



Common Equity Housing S.A. Ltd.

4th ANNUAL REPORT 2013-2014

VISION and MISSION STATEMENT

OUR VISION

CEHSA's vision is that smaller Community Housing Providers can remain autonomous and continue to provide secure, sustainable, affordable and appropriate housing to South Australian households in need.

OUR MISSION

CEHSA's mission is to strengthen, support and further develop smaller Community Housing Providers operating across South Australia, through the provision of timely and high quality infrastructure including administrative, development and maintenance services to Member Organisations.

COMMON EQUITY HOUSING S.A. LTD

ABN 82 146 523 453

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COMMON EQUITY HOUSING SA LTD

4TH ANNUAL REPORT 2013 -2014

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CHAIRPERSON'S REPORT

The last twelve months have continued the process of change initiated by the current Government a couple of years ago. In particular, we have seen the passage of new community housing legislation and the establishment of the Office of the Housing Regulator, accompanied by the beginning of the NRS registration process for Community Housing Providers. At the same time, our Member Organisations have had to grapple with the need to re-incorporate under different legislation.

Earlier this year the Board met with the Regulator Mr John Herriman and our contact person Mr Vince Carr. The meeting was very informative and we explored how the NRS is going to operate given CEHSA's unique structure. There are many questions still to answer. Mr Herriman confirmed that our Member Organisations do not have to separately register with the NRS.

The Board went through the NRS Evidence guidelines in considerable detail and identified the evidence that needs to be gathered by CEHSA and the evidence that needs to be provided by the Member Organisations to CEHSA.

Much of our time this year has been taken up with policy development, particularly prompted by the requirements of the NRS.

This year we welcomed three new Member Organisations, namely Porridge Bowl, Ponderosa and Slovanic Life Housing Co-op's. We are thrilled to have them with us and hope they find the CEHSA experience to their satisfaction. We have held discussions with a range of CHOs over the last year and explained the advantages of joining CEHSA. Perhaps in time some of these discussions will bear fruit.

The Board has adopted a policy of self-appraisal every year and in 2014 we identified the need for better succession planning, more pro-active recruiting of Directors, clearer role definitions and expectations for Directors, improved training and a better induction process for new Directors.

CEHSA also conducted a tenant satisfaction survey on behalf of Member Organisations. The results contained much positive feedback as well as some areas of concern.

I wish to thank Mr Colin Zschech for his involvement with CEHSA over the last few years. Colin is a veteran of the community housing sector who brought vast wisdom and experience to the task of being our Treasurer. Unfortunately Colin resigned due to ill-health and we wish him a speedy recovery. Elaine Henn also resigned due to work commitments and again I thank her for the many years of experience she brought to the Board. Elaine's enthusiasm for community housing and her unending concern for those in need of decent accommodation were an inspiration.

We welcomed Christine Contessa and Claire McKenzie to the Board this year. Additionally, Alan Fairley kindly agreed to fill the casual vacancy created by Elaine's resignation. The Board undertook training in the legal responsibilities of Company Directors, ably led by our Honorary Solicitor, Mr Denis Kennelly. Future training for Directors in finance is also being planned.

The Board held special meetings for the purpose of creating a new Strategic Plan. I urge all involved with CEHSA to read this Plan, which sets clear, concise, achievable goals for the three years to 30th June 2016. It is clear that great challenges face us in this time of restricted funding and great change. Staff have continued to provide an excellent service to the organisation in this time of change, dealing capably with the extra burdens placed on us by the NRS. I thank them for their efforts, often above and beyond the call of duty. Earlier in the year the Board decided to employ a temporary Project Officer to help us with recruitment of new members and registration under the NRS and we welcomed Marie Sloan to our ranks in June.

David Kilner
30 October 2014

TREASURERS REPORT

As at June 30th 2014 CEHSA completed its second full year of operation with the reported surplus for CEHSA of \$58,842 and this is well above the forecast budget due largely to the 3 new Member Organisations joining CEHSA at different times through the year (see table below).

The addition of these 3 new Members saw an increase in income and expenses highlighted by the payment of Capital Contributions to Housing SA of \$390,401; \$71,549 over budget.

Name of Member Co-operative	Start date	Number of properties	General distribution of properties
Porridge Bowl Housing Co-op	1 July 2013	12 properties	Morphett Vale, Reynella, O'Sullivan Beach
Ponderosa Housing Co-op	1 May 2014	6 properties	Glanville, Peterhead, Woodville North
Slovanic Life Housing Co-op	1 May 2014	13 properties	Old Reynella, Mitchell Park, Trott Park

Staff levels remained constant for the year with 2.5 full time equivalents, although the Board have approved the employment of both a project officer to help in preparing for the NRS and finance person to assist in the accounting for the Member Organisations.

After accounting for actual maintenance expenditure \$142,009 was transferred to the Balance Sheet as a provision. Reporting on maintenance and its extensive implications within the Income Statement and Balance Sheet are reported separately.

In the Balance Sheet CEHSA's Total Equity has increased in 2013/14 from \$116,423 to \$175,268 with Total Assets increasing by \$235,572 to \$611,495. This large increase is accounted for in the cash holdings of \$512,615 which is represented by:

Restricted cash	\$ 286,324	<i>(Maintenance, staff leave, other provisions)</i>
Unrestricted cash	\$ 225,991	<i>(Optional use and expenditure)</i>

CEHSA raises provisions for major and other appropriate expenditure items; the largest of these being the total of the current and non-current maintenance provision of \$286,324. The Housing Improvement Fund is also provided for and available to Member Organisations and the end of year balance was \$50,337. Total current and non-current liabilities for staff at the end of year was \$18,422.

During the year Colin Zschech retired from the Board as Treasurer and since then I stepped up to assume the role until the AGM in October.

In summary, CEHSA performed well for the 2013/14 year consolidating its financial position in readiness for its first new build or any other consideration the Board of Directors may take on in the coming years.

John Rolfe
Treasurer

CHIEF EXECUTIVE OFFICERS REPORT

July 2013 started off in haste with quite a rush of housing co-operatives enquiring about CEHSA. Many could see the benefits in joining, often to move away from the requirements of the NRS, but Porridge Bowl Housing Co-operative were the first to join on July 1st 2013 with a small group of 12 properties.

Taking the total up to 132 properties the scales of equity and work load started to change and I believe in a positive way. The CEHSA office began to help and do a lot more in the area of maintenance and administrative assistance with the chairperson of Porridge Bowl wanting CEHSA to do as much as possible.

Other Member Organisations picked up on this assistance and if this represents another step in maturing by helping each CHO, I think CEHSA is doing well.

Governance documents

Huge amounts of time and effort have been put in behind the scenes to build up CEHSA's policies, procedures and other governance documents. The 2014/15 Business Plan took many months to develop along with the 2014/16 Strategic Plan, while the Risk Management Plan is a dynamic document, changing as new risks are identified.

A change to CEHSA's Constitution also occurred in March 2014 to ensure the corporate body complied with the *Community Housing Providers (National Law) (S.A.) Act 2013*. A further change to the Constitution is also scheduled at the 2014 AGM to amend CEHSA's Winding Up clause to ensure it complies with the same act.

SACCH Act

2013 also saw the commencement of the process in repealing the *South Australian Co-operative and Community Housing Act*, or the SACCH Act as we know it. As a company CEHSA is incorporated under the *Corporations Act* and the SACCH act, but CEHSA is registered under the act as a housing association.

However, while CEHSA might have missed out on having to re-write its own rules, policies and re-incorporate under a different piece of legislation, we did help all the Member Organisations as far as possible and whenever possible. If I said this has been a confusing and unnecessary process for all the volunteers at all the South Australian housing co-operatives, I would not be exaggerating.

Tenant survey

In February 2014 in conjunction with each Member Organisation, CEHSA held its first joint Tenant Survey receiving 67 responses back from 132 properties. The results tallied up to 14 pages of data – far too large to repeat here, but some interesting answers or conclusions from the 67 responses include:

- Only 2 households speak English as the second language in their home;
- 4 people affiliated themselves as being indigenous or Torres Strait Islander;
- 63 people said they were satisfied with their house;
- 4 other people thought their house was either too small or too big;
- 18 of the tenants said they were aware they could transfer between Member Organisations without having to go onto the customer register. 47 tenants did not know this;
- Only 54 tenants said they were satisfied that living in a Co-operative has been the correct decision for them;
- Only 3 people over the preceding 12 months had lodged a complaint;
- Nobody thought their workload in the Co-op was too low, 15 thought it was too high, and 43 thought it was the right amount.

The NRS places a focus on Tenant Surveys and the next survey should be distributed in the first half of 2015.

National Regulatory System (the NRS)

As we turned the page of the calendar into the new year many of my thoughts at least became focused on the NRS and CEHSA's responsibilities in that regard. Our original start date for registering was February 2014 but this was quickly adjusted to July when I explained to the Office of the Housing Regulator the somewhat unusual circumstances with our Member Organisations. As it turned out July then came around and the date was mutually agreed to be changed again to October 2014.

In this new framework of community housing providers within the NRS, from CEHSA's point of view the Member Organisations are now called "Affiliated Entities". From a contractual or legalised way of explaining the relationship between CEHSA and each Member Organisations, they are third parties (in terms of the NRS) that do some of the work such as tenancy management.

The NRS also focused my work away from the core operational matters of CEHSA. Policies, procedures, management plans all had to mature and be documented. As a new company CEHSA never had a Succession Plan, or a Whistleblower Policy, a Pet Policy, Delegation of Authority, Reporting of Gifts to Employees, and don't forget HR policies such as a Work Health and Safety Manual or Acceptable Use of Computers. But now we do!

Clearly, the list of policies and forms can be endless but they do serve a valuable point to refer to when in doubt.

Maintenance and the Summary Maintenance Plan

As in last year's Annual Report a copy of the abridged 2014 CEHSA Summary Maintenance Plan is attached at the end of the annual report.

CEHSA reports the Summary Maintenance Plan (SMP) to Housing SA as the company holds the titles of the properties. However, in preparing this large and complex document, it is prepared co-op by co-op, and so each Member Organisation is provided a copy for their specific properties.

A valuable cash injection of maintenance funds occurred late 2013 when Comhouse funds finally flowed back through to the Member Organisations. While the amount was substantial at around \$258,000 (for 6 of the 7 Member Organisations) and while this is not a direct reporting requirement in CEHSA's ledgers, it does mean most Members received a cash injection of maintenance funds which in turn, has or will defer the need to draw upon their silo maintenance accrual in CEHSA's ledger.

Note 19 in the financial report explains the maintenance provision so that at June 30th this stood at \$286,324 and at the same time, only one Member Organisation had spent all its own maintenance funds and commenced drawing upon its silo maintenance provision in CEHSA's ledger. The maintenance provision balance increased by \$142,009 during the year from \$144,315 at 30th June 2013.

Finally, on the last page of the annual report (which is also the last page of the Summary Maintenance Plan) a substantial figure of \$661,801 is reported as the Total Maintenance Funds Available at 30th June. This is the addition of all the maintenance funds in all the Members and CEHSA's maintenance bank accounts.

Kym Barnden
Chief Executive Officer

**COMMON EQUITY HOUSING S.A. Ltd
(CEHSA LTD)**

ACN: 146 523 453

FINANCIAL REPORT

**For the Financial Year Ended
30 June 2014**

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COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD
ACN: 146 523 453

DIRECTOR'S REPORT For the Financial Year Ended 30 June 2014

GENERAL INFORMATION

(a) Operations during the year

CEHSA Ltd was registered as a company on 12/10/2010. The principle activities of the company are the leasing of debenture properties from Housing SA under the South Australian Co-operative and Community Housing Act 1991, to member Community Housing Organisations (CHO's) under an operating lease arrangement, who then rent to tenants under this Act. The company also provides operational support and accounting services to those Community Housing Organisations.

As at 30 June 2014, 9 unpaid \$1.00 shares were issued to the 9 member groups who had joined CEHSA Ltd under the terms of the Property and Services Agreement (PSA).

(b) Details of significant changes during the year

3 new members joined. No other significant changes occurred during the financial year ended 30 June 2014.

(c) Principle activities and any changes during the year

The company commenced trading during January 2012, received Government grant funding, and employed staff. Three (3) new Property and Service Agreements were signed with each of the 3 new member groups during the year.

(d) Matters that have arisen subsequent to 30 June 2014

The only significant matters subsequent to 30 June 2014, are 2 members possibly leaving this year, as per the following in specific information.

Specific information

No dividends are payable to members under the company's constitution.

No options exist or are provided for either.

There is a provision in the agreement with the 6 original members they could opt out at the end of year 3 which is by March 2015 in this coming reporting period.

However, there is some degree of probability that 1 or 2 Members may opt out, or at least some of the properties as current indications show. This would have an impact on operations with reduced revenue.

Cont...

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014:

Director Information: 4 Member Director, 4 Technical Directors and the CEO.

Name	Member/ Technical	Appointed	Resigned	Meetings attended (of 14)
Ray Jackson	Member	25/11/2010		14
Sue Ware	Member	25/11/2010	24/10/2013	5
Elaine Henn	Member	29/03/2012	10/04/2014	8
Maija Stewart-Tornikoski	Member	8/08/2013	24/10/2013	4
Claire MacKenzie	Member	24/10/2013		10
Christine Contessa	Member	24/10/2013		10
Alan Fairley	Member	12/06/2014		0
Kym Barnden	CEO	16/01/2012		14
David Kilner	Technical	25/11/2010		13
John Rolfe	Technical	28/06/2011		8
Elisabeth Gazard	Technical	11/10/2012		11
Colin Zschech	Technical	27/09/2012	27/06/2014	5

Name: **Mr David Kilner**

Qualifications: B.A. Hons, B. Soc. Admin, PHD, Cert IV Workplace Training.

Experience and expertise: Has worked in housing, academia, Government and the community sector for many years. Extensive experience on Boards of organisations.

Special respon's: Chairperson

Name: **Mrs Christine Contessa**

Qualifications: Master Counselling, Bachelor of Social Science in Community Services, Dip. Of Vocational Rehabilitation."

Experience and expertise: Extensive experience within co-operative framework .

Special respon's: Member

Name: **Mr Ray Jackson**

Qualifications:

Experience and expertise: Extensive Board experience within Housing Co-operative (Chair) as well as other associations. Active in Scouts and Parents without Partners.

Special respon's: Member

Name: **Ms Claire MacKenzie**

Qualifications: RN, RM, Bach. of Adult & Vocational Education.

Experience and expertise: Extensive Board experience within Housing Co-operative for 23 years.

Special respon's: Member

Name: **Ms Elaine Henn**

Qualifications: Grad Cert Social Sciences, B.Mus(Accomp).

Experience and expertise: Held Board positions within housing co-operatives, including treasurer.

Special respon's: Member

cont

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014:

Name: **Mr Colin Zschech**
Title: Treasurer (resigned at the end of June 2014.)
Qualifications: Bach. Social Work.
Experience and expertise: Extensive experience in community housing sector
Special respon's: Technical

Name: **Mrs Elisabeth Gazard**
Qualifications: B.A., Bach of Soc. Admin, Grad Dip Manag., GAICD.
Experience and expertise: Experience as a CEO in business management in the NFP sector.
Special respon's: Technical

Name: **Mr Alan Fairley**
Qualifications:
Experience and expertise: Extensive experience in community housing sector
Special respon's: Member

Name: **Mr John Rolfe**
Qualifications: B.Bus., GAICD.
Experience and expertise: General Manager, Retail - HomeStart finance, Board experience
Special respon's: Technical

Name: **Mrs Maija Stewart-Tornikoski**
Qualifications:
Experience and expertise: Extensive experience in community housing sector
Special respon's: Member

Name: **Ms Sue Ware**
Qualifications:
Experience and expertise: Extensive experience in community housing sector
Special respon's: Member

Name: **Mr Kym Barnden**
Qualifications: Accounting/Management
Experience and expertise: CEO of other Housing Associations
Special respon's: CEO, Public Officer, Company Secretary


DIRECTORS DECLARATION

In the opinion of the Directors of CEHSA Ltd.:

- (a) the financial statements and notes set out in this report are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the company as at 30 June 2014, and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia 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.

This declaration is signed in accordance with a resolution of the directors .

Signed in Adelaide this 9TH day of OCTOBER, 2014.

Name: DAVID KILNER
Signed: 
Director

Name: KYU BARNDEN
Signed: 
Director

Common Equity Housing South Australia Ltd

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
INCOME			
Grants	<u>2</u>	10,000.00	5,000.00
Donations Received			
Fundraising - Contributions	<u>3</u>	0.00	0.00
Fees and Charges			
Membership Fees			
Interest		7,590.90	3,612.00
Rental Income	<u>4</u>	1,155,810.00	891,898.80
Recoupment		11,669.14	3,148.00
Other/Sundry Income			47.00
Gain on Sale of Non-current Assets			
Deficit Funding from Housing SA	<u>21</u>		
Total Income:		1,185,070.04	903,705.80
EXPENSES			
Administration Expenses	<u>5</u>	118,675.16	109,331.76
Depreciation	<u>12</u>	5,053.00	3,912.00
Insurance		36,880.95	10,468.00
Interest Paid			1,905.00
Rates - Rental properties	<u>6</u>	130,076.38	112,133.00
Property improvement – non Maintenance		62.72	1,638.00
Repairs & Maintenance - Rental Properties		72,541.18	58,748.00
Salaries & Wages	<u>7</u>	204,189.39	188,046.00
Sundry Expenses		1.27	
Write-offs			
Loss on Sale of Assets			248.00
Capital Contribution to Housing SA	<u>21</u>	390,401.45	248,860.00
Total Expenses:		957,881.50	735,289.76
Net Operating Surplus/(Deficit):		227,188.54	168,416.04
TRANSFERS TO/FROM PROVISIONS			
Maintenance Provision		-142,009.03	-111,153.00
Amenity Provision		-26,337.28	-24,000.00
Total Transfers to/from Provisions:		-168,346.31	-135,153.00
NET SURPLUS/(DEFICIT):		58,842.23	33,263.04

Common Equity Housing South Australia Ltd

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	2014	2013
CURRENT ASSETS			
Cash	<u>8</u>	512,615.84	315,857.00
Prepayments		6,176.00	4,141.00
Rental bond		3,000.00	3,000.00
Accrued Income			
Accounts Receivable	<u>9</u>	39,669.56	30,421.00
Other Current Assets	<u>10</u>	6,019.13	4,166.00
Total Current Assets:		567,480.53	357,585.00
NON-CURRENT ASSETS			
Long-Term Investments			
Other Financial Assets	<u>11</u>	0.00	0.00
Property, Plant and Equipment	<u>12</u>	44,006.36	18,332.36
Other Non-current Assets	<u>13</u>	9.00	6.00
Total Non-Current Assets:		44,015.36	18,338.36
TOTAL ASSETS:		611,495.89	375,923.36
CURRENT LIABILITIES			
Trade and Other Payables	<u>14</u>	70,142.16	56,957.89
Funding Received in Advance	<u>15</u>	11,001.75	19,234.00
Provisions - Current	<u>16</u>	78,041.70	54,667.00
Total Current Liabilities:		159,185.61	130,858.89
NON-CURRENT LIABILITIES			
Provisions - Non-current	<u>17</u>	277,041.58	128,641.00
Other Non-Current Liabilities	<u>18</u>	0.00	0.00
Total Non-Current Liabilities:		277,041.58	128,641.00
TOTAL LIABILITIES:		436,227.19	259,499.89
NET ASSETS:		175,268.70	116,423.47
EQUITY			
Member Funds		9.00	6.00
Retained Surplus (Accumulated Losses)		116,417.47	83,154.43
Current Year Surplus / (Deficit)		58,842.23	33,263.04
Assets Revaluation Reserve			
Other Reserves			
TOTAL EQUITY:		175,268.70	116,423.47

Common Equity Housing South Australia Ltd

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Accumulated Funds	Share Capital	Revaluation Reserve	Total
Balance at 1 July 2013		<u>116,417</u>	<u>6</u>	<u>-</u>	<u>116,423</u>
Share Issue			3		3
Transfers (to) and from reserves		-	-	-	-
Surplus/(Deficit) for the year		58,843	-	-	58,843
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2014		175,260	9	-	175,269

	Note	Accumulated Funds	Share Capital	Asset Reval. Reserve	Total
Balance at 1 July 2012		<u>83,154</u>	<u>6</u>	<u>-</u>	<u>83,160</u>
Share Issue					
Transfers (to) and from reserves		-	-	-	-
Surplus/(Deficit) for the year		33,263	-	-	33,263
Other comprehensive income		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2013		116,417	6	-	116,423

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operating activities		1,162,477	887,211
Other income		-	-
Interest received		7,591	3,612
Payments to suppliers and employees		(938,475)	(711,656)
Net Cash Flows From/(Used In) Operating Activities		231,593	179,167
 Cash Flows From Investing Activities			
Payment for property, plant & equipment		(34,834)	(19,210)
Proceeds on sale of property, plant & equipment		-	-
Net Cash Flows From/(Used In) Investing Activities		(34,834)	(19,210)
 CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	-
Payments for financing activities		-	-
Net Cash Flows From/(Used In) Financing Activities		-	-
 Net Increase/(Decrease) In Cash & Cash Equivalents		196,759	159,957
Cash & Cash Equivalents At The Beginning Of The Period		315,857	155,900
Cash And Cash Equivalents At The End Of The Period		512,616	315,857

Common Equity Housing South Australia Ltd

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

CORPORATE INFORMATION

The financial statements of CEHSA Ltd for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on **9th October 2014**.

The report is for the company operations for the financial year ended 30 June 2014, a public unlisted company limited by shares, incorporated in Australia, based on operations entirely within Australia for the full period. CEHSA Limited is a company domiciled in Australia, its registered office is situated at 32 West Thebarton Road, Thebarton, SA.

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CEHSA Ltd is a Company Limited by Shares under the Corporations Act. The financial report is a general purpose financial report that has been prepared to satisfy requirements of the Corporations Act 2001 and Australian Accounting Standards (AASB's).

The accounting policies adopted are consistently applied to all years presented unless otherwise stated.

a) Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The Company is a registered Housing Association under the South Australian Co-operative and Community Housing Act 1991 (as from 22/12/11), and therefore the format of the Statement of Comprehensive Income and Statement of Financial Position reflects the requirement of this Act.

b) Statement of compliance

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the company.

c) New Accounting Standards and UIG Interpretations

Certain Australian Accounting Standards and UIG Interpretations have been recently issued or amended but are not yet effective. These other standards have not been adopted for the year ended 30 June 2014. The directors have yet to finalise their assessment of the impact of these new standards and interpretation.

d) Critical Accounting Estimates and Judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the periods of the revision and future periods if the revision effects both current and future periods.

e) Comparative Figures

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

f) Events post balance sheet date

Two members have mentioned possibility of using opt out clause this year.

Common Equity Housing South Australia Ltd

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2014

1 SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

"The Common Equity Housing South Australia Ltd

is not a reporting entity because in the opinion of the Committee of Management there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the reporting requirements of the South Australian Co-operative and Community Housing Act 1991 (SACCH Act). The accounting policies used in the preparation of this report, as described below, are consistent with the financial reporting requirements of the Act, and except where stated, with previous years."

"The financial report has been prepared in accordance with the approved Accounting Standards and Interpretations as determined under the Act. The following approved Accounting Standards and Interpretations apply:

AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors

AASB 116: Property, Plant and Equipment

AASB 119: Employee Benefits

AASB 132 & 139: Financial Instruments

AASB 137: Provisions, Contingent Liabilities and Contingent Assets

AASB 138: Intangible Asset

AASB 1031: Materiality

AASB Interpretation 12: Service Concession Arrangements

UIG Interpretation 1031: Accounting for the Goods and Services Tax (GST)

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets and liabilities for which the fair value basis of accounting has been applied.

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The Income Statement has been prepared on an accrual basis of accounting in order to match the income receivable with expense commitments for the period. Accordingly, the statement is not a statement of receipts and payments during the year.

cont;

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

"Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In accordance with the approved Accounting Standards a financial asset is cash, advances or prepayments, rent receivable, or trade and other receivables (debtors). A financial liability is an overdraft, loans, capital contribution, or trade and other payables (creditors).

AASB 139 requires financial assets to be subjected to a review for impairment at each reporting date. A financial asset is impaired if a loss event occurs, such as when a rent arrear becomes doubtful because of tenant personal insolvency issues.

"Service Concession Arrangements

AASB Interpretation 12 Service Concession Arrangements apply to arrangements where government transfers public infrastructure to non-government organisations subject to the following conditions:

- a) the government controls and regulates what services the non-government organisation must provide with the infrastructure, to whom it must provide them, and at what price; and
- b) the government retains residual ownership of the infrastructure.

The above conditions are deemed to have been satisfied through the requirements of the SACCH Act and Funding Agreement which prescribe how the community houses are to be used, the eligible tenants that are entitled to tenant them, and what rents can be charged. The arrangements also require Community Housing Organisations to return long term vacant property to government under the Funding Agreement."

Infrastructure within the scope of the Interpretation should not be recognised as property, plant and equipment of the operator, irrespective of the extent to which the operator bears the risks and rewards incidental to ownership and regardless of which party has legal title to it during the term of the arrangement, since the asset is ""controlled"" by the government. Instead, the non-government organisation recognises an intangible asset to the extent it has a right to charge users (tenants) of the public service.

Intangible assets

An Intangible asset is an identifiable non-monetary asset without physical substance. An Intangible asset is recognised when:

- a) it is identifiable; and
- b) the entity controls the asset; and
- c) there is future economic benefits flowing from intangible asset.

The above conditions are deemed to have not been satisfied as there is no expected future economic benefits which will flow to the organisation at the inception of Funding Agreement or during the course of service provision.

cont.....

Income Tax

The Community Housing Organisation (CHO) is endorsed as an Income Tax Exempt Charity (ITEC) under Section 50B of the Income Tax Assessment Act 1997 in accordance with Item 1.1 Charitable Institutions.

The CHO is also registered for GST purposes, with a GST registration number 82 146 523 453, the accrual accounting method and quarterly GST periods."

Employee Benefits

Provision is made for the Association'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 on-costs. 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.

Depreciation of Non-Debentured Rental Properties, Buildings, Plant and Equipment, Rental Property Furniture & Fittings and Motor Vehicles

Non-debentured rental properties, buildings, plant and equipment, rental property furniture & fittings, motor vehicles are depreciated on a straight-line basis over their useful lives. Useful lives of these assets are reviewed and adjusted, if appropriate, at each balance date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

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 Tax 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.

2 GRANTS	2014	2013
Grants (Commonwealth) Operating - Recurrent		
Grants (Commonwealth) Operating - Non-recurrent		
Grants (Commonwealth) Capital		
Grants (State) Operating - Recurrent		
Grants (State) Operating - Non-recurrent (transfer to income of provision from startup)	10,000.00	5,000.00
Grants (State) Capital		
Grants (Local) Operating - Recurrent		
Grants (Local) Operating - Non-recurrent		
Grants (Local) Capital		
Grants - Other		
Total Grants	10,000.00	5,000.00

3 FUNDRAISING - CONTRIBUTIONS	2014	2013
Contribution (Members)		
Contribution (Philanthropic trusts and corporations)		
Total Fundraising - Contributions:	0.00	0.00
4 RECONCILIATION: RENTAL INCOME		
Funding Agreement (2006) requires Community Housing Organisation to account for rent on an accrual basis, taking into account arrears, rent paid in advance and rent adjustment. Capital Contributions payable to Housing SA are based on Rent Receivable (Rent Income) for the number of days tenanted, not on Rent Received. The relationship between Rent Receivable and Rent Received is shown in the following reconciliation:		
Actual Rent Received	1,150,168.47	885,500.00
<i>add:</i> Accounts Receivable - Rental Debtors (end of year)	35,118.47	28,182.00
Rent in Advance (beginning of year)	9,234.00	3,564.68
Rent Arrears Written Off		1,328.00
Rent Adjustments (if applicable)	472.81	
	44,825.28	33,074.68
<i>less:</i> Account Receivables - Rental Debtors (beginning of year)	28,182.00	17,441.88
Rent in Advance (end of year)	11,001.75	9,234.00
Rent Adjustments (if applicable)		
	39,183.75	26,675.88
Rental Income - Debentured properties (FA 2006)	1,155,810.00	891,898.80
5 ADMINISTRATION EXPENSES		
Accounting Fees		260.00
Advertising & Promotion	1,328.36	1,409.00
Audit Fees	11,909.09	19,459.00
Bank Charges	96.52	97.00
Bad Debt		411.00
Centrelink Fees	652.42	
Computer Expenses	4,940.72	797.00
Legal Fees	663.00	1,939.00
Meeting Expenses	567.93	818.00
Membership Fees Paid	827.27	268.00
Minor equipment	569.41	2,103.00
Motor Vehicle Expenses	4,583.19	5,646.00
Office Rent	19,800.00	14,277.00
Postage, Freight and Courier	1,760.01	1,546.00
Printing & Stationery	4,188.52	3,962.00
Security Expenses		
Staff Amenities	1,744.26	816.00
Strata fees - admin	1,697.00	1,330.00
Sundry/other	688.20	1,573.76
Telephone, Fax and Internet Charges	3,492.45	5,101.00
Tenancy and Property Supplies and Services - (Member allowances - operating/location)	52,173.44	42,021.00
Training & Development (Staff)	573.48	595.00
Travel and Accommodation	5,353.93	4,008.00
Utilities	1,065.96	895.00
Total Administration Expenses:	118,675.16	109,331.76

	2014	2013
6 RATES & TAXES - RENTAL PROPERTIES		
Council Rates	51,192.29	47,351.00
SA Water	71,630.15	56,967.00
Emergency Services Levy	6,736.00	6,023.00
Utilities	517.94	1,792.00
Total Rates & Taxes - Rental Properties - Debentured Properties (FA2006)	130,076.38	112,133.00
7 SALARIES & WAGES		
S&W Annual Leave Expenses	923.00	8,181.00
S&W Fringe Benefit Tax		
S&W Long Service Leave Expenses	2,506.00	660.00
S&W Recruitment Expenses		
S&W Sick Leave Expenses		
S&W Superannuation	17,090.43	14,439.00
S&W Termination Payments		
S&W Workers' Compensation	3,177.14	2,618.00
S&W Salaries and Wages	186,890.82	161,176.00
S&W Salaries - Others	-6,398.00	972.00
S&W Cost Recovery		
Total Salaries/Wages Expenses:	204,189.39	188,046.00
8 CASH		
Petty Cash	300.00	300.00
Cash Float		
Undeposited Funds		
Total Cash on Hand	300.00	300.00
Maintenance Funds	286,324.00	144,315.00
Additional Service Levies		
Other restricted funds		10,000.00
Cash at Bank - Restricted	286,324.00	154,315.00
Cash at Bank - Unrestricted	225,991.84	161,242.00
Total Cash:	512,615.84	315,857.00
9 ACCOUNTS RECEIVABLE		
Accounts Receivable - Excess water Debtors	4,551.09	2,239.00
Accounts Receivable - Rental Debtors (less: Provision for Doubtful Debts - Rental Debtors)	35,118.47	28,182.00
Total Trade Receivables	39,669.56	30,421.00
10 OTHER CURRENT ASSETS		
GST Receivable	6,019.13	4,166.00
Deficit Funding Receivable from Housing SA <i>[Give Details]</i>	<u>21</u>	
Total Other Current Assets:	6,019.13	4,166.00
11 OTHER FINANCIAL ASSETS <i>[Give Details for others]</i>		
Total Other Financial Assets:	0.00	0.00

13	OTHER NON-CURRENT ASSETS (if required)	2014	2013
	Comhouse Silo Account		
	<i>Shares on Call</i>	9.00	6.00
	Total Other Non-Current Assets:	9.00	6.00
14	TRADE AND OTHER PAYABLES		
	Accounts Payable	6,320.85	7,135.89
	Accrued Expenses	9,528.00	16,042.00
	Loans Payable		
	GST Payable		
	ABN Withholding Tax Payable		
	Superannuation Payable	4,381.19	3,295.00
	Salary Sacrifice		
	Hire Purchase Liability		
	Lease Liability		
	Other Current Liabilities	8,701.10	5,339.00
	Capital Contribution Payable to Housing SA	<u>21</u> 40,829.05	25,146.00
	Sundry Debt Payable to Housing SA		
	<i>Customer deposits/adjustments</i>	381.97	
	Total Trade and Other Payables:	70,142.16	56,957.89
15	FUNDING RECEIVED IN ADVANCE		
	Revenue Received in Advance	11,001.75	9,234.00
	Grant Received in Advance	0.00	10,000.00
	Grant Repayable to Government Departments		
	Total Funding Received in Advance:	11,001.75	19,234.00
16	PROVISIONS - CURRENT		
	Employee Benefits/Employee Provisions	15,256.00	14,333.00
	Maintenance Provision	12,448.42	16,334.00
	Amenity Fund Provision	50,337.28	24,000.00
	<i>Doubtful Debts</i>	0.00	0.00
	Total Provisions - Current:	78,041.70	54,667.00
17	PROVISIONS - NON-CURRENT		
	Employee Benefits/Employee Provisions	3,166.00	660.00
	Maintenance Provision	<u>19</u> 273,875.58	127,981.00
	Additional Services Levy Provision	<u>20</u>	
	<i>[Give Details]</i>		
	Total Provisions - Non-current:	277,041.58	128,641.00
18	OTHER NON-CURRENT LIABILITIES		
	Hire Purchase Liability		
	Lease Liability		
	Loans Payable		
	JV Equity / Investment Shares		
	<i>[Give Details]</i>		
	Total Other Non-Current Liabilities:	0.00	0.00

	2014	2013
19 MAINTENANCE PROVISION		
Opening Balance	144,314.67	33,161.67
<i>add:</i> Maintenance Allowance	210,198.02	167,533.00
Interest on Maintenance Account	4,353.50	2,368.00
Other (as appropriate)	-1.01	
Maintenance Funds Available:	358,865.18	203,062.67
<i>less:</i> Actual Maintenance Expenses Incurred on Debentured Properties for Financial Year	22,285.55	16,828.00
Member CHO provision allowance transfer	50,255.63	41,920.00
Maintenance Provision:	286,324.00	144,314.67
Represented By:		
Maintenance Bank Account (including Maintenance Investment Account)	286,324.00	144,315.00
Comhouse Silo Account		
Funds Held in Separate Accounts	286,324.00	144,315.00
Excess / (Shortfall) of Funds to Provision:	0.00	0.33
20 ADDITIONAL SERVICES LEVY PROVISION		
Opening Balance		
<i>add:</i> Additional Services Levy Collected		
Other (as appropriate)		
Additional Services Funds Available:	0.00	0.00
<i>less:</i> Additional Services Funds Used/Drawn (as approved by Housing SA)		
Closing Balance:	0.00	0.00
21 CAPITAL CONTRIBUTION PAYABLE TO HOUSING SA		
Amount Owing (beginning of year)	0.00	0.00
<i>add:</i> Capital Contributions Payable to Housing SA	390,401.45	248,860.00
Deficit Funding Receivable from Housing SA (if applicable)		
<i>less:</i> Total Capital Contributions/-Deficit Funding:	390,401.45	248,860.00
<i>less:</i> Current Year Monthly Remittances to Housing SA	349,572.40	223,714.00
Current Year Monthly Receipts from Housing SA (if applicable)		
<i>add:</i> Capital Contributions Payable/-Receivable (end of year):	40,829.05	25,146.00
<i>less:</i> Capital Contributions paid post-June	40,829.05	25,146.00
<i>add:</i> Deficit Funding received post-June (if applicable)		
Total Underpaid/-Overpaid Capital Contributions:	0.00	0.00

12 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor Vehicle	Plant and Equipment	Rental Property Furniture & Fittings	Total Land and Buildings
Opening Value (1 July 2012)						
Acquisition Cost				3,790.91		3,790.91
Accumulated Depreciation (-)				-509.33		-509.33
Written-Down Value	0.00	0.00	0.00	3,281.58	0.00	3,281.58
Acquisition/Addition During the Period			11,095.00	8,116.00		19,211.00
Disposal During the Period						
Acquisition Cost				272.73		272.73
Accumulated Depreciation (-)				-24.51		-24.51
Written-Down Value	0.00	0.00	0.00	248.22	0.00	248.22
Depreciation During the Period (-)			-1,674.00	-2,238.00		-3,912.00
Closing Value (30 June 2013)						
Acquisition Cost	0.00	0.00	11,095.00	11,634.18	0.00	22,729.18
Accumulated Depreciation (-)	0.00	0.00	-1,674.00	-2,722.82	0.00	-4,396.82
Written-down Value	0.00	0.00	9,421.00	8,911.36	0.00	18,332.36
Acquisition/Addition During the Period			28,687.00	2,040.00		30,727.00
Disposal During the Period						
Acquisition Cost						0.00
Accumulated Depreciation (-)						0.00
Written-Down Value	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation During the Period (-)			-1,935.00	-3,118.00		-5,053.00
Closing Value (30 June 2014)						
Acquisition Cost	0.00	0.00	39,782.00	13,674.18	0.00	53,456.18
Accumulated Depreciation (-)	0.00	0.00	-3,609.00	-5,840.82	0.00	-9,449.82
Written-down Value	0.00	0.00	36,173.00	7,833.36	0.00	44,006.36

**INDEPENDENT AUDITOR'S REPORT TO THE
MEMBERS OF COMMON EQUITY HOUSING SOUTH AUSTRALIA
LIMITED (CEHSA)**

Report on the Financial Report

We have audited the accompanying financial report of CEHSA, which comprises the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes.

The Responsibility of Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls 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 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 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.

Auditor's Opinion

In our opinion, the financial report presents fairly, in all material respects, the financial position of Common Equity Housing South Australia Limited as of 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

DEAN WITHERS & ASSOCIATES PTY LTD



Dean R Withers

DATED THIS 20th DAY OF OCTOBER 2014.

Frewville, South Australia