



2015 – 2016 6th Annual Report

Common
Equity
Housing
S.A. Ltd.

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 and for the benefit of directly managed tenants.

COMMON EQUITY HOUSING S.A. LTD

ABN 82 146 523 453

PO Box 382 Torrensville Plaza. S.A. 5031.

32 West Thebarton Road Thebarton. S.A. 5031.

Email: info@cehsa.com.au www.cehsa.com.au

www.cehsa.com.au

COMMON EQUITY HOUSING SA LTD

6th ANNUAL REPORT 2015 -2016

INCORPORATING THE 2015 – 2016 FINANCIAL REPORT

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CHAIRPERSON'S REPORT



This has been another year of challenges and achievements for CEHSA.

The complexity of CEHSA's unique specific structure provides for interesting challenges when CEHSA responds to change. Our Member Organisations are shareholders, and they manage their own organisations with help in specified areas from CEHSA. CEHSA holds the debentures for all properties, and so is a "landlord" to the Members. It manages regulatory and financial reporting issues, and looks after the asset portfolio. Tenant members of the Member Organisations retain responsibility for the governance of their own organisations and have the benefits of being active members of a Community Housing Provider.

The proposed new Master Community Housing Agreement between CEHSA and Renewal SA requires a new Fixed Payment per property, but allows for some more flexibility in the management of funds held for maintenance and other requirements. It is anticipated that this agreement will be signed shortly, but is delayed because of the need for modification of wording in some of the documents.

Regulation by the Office of the Housing Regulator (OHR) requires CEHSA to be accountable for the functioning of Member Organisations. This now requires some changes in processes undertaken by Members, so that joint performance of CEHSA and Members can be reported to OHR. Consequently, significant changes will be required in Property and Service Agreements with Members in the new financial year.

CEHSA has worked on its new Strategic Plan over the year and has had very good results in financial management, reported in the Treasurer's Report. Mr Wayne Turner, our former Treasurer, led the successful development of investment strategies and we look forward to eventually having the financial capacity to acquire new properties for people in need of affordable housing.

Cont ...

Board Members have continued their commitment to the organization through work on sub committees and decision making at the Board. I would like to thank them for their work, which has included in some circumstances considerable travel and personal sacrifice. During the year, Ms Wendy Heath and Mr Wayne Turner tendered their resignations. I would like to thank them for their commitment and effort, and wish them well. Mr Don Passmore has joined the Board, and we are pleased to welcome him.

We have an ongoing Board vacancy and are looking for a Member tenant who is willing to share in the governance of CEHSA as a Member Director.

In the later months of 2015 UTAH (Unity Through Affordable Housing Co-op) considered joining CEHSA as a Member Organisation, but for their own reasons ultimately decided to wind up. The 7 properties and 6 tenancies were transferred, and the households became directly managed tenants of CEHSA.

CEHSA's capacity to provide full property and tenancy management services is new, and will provide another option for Members and other Community Housing Providers whose residents wish to maintain security of tenure in their properties, but decide not to continue to manage their Community Housing Provider entity. With responsibility for direct management, CEHSA has reviewed its administrative structure and has created a new position – Community Housing Officer - to provide this extended service to tenants.

CEHSA is committed to the provision of quality service and the Board is working for the continual improvement of that service to Members and directly managed tenants.

Elisabeth Gazard
Chairperson

TREASURERS REPORT

It is with pleasure I present CEHSA's Treasurer's Report for 2015/16.



For the year ended 30 June 2016, CEHSA recorded an operating surplus of \$86,285, compared to a surplus of \$31,993 in 2014/15. This result was well in excess of our forecast surplus of \$16,177.

There were a number of reasons for this improvement in financial performance, some of which were:

1. A transfer of \$32,587 being surplus funds transferred to CEHSA after the winding up of ISIS Housing Co-Operative,
2. An increase in interest revenue increasing from \$8,681 last year to \$12,716 in 2015/16 due to a transfer of surplus funds to term deposits. The interest is for both maintenance and operating funds, and
3. Dividend income of \$2,336 from the purchase of shares.

The increase in interest and dividend revenue was as a result of the Investment strategy which was a key pillar of the 2015-18 Strategic Plan. The continued implementation of other initiatives outlined in the Strategic Plan, also drove a number of beneficial financial outcomes, including the renegotiation of office rent and insurance, and a reduction in a number of other operational costs.

In last year's report the then Treasurer, Wayne Turner, spoke of the rigorous 2015-18 Strategic Plan. This plan was created in a bid to create long term sustainable financial performance. The aim was to initially establish financial stability, upon which to create a sustainable financial platform for future growth. This result is evidence of the commitment by management and the Board toward this plan.

CEHSA's Balance Sheet as at 30 June 2016 continues to show healthy growth, with total equity increasing from \$207,260 as at 30 June 2015 to \$293,546.

Cont.

CEHSA's cash position is still strong, as is reflected below:

	<u>30 June 2016</u>	<u>30 June 2015</u>	<u>30 June 2014</u>
Restricted Cash	\$423,573	\$311,323	\$286,324
Unrestricted Cash	<u>\$265,082</u>	<u>\$271,203</u>	<u>\$225,992</u>
TOTAL CASH	\$688,655	\$582,826	\$512,616

The coming year will see some major changes in the finance model as the arrangement between Renewal SA and Community Housing Providers will see a new Fixed Payment model of funding, which will result in the 'freeing up' of significant amounts of what is currently restricted cash.

After a very strong financial performance in 2015/16, CEHSA is expecting continued improvement, which will facilitate an increase in staffing numbers to provide the platform for growth in properties under direct management.

John Rolfe
Acting Treasurer

CHIEF EXECUTIVE OFFICERS REPORT



The past 12 months has been another busy year as the Board and Staff has taken on new challenges.

Review of the Property and Services Agreement

Member Organisations continued to meet throughout the year at our Members Forums and one particular item has been high on the agenda – the review of the Property and Services Agreement (the PSA).

The Members Forum reached a 7th version of the PSA with editing and clarifying many clauses. However, when the Master Community Housing Agreement was provided to CEHSA in April 2016 it became abundantly clear any further editing would have to wait until the Master Agreement was approved and signed.

The Master Agreement will replace what was called the (2006) Master Funding Deed and this old deed is what co-operatives and associations had previously signed with Housing SA.

But the Master Agreement also has new clauses, changes, obligations as well as regulatory compliance and examples of this is the NRS, the removal of allowances retained from rental income, and a new Fixed Payment system to replace the capital contribution. This new payment is a pre calculated amount and will be the same each week for each property and payable at the end of each quarter. Other requirements have also changed in that the Fixed Payment is also payable on empty properties.

When the CEHSA Board are satisfied with the wording of the Master Agreement and is eventually signed, editing of the PSA will re-commence and in early 2017 a new version of the agreement will be offered to the Member Organisations.

UTAH and the New Generation property

In the later months of 2015 a prospective CHP was considering joining CEHSA as a new Member Organisation. Unity Through Affordable Housing (UTAH) eventually decided not to participate in the NRS, voted to wind up, and the 7 debenture properties they held at the time along with the tenancies were transferred to CEHSA.

As a result of winding up the tenants became the first directly managed tenants of CEHSA.

Cont.

Identified in an early stage of negotiations, one of the debenture properties UTAH held was old and not fit for purpose. An application was made to Renewal SA to hand back the property and as a positive result of the New Generation 7 Program, CEHSA was offered a new property at Mitchell Park. While it is still being built we expect handover will occur later this year.

Property Inspections for the 12 months

Moving into 2016/17 we head into our 5th year of operations and the rolling program of undertaking asset inspections.

Now established as a 3 year rolling cycle of inspections, 52 properties were inspected during 2015/16, and 33 properties are scheduled for the asset inspection in 2016/17. The asset inspections forecast maintenance costs into future years. The 2016 report can be seen as the last pages in the Annual Report.

Finances

Reading from the Profit and Loss Statement CEHSA's net surplus in 2015/16 was \$86,285 and this was up from \$31,993 in the previous year. There are a multitude of reasons this has occurred, with the winding up of Isis Housing Co-operative and from this, a transfer of \$32,587 being the principal reason.

Interest and dividends from investments has also earned a total for CEHSA of \$15,052.

At the start of 2015 we also reviewed some of our larger expense lines to see where we could cut back on expenses. As a result, we made attractive savings in excess of \$15,000 in audit fees, the insurance program, office rental costs and wages. However, some of these savings would be attributed to the lesser number of properties CEHSA held in 2015/16. This is also noticeable in the Profit and Loss Statement where every expense line is less than the 2014/15 year.

The net operating surplus was \$172,059 from which the Maintenance Provision of \$92,237 is accrued for 2015/16. The total value of the Maintenance Provision at the end of 2015/16 was \$423,573 being a combination of current and non-current liabilities (see notes 16, 17 and 19).

Cont.

Maintenance

Maintenance expenditure is a very complex area to report on as both CEHSA and the Member Organisations spend maintenance funds from their own bank accounts, but only CEHSA's expenditure appears in the Financial Report; see page 17 note 19, \$40,645.

Interestingly, the total combined maintenance expenditure for all 115 properties reflecting the above for 2015/16 was \$142,043. This figure appears as Total Maintenance for the Year in the Summary Maintenance Plan provided to Renewal SA; and on the last page of this report.

As expected maintenance costs were much lower than the 2014/15 maintenance of \$205,676 due to lesser properties from Isis and Craigmores moving to another provider.

Maintenance funds accrued by CEHSA and sometimes called the silo account, was spent on maintenance with Perch, Copper Triangle, Phoenix, Sunrise and a little with the directly managed properties late in the year. All the other Member Organisations utilised their own funds throughout the year.

CEHSA is currently placed in a good financial position for 2016/17 and future years.

Kym Barnden
Chief Executive Officer

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CHRISTINE CONTESSA

September 2016

Christine was on the Board of CEHSA and was a valued Member Director for 3 years. She served on subcommittees and was actively involved in all Board activities.

Her judgement and discretion were of great benefit to the organization.

Christine was very committed to the provision of affordable community housing, and while serving on the CEHSA Board she continued to contribute significantly to PERCH.



CEHSA Directors have appreciated her commitment and determination, even in the last stages of her illness in August 2016. We will miss Christine and offer our sincere condolence to her husband Lou, her family and her colleagues at PERCH.

CEHSA Board of Directors and Staff



COMMON EQUITY HOUSING SOUTH AUSTRALIA LIMITED

(CEHSA LTD)

ACN: 146 523 453

FINANCIAL REPORT

For the Financial Year Ended 30 June 2016

COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD
ACN: 146 523 453

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COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD
ACN: 146 523 453

DIRECTOR'S REPORT For the Financial Year Ended 30 June 2016

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 *(abolished, soon to transfer to Community Housing Providers (National Law) (South Australia) Act 2013, but still in transition)), to member Community Housing Providers (CHP's) under an operating lease arrangement, who then rent to tenants under this Act. The company also provides operational and accounting services to those member organisations.

As at 30 June 2016, 8 unpaid \$1.00 shares were on issue to the 8 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

No significant changes occurred during the financial year ended 30 June 2016, except for addition of 6 properties as direct managed tenants from wind up of UTAH coop.

(c) Principle activities and any changes during the year

The company commenced trading during January 2012, received Government grant funding, and employed staff.

(d) Matters that have arisen subsequent to 30 June 2016

Significant matters subsequent to 30 June 2016; 2 members are considering windup, and transfer of assets/liabilities, and tenancies as direct managed, to CEHSA. This will have expected minimal impact. Also, the wind up of UTAH, with assets/liabilities to transfer to CEHSA, has at reporting date, yet unknown values, except for initial recorded maintenance provision of \$10,000, with approximately same again balance.

(e) There are no Unissued shares under option

No dividends are payable to members under the company's constitution.
No options exist or are provided for either.

(f) Environment Legislation

CEHSA Ltd operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD

ACN: 146 523 453

DIRECTOR'S REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 continued:

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

Name	Member/ Technical	Appointed	Resigned	Meetings attended 2015/16 (of) 14
Ray Jackson	Member	25/11/2010		11
Claire MacKenzie	Member	24/10/2013		13
Christine Contessa	Member	24/10/2013		13
Kym Barnden	CEO	16/01/2012		14
John Rolfe	Technical	28/06/2011		12
Elisabeth Gazard	Technical	11/10/2012		14
Wendy Heath	Technical	8/10/2015	19/02/2016	5
Paul Svingos	Member	30/10/2014	9/07/2015	0
Wayne Turner	Technical	11/09/2014	3/05/2016	12

Name: **Elisabeth Gazard**

Qualifications: She holds a BA (Adelaide), B Soc Admin (Flinders) MA (Bradford, UK) Grad Dip Management (UniSA) and is a Graduate Member of the Australian Institute of Company Directors (GAICD).

Experience and expertise: Elisabeth has worked in health and social welfare services for 45 years, most recently managing a substantial philanthropic trust in Adelaide which partnered with several Community Housing Associations in programs to support the provision of affordable housing. She has considerable experience on committees and Boards of disability and health organisations.

Special respon's: Technical, Chair of the Board

Name: **Christine Contessa**

Qualifications: She has a Bachelor Degree in Community Service, a Graduate Diploma in Vocational Rehabilitation, a Masters Degree in Counselling and is currently studying a Graduate Certificate in Social Science (Housing Management & Policy) at Swinburne University of Technology in Melbourne.

Experience and expertise: Representing the Member Organisations as a Member Director on the Board, Christine has spent 20 years in a housing co-operative, assisting management in a number of roles.

Special respon's: Member

Name: **Ray Jackson**

Experience and expertise: As a Member Director, Ray has served on the CEHSA Board since its inception in 2010. In addition to this, he has served on the board of management of a housing co-operative for the past 7 years, 6 of which in the capacity of Chair. With a background in catering, Ray has been a Liaison Director with Parents without Partners, as well as serving 34 years with Scouting, in capacities ranging from Scout Leader to Assistant District Scout Leader.

Special respon's: Member

Name: **Wendy Heath**

Experience and expertise: Currently working as a consultant to varied industries, Wendy has significant experience in strategy, policy development and implementation. She has worked at senior levels in State Government (Victoria) including the Essential Services Commission and the Office of the Regulator General.

Special respon's: Technical

Name:	Claire MacKenzie
Qualifications:	With over 10 years of experience in tertiary education for nurses, midwives and health science students (Flinders University), Claire is a Registered Nurse, a Registered Midwife, and holds a Bachelor Degree in Adult and Vocational Training (UniSA),
Experience and expertise:	Clair has been a Member Director of CEHSA since October 2013, and a housing co-operative member for 24 years, during which time she has fulfilled multiple management roles.
Special respon's:	Member
Name:	John Rolfe
Qualifications:	John has also held several positions on state and national committees and boards with Australian Direct Marketing Association (ADMA), Institute of Financial Services (IFS) and was 11 years a member of the National Lenders Committee of Mortgage Finance Association of Australasia (MFAA). John holds a Bachelor of Business from Edith Cowan University and several post graduate certificates and diplomas. He is a Fellow of FINSIA, a Graduate Member of the Australian Institute of Company Directors (GAICD) and is a regular speaker and Chair of national and international mortgage industry conferences.
Experience and expertise:	With over 32 years' experience in Finance and Retail Banking, John is a respected member of the Mortgage Finance industry. He has held senior strategic and leadership roles with Bank of Western Australia in product management and marketing, mortgage strategy, distribution and credit risk and more recently 7 years with HomeStart Finance as the General Manager - Retail.
Special respon's:	Technical
Name:	Wayne Turner
Qualifications:	Holding a Bachelor of Commerce and a Masters Degree in Business Administration, both from UniSA, Wayne is a Fellow of the Institute of Public Accountants (FIPA), a Fellow of the Australian Institute of Management (FAIM) and a Graduate Member of the Aust. Institute of Company Directors (GAICD).
Experience and expertise:	With more than 38 years' experience in the field of finance and administration, Wayne has held a range of senior management positions with companies such as Balfours Bakery, Ed Harry Menswear, Legend Nautilus, Lloyd Helicopters, Rabbit Photo and Workskil.
Special respon's:	Technical/Treasurer
Name:	Paul Svingos
Experience:	Extensive Board experience within Housing Co-operative for many years.
Special respon's:	Member
Name:	Kym Barnden
Qualifications:	Kym's post-secondary education began in 1982 with an Accounting Business Certificate leading very quickly to a career in aged care administration. Here he worked in middle and senior management for over 25 years, including a 2 year stint with the Commonwealth in Canberra.
Experience and expertise:	For the past 7 years he has worked in social and community housing, and remains determined in seeing CEHSA grow and become a self-sustaining entity.
Special respon's:	CEO, Public Officer, Company Secretary

COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD
ACN: 146 523 453

Director's Declaration

The Director's have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

In the opinion of the Director's 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 2016, 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 director's .

Signed in Adelaide this 13th day of October, 2016.

Name: John Ruffe
Signed: [Signature]
Director

Name: RAY JAKSON
Signed: [Signature]
Director

Common Equity Housing South Australia Ltd

Statement of Profit or Loss and other Comprehensive Income FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016	2015
INCOME			
Grants	<u>2</u>	0	0
Fundraising - Contributions	<u>3</u>	0	0
Interest		12,716	8,681
Dividends		2,336	0
Rental Income	<u>4</u>	1,113,019	1,308,754
Recoupment		12,366	17,800
Other/Sundry Income		32,587	0
Fair value Gains		757	0
Total Income:		<u>1,173,780</u>	<u>1,335,235</u>
EXPENSES			
Administration Expenses	<u>5</u>	112,135	156,970
Depreciation	<u>12</u>	6,231	6,802
Insurance		30,907	35,084
Rates - Rental properties	<u>6</u>	129,577	164,499
Property improvement - nonMaintenance		6,464	24,123
Repairs & Maintenance - Rental Properties		86,860	101,898
Salaries & Wages	<u>7</u>	210,645	218,914
Sundry Expenses		442	577
Loss on Sale of Assets		0	1,393
Capital Contribution to Housing SA	<u>21</u>	418,461	471,301
Total Expenses:		<u>1,001,721</u>	<u>1,181,561</u>
Net Operating Surplus/(Deficit):		<u>172,059</u>	<u>153,674</u>
TRANSFERS TO/FROM PROVISIONS			
Maintenance Provision		-92,237	-132,972
Housing Improvement Fund		6,464	11,291
Total Transfers to/from Provisions:		<u>-85,773</u>	<u>-121,681</u>
NET SURPLUS/(DEFICIT):		<u>86,285</u>	<u>31,993</u>

The accompanying notes form part of this financial report.

Common Equity Housing South Australia Ltd

Statement of Financial Position AS AT 30 JUNE 2016

	Note	2016	2015
CURRENT ASSETS			
Cash	<u>8</u>	688,955	582,827
Prepayments		17,897	3,247
Rental bond		3,300	3,300
Accrued Income		7,813	0
Accounts Receivable	<u>9</u>	59,709	40,440
Other Current Assets	<u>10</u>	65,969	5,254
Total Current Assets:		<u>843,642</u>	<u>635,068</u>
NON-CURRENT ASSETS			
Long-Term Investments		0	0
Other Financial Assets	<u>11</u>	0	0
Property, Plant and Equipment	<u>12</u>	23,437	29,668
Other Non-current Assets	<u>13</u>	8	8
Total Non-Current Assets:		<u>23,445</u>	<u>29,676</u>
TOTAL ASSETS:		<u>867,087</u>	<u>664,743</u>
CURRENT LIABILITIES			
Trade and Other Payables	<u>14</u>	72,261	74,922
Funding Received in Advance	<u>15</u>	7,344	3,435
Provisions - Current	<u>16</u>	172,988	82,926
Total Current Liabilities:		<u>252,592</u>	<u>161,283</u>
NON-CURRENT LIABILITIES			
Provisions - Non-current	<u>17</u>	320,948	296,200
Other Non-Current Liabilities	<u>18</u>	0	0
Total Non-Current Liabilities:		<u>320,948</u>	<u>296,200</u>
TOTAL LIABILITIES:		<u>573,540</u>	<u>457,482</u>
NET ASSETS:		<u>293,546</u>	<u>207,261</u>
EQUITY			
Member Funds		8	8
Retained Surplus (Accumulated Losses)		144,323	175,260
Current Year Surplus / (Deficit)		86,285	31,993
Assets Revaluation Reserve		0	0
Other Reserves		62,930	0
TOTAL EQUITY:		<u>293,546</u>	<u>207,261</u>

The accompanying notes form part of this financial report.

COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD

ACN: 146 523 453

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Accumulated Funds	Share Capital	Property Reserve	Asset Revaluation Reserve	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2015	<u>207,253</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>207,261</u>
Share Issue	-	-	-	-	-
Transfers (to) and from reserves	-62,930	-	62,930	-	-
Surplus/(Deficit) for the year	86,285	-	-	-	86,285
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2016	<u>230,608</u>	<u>8</u>	<u>62,930</u>	<u>-</u>	<u>293,546</u>

	Accumulated Funds	Share Capital	Property Reserve	Asset Revaluation Reserve	Total
Note	\$	\$	\$	\$	\$
Balance at 1 July 2014	<u>175,260</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>175,269</u>
Share Issue	-	-1	-	-	-1
Transfers (to) and from reserves	-	-	-	-	-
Surplus/(Deficit) for the year	31,993	-	-	-	31,993
Other comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 30 June 2015	<u>207,253</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>207,261</u>

The accompanying notes form part of this financial report.

COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD

ACN: 146 523 453

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operating activities		1,203,435	1,332,429
Other income		-	-
Interest received		5,604	8,681
Payments to suppliers and employees		<u>-1,102,911</u>	<u>-1,276,999</u>
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		<u>106,128</u>	<u>64,111</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant & equipment		-	-
Proceeds on sale of property, plant & equipment		<u>-</u>	<u>6,100</u>
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		<u>-</u>	<u>6,100</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	-
Payments for financing activities		<u>-</u>	<u>-</u>
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS		106,128	70,211
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>582,827</u>	<u>512,616</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>688,955</u>	<u>582,827</u>
RECONCILIATION OF CASH FLOW			
Net Surplus/(Deficit)		86,285	
Depreciation		6,231	
Fair value (gains)/ Losses		-757	
(Profit)/ Loss on disposal of housing assets		-	
(Profit)/ Loss on disposal of other fixed assets		-	
Adjustment for Non cash income		-	
Adjustment for other non-cash items		-62,858	
Movement in Receivables and other debtors		-19,269	
Movement in Other current assets		-19,562	
Movement in Payables		1,248	
Movement in Provisions		90,062	
Movement in Unspent capital grants (received in advanced)		-	
Movement in Other current liabilities		-	
Movement in Provisions (Non current)		24,748	
Movement in Unspent capital grants (received in advanced) (Non current)		-	
Movement in Other non-current liabilities		<u>-</u>	
Cash flow from Operating Activities		<u>106,128</u>	

The accompanying notes form part of this financial report.

COMMON EQUITY HOUSING SOUTH AUSTRALIA LTD

ACN: 146 523 453

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

CORPORATE INFORMATION

The financial statements of CEHSA Ltd for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 13th October 2016.

The report is for the company operations for the financial year ended 30 June 2016, 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. and the Australian Charities and Not For Profits Commission Act 2012. The financial report is a special purpose financial report that has been prepared to satisfy requirements of the Corporations Act 2001 and the Australian Charities and Not For Profits Commission Act 2012, 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, and therefore the format of the Statement of Profit or loss and other Comprehensive Income and Statement of Financial Position reflects the requirement of this prior Act. The Act has been abolished and from the future reporting period the company will be under the Community Housing Providers (National Law) (South Australia) Act 2013

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 2016. The directors have yet to finalise their assessment of the impact of these new standards and interpretation. The Company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the annual period beginning 1 July 2015.

None of the amendments have had a significant impact on the Company.

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.

2. Share Capital

At start/end of year, 8 shares were listed as issued to member shareholders at one unpaid \$1.00 share each.

3 Events post balance sheet date

There are two member groups considering winding up and becoming direct managed under CEHSA. The impact of this to CEHSA is minor, with reduced future allowances paid to member, but some extra direct management costs which would be similar.

UTAH wind up and transfer of assets/liabilities incomplete and final figures unknown at report date.

Common Equity Housing South Australia Ltd

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2016

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 is a "special purpose financial report". The accounting policies used in the preparation of this report, as described below, are consistent with, and except where stated, with previous years.

Revenue

The Company accounts 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.

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

Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

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.

Common Equity Housing South Australia Ltd is a not-for-profit entity for the purpose of preparing financial statements under Australian Accounting Standards

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 Statement of Profit or Loss and other Comprehensive income 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.

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.

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement**Financial assets at fair value through profit or loss**

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

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.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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.

Income Tax

The Community Housing Provider (CHP) 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 CHP 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 Statement of Financial position are shown inclusive of GST.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating leases

Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2 GRANTS

Grants

Total Grants

2016	2015
0	0
0	0

3 FUNDRAISING - CONTRIBUTIONS

Contribution (Members)

Contribution (Public)

Contribution (Government)

Contribution (Philanthropic trusts and corporations)

Total Fundraising - Contributions:

2016	2015
0	0
0	0
0	0
0	0
0	0

4 RECONCILIATION: RENTAL INCOME

Funding Agreement (2006) requires Community Housing Providers 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:

For CEHSA, Debtors and Advance relate to member entity balances since joining date

Actual Rent Received

1,124,273 1,307,422

add: Accounts Receivable - Rental Debtors (end of year)

31,941 34,021

Rent in Advance (beginning of year)

3,435 11,002

Rent Arrears Written Off

0 0

Rent Adjustments (if applicable)

627 688

36,003 45,711

less: Account Receivables - Rental Debtors (beginning of year)

34,021 35,118

Rent in Advance (end of year)

7,344 3,435

Rent Adjustments (if applicable)

5,892 5,825

47,257 44,379

Rental Income - Debentured properties (FA 2006)

1,113,019 1,308,754

5 ADMINISTRATION EXPENSES	2016	2015
Advertising & Promotion	589	955
Audit Fees	15,749	25,400
Bank Charges	158	120
Bad Debt	27	0
Centrelink Fees	627	688
Computer Expenses	3,299	3,019
Legal Fees	1,523	18,866
Meeting Expenses	0	2,300
Membership Fees Paid	992	765
Minor equipment	325	616
Motor Vehicle Expenses	3,004	4,183
Office Rent	16,800	19,500
Postage, Freight and Courier	1,784	2,035
Printing & Stationery	3,647	3,655
Staff Amenities	201	94
Strata fees - admin	2,164	2,082
Sundry/other	2,259	5,189
Telephone, Fax and Internet Charges	3,666	3,137
Tenancy and Property Supplies and Services - (Member allowances - operating/location)	49,240	55,930
Training & Development (Staff)	1,007	341
Travel and Accommodation	4,074	6,832
Utilities	1,000	1,264
Volunteer Costs	0	0
Total Administration Expenses:	112,135	156,970
6 RATES & TAXES - RENTAL PROPERTIES	2016	2015
Council Rates	47,984	55,743
SA Water	62,667	82,129
Emergency Services Levy	18,651	26,194
Utilities	275	433
Total Rates & Taxes - Rental Properties - Debentured Properties (FA2006)	129,577	164,499
7 SALARIES & WAGES	2016	2015
S&W Annual Leave Expenses	3,450	5,864
S&W Long Service Leave Expenses	3,820	3,013
S&W Superannuation	16,870	17,555
S&W Workers' Compensation	3,287	4,175
S&W Salaries and Wages	179,593	187,494
S&W Salaries - Others	3,626	813
Total Salaries/Wages Expenses:	210,645	218,914
8 CASH	2016	2015
Petty Cash	300	300
Total Cash on Hand	300	300
Maintenance Funds	423,573	311,323
Cash at Bank - Restricted	423,573	311,323
Cash at Bank - Unrestricted	265,082	271,204
Total Cash:	688,955	582,827
9 ACCOUNTS RECEIVABLE		
Accounts Receivable - Excess water Debtors	6,859	6,419
Accounts Receivable - other Debtors	20,909	0
Accounts Receivable - Rental Debtors	31,941	34,021
Total Trade Receivables	59,709	40,440
10 OTHER CURRENT ASSETS	2016	2015
GST Receivable	2,133	5,039
Deposits to suppliers	120	0
Workcover refundable	100	216
Investment Shares	63,615	0
Total Other Current Assets:	65,969	5,254

11 OTHER FINANCIAL ASSETS	2016	2015
Total Other Financial Assets:	0	0
	<u>0</u>	<u>0</u>
13 OTHER NON-CURRENT ASSETS (if required)	2016	2015
Investment Shares	0	0
Shares on Call - own	8	8
Total Other Non-Current Assets:	<u>8</u>	<u>8</u>
14 TRADE AND OTHER PAYABLES	2016	2015
Accounts Payable	9,442	8,499
Accrued Expenses	18,467	19,084
GST Payable	26	46
ABN Withholding Tax Payable	0	0
Superannuation Payable	0	4,459
Salary Sacrifice	0	0
Hire Purchase Liability	0	0
Lease Liability	0	0
Other Current Liabilities	7,611	6,961
Capital Contribution Payable to Housing SA	21 36,352	35,511
Sundry Debt Payable to Housing SA	0	0
Customer deposits/adjustments	362	362
Total Trade and Other Payables:	<u>72,261</u>	<u>74,922</u>
15 FUNDING RECEIVED IN ADVANCE		
Revenue Received in Advance	7,344	3,435
Grant Received in Advance	0	0
Grant Repayable to Government Departments	0	0
Total Funding Received in Advance:	<u>7,344</u>	<u>3,435</u>
16 PROVISIONS - CURRENT	2016	2015
Employee Benefits/Employee Provisions	27,781	22,577
Maintenance Provision	112,624	21,302
Housing Improvement Fund	32,582	39,046
Doubtful Debts	0	0
Total Provisions - Current:	<u>172,988</u>	<u>82,926</u>
17 PROVISIONS - NON-CURRENT	2016	2015
Employee Benefits/Employee Provisions	9,999	6,179
Maintenance Provision	19 310,949	290,021
Additional Services Levy Provision	20 0	0
Total Provisions - Non-current:	<u>320,948</u>	<u>296,200</u>
18 OTHER NON-CURRENT LIABILITIES	2016	2015
Hire Purchase Liability	0	0
Lease Liability	0	0
Loans Payable	0	0
JV Equity / Investment Shares	0	0
Total Other Non-Current Liabilities:	<u>0</u>	<u>0</u>
19 MAINTENANCE PROVISION	2016	2015
Opening Balance	311,323	286,324
add: Maintenance Allowance	170,732	227,942
Interest on Maintenance Account	8,366	6,928
Other (as appropriate)	20,013	0
Maintenance Funds Available:	<u>510,434</u>	<u>521,193</u>
less: Actual Maintenance Expenses Incurred on Debentured Properties for Financial Year	40,645	50,911
Member CHP provision allowance transfer	46,216	158,959
Maintenance Provision:	<u>423,573</u>	<u>311,323</u>
Represented By:		
Maintenance Bank Account (including Maintenance Investment Account)	423,573	311,323
Funds Held in Separate Accounts	<u>423,573</u>	<u>311,323</u>
Excess / (Shortfall) of Funds to Provision:	<u>0</u>	<u>0</u>

20 ADDITIONAL SERVICES LEVY PROVISION	2016	2015
Opening Balance	0	0
<i>add:</i> Additional Services Levy Collected	0	0
Other (as appropriate)	0	0
Additional Services Funds Available:	<u>0</u>	<u>0</u>
<i>less:</i> Additional Services Funds Used/Drawn (as approved by Housing SA)	0	0
Closing Balance:	<u>0</u>	<u>0</u>
 21 CAPITAL CONTRIBUTION PAYABLE TO HOUSING SA	 2016	 2015
Amount Owning (beginning of year)	35,511	40,829
<i>add:</i> Capital Contributions Payable to Housing SA	418,461	471,301
<i>less:</i> Deficit Funding Receivable from Housing SA (if applicable)	0	0
Total Capital Contributions/-Deficit Funding:	453,972	512,130
<i>less:</i> Current Year Monthly Remittances to Housing SA	417,621	476,619
<i>add:</i> Current Year Monthly Receipts from Housing SA (if applicable)	0	0
Capital Contributions Payable/-Receivable (end of year):	<u>36,352</u>	<u>35,511</u>
<i>less:</i> Capital Contributions paid post-June	36,352	35,511
<i>add:</i> Deficit Funding received post-June (if applicable)	0	0
 Total Underpaid/-Overpaid Capital Contributions:	 <u>0</u>	 <u>0</u>

Common Equity Housing South Australia Ltd

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2016

12 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicle	Plant and Equipment	Total
Opening Value (1 July 2014)			
Acquisition Cost	39,782	13,673	53,455
Accumulated Depreciation (-)	-3,609	-5,841	-9,450
Written-Down Value	<u>36,173</u>	<u>7,832</u>	<u>44,005</u>
Acquisition/Addition During the Period			<u>0</u>
Disposal During the Period			
Acquisition Cost	11,096		11,096
Accumulated Depreciation (-)	-3,560		-3,560
Written-Down Value	<u>7,536</u>	0	<u>7,536</u>
Depreciation During the Period (-)	<u>-3,586</u>	<u>-3,216</u>	<u>-6,802</u>
Closing Value (30 June 2015)			
Acquisition Cost	28,686	13,673	42,359
Accumulated Depreciation (-)	-3,635	-9,057	-12,691
Written-down Value	<u>25,051</u>	<u>4,616</u>	<u>29,668</u>
Acquisition/Addition During the Period			<u>0</u>
Disposal During the Period			
Acquisition Cost		119	119
Accumulated Depreciation (-)		-119	-119
Written-Down Value	0	<u>238</u>	<u>238</u>
Depreciation During the Period (-)	<u>-3,586</u>	<u>-2,645</u>	<u>-6,231</u>
Closing Value (30 June 2016)			
Acquisition Cost	28,686	13,554	42,240
Accumulated Depreciation (-)	-7,221	-11,583	-18,803
Written-down Value	<u>21,465</u>	<u>1,971</u>	<u>23,437</u>

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMMON EQUITY HOUSING SOUTH AUSTRALIA LIMITED

We have audited the accompanying financial report, being a special purpose financial report, of Common Equity Housing South Australia Limited (the Company), 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 of the Company.

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 and have determined that the accounting policies used and described in Note 1 to the financial report, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001*, the *Australian Charities and Not-for-profits Commission Act 2012* and the needs of the members. The Directors' responsibility also includes 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 us to 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.

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

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.

Independence

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

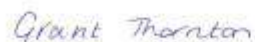
Auditor's Opinion

In our opinion:

- a the financial report of Common Equity Housing South Australia Limited is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i 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 in accordance with the accounting policies described in Note 1; and
- b complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Sheenagh Edwards
Partner - Audit & Assurance

Adelaide, 13 October 2016

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COMMON EQUITY HOUSING SOUTH AUSTRALIA
LIMITED**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of Common Equity Housing South Australia Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.


GRANT THORNTON AUDIT PTY LTD
Chartered Accountants


S K Edwards
Partner – Audit & Assurance

Adelaide, 13 October 2016

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

SCHEDULE 1 - List of debentured properties and Summary Maintenance Plan September 2016

Property	Forecast 2015/16	Actual 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Total
1/158 Drayton Street Bow den	890	2805	4590	480	840	790	890	7390
2/158 Drayton Street Bow den	480	2492	3880	2580	610	910	510	8590
3/158 Drayton Street Bow den	1180	5102	4880	780	890	880	780	7770
138 Gibson Street Bow den	1670	410	3880	1160	660	1440	3510	10660
1/8 The Parkway Klenzig	1380	211	1480	480	630	510	750	3830
2/8 The Parkway Klenzig	1330	91	1330	480	790	780	2880	6020
3/8 The Parkway Klenzig	1530	0	980	3750	730	930	740	7130
4/8 The Parkway Klenzig	1350	0	780	900	750	830	500	3760
5/8 The Parkway Klenzig	1500	201	4800	480	610	780	880	7130
1/19 Denread Avenue Campbelltown	480	1230	2100	770	3430	990	510	7800
2/19 Denread Avenue Campbelltown	1410	415	2550	680	3650	630	510	8000
3/19 Denread Avenue Campbelltown	1090	445	2810	3320	1330	510	780	8730
4 Josephine Street Newton	860	825	860	2570	570	750	460	5200
7/8 Papagni Avenue Newton	3970	6495	1780	830	2480	650	640	6380
1/8A Miller Street Seacombe Gardens	4830	108	1810	1040	1630	590	1300	6370
2/8A Miller Street Seacombe Gardens	850	635	930	780	1260	830	1290	5090
2/1 Packard Street Nairne	1070	281	1900	1170	1710	480	5850	11110
3/1 Packard Street Nairne	1100	273	1370	710	660	690	510	3940
4 Gray Court Mt Barker	480	450	730	880	830	850	510	3800
13 Gray Court Mt Barker	2950	2473	1150	1030	840	680	650	4330
2 Dutch Close Mt Barker	1250	2004	850	630	630	850	680	3840
61 Victoria Road Mt Barker	3540	1424	3400	1230	760	1150	510	7060
2/13 Douglas Drive Mt Barker	1070	273	2250	1880	870	510	2910	8420
10 Ray Orr Drive Mt Barker	1350	510	1680	480	2710	1090	4910	10870
19 Bowyer Avenue Mt Barker	1000	2219	1450	750	600	750	1050	4600
4/15 Gray Court Mt Barker	480	718	2680	570	940	880	510	5560
8/15 Gray Court Mt Barker	1330	273	750	900	810	500	930	3890
4 Gillard Ct Old Reynella	5020	2417	2727	1710	810	870	1310	7427
31 Huntingdale Rd Nairnunga Downs	2610	9301	6030	830	510	1000	1010	9380
22 Yangara Rd O'Sullivan Beach	2330	3305	9380	960	5210	3110	6160	24820
23 Wyong Rd O'Sullivan Beach	1780	1377	1700	680	2560	780	1110	6810
37 Scotts Glade Rd Christie Downs	1790	677	980	480	2490	2310	510	6770
8 Nathan Ct Morphett Vale	2000	2997	4740	2430	650	410	2735	10965
2 Garland Ct Nairnunga Downs	3700	227	5410	2080	540	410	840	9280
12 Misan Drive Morphett Vale	1270	446	2620	610	1140	770	990	6130
13 Taranki Way Nairnunga Downs	3010	634	2910	1010	590	3880	940	9110
45 Orana Drive Morphett Vale	2180	675	3350	2230	1230	2730	510	10060
43 Baden Toe O'Sullivan Beach	3290	212	3220	3260	660	960	780	8880
18 Erebus Ct Morphett Vale	2430	266	1910	350	500	1980	880	5620
1/21 Aish Close Newton	620	286	3740	730	940	410	2710	8530
2/21 Aish Close Newton	620	567	1350	1640	810	450	2450	6700
11 Archer Court Oakden	480	2280	480	880	810	950	510	3630
7 Bentley Drive Holden Hill	2910	2075	2008	1260	600	6450	750	11068
49 Browning Street Clearview	670	200	1350	450	3080	740	960	6580
49A Browning Street Clearview	3680	1564	3650	450	1130	820	680	6710
7 Erong Avenue Gilles Plains	850	100	800	5780	1370	1090	1080	10120
1/38 Floridale Road Greenacres	760	889	760	4280	1180	690	810	7720
2/38 Floridale Road Greenacres	1060	623	1090	530	1020	1160	580	4360
17 Fourth Avenue Klenzig	1180	310	1180	680	940	630	2540	5970
1/21 Glenburnie Avenue Northfield	3530	1312	3710	2600	1330	610	630	8880
41 Honeysuckle Drive Hope Valley	4840	400	5240	1120	1230	630	2750	10970
1/31 Janet Street Maylands	840	280	3160	2810	1090	810	1030	8900
2/31 Janet Street Maylands	1080	0	3800	1100	930	710	710	7250
15 Lothian Avenue Windsor Gardens	10500	13193	1005	650	940	680	2580	5835
3 Parkwood Avenue Paradise	1790	3141	2030	1750	4800	1170	630	10380
2 Papagni Avenue Newton	2500	762	2100	660	750	1020	680	5210
68 Essex Street South Plympton	3330	1607	3080	2480	830	4680	710	11740
18 Victoria Street Goodwood	1550	598	670	3370	1290	690	4210	10230
10 St Lawrence Avenue Edwinstown	1640	528	3020	2690	1480	1470	2850	11510
10A St Lawrence Avenue Edwinstown	1285	104	1285	580	1330	1670	2310	7175
37 Doreen Street Oaklands Park	1650	1104	1830	580	5210	610	1010	9240
1/37 Wolseley Terrace Ascot Park	2450	54	2630	880	1020	890	890	6280
1 Quintus Terrace Dover Gardens	1730	47	2560	3500	2030	780	1180	10030
37 Bransby Avenue North Plympton	580	526	880	730	780	830	2670	5890
U1, 15 Seventh St Bow den	1000	0	4360	1130	510	510	660	7170
U2, 15 Seventh St Bow den	1000	130	1160	1230	2360	510	670	5930
U3, 15 Seventh St Bow den	0	0	1280	980	560	690	820	4330

U4 , 15 Seventh St Bow den	0	0	950	980	810	690	670	4100
U5 , 15 Seventh St Bow den	0	0	1220	980	810	2840	1510	7360
9 Pens Close Brompton	0	0	2330	2420	780	3910	710	10150
37a Victoria St Forestville	200	770	0	0	0	0	0	0
8 John Olsen Drive Kadina	620	2177	3820	1420	4300	3310	790	13640
38 Port Road Kadina	2300	178	2420	820	2050	870	950	7110
38B Port Road Kadina	580	412	2230	3680	995	880	630	8415
34 George Street Kadina	1110	107	1110	1660	890	2430	510	6600
17 Gurner Street Kadina	2080	1494	880	3280	510	1010	810	6490
56 Olive Parade Kadina	580	1388	680	910	795	3110	1370	6865
56 Lawrence Street Kadina	1400	278	2780	760	820	3160	950	8470
Unit 1/33 Blyth Street Moonta	480	48	3180	480	1110	1030	2610	8410
Unit 2/33 Blyth Street Moonta	650	572	830	2760	510	1510	1710	7320
Unit 3/33 Blyth Street Moonta	660	208	3050	1230	1250	1650	510	7690
41 Ryan Street Moonta	1680	118	4480	1080	510	1870	2820	10760
27 Blyth Street Moonta	480	1203	2580	910	2360	640	510	7000
4 Playtime Parade Moonta	1120	789	1370	810	970	510	1410	5070
161 Coast Road Moonta	1780	858	2960	2570	1170	870	6310	13880
7 Pattison Crescent Moonta	1330	306	3410	830	2200	1060	740	8240
84 Wallaroo Road Moonta	480	161	480	1440	3660	770	810	7160
44 Monmouth Street Moonta	820	1143	2110	800	2070	815	3910	9705
55 Muddy Lane Moonta	4420	2284	6290	1930	650	810	510	10190
111 North Second Street Moonta	730	1300	1460	4620	660	1420	3150	11310
5 Second Street Moonta	1130	984	2150	3130	510	660	1390	7840
5 Prince Street Wallaroo	6670	644	8390	2690	6190	960	1290	19520
2 Hughes Street Wallaroo	1110	1065	1260	480	710	690	510	3650
10 Ireland Street Wallaroo	730	728	5320	880	2610	970	670	10450
35 Scotland Street Wallaroo	480	202	1060	1180	2900	3630	630	9400
20 Daly Street Wallaroo	3810	1537	3340	2720	1070	1150	550	8830
18 England Street Wallaroo	880	1131	1660	3060	650	510	510	6390
14 East Terrace Wallaroo	780	3929	830	730	510	2960	955	5985
21 Lydia Street Wallaroo	1170	8246	1170	620	780	660	670	3900
8 Kadina Road Wallaroo	1290	956	2690	630	930	660	510	5420
10 Kadina Road Wallaroo	480	48	480	1880	2490	670	510	6030
12 Kadina Road Wallaroo	1185	48	1765	1080	1110	660	3870	8485
9 Elder Street Wallaroo	1600	1157	4150	2080	730	990	6630	14580
57 harbrow grove secombe garden	1220	80	1500	850	550	1260	770	4930
2/5 mikasa court , trot park	1520	685	1650	2580	550	1730	720	7230
117 linder road	1420	3050	880	980	1160	1510	1150	5680
21 balee avenue , sheldow park	2020	360	5050	990	550	860	720	8170
40 lindsay avenue , edwardstown	1370	3613	1850	1350	1250	1180	3120	8750
5 lincoln avenue , sturt	1590	826	1940	1140	830	580	1000	5490
5a lincoln avenue , sturt	1320	830	870	1130	2670	580	7220	12470
34a alaw oona avenue , mitchell park	1160	680	1250	550	860	730	710	4100
34b alaw oona avenue , mitchell park	1170	457	1170	1110	1090	3690	840	7900
3 water avenue , mitchell park	670	191	700	950	2240	980	3300	8170
5 water avenue , mitchell park	700	202	730	770	1850	800	2810	6960
7 water avenue , mitchell park	520	150	790	1370	2320	780	3510	8770
47 baume circuit , old reynella	1520	360	2050	800	750	2060	920	6580
1-123A Woodville Road, Woodville North	470	1681	3640	90	170	2160	290	6350
2-123A Woodville Road, Woodville North	570	1717	180	2150	0	2150	490	4970
4A Longford Crescent, Ferryden Park	820	490	650	350	2490	530	2630	6650
5 Woodbridge Street, Peterhead	1120	0	3050	3150	750	760	2360	10070
14 Hamilton Ave, Osborne	2400	663	1480	3050	250	900	200	5880
17 Rosetta Street, Glenville	770	728	4478	650	200	530	2000	7858
Sub-total	193120	140809	281308	174960	161060	146305	180390	944023
Emergency Maintenance	3900	1235	2400	2400	2400	2400	2400	12000
Vacancy Maintenance	23200	0	0	0	0	0	0	0
Total Maintenance for the Year	220220	142044	283708	177360	163460	148705	182790	956023
Net Maintenance Allowance Retained for the Year	171882	177961	165301.5	165301.5	165301.5	165301.5	165301.5	826508

Total Funds Available as at 30/6/16

657857

Total Available Maintenance Funds (held in Maintenance Bank Accounts) as at 1 July

Maintenance Allowance Retained for the Year

Total Maintenance Outgoings for the Year
Total Available Maintenance Funds (held in Maintenance Bank Accounts) as at 30 June

Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Total 1/7/16 to 30/6/21
657857	539450.5	527392	529233.5	545830	657857
165302	165302	165302	165302	165302	826508
-283708	-177360	-163460	-148705	-182790	-956023
539450.5	527392	529233.5	545830	528341.5	528342