harrison project (known as The Terraces) and the Eclipse project that was completed during 2014. The non-current component relates to construction and land costs that will form part of the later stages of work at Harrison.

13 Other assets

	2014 \$	2013 \$
Current		
Accrued income	1,969,419	1,003,762
Bonds/deposits paid	10,000	2,500
Community Housing property bonds held	1,159	(698)
Prepayments	166,460	109,466
	2,147,038	1,115,029

i Includes \$1,960,474 relating to NRAS incentives which are acquitted annually to the Department of Social Services on a May to April basis.

14 Capital works in progress

	2014 \$	2013 \$
(a) Capital work in progress		
Developments – land and construction costs	-	494,686
	-	494,686

i As at 30 June 2014 the Company has no capital works in progress projects designated to be retained upon completion.

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

	2014 \$	2013 \$
Carrying amount at the beginning of year	494,686	1,905,689
Additions	4,746,253	6,468,642
Transfers to property, plant and equipment	(5,240,939)	(7,879,646)
Carrying amount at the end of the year	-	494,686

Notes to the financial statements continued...

15 Investments in available-for-sale equity instruments

	2014 \$	2013 \$
Shares – Crace Developments Pty Ltd at fair value	560,855	2,196,262
	560,855	2,196,262

Valuation of available-for-sale equity instruments

The investment is in Crace Developments Pty Ltd (Crace), a special purpose vehicle set up to manage the Crace Urban development. Capital repayments of \$1,500,010 were received against the investment during the year. The Company used the audited financial statements of Crace at 30 June 2014 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, the fair value was assessed to have decreased to \$560,855 (see also note 3 (b)).

16 Intangible assets

Intangible assets	2014 \$	2013 \$
At cost	254,083	254,083
Less: Accumulated amortisation	(125,077)	(61,556)
Less: Impairment	(109,841)	-
Carrying amount at the end of the year	19,165	192,527

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

	2014 \$	2013 \$
Carrying amount at the beginning of year	192,527	83,030
Additions	-	138,414
Amortisation	6 (63,520)	(28,917)
Impairment losses recognised in statement of comprehensive income	i (109,841)	-
Carrying amount at the end of the year	19,165	192,527

i The BASIX Integrated Business System was assessed for impairment at 30 June 2014 in accordance with the Company's accounting policy. On the basis of management's decision to discontinue the use of specific modules within the system the asset was assessed as impaired (see note 6(d)).

17 Trade and other payables

	2014 \$	2013 \$
Trade creditors	343,384	205,672
Accrued expenses	i 389,046	1,838,280
GST payable to the Australian Taxation Office	ii 405,542	400,471
Pay as you go withholding (PAYG) payable to the Australian Taxation Office	28,092	23,532
Employee superannuation and salary packaging liability	10,966	(1,706)
	1,177,030	2,466,248

i Includes an amount of \$43,377 payable to the ACT Auditor-General's Office (AGO) for auditing the financial statements (2013: \$42,114). The AGO provided no other services to, and received no other benefits from, the Company during the reporting period.

ii The liability to the Australian Taxation Office for GST payable primarily relates to sales of the Eclipse and The Terraces developments (2013: Eclipse).

18 Employee benefits

Current	2014 \$	2013 \$
Annual leave	95,010	75,421
Long service leave	59,003	-
Total current employee benefits	154,013	75,421
Non-current		
Long service leave	7,337	44,527
Total non-current employee benefits	7,337	44,527

Notes to the financial statements continued...

19 Other provisions

Provision for settlement of construction contracts

	2014 \$	2013 \$
Balance at the beginning of the year	2,267,250	1,885,553
Provisions made during the year	319,028	813,510
Payments made during the year	(1,472,889)	(431,813)
Provision unused and reversed during the year	-	-
Balance at the end of the year	1,113,389	2,267,250

Provisions made and used 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 Terraces construction project and partially repaid for the Eclipse and The Terraces projects (see note 2(o)).

20 Other liabilities

Revenue received in advance

	2014 \$	2013 \$
Income received in advance	157,624	158,037
Other	2,901	2,943
	160,525	160,980

21 Equity

Asset revaluation surplus

	2014 \$	2013 \$
Balance at the beginning of the year	55,880,666	52,399,860
<i>Disposals/Transfers</i>		
- Land and Buildings	-	(594,613)
Total Disposals/Transfers	-	(594,613)
<i>Revaluation increments on valuation adjustments of</i>		
- Transferred land and buildings	-	1,136,568
- Non-transferred land and buildings	465,614	92,690
- NRAS land and buildings	524,098	1,859,383
- Land Rent buildings	313,436	986,778
Total revaluation increments on valuation adjustments	1,303,149	4,075,418
Balance at the end of the year	57,183,814	55,880,666

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.

Available-for-sale financial asset surplus

	2014 \$	2013 \$
Balance at the beginning of the year	686,330	-
- Available for sale financial assets revaluations	(135,398)	686,330
Total revaluation increment	(135,398)	686,330
Balance at the end of the year	550,932	686,330

The available-for-sale financial assets surplus is used 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.

Notes to the financial statements continued...

22 Commitments and contingencies

(a) Operating leases

The Company has entered into 101 commercial leases for land. One additional lease for office space, which had an average life of three years with no renewal options included in the contract, expired on 31 December 2013; the existing 101 leases 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:	2014	2013
	\$	\$
Within one year	-	55,760
After one year	-	-
Total commitments under operating leases	-	55,760

(b) Capital expenditure commitments

At reporting date the Company has no capital expenditure commitments (2013: \$4,567,491). The Company has exchanged contracts on 15 blocks of land at Lawson under the ACT Government's Land Rent Scheme, however works are not anticipated to commence until 2017.

(c) Contingent liabilities

Crace Developments Pty Ltd

The Company has provided a guarantee to the lenders of Crace Developments Pty Ltd up to a maximum of \$206,000 (2013: \$206,000) if Crace Developments Pty Ltd fails to meet certain lending criteria stipulated in its construction loan agreements. The Company considers the possibility of being required to make any payments under the guarantee to be remote as at 30 June 2014.

23 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)
Mr Paul Green (Deputy Chair – appointed 26 Nov 13)	Ms Kim Sinclair (Deputy Chief Executive Officer)
Ms Cathi Moore (Deputy Chair – ceased 26 Nov 13)	Mr Rohan Haslam (Chief Financial Officer)
Mr Richard Bear	
Mr Ken Horsham	
Ms Tania Parkes (resigned 24 Sep 13)	
Ms Rebecca Vassarotti (appointed 26 Nov 13)	
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	2014	2013
		\$	\$
Mr Colin Alexander	Crace Developments Pty Ltd	10,925	10,000
Mr Paul Green	Professional Engagement Group Pty Ltd	5,000	5,000
Ms Cathi Moore		5,000	5,000
Mr Richard Bear		5,000	5,000
Mr Ken Horsham	Solutions Alliance Pty Ltd	5,000	5,000
Ms Tania Parkes		-	5,000
Ms Rebecca Vassarotti		5,000	-
Ms Kim Werner		5,463	5,000
		41,388	40,000

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

Notes to the financial statements continued...

23 Related parties and related party transactions continued...

(c) Key management personnel compensation

	2014 \$	2013 \$
Short-term employment benefits	641,666	835,859
Other long-term benefits (superannuation)	54,616	69,178
	696,282	905,037

i The reduction in key management personnel compensation reflects the discontinuation of the role of Chief Operating Officer in 2014.

(d) Other key management personnel transactions with the Company

Professional Engagement Group Pty Ltd was engaged to provide legal advice in relation to construction contracts – the engagement was based on normal market rates and amounted to \$2,520.

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.

24 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.

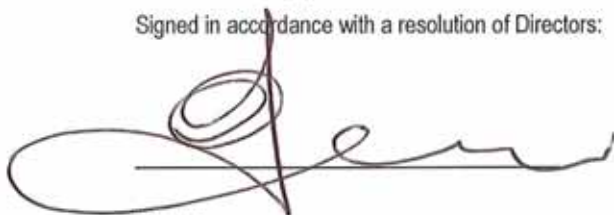
As at 30 June 2014 the number of members was 16 (2013: 15).

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 31 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 2014 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 – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:



Director



Director

Canberra **21** October 2014

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