2016
FINANCIAL STATEMENTS FOR YEAR ENDING 30 JUNE 2016 COMMON EQUITY NSW

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COMMON EQUITY NEW SOUTH WALES

Common Equity NSW Ltd

Financial Statements

30 June 2016

LBW & Partners
Chartered Accountants & Business Advisers

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Common Equity NSW Ltd
ABN: 39 861 993 468

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Directors' Report
30 June 2016

The directors present their report on Common Equity NSW Ltd for the financial year ended 30 June 2016.

1. General information

(a) Information on directors

The names, qualifications and experience of each person who has been a director during the year and to the date of this report are:

Nassim Arrage	Re-appointed February 2015
Qualifications	BBSc., LL.B.
Experience	Member of Planet X Housing Co-operative until January 2013. He has worked in various legal roles with the Tenants Union of NSW, Marrickville Legal Centre and Mid North Coast Community Legal Centre in the past. He is currently the Principal Solicitor at the Central Coast Community Legal Centre.
Special responsibilities	Technical Director – Chairperson Member of the Governance Committee and Compliance, Audit and Risk Committee.
Salesh Nandan	
Qualifications	B. Business (ACC), CPA, M.Bus., CRMA, MIA, MAICD
Experience	Currently employed at TAL Ltd (part of Dai-Ichi Life, an international insurance organisation) as an Audit Manager. Wide executive skills set developed from a number of different roles: Internal/external audit, consulting/risk management and strategic management, enhanced from working in a number of different industries: fast moving consumer goods, financial services (banking and insurance), education (tertiary education – lecturing), chartered accounting/consultant, working for a number of multinational organisations based in Australia, including ASX listed companies.
Special responsibilities	Technical Director Member of the Compliance, Audit and Risk Committee Treasurer until April 2016.
Amalina Annabel Wallace	Reappointed November 2015
Experience	Previous experience working with people from diverse backgrounds for over 30 years, including prisoners, refugees and Indigenous Australians. Wrote the incorporation model for NSW Co-op's, wrote the submission to the Ombudsman which triggered the Mant Report and helped develop over 30 Co-op's.
Special responsibilities	Member Director. Member of the Governance Committee.

Directors' Report

30 June 2016

1. General information continued

(a) Information on directors continued

Carmen Osborne

Qualifications	BTP (Town Planning), PGD LE (Land Economy), MP (Planning)
Experience	Experience and qualifications in Planning and Property Economics, Financial management and review, Governance experience and expertise and Legal knowledge and experience.
Special responsibilities	Technical Director Chair of the Development & Growth Committee.

Melanie Carneci

Qualifications	Masters of Law and Legal Practice (Majoring in Dispute Resolution), Bachelor of Arts/Psychology
Experience	As a solicitor Melanie specialises in commercial law, property, consumer law, intellectual property law and corporate governance. With a background in psychology, she brings to the Board a broad range of skills and experience in law, management, corporate governance and risk management.
Special responsibilities	Technical Director Member of the Development & Growth Committee Member of the Governance Committee.

Tracy Anne Mackey — Resigned April 30, 2016

Qualifications	Master of Housing Bachelor of Arts (Communications and Politics), Bachelor of Urban Planning and Regional Planning.
Experience	Holds a senior executive position in a disability organisation. Been on a number of boards in aged care, social and community services. Advisor to Tanya Plibersek as Federal Minister for Housing and Women.
Special responsibilities	Technical Director to April 2016 Member of Governance Committee to April 2016.

Jimmy Lopez

Qualifications	Doctor of Philosophy in Education, Master of Arts in Teaching, Master in Business Administration, Bachelor of Science in Commerce.
Experience	Current President of Sedgwick Housing Co-operative and the President of several Filipino Australian non-profit community organisations. Jimmy also works as an accountant.
Special responsibilities	Member Director Member of Development & Growth Committee.

Directors' Report

30 June 2016

1. General information continued

(a) Information on directors continued

Holly Zwalf	Resigned November 2015
Qualifications	PHD in English Creative Writing, Honours in Creative Writing, Diploma in Creative Writing, Bachelor of Journalism.
Experience	Member of Planet X Co-operative. Chair for the board of governance for SWOP NSW (Sex Workers Outreach Project), long history of activism.
Special responsibilities	Member Director to November 2015. Member of Compliance, Audit and Risk Committee to November 2015.
Peter Page	
Qualifications	BA (Economics) (UK), Dip Ed (UNE), MPS (Adult Education) (Loyola Chicago).
Experience	Member of Great Lakes Housing Co-operative. Peter brings his experiences of small community living from time spent traveling in Asia. Peter has a background in economics and education.
Special responsibilities	Member Director Member of Compliance, Audit and Risk Committee.
Dennis Vaccher	Appointed April 2016 Associate Director 2014
Qualifications	Institute of Chartered Accountants, Australian Institute of Management.
Experience	25 years experience as a chartered accountant in internal and external audit, financial management and corporate governance.
Special responsibilities	Technical Director since April 2016 Chair of Compliance, Audit & Risk Committee.
Kristin Coburn	Appointed 28 November 2015 – Resigned 7 December 2015

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

(b) Principal activities

The principal activities of Common Equity NSW Ltd during the financial year were to create, develop and support a viable and sustainable Co-operative Housing Sector within New South Wales.

No significant changes in the nature of the Company's activities occurred during the financial year.

(c) Short & long term objectives and strategy for achieving the objectives

The Company's objectives are to develop and support a viable and sustainable Co-operative Housing Sector in New South Wales.

To this end, the Company leases from NSW Land & Housing Corporation 447 properties throughout NSW which in turn are leased to 34 Co-operatives who have become Members of the Company.

Directors' Report
30 June 2016

1. General information continued

(c) Short & long term objectives and strategy for achieving the objectives continued

The terms of the leases with individual Co-operatives are that they pay to the Company a rental of 55% of their rental income. In addition, the Co-operatives have transferred amounts out of their accumulated funds to be used by the Company to carry out development works on the relevant Co-operatives' premises as and when necessary.

The income and property of the Company must be applied solely towards the promotion of the aims and objectives of the Company, as set out above, and no part therefore shall be paid or transferred to a member as dividend or bonus, other than amounts paid as remuneration for services rendered to the Company by the member whilst carrying out normal activities in running the Company.

(d) How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by:

- providing social housing to those in need
- supporting and enhancing the co-operative housing sector

(e) Key performance measures

The following measures are used within the Company to monitor performance:

- growth ratios, viability ratios, profitability ratios and liquidity ratios. The Board monitors monthly expenditure against major maintenance and maintenance projects.

(f) Members guarantee

Common Equity NSW Ltd is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wind up, the constitutions states that each member is required to contribute a maximum of $ 1 towards meeting any outstanding obligations of the entity. At 30 June 2016 the total amount that members of the company are liable to contribute if the company is wound up is $ 33 (2015: $ 34).

Common Equity NSW Ltd
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Directors' Report
30 June 2016

2. Meetings of directors

During the financial year, 27 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Compliance, Audit & Risk Committee		Governance Committees		Development & Growth Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Nassim Arrage	5	5	7	6	6	6	-	-
Salesh Nandan	5	5	7	4	-	-	-	-
Amalina Annabel Wallace	5	3	7	4	6	3	1	1
Carmen Osborne	5	4	4	3	-	-	9	9
Melanie Carmeci	5	5	-	-	1	1	-	-
Tracy Anne Mackey	4	4	-	-	5	3	-	-
Jimmy Lopez	5	5	-	-	-	-	6	5
Holly Zwalf	2	2	4	2	-	-	-	-
Peter Page	5	5	7	6	-	-	-	-
Dennis Vaccher	2	2	1	-	-	-	-	-
Kristin Coburn	-	-	-	-	-	-	-	-

3. Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 6 of the financial report.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director: .....

Director: .....

Dated this 27th day of SEPTEMBER 2016

LBW & Partners
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Partners
George P Rochios
Mark W Willock
Rupa Dharmasiri
Alan M Perrott

Common Equity NSW Ltd
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Auditors Independence Declaration To the Board of Directors of Common Equity NSW Ltd

In accordance with the requirements of section 60-40 of Australian Charities and Not for Profits Commission Act 2012, as the auditor for the audit of Common Equity NSW Ltd for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Rupaninga Dharmasiri
Partner

LBW & Partners
Level 3, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 27th day of September 2016

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Common Equity NSW Ltd
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Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
Revenue	2(a)	**3,057,046**	3,008,520
Other income	2(b)	**370,905**	360,798
Employee benefits expense		**(1,124,068)**	(997,370)
Depreciation and amortisation expense		**(97,662)**	(90,277)
Property & tenant expenses	3	**(1,271,425)**	(764,342)
Administration expenses		**(459,404)**	(371,440)
Surplus before income tax		**475,392**	1,145,889
Income tax expense	1(e)	**-**	-
Surplus for the year		**475,392**	1,145,889
Other comprehensive income for the year		**-**	-
Total comprehensive income for the year		**475,392**	1,145,889

The accompanying notes form part of these financial statements.

Common Equity NSW Ltd
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Statement of Financial Position
As At 30 June 2016

	Note	2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**5,729,524**	7,936,316
Trade and other receivables	5	**371,781**	294,809
Financial assets	6	**1,919,922**	3,119,040
Other assets		**1,238**	11,566
TOTAL CURRENT ASSETS		**8,022,465**	11,361,731
NON-CURRENT ASSETS			
Property, plant and equipment	7	**9,768,413**	6,336,919
Intangible assets	8	**3,635**	10,883
TOTAL NON-CURRENT ASSETS		**9,772,048**	6,347,802
TOTAL ASSETS		**17,794,513**	17,709,533
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	**302,289**	696,365
TOTAL CURRENT LIABILITIES		**302,289**	696,365
NON-CURRENT LIABILITIES			
Borrowings	10	**6,080,900**	6,080,900
Employee benefits	11	**18,567**	14,903
TOTAL NON-CURRENT LIABILITIES		**6,099,467**	6,095,803
TOTAL LIABILITIES		**6,401,756**	6,792,168
NET ASSETS		**11,392,757**	10,917,365
EQUITY			
Retained earnings		**4,505,261**	4,029,868
Reserves		**6,887,496**	6,887,497
TOTAL EQUITY		**11,392,757**	10,917,365

The accompanying notes form part of these financial statements.

Common Equity NSW Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2016

2016

	Retained earnings	Provision for maintenance	Provision for property development & asset reserves	Total
	$	$	$	$
Balance at 1 July 2015	**4,029,868**	**1,000,000**	**5,887,497**	**10,917,365**
Surplus for the year	**475,392**	**-**	**-**	**475,392**
Balance at 30 June 2016	**4,505,260**	**1,000,000**	**5,887,497**	**11,392,757**

2015

	Retained earnings	Provision for maintenance	Provision for property development & asset reserves	Total
	$	$	$	$
Balance at 1 July 2014	2,883,979	1,000,000	5,887,497	9,771,476
Surplus for the year	1,145,889	-	-	1,145,889
Balance at 30 June 2015	4,029,868	1,000,000	5,887,497	10,917,365

The accompanying notes form part of these financial statements.

Common Equity NSW Ltd
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Statement of Cash Flows
For the Year Ended 30 June 2016

	Note	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Co-ops and rental income		**3,375,348**	3,673,937
Payments to suppliers and employees		**(3,258,186)**	(2,013,376)
Interest received		**163,561**	152,496
Net cash provided by operating activities		**280,723**	1,813,057
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from redemption (purchases) of financial assets		**1,199,118**	(2,622,739)
Purchase of property, plant and equipment	7(a)	**(3,686,633)**	(31,581)
Net cash used in investing activities		**(2,487,515)**	(2,654,320)
CASH FLOWS FROM FINANCING ACTIVITY:			
Proceeds from borrowings		**-**	4,000,000
Net cash provided by financing activity		**-**	4,000,000
Net increase in cash and cash equivalents held		**(2,206,792)**	3,158,737
Cash and cash equivalents at beginning of year		**7,936,316**	4,777,579
Cash and cash equivalents at end of financial year	4	**5,729,524**	7,936,316

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements include the financial statements and notes of Common Equity NSW Ltd as an individual entity.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The Common Equity NSW Ltd is a not for profit entity for the purposes of preparing financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements for the year ended 30 June 2016 were approved and authorised for issue by the board of directors on 27 September 2016.

(b) Comparative Amounts

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(c) Revenue and Other Income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, have been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Rental income

Rental income arising from CENSW and Co-operatives Agreements (CCA) are recognised on a straight-line basis over the terms of ongoing agreements which are subject to annual review and adjustment on actual rent received by individual Co-operative.

Rental income of Direct managed properties is determined in accordance with the requirements of the Governments Community Housing Rent Policy, with maximum rent being determined as the lower of Market rent or Subsidised Rent for the household. Rent is invoiced fortnightly in advance and recognised as income in the period to which the rent payment relates.

Grant revenue

Non-reciprocal grant revenue is recognised in the statement of profit or loss and other comprehensive income when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Common Equity NSW Ltd receives non-reciprocal contributions of assets from the government and other

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(c) Revenue and Other Income continued

Grant revenue continued
parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

Interest revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

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

(d) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

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

(e) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

(f) Property, Plant and Equipment

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

Freehold property

Freehold land and buildings are shown at their costs including development costs.

The directors review the carrying value of the properties yearly, to ensure the carrying amount for the land and buildings is not materially greater than the fair value. Where fair values are greater than costs, the increase in value is not reflected in the financial statements as, until the discharge of the mortgages over the property, any increase in fair value over cost would increase the amount payable under the mortgages in the event of a default.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present .

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(f) Property, Plant and Equipment continued

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Furniture, Fittings and Office Equipment	15%-33.33%
Motor Vehicles	25%
Leasehold improvements	15%-33.33%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to those assets are transferred to retained earnings.

(g) Intangible Assets

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of three years. Software is assessed annually for impairment.

(h) Financial Instruments

Classification

The company classifies its financial assets into the following categories: 'Loans and receivables' and 'held-to-maturity investments'. The classification depends on the nature and purpose for which instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iii) Financial liabilitities

Non-derivative financial liabilities are recognised at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(h) Financial Instruments continued

(i) Loans and receivables continued

(iv) Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other assets and liabilities, including discounted cash flow analysis, recent arm's length transactions, reference to similar instruments and option pricing model.

(v) Other

The company does not have any financial instruments classified as at fair value through profit or loss or available for sale financial assets.

Impairment of Financial Assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information, and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) 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.

(j) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(k) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(l) Employee Benefits

(i) Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(l) Employee Benefits continued

(ii) Other long-term employee benefits

The company classifies employees' long service leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(iii) Retirement benefit obligations

Defined contribution superannuation benefits
All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(m) Borrowings

Secured loans are interest free and only repayable if the Company defaults under the conditions of use of the properties before the expiry date of the mortgage. In the event of default under the mortgage the amount repayable would be increased by any surplus on disposal.

The company does not measure secured loan at amortised cost using the effective interest method as continuing involvement approach is applied.

(n) Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(o) Critical Accounting Estimates and Judgments

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

Key estimates

The Company assesses impairment at the end of each reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Impairment

The freehold properties were independently valued in August 2012 by an independent valuer. The valuation

Notes to the Financial Statements
For the Year Ended 30 June 2016

1 Summary of Significant Accounting Policies continued

(o) Critical Accounting Estimates and Judgments continued

Key estimates continued
was based on the fair value less cost to disposal. the critical assumption adopted in determining the valuation included the location of the properties, the current strong demand for land and buildings in the area and recent sales data similar properties. The market value of the properties are in the region of $6,400,000.

At 30 June 2016, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2012 and do not believe there has been a significant change in the assumptions at 30 June 2016. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value less cost of disposal at 30 June 2016.

Employee benefits

For the purpose of measurement, AASB 119: Employee Benefits (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal company policy that requires annual leave to be used within a set period), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

Notes to the Financial Statements
For the Year Ended 30 June 2016

2 Revenue and Other Income

(a) Rental Income

	2016	2015
	$	$
- Co-operative rental income	**2,434,107**	2,440,705
- Direct managed properties rental income	**622,939**	567,815
	3,057,046	3,008,520

(b) Other Income

	2016	2015
	$	$
Government - NRAS grants	**189,420**	183,900
Interest received	**163,561**	152,496
Other income	**17,924**	24,402
	370,905	360,798

3 Property & Tenant Expenses

	2016	2015
	$	$
Maintenance expense	**750,063**	275,609
Depreciation	**164,725**	164,726
Insurance	**154,576**	158,310
Rates, water & electricity	**123,720**	104,088
Pest control	**49,576**	49,049
Other property expenses	**28,765**	12,560
	1,271,425	764,342

4 Cash and Cash Equivalents

	2016	2015
	$	$
Cash at bank and in hand	**4,744,699**	6,977,837
Short-term bank deposits	**984,825**	958,479
	5,729,524	7,936,316

Notes to the Financial Statements
For the Year Ended 30 June 2016

5 Trade and Other Receivables

	2016	2015
	$	$
CURRENT		
Trade receivables	**40,397**	73,777
Provision for impairment	**(3,431)**	(3,431)
	36,966	70,346
Government NRAS incentives receivable	**197,411**	183,900
Accrued interest	**14,200**	27,035
GST receivable	**114,942**	-
Other receivables	**8,262**	13,528
	371,781	294,809

6 Financial Assets

Held to maturity investments

	2016	2015
	$	$
Term deposits	**1,919,922**	3,119,040

Term deposits include an amount of $33,527 (2015: $33,527) held by the bank as security deposit for the performance on the lease of office premises.

7 Property, Plant and Equipment

	2016	2015
	$	$
Buildings		
At cost	**10,157,011**	6,763,214
Accumulated depreciation	**(789,009)**	(624,284)
Total buildings	**9,368,002**	6,138,930
Capital works in progress		
At cost	**226,169**	-

Notes to the Financial Statements
For the Year Ended 30 June 2016

7 Property, Plant and Equipment continued

Motor vehicles		
At cost	**15,763**	15,763
Accumulated depreciation	**(7,808)**	(4,655)
Total motor vehicles	**7,955**	11,108
Furniture, fittings & office equipment		
At cost	**83,777**	87,934
Accumulated depreciation	**(57,557)**	(50,759)
Total furniture, fittings & office equipment	**26,220**	37,175
Computer equipment		
At cost	**77,776**	62,090
Accumulated depreciation	**(57,566)**	(31,029)
Total computer equipment	**20,210**	31,061
Leasehold Improvements		
At cost	**253,430**	205,889
Accumulated amortisation	**(133,573)**	(87,244)
Total leasehold improvements	**119,857**	118,645
Total property, plant and equipment	**9,768,413**	6,336,919

Notes to the Financial Statements
For the Year Ended 30 June 2016

7 Property, Plant and Equipment continued
(a) Movements in Carrying Amounts

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

	Capital Works in Progress	Buildings	Furniture, Fittings and Office Equipment	Motor Vehicles	Computer Equipment	Leasehold improvements	Total
	$	$	$	$	$	$	$
Year ended 30 June 2016							
Balance at the beginning of the year	-	6,138,930	37,175	11,108	31,061	118,645	6,336,919
Additions	226,169	3,393,798	3,440	-	15,685	47,541	3,686,633
Depreciation	-	(164,725)	(14,396)	(3,153)	(26,537)	(46,328)	(255,139)
Balance at the end of the year	226,169	9,368,003	26,219	7,955	20,209	119,858	9,768,413

8 Intangible Assets

	2016	2015
	$	$
Computer software		
Cost	**40,500**	40,500
Grants received- NSW Federation of Housing Association	**(11,900)**	(11,900)
	28,600	28,600
Accumulated amortisation	**(24,965)**	(17,717)
	3,635	10,883

Notes to the Financial Statements
For the Year Ended 30 June 2016

9 Trade and Other Payables

	2016	2015
	$	$
CURRENT		
Trade payables	**127,867**	13,937
Accrued expenses	**72,698**	221,372
GST payable	**-**	371,083
Other payables	**12,590**	5,754
Financial liabilities classified as trade and other payables (Note 13)	**213,155**	612,146
Employee benefits	**89,134**	84,219
	302,289	696,365

10 Borrowings

	2016	2015
	$	$
NON-CURRENT		
Secured liabilities:		
Mortgage loans (i)	**2,080,900**	2,080,900
Other loans (ii)	**4,000,000**	4,000,000
Total non-current borrowings	**6,080,900**	6,080,900

(i) NSW Land and Housing Corporation has registered mortgages on the freehold properties in respect of the interest free loan facility. The Company has completed the development project and undertakes to hold and manage the properties for affordable housing purposes. The loan facility would only require repayment should the Company dispose of the properties or cease to use them for affordable housing purposes. The agreement covering the loan facility extends to April 2051.

(ii) The interest free loan was obtained from NSW Department of Family and Community Services to undertake purchase of land or property, construction housing on land or property, make improvements to existing housing on land or property and undertake other purpose as indicated in the project proposal.

The loan facility would only require repayment if the agreement terminated for any reason prior to the funding expiration date (together with any interest earned on the funding) not expended for an approved purpose by the date the agreement is terminated. The agreement covering the loan facility expiration date is 30 June 2018.

Notes to the Financial Statements
For the Year Ended 30 June 2016

11 Employee Benefits

	2016	2015
	$	$
NON-CURRENT		
Long service leave	**18,567**	14,903

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data.

12 Capital and Leasing Commitments

(a) Capital Commitments

	2016	2015
	$	$
Committed and contracted for:		
Properties	**1,359,000**	452,000
Committed but not contracted for:		
Properties	**3,393,798**	8,400,000
	4,752,798	8,852,000

(b) Leasing Commitments

The company leases its premises at 3/362 Kent Street, Sydney NSW 2000 under a non-cancellable operating lease which expires 31 August 2018. The lease is renewable for a three year period ending 31 August 2021.

The property lease commitments are non-cancellable operating leases contracted for but not capitalised in the financial statements. Increase in lease commitments may occur in line with the consumer price index (CPI).

	2016	2015
	$	$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	**81,146**	77,918
- between one year and five years	**98,170**	179,316
	179,316	257,234

Notes to the Financial Statements
For the Year Ended 30 June 2016

13 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans.

The carrying amount 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:

	Note	2016 $	2015 $
Financial Assets			
Cash and cash equivalents	4	**5,729,524**	7,936,316
Loans and receivables	5	**371,781**	294,809
Held-to-maturity investments	6	**1,919,922**	3,119,040
Total financial assets		**8,021,227**	11,350,165
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	9	**213,155**	612,146
Borrowings	10	**6,080,900**	6,080,900
Total financial liabilities		**6,294,055**	6,693,046

14 Members' Guarantee

The Company is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $ 1 each towards meeting any outstandings and obligations of the Company. At 30 June 2016 the number of members was 33 (2015: 34).

15 Key Management Personnel Disclosures

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel (KMP) of the company during the year are as follows:

	2016 $	2015 $
Key management personnel compensation	**213,220**	158,431

Notes to the Financial Statements
For the Year Ended 30 June 2016

16 Other Related Party Transactions

The directors of the Common Equity NSW Ltd during the year were Nassim Arrage, Salesh Nandan, AmalinaWallace, Carmen Osborne, Melanie Carmeci, Tracy Mackey, Holly Zwalf, Peter Page, Jimmy Lopez, Dennis Vaccher and Kristin Coburn.

Other related parties include directors who are executive members of Co-ops and key management personnel or jointly controlled by those entities or collectively with other members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Related party transactions during the year are as follows:

	2016	2015
	$	$
Directors remuneration	**13,125**	6,900

Directors' remuneration is paid in recognition of the change in the nature of operations of the business. The payments are made in accordance with the board resolution and all payments are approved by the Board. Payments were approved to Commence in June 2015.

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2016 (30 June 2015:None).

18 Company Details

The registered office and principal place of business of the company is:

Common Equity NSW Ltd

3/362 Kent Street,

Sydney NSW 2000

Common Equity NSW Ltd
ABN: 39 861 993 468

Directors' Declaration

In the opinion of the directors of Common Equity NSW Ltd:

1. The financial statements and notes of Common Equity NSW Ltd, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
   a. Giving a true and fair view of its financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
   b. Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and

2. There are reasonable grounds to believe that Common Equity NSW Ltd will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution passed by the board of directors.

Director .....

Director .....

Dated this 27th day of SEPTEMBER 2016

LBW & PARTNERS
Chartered Accountants & Business Advisers
ABN 80 618 803 443

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PARTNERS
George P Rochios
Mark W Willock
Rupa Dharmasiri
Alan M Perrott

Common Equity NSW Ltd
ABN: 39 861 993 468

Independent Audit Report to the members of Common Equity NSW Ltd

Report on the Financial Report

We have audited the accompanying financial report of Common Equity NSW Ltd, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not for Profits Commission Act 2012 (ACNC Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report 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 judgement, including the assessment of the 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 Company's preparation of the financial report that gives a true and fair view 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 Company'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.

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Partners
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Mark W Willock
Rupa Dharmasiri
Alan M Perrott

Common Equity NSW Ltd
ABN: 39 861 993 468

Independent Audit Report to the members of Common Equity NSW Ltd

Opinion

In our opinion the financial report of Common Equity NSW Ltd is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

(a) giving a true and fair view of the Company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Division 60 of the Australian Charities and Not for Profits Commission Act 2012.

Rupaninga Dharmasiri
Partner

LBW & Partners
Level 03, 845 Pacific Highway
CHATSWOOD NSW 2067

Dated this 29th day of September 2016

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