

North Coast Community Housing  
Company Limited

Directors' Report and Financial Statements

for the Year Ended 30 June 2011

**North Coast Community Housing Company Limited**  
**Directors' Report for the Year Ended 30 June 2011**

The directors present their report and the audited financial statements of the company for the year ended 30 June 2011.

The directors who held office during the year were as follows:

- John Stone
- Carolyn Parker
- Bruce Casselden
- Allan Johnson
- Janet Bowden
- Jim Critchley
- Anders Halvorsen

**OBJECTIVES**

The purpose of the North Coast Community Housing Company is to:

i) provide secure, affordable and appropriate housing to people on low to moderate incomes in most need of housing.

The long term objectives of North Coast Community Housing Company Limited are:

i) to create long term, secure affordable housing opportunities for the people in our community who find it difficult to compete in the private rental market and are in need of benevolent housing relief;

ii) to give the community the opportunity of participating in the management and fulfilling of the objectives of the Company at a local level;

iii) to facilitate the expedition of the objective described in (i), by construction, head lease, purchase or any other means thought fit by the Company;

iv) to encourage participation of the tenants in the Tenant Council of the Company;

v) to attract funding from other sources and to enable the raising of loans and the entering of joint venture projects to achieve the objectives of the Company;

vi) to negotiate, lobby and encourage all providers of housing within the region to recognise the need areas identified by the Company; and

vii) the income and property of the Company, whensoever derived shall be applied towards the promotion of the objects of the Company; and no portion therefore shall be paid or transferred, directly or indirectly by way of dividend, bonus or otherwise howsoever by way of profit, to the members of the Company.

**North Coast Community Housing Company Limited**  
**Directors' Report for the Year Ended 30 June 2011**

..... *continued*

NCCHC has identified six primary goal areas to drive the strategic plan for the Company. The primary goal areas represent the foundations of the Company's business.

The six primary goal areas are:

- 1) Property & Assct Management
- 2) Growth
- 3) Tenancy Management
- 4) Governance
- 5) Our People
- 6) Our Image

**PRINCIPAL ACTIVITIES**

NCCHC's principal activities throughout the financial year were the provision of community housing to members of the regional community who were most in need of housing assistance, including the provision of housing to 23 individuals or families, who were identified as Homeless at the time of property allocation.

The objectives of the Company were met:

- i) by focusing on the effective management of the property and assets under our control;
- ii) through the identification and implementation, where prudent, of any growth opportunities presented to the Company;
- iii) by providing effective Tenancy management services to our tenants and providing opportunities for our Tenants to participate in the running of the Company by active involvement in the Tenant Council and Tenant Forums throughout the year;
- iv) by ensuring good governance over the operations of the Company and achieving Registration as a Class 2 Community Housing Provider under the guidelines of the Office of the Registrar of Community Housing;
- v) by involving all staff in the discussions and processes throughout the year that assisted the company to realign the operations of the company with the strategic goals. The revised management structure of the company and the strategic appointments made by the Board have provided a stable platform enabling the Company to move forward toward its goals; and
- vi) by ensuring that NCCHC and its officers played a leading and active role in the delivery of a consistent and truthful message concerning the housing needs of the region.

**North Coast Community Housing Company Limited**  
**Directors' Report for the Year Ended 30 June 2011**

..... *continued*

**MEASUREMENT OF PERFORMANCE**

The performance of the Company against its objectives and strategic targets has been measured by:

- i) the provision of monthly Board reports providing accurate and timely information against the Company's key financial and non-financial performance targets;
- ii) the provision of accurate and timely reporting to external stakeholders and regulatory authorities;  
and
- iii) the measurement and reporting, by use of the General Manager's Dashboard, against the identified and agreed Key Performance Indicators for the Company.

**MEMBERS LIABILITY**

If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 30 June 2011 the maximum total amount that members of the company would be liable to contribute if the company is wound up is \$1,366.

## North Coast Community Housing Company Limited

### Directors' Report for the Year Ended 30 June 2011

..... continued

#### DIRECTORS' PARTICULARS

The qualifications, experience and special responsibilities of the company's directors are as follows:

##### **John Stone**

Qualifications: Retired Environmental Health & Planning Consultant  
Special Responsibilities: Chairperson

##### **Carolyn Parker**

Qualifications: Senior Executive  
Qualifications in OH & S, Logistics, Security & Loss Prevention, Human Resources, Asset Management, Inventory Control, and Facilities Management.  
Special Responsibilities: Vice Chairperson  
Member of NCCHC Finance, Risk Management & Remuneration Committee  
Member of NCCHC Strategic Planning & Registration Committee

##### **Allan Johnson**

Qualifications: Retiring Senior Manager – NSW Dept. of Housing  
Special Responsibilities: Secretary

##### **Bruce Casselden**

Qualifications: Retired Director of Environmental Services  
Qualifications in Planning, Building & Environmental Health  
Special Responsibilities: Member of NCCHC Strategic Planning & Registration Committee

##### **Jim Critchley**

Qualifications: Business Consultant/Small Business Proprietor  
MSc Applied Psychology – BSc Transport  
Fellow Australian Institute of Company Directors  
Member Chartered Institute of Transport & Logistics  
Special Responsibilities: Member of NCCHC Finance, Risk Management & Remuneration Committee

##### **Anders Halvorsen**

Qualifications: Master Business Administration (MBA), JP  
Director - Paraplegic & Quadriplegic Association (NSW) Ltd  
Former Director, Company Secretary & Chief Financial Officer of a Public Company  
Member of the Australian Institute of Company Directors  
Special Responsibilities: Member of NCCHC Finance, Risk Management & Remuneration Committee

**North Coast Community Housing Company Limited**  
**Directors' Report for the Year Ended 30 June 2011**

..... *continued*

**Janet Bowden**

Qualifications:

Sales Effectiveness Manager - APNARM

Special Responsibilities:

Member of NCCHC Marketing & Media Committee

**MEETINGS OF DIRECTORS**

During the financial year 11 meetings of directors were held.

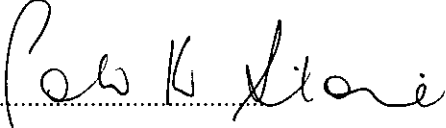
Attendance's were:


	Number attended	Number eligible to attend
J Stone	9	11
B Casselden	10	11
A Johnson	11	11
J Bowden	8	11
J Critchley	10	11
A Halvorsen	11	11
C Parker	11	11

**AUDITOR'S INDEPENDENCE DECLARATION**

The directors received an independence declaration from the auditor of North Coast Community Housing Company Limited. A copy of the independence declaration is attached on page 6.

This report is made in accordance with a resolution of the Board of Directors on 5 October 2011 and signed on its behalf by:

  
.....  
John Stone  
Director

  
.....  
Carolyn Parker  
Director

**North Coast Community Housing Company Limited**

**Auditor's Independence Declaration under section 307C of the Corporations Act 2001**

5 October 2011

The Board of Directors  
North Coast Community Housing Company Limited  
PO Box 145  
LISMORE NSW 2480

This declaration is made in connection with our audit of the financial report of the North Coast Community Housing Company Limited for the year ended 30 June 2011 and in accordance with the provisions of the Corporations Act 2001.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2011 there have been:

- i. no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully,

**WAPPETT & PARTNERS**

**Trevor W Graham**  
Partner



**COVER OF  
EXCELLENCE**

Liability limited by a scheme approved under Professional Standards Legislation

**PARTNERS**

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G.J. Smith B.Bus., LLB., C.A.

T.W. Graham B.Bus., C.A., FFin.

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S.I. Trustum B.Bus., C.A.

A. Bazzana B.Bus., C.A.

**North Coast Community Housing Company Limited**  
**Statement of Comprehensive Income for the Year Ended 30 June 2011**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues from ordinary activities</b>		
Rent received or receivable	6,809,481	5,487,290
Government Grants (Note 2)	1,766,396	1,313,615
Other (Note 3)	1,123,614	309,733
<b>Total Revenues from ordinary activities</b>	<u>9,699,491</u>	<u>7,110,638</u>
<b>Expenses from ordinary activities</b>		
Tenancy and property management (Note 4)	5,600,658	4,540,320
Administration (Note 5)	1,984,224	1,776,889
Finance Costs	-	-
<b>Total Expenses from ordinary activities</b>	<u>7,584,882</u>	<u>6,317,209</u>
<b>Profit/(loss) from ordinary activities before income tax expense</b>	<u>2,114,609</u>	<u>793,428</u>
Income tax expense relating to ordinary activities (note 1)	-	-
<b>Total Comprehensive Income</b>	<u>2,114,609</u>	<u>793,428</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

**North Coast Community Housing Company Limited**

**Statement of Financial Position as at 30 June 2011**

		2011	2010
	Note	\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	2,018,846	1,437,987
Trade and other receivables	7	357,552	90,070
Financial assets	8	2,121,373	2,059,158
Other assets	9	219,437	199,710
<b>Total Current Assets</b>		<u>4,717,208</u>	<u>3,786,925</u>
<b>Non Current Assets</b>			
Property, plant and equipment	10	181,087	183,957
Investment Property	11	1,090,000	395,000
<b>Total Non Current Assets</b>		<u>1,271,087</u>	<u>578,957</u>
<b>Total Assets</b>		<u>5,988,295</u>	<u>4,365,882</u>
<b>Current Liabilities</b>			
Trade and other payables	12	371,168	509,284
Financial liabilities	13	98,200	80,345
Other Liabilities	15	1,451,335	1,747,402
Provisions	14	123,514	110,247
<b>Total Current Liabilities</b>		<u>2,044,217</u>	<u>2,447,278</u>
<b>Non Current Liabilities</b>			
Financial liabilities	13	-	98,200
Provisions	14	27,481	18,416
<b>Total Non Current Liabilities</b>		<u>27,481</u>	<u>116,616</u>
<b>Total Liabilities</b>		<u>2,071,698</u>	<u>2,563,894</u>
<b>Net assets</b>		<u>3,916,597</u>	<u>1,801,988</u>
<b>Equity</b>			
Retained Earnings		<u>3,916,597</u>	<u>1,801,988</u>
<b>Total Equity</b>		<u>3,916,597</u>	<u>1,801,988</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

**North Coast Community Housing Company Limited**  
**Statement of Changes in Equity for the Year Ended 30 June 2011**

	Note	2011 \$	2010 \$
Total Equity at the beginning of the financial year		1,801,988	1,008,560
Profit/(Loss) from ordinary activities after income tax		2,114,609	793,428
<b>Total Equity at the end of the financial year</b>	16	<u>3,916,597</u>	<u>1,801,988</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

**North Coast Community Housing Company Limited**  
**Statement of Cash Flows for the Year Ended 30 June 2011**

	Note	2011 \$	2010 \$
<b>Cash Flows From Operating Activities</b>			
Receipts from Members & Others		7,660,615	7,610,242
Government Grants Received		775,330	1,111,558
Payments to Suppliers & Employees		(7,856,487)	(6,262,270)
Interest received		208,944	72,558
<b>Net cash provided by/(used in) operating activities</b>	17(b)	<u>788,402</u>	<u>2,532,088</u>
<b>Cash Flows From Investing Activities</b>			
Proceeds from sale of plant & equipment		71,150	33,250
Purchase of property, plant & equipment		(136,133)	(337,117)
<b>Net cash provided by/(used in) investing activities</b>		<u>(64,983)</u>	<u>(303,867)</u>
<b>Cash Flows from Financing Activities</b>			
Repayments of Borrowings		(80,345)	(76,520)
<b>Net cash provided by/(used in) financing activities</b>		<u>(80,345)</u>	<u>(76,520)</u>
<b>Net increase/(decrease) in cash held</b>		643,074	2,151,701
Cash at the beginning of the financial year		3,497,124	1,345,423
<b>Cash at the end of the financial year</b>	17(a)	<u>4,140,198</u>	<u>3,497,124</u>

The notes on pages 11 to 26 form an integral part of these financial statements.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

**Note 1: Statement of Significant Accounting policies**

The principal accounting policies adopted by the company in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs).

**Historical Cost Convention**

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

**Critical Accounting Estimates**

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 1(k).

a. **Revenue**

Revenue is measured as the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances and discounts given.

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

Dividend revenue is recognised when the right to receive a dividend has been established.

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

b. **Impairment of Assets**

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and its value in use which is based on the depreciated replacement cost of the asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... *continued*

**c. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**d. Financial Instruments**

**Recognition**

The company classifies its investments in the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets as receivables in the balance sheet (note 7).

**Held-to-maturity Investments**

These investments have fixed maturities, and it is the Company's intention to hold these investments to maturity. Any held-to-maturity investments held by the Company are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets**

Are non-derivative financial assets that are either designated as available-for-sale or are not classified as financial assets at fair value through profit and loss, held-to-maturity investments or loans and receivables.

Available-for-sale financial assets are carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

**Financial Liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

**Impairment**

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... *continued*

**e. Property, Plant and Equipment**

Plant and equipment are carried at cost less, where applicable, any accumulated depreciation or amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**Depreciation**

Depreciation on plant and equipment is calculated using the straight line or diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Computer Equipment	- up to 3 years
Plant & Equipment	- up to 5 years
Motor Vehicles	- up to 2 years

**f. Investment Property**

Land & Buildings occupied by lessees are classified as investment property. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other revenue.

**g. Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related oncosts. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**h. Other Liabilities**

These amounts represent grant funding that has been received in advance of the period to which it relates. Grant income is brought to account when the company gains control of the revenue in accordance with the conditions of the funding agreement.

**i. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... *continued*

**j. Income Tax**

The company has been granted exemption from income tax under the Income Tax Assessment Act.

**k. Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates: Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to the impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**l. New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The company has decided against early adoption of these standards and does not expect them to have any material effect on the company's financial statements.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**2 Government Grants Revenue**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
OCH Funding		
- General Funding	1,156,181	1,111,558
- Grant Funding - Property Transfer Program	610,215	202,057
<b>Total</b>	<b>1,766,396</b>	<b>1,313,615</b>

**3 Other Revenue**

Contribution of Housing Asset	695,000	-
HPA Fee for Service	21,414	20,821
Bad Debts Recovered	807	-
Insurance Claims Received	8,378	10,145
Interest Received	208,944	72,558
OCH Management Fee for Upgrade	-	17,304
Profit on sale of non-current assets	-	1,088
Profit on revaluation of non-current assets	-	29,331
Repairs & Maintenance - User Charges	50,706	49,233
Sundry Income	15,212	10,674
Employment Subsidies	2,182	-
Water - User Charges	120,971	98,579
<b>Total</b>	<b>1,123,614</b>	<b>309,733</b>

**4 Tenancy and Property Expenses**

Bad & Doubtful Debts	89,470	62,866
Insurance	175,956	249,356
Operating Lease	2,219,915	1,932,871
Rates	881,190	628,086
Repairs & Maintenance	2,006,782	1,468,914
Water Rates	191,824	170,218
Other Expenses	35,521	28,009
<b>Total</b>	<b>5,600,658</b>	<b>4,540,320</b>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**5 Administration Expenses**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Board Expenses	34,125	28,434
Depreciation	61,494	49,444
Leasehold Office Amortisation	2,861	-
Loss on sale of non-current assets	3,497	-
Motor Vehicle Hire & Mileage	-	9,404
Office Expenses	424,451	313,412
Remuneration of Auditors:		
- Audit of Financial Statements	16,000	15,000
- Other Services	3,500	-
- Charged to HPA	-	(3,500)
Rent	126,559	105,079
Salaries & On-costs	1,239,693	1,181,666
Other Expenses	72,044	77,951
Total	<u>1,984,224</u>	<u>1,776,890</u>

**6 Cash and cash equivalents**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Cash on Hand	600	600
Cash at Bank	2,018,246	1,437,387
	<u>2,018,846</u>	<u>1,437,987</u>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**7 Trade and other receivables**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Rental debtors	162,925	153,444
Provision for bad debts	(79,348)	(77,189)
GST Receivable	35,165	-
Sundry debtors	238,810	13,815
	<u>357,552</u>	<u>90,070</u>
 <i>Ageing of Rental Debtors</i>		
0 - 29 days	8,146	7,608
30 - 59 days	10,069	9,485
> 60 days	65,362	59,162
Considered Impaired	79,348	77,189
Total	<u>162,925</u>	<u>153,444</u>
 <i>Bad &amp; Doubtful Rental debtors</i>		
Balance at 1 July	77,189	69,328
Impairment Loss recognised	2,160	7,861
Balance at end of period	<u>79,349</u>	<u>77,189</u>

**8 Financial assets**

		<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
<b>CURRENT</b>			
Available-for-sale financial assets	(8a)	20	20
Held-to-maturity financial assets	(8b)	2,121,353	2,059,138
		<u>2,121,373</u>	<u>2,059,158</u>
 a. Available-for-sale financial assets			
Shares - Summerland Credit Union Limited		20	20
		<u>20</u>	<u>20</u>
 b. Held-to-maturity financial assets			
Term Deposit		2,121,353	2,059,138
		<u>2,121,353</u>	<u>2,059,138</u>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**9 Other current assets**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Prepayments	102,673	95,586
Leasehold Bonds	116,764	104,124
	<u>219,437</u>	<u>199,710</u>

**10 Property, Plant and Equipment**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Plant & Equipment - at cost	138,374	106,538
Less accumulated depreciation	<u>(96,966)</u>	<u>(72,939)</u>
	41,408	33,599
Motor Vehicles - at cost	160,009	186,483
Less accumulated depreciation	<u>(30,542)</u>	<u>(36,125)</u>
	129,467	150,358
Leasehold Improvements	13,074	-
Less accumulated amortisation	<u>(2,861)</u>	<u>-</u>
	10,213	-
Total Property, Plant and Equipment	<u>181,088</u>	<u>183,957</u>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**Movement in Carrying Amounts**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	<b>Plant &amp; Equipment</b>	<b>Motor Vehicles</b>	<b>Leasehold Improvements</b>	<b>Total</b>
<b>2010</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	22,303	56,812	-	79,115
Additions at cost	26,482	159,966	-	186,448
Disposals	(885)	(31,277)	-	(32,162)
Depreciation	(14,301)	(35,143)	-	(49,444)
Carrying amount at end of year	<u>33,599</u>	<u>150,358</u>	<u>-</u>	<u>183,957</u>
<b>2011</b>				
Balance at the beginning of the year	33,599	150,358	-	183,957
Additions at cost	30,207	91,285	13,074	134,566
Disposals	-	(73,080)	-	(73,080)
Depreciation	(22,398)	(39,096)	(2,861)	(64,355)
Carrying amount at end of year	<u>41,408</u>	<u>129,467</u>	<u>10,213</u>	<u>181,088</u>

**11 Investment Properties**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Land & Buildings - at valuation	<u>1,090,000</u>	<u>395,000</u>

**Movement in Carrying Amounts**

Movements in the carrying amounts for investment properties between the beginning and the end of the current financial year:

	<b>Land &amp; Buildings</b>	<b>Total</b>
<b>2010</b>	<b>\$</b>	<b>\$</b>
Balance at the beginning of the year	215,000	215,000
Purchases	150,669	150,669
Fair Value Adjustments	29,331	29,331
Carrying amount at end of year	<u>395,000</u>	<u>395,000</u>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

	<b>Land &amp; Buildings</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>2011</b>		
Balance at the beginning of the year	395,000	395,000
Purchases	-	-
Fair Value Recognition of contributed asset	695,000	695,000
Fair Value Adjustments	-	-
Carrying amount at end of year	1,090,000	1,090,000

**12 Trade and other payables**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Trade creditors	314,502	363,503
Sundry creditors	14,377	17,384
GST Payable	-	28,209
Accrued expenses	42,289	100,188
	371,168	509,284

**13 Financial Liabilities**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Loans - NSW Land & Housing Corporation (Unsecured)	98,200	80,345
<b>NON CURRENT</b>		
Loans - NSW Land & Housing Corporation (Unsecured)	-	98,200
	98,200	178,545

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**14 Provisions**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>CURRENT</b>		
Current Provisions	<u>123,514</u>	<u>110,247</u>
<b>NON CURRENT</b>		
Non-current Provisions	<u>27,481</u>	<u>18,416</u>
	<u>150,995</u>	<u>128,663</u>
a) Aggregate Employee Benefits	188,543	155,884

The aggregated employee benefits liability above includes amounts for wages and salaries, annual leave, long service leave and sick leave accrued as at 30 June 2011.

The movement in Provision for Employee Benefits for the year was as follows:

	<b>\$</b>	<b>\$</b>
Opening Balance	128,663	115,049
Plus amounts provided for	22,332	13,614
Less amounts paid out	-	-
Closing Balance	<u>150,995</u>	<u>128,663</u>

**15 Other Liabilities**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Rent in Advance	231,134	185,504
Tenancy Guarantee Project	7,257	23,757
Tenancy Development Grant	167	167
Rough Sleeper	363	1,786
Restricted for Public Benevolence	4,430	-
Stock Transfer - Byron Bay	984,882	1,536,188
Unexpended Grants	<u>223,103</u>	<u>-</u>
	<u>1,451,336</u>	<u>1,747,402</u>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... *continued*

**16 Retained Profits**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Retained Profits at the beginning of the financial year	1,801,988	1,008,560
Net Profit	<u>2,114,609</u>	<u>793,428</u>
Retained Profits at the end of the financial year	<u>3,916,597</u>	<u>1,801,988</u>

**17 Notes to the Cash Flow Statement**

(a) RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flow, cash includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flow is reconciled to the related items in the balance sheet as follows:

	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
Cash at bank and on hand	6	2,018,846	1,437,987
Term deposits	8	<u>2,121,353</u>	<u>2,059,138</u>
		<u>4,140,199</u>	<u>3,497,125</u>

(b) RECONCILIATION OF OPERATING PROFIT AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES

<b>Operating profit/(loss) after income tax</b>	2,114,609	793,428
<b>Add/(less) non-cash items:</b>		
Loss/(Profit) on sale of non-current assets	3,497	(1,088)
Revaluation of investment properties	(695,000)	(29,331)
Depreciation	64,355	49,444
Amount set aside to provisions	<u>22,332</u>	<u>13,614</u>
<b>Net cash provided by operating activities before changes in assets and liabilities</b>	1,509,793	826,067
<b>Changes in assets &amp; liabilities:</b>		
(Increase)/decrease in Trade and other Receivables	(232,316)	81,439
(Increase)/decrease in Other Assets	(19,727)	(30,685)
(Decrease)/increase in Trade and other Payables	(173,282)	130,170
(Decrease)/increase in Other Liabilities	<u>(296,066)</u>	<u>1,525,097</u>
<b>Net cash provided by Operating Activities</b>	<u>788,402</u>	<u>2,532,088</u>

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... *continued*

**18 Financial Risk Management**

The company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable. The company does not use derivative financial instruments.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Financial Assets</b>		
Cash at Bank	2,018,246	1,437,387
Trade and other receivables	357,552	90,070
Available-for-sale financial assets		
- Shares in Summerland Credit Union	20	20
Held-to-maturity financial assets		
- Term Deposit	<u>2,121,353</u>	<u>2,059,138</u>
	<u>4,497,171</u>	<u>3,586,615</u>
<b>Financial Liabilities</b>		
Trade and other payables	371,168	509,284
Loan - NSW Land & Housing Corporation	<u>98,200</u>	<u>178,545</u>
	<u>469,368</u>	<u>687,829</u>

The company has exposure to the following risks from its use of financial instruments:

**Credit Risk**

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

*Trade & Other Receivables*

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The company has a diverse range of customers and with wide spread properties located in the North Eastern New South Wales community.

*Investment in Term Deposits*

The company limits its exposure to credit risk by only investing in liquid securities or securities that have fixed term durations.

**Market Risk**

Market risk is the risk that changes in market prices, such as interest rates and equity prices, will affect the company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

*Interest Rate Risk*

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rate.

At 30 June 2011 if interest rates had been 1% higher, profit and equity would have been \$41,396 higher (2010: \$34,965 higher). At 30 June 2011 if interest rates had been 1% lower, profit and equity would have been \$41,396 lower (2010: \$34,965 lower).

**Liquidity Risk**

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

The company has liquidity risk management policies, which assist in monitoring cash flow requirements. Typically the company ensures it has sufficient cash on demand to meet expected operational expenses and commitments for a period of 3 months. Cash on demand is defined as cash held or unutilised borrowing facilities.

**Financial liability and financial asset maturity analysis**

	Within 1 year		1 to 5 years		Total contractual cash flow	
	2011	2010	2011	2010	2011	2010
<b>Financial liabilities due for payment</b>						
Trade and other payables	371,168	509,284	-	-	371,168	509,284
Loan – NSW Land & Housing Corporation	98,200	80,345	-	98,200	98,200	178,545
Total expected outflows	469,368	589,629	-	98,200	469,368	687,829
<b>Financial assets - cash flows realisable</b>						
Cash and cash equivalents	2,018,846	1,437,987	-	-	2,018,846	1,437,987
Trade and other receivables	357,552	90,070	-	-	357,552	90,070
Held-to-maturity financial assets	2,121,353	2,059,138	-	-	2,121,353	2,059,138
Total anticipated inflows	4,497,751	3,587,195	-	-	4,497,751	3,587,195

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... continued

**19 Key Management Personnel Compensation**

**Key Management Personnel**

*Directors*

J Stone  
 B Casselden  
 A Johnson  
 J Bowden  
 J Critchley  
 A Halvorsen  
 C Parker

*Other Key Management Personnel*

J McKenna

	<b>Short-term benefits</b>	<b>Post employment benefits</b>	<b>Total</b>
	\$	\$	\$
<b>2011</b>			
Total compensation	138,551	11,917	150,468
<b>2010</b>			
Total compensation	130,543	10,537	141,080

The company paid a premium for directors liability insurance during the financial year.

**20 Related parties**

**Related party transactions**

From time to time directors of the company, or director-related entities, may purchase/supply goods or services from/to the company. These purchases/supplies are on the same terms and conditions as those entered into by other company employees, customers or suppliers. The company paid for travel, accommodation, membership, training and telephone expenses of \$3,473 incurred by directors in their positions relating to company business.

The company paid directors fees of \$19,250 to attend meetings of the company.

**North Coast Community Housing Company Limited**  
**Notes to the Financial Statements for the Year Ended 30 June 2011**

..... *continued*

**21 Segment Reporting**

North Coast Community Housing Company Limited operates in one business and geographic segment providing housing services to the North Eastern New South Wales community.

**22 Company Information**

The company is limited by guarantee and incorporated in Australia. The registered office of the company is 31 Carrington Street, Lismore, NSW, 2480. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstanding obligations of the company. At 30 June 2011, the number of members was 683 (2010 - 608).

**23 Events occurring after the Balance Sheet Date**

There have been no events that have occurred after the balance sheet date which require adjustment or disclosure in the financial statements.

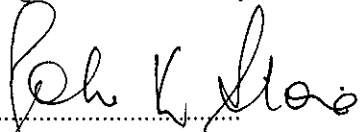
The Board of Directors of North Coast Community Housing Company Limited have authorised the issue of this financial report on 5 October 2011.

**North Coast Community Housing Company Limited**  
**Director's Declaration**

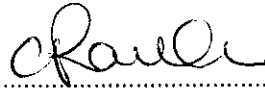
The directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 26, are in accordance with the Corporations Act 2001 and;
  - a. comply with Accounting Standards and the Corporations Act 2001; and
  - b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors on 5 October 2011 and signed on its behalf by:



.....  
John Stone  
Director



.....  
Carolyn Parker  
Director

**Independent Audit Report to the Members of  
North Coast Community Housing Company Limited**

**Report on the financial report**

We have audited the accompanying financial report of North Coast Community Housing Company Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

**Directors' responsibility for the financial report**

The Directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report that is free from material misstatement

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

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



**COVER OF  
EXCELLENCE**

Liability limited by a scheme approved under Professional Standards Legislation

**PARTNERS**

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G.J. Smith B.Bus., LLB., C.A.  
T.W. Graham B.Bus., C.A., FFin.  
A.M. Jones B.Bus., C.P.A.  
S.I. Trustum B.Bus., C.A.  
A. Bazzana B.Bus., C.A.

**Independent Audit Report to the Members of  
North Coast Community Housing Company Limited**

**Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

**Auditor's Opinion**

In our opinion, the financial report of North Coast Community Housing Company Limited is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

**Wappett & Partners**  
Chartered Accountants

**Trevor Graham - Partner**  
Registered Company Auditor

5 October 2011



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PARTNERS

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