

Annual Report 2019-20



**COMMON
EQUITY HOUSING**
South Australia



Our purpose

To support and enable housing co-ops to flourish in South Australia.

Our vision

The co-op housing model continues to actively grow, evolve and empower communities in South Australia.

Our values

Co-operation.
Respect.
Empowerment.



What we do

Common Equity is committed to delivering housing in a way that empowers tenants with a level of self-governance, within a broader supporting framework, enabling a range of benefits to be created for tenants, government and the broader community.

Member organisations continue to maintain a separate legal status and manage their tenancies' day to day activities. They are not required to be registered for the National Regulatory System (NRS) because Common Equity Housing SA is the registered body.

Chairperson's report



Last year I began my report stating, "It has been an exciting twelve months for Common Equity". 2019/20 has brought a whole set of new challenges that no one saw coming with the Covid-19 pandemic hitting. However, I will say that the team at Common Equity have performed extremely well and continued to provide a seamless service to our member organisations through some very trying times.

Once again, we have continued working toward our vision, "The co-op housing model continues to actively grow, evolve and empower communities in South Australia". For any organisation, growth is important and Common Equity is no exception. Whilst we have had no new member organisations join us in the past twelve months, we have seen a lot of work done in preparation for the expected growth we will see over the next few years.

With the Covid-19 pandemic hitting us in early 2020, some changes to working conditions and locations needed to be implemented to ensure we could continue to service our members to the standard they expect. Robust policies, procedures and working plans were quickly formulated and implemented. The results being an agile team and organisation that we should all be proud of.

Our first property development is underway. This project sees us demolish an older property and build two new ones. The obvious benefit here is that more people will get to live in cooperative housing. Both

new properties will become part of the original property's member organisation, PERCH Housing Co-op.

Our first property redevelopment is underway.

Our three yearly Strategic Plan review has been completed. This will guide Common Equity's focus and ensure our growth fits the needs and values of our members. Another initiative to come out of our strategic planning will be how we present and market ourselves to the wider community.

We recently signed an agreement with the City of Tea Tree Gully to manage three properties, with a youth focus, on their behalf. While these properties are not a housing coop, they are a great opportunity to expose some young people and local government to Common Equity and the coop housing model.

As a Board we have seen some personnel changes. Caroline Wyatts resigned from the Board after finding new employment in regional Victoria. Caroline was a great asset on the Board and we thank her for her services. Esther Hamandishe has since joined our Board as a Technical Director. Esther is a Chartered Accountant with over 14 years of experience in accounting and taxation. She recently completed her MBA specialising in Human Resources with the University of South Australia. It is great that we have talented people such as Esther wanting to volunteer their time on the Common Equity Board.

It is critical to have good governance in a not-for profit organisation such as Common Equity. This would not be possible without my colleagues on the Common Equity Board who have been very generous with their expertise and time to promote and develop the organisation over the last year. Angela Carey, our CEO and the team have worked tirelessly to ensure the organisations continued success. It is evident that Common Equity is on a trajectory for growth, and in a great position to service the needs of our member base and the wider community.

A handwritten signature in black ink, appearing to read 'Don Passmore'. The signature is stylized and somewhat abstract.

Don Passmore
Chairperson

Treasurer's report



It is with pleasure I present Common Equity's Treasurer's Report for 2019-20.

For the year ended 30 June 2020, Common Equity recorded an operating surplus of \$234,232 compared to a surplus of \$261,433 in 2018-19. This result was below our forecast surplus of \$362,515.

The major reason for this variance is due to not achieving our budgeted growth target and timing of the new member organisations coming onboard. The shortfall in net receipts (rent less capital contribution) from the growth not achieved for the year was \$80,443. Taking this into account, we still saw a very strong financial performance for the year.

Over the year the key variants were:

1. Total Rent was under budget by \$121,118 due to not achieving growth targets as planned.
2. An increase in other income including interest income, saw a net positive variance of \$29,191 to budget. Whilst interest income was under budget, COVID-19 related Government support for not for profit agencies boosted this result.

Total Administrative expenses were under budget by \$1,623. There were several items over and under budget that balanced each other out.

The main expenditure differential was maintenance. Responsive maintenance was over budget by \$46,193. Planned maintenance was also over budget by \$5,808 and cyclical maintenance was slightly under budget by \$2,322. These variances do occur

from time to time and a significant proportion of these were planned in future years, they just needed to be brought forward.

The comprehensive Asset Management Plan prepared by management in late 2019, identified that to ensure Common Equity could continue to grow and meet its future maintenance plan, the investment management strategy needed to be reviewed. Continuing to invest in just term deposits, that had experienced significant erosion of interest rate, would create some concern on the ability to continue to drive growth and meet future maintenance plans. At its October 2019 meeting, the Board approved the implementation of an investment strategy to be managed by William Buck. In December 2019, the first of three tranches of funds were invested, second in February 2020 and the third in March 2020, totalling \$1,000,010. In addition, we transferred shares from our existing share portfolio.

Unfortunately, the impact of the COVID-19 pandemic on the financial markets lead to an unrealised loss of \$49,411 for the financial year. This loss is a paper loss as no shares have been sold resulting in a realised loss. The expert advice of the investment manager and other industry experts indicate that this trend will turn and will create a strong future cashflow for future years. At the date of signing these financial statements the market value of the managed investment portfolio is \$1,060,376.

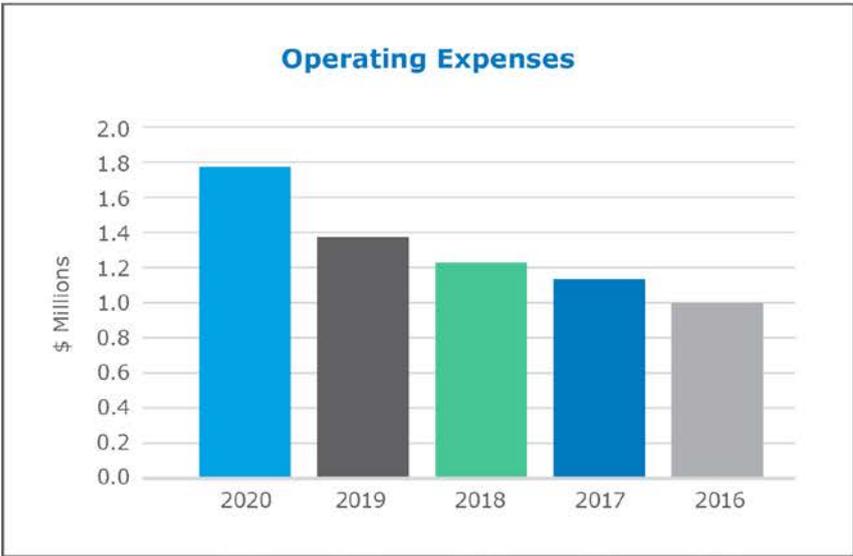
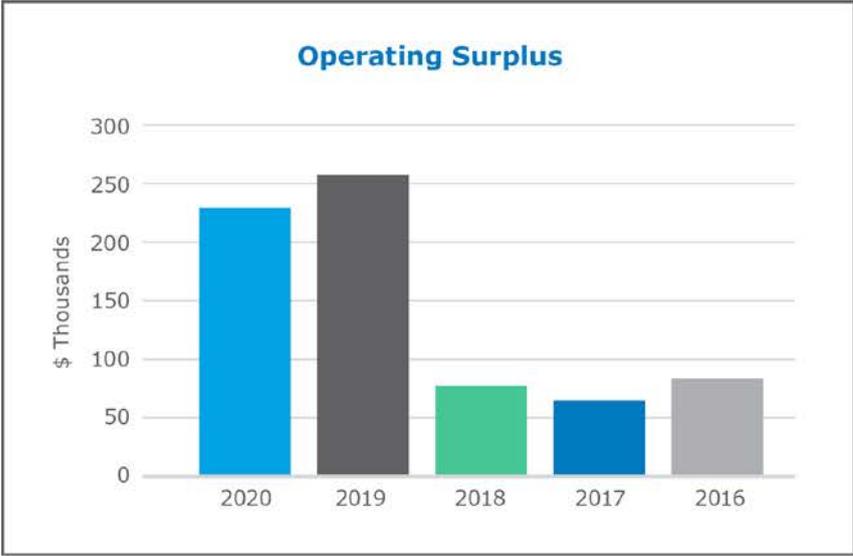
Common Equity's cash position is strong, covering our future maintenance funding of \$503,971, as per the table below:

	30 June 2020	30 June 2019
Restricted Cash	\$503,971	\$504,001
Unrestricted Cash	\$228,912	\$815,000
Total Cash	\$732,883	\$1,319,001

After a strong financial performance in 2019-20, Common Equity is now positioned to embark on property development as well as strengthening the platform for further growth.

John Rolfe, Treasurer

Our performance



Chief Executive Officer's report



Common Equity's strategic goals continued to be a focus in 2019-20 but we did encounter some unique challenges during the year that were managed with great teamwork, innovative solutions and a shared purpose.

Growth & property redevelopment

We continue to actively engage with independent housing co-ops and associations to highlight the benefits and flexible options available for their future. Common Equity's goal is to grow the number of Community housing properties and deliver a model of community living that remains true to the co-operative housing ideology.

PEACH and ISHA Housing Co-op joined Common Equity at the end of last financial year and we spent time bedding down the changes, working with each member organisation on their Forecast Maintenance Plan and conducting teamwork and office bearer training.

In June 2020 we successfully won a tender for the management of three youth specific community housing properties on behalf of the City of Tea Tree Gully. This is a new and exciting opportunity for Common Equity and we look forward to a long and prosperous relationship with the Council while housing youth in need in the local area.



3 Parkway Avenue, Paradise

Our other important growth initiative is via our property redevelopment programme with our first redevelopment in Paradise commencing this year with demolition occurring in October 2020 and expected completion in April 2021.

Financial sustainability & compliance

The Investment Policy of Common Equity outlines the policy purpose, asset allocation and monitoring and review process of the investments. After an extensive review of this policy during the financial year, the Board resolved to convert a component of its cash holdings into an externally managed investment portfolio.

The transition to the managed investment portfolio commenced in December 2019 and resulted in an original cash investment of \$1,000,010 in the managed investment portfolio. In addition, we transferred shares from our existing share portfolio. The impact of the COVID-19 pandemic on the financial markets resulted in an unrealised loss of \$49,411 for the financial year. At the date of signing these financial statements the market value of the managed investment portfolio is \$1,060,376.

We also successfully completed our National Regulatory System for Community Housing (NRSCH) return in early 2020 and we received a full compliant report across all seven assessment criteria in June 2020. One recommendation was to conduct more extensive long-term financial planning and simulation as part of Common Equity's business planning and this has been actioned with scenario testing of our 10-year forecast included as part of the property redevelopment and assessment of self-funding or financing options.

Common Equity achieved an operating surplus of \$234,232 to the end of June 2020, compared to a surplus of \$261,433 in 2018-19.

This is a solid performance which was below our forecast surplus of \$362,515 due to the timing of the new member organisations joining Common Equity as detailed in the Treasurer's Report.

Another significant project this year was to review our Risk Management – Principles, Framework and

Process. The consultation stage was driven by the FARM Committee and involved members, employees and the board members and was approved by the Board in August 2020.

Australian Research Grant for housing co-ops

The Australian Co-operative Housing Alliance (ACHA) announced a new research study analysing the benefits of Australian housing co-operatives in June 2020. By demonstrating the value created by co-operative forms of housing, the research will assist the sector to move more Australians into secure and affordable homes.

Western Sydney University research team is undertaking the project, led by Associate Professor Louise Crabtree. The research team will work with the ACHA to support the development of stable and affordable homes that benefit not only members, but also wider society.

The research is funded by the Australian Research Council (ARC), and partner contributions from Western Sydney University and organisations that form the Australian Co-operative Housing Alliance (ACHA) and is worth \$594,268.



The **Australian Cooperative Housing Alliance** is a group of cooperative housing peak bodies. We share ideas, issues and opportunities

with the aim of expanding and strengthening cooperative housing across Australia.

Members of the ACHA are:



Member & employee engagement

We continue to enjoy working for our member organisations and ensure we provide them with the tools they need to flourish. In 2020 we commenced

the role out of Future Direction Planning for each member organisation with a focus on their future vision, goals, and needs, specifically, how can Common Equity support them better.

We have also introduced one to one role training and have improved a number of forms, processes and resources.

Common Equity exists because of its members and we enjoy helping and working with them to strengthen their communities every day.

The Member-Tenant satisfaction survey was conducted internally this year using the online tool Survey Monkey. The response rate was strong with 39% of members/tenants providing feedback, which is above the NRSCH threshold of 25%.

We achieved an overall satisfaction rating of 85%, which is a slight increase on the 2019 result of 84% and significantly higher than the NRSCH threshold of 75%.

In comparison to the NRSCH thresholds, Common Equity comfortably out-performed all three thresholds; overall satisfaction (by 10%), repairs and maintenance (by 5%) and condition of home (by 8%). We have developed an action plan to share the results and also address any issues raised.

A number of employee changes occurred during the year including an additional employee, so we have dedicated maintenance and tenancy officers and we have increased the administration support for the Financial Accountant. COVID-19 presented some interesting challenges for our new team and we developed a Business Continuity Plan that enabled us to efficiently function extremely well while working from home. We participated in daily Zoom sessions, conducted 'walking' team meetings (see picture on right) and managed daily tasks using Trello.

Our future focus

- Continue to grow by welcoming independent housing co-ops as member organisations
- Implement our new Strategic Plan for 2020 to 2023

- Complete the two property redevelopments scheduled to be completed in 2021
- Work with our member organisations to develop Future Directions Plans
- Strengthen the relationships with our Common Equity partners interstate
- Continue to review our model to make sure it aligns to the needs of our current and future members.

The opportunities to provide diversity and an alternative to larger community housing providers is at the heart of all things we do. But we couldn't do it without our wonderful volunteer Board, so I would like to thank them for their wisdom, guidance, encouragement and support during the year.

To close, every day I am fortunate to work with a great team who all share a common purpose to support and enable housing co-ops to flourish in South Australia. Whilst we all reflect with pride on how we handled this challenging year, we also look forward to being able to implement our strategic plan and ensure we continue to make housing co-ops an alternative housing model in South Australia.



Angela Carey
CEO



The Common Equity team enjoying a 'social distanced' walk

Our community

Gender of head tenant/member



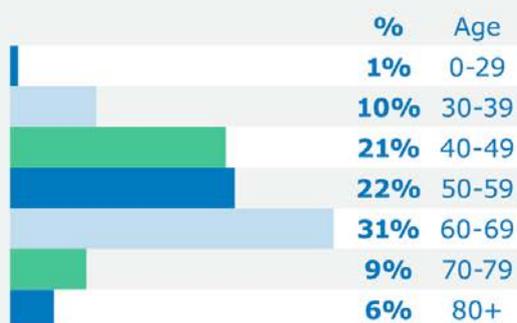
Number of people housed



Household types



Age of head tenant/member



Average age

57

Tenant/member income



\$578.78
Average weekly income



34%
of average Australian weekly income
(\$1714 - May 2020)

Governance

Common Equity is a not-for-profit company limited by shares under the Corporations Act 2001. As a Registered Tier 2 Community Housing Provider under the National Regulatory System for Community Housing, Common Equity complies with the seven performance standards.

Each year Common Equity submits a compliance return relating to tenancy and housing services, housing assets, community engagement, governance, probity, management and financial viability.

Common Equity's primary purpose is to support and enable housing co-ops to flourish in South Australia.

Common Equity's constitution is available online at www.cehsa.com.au

Board of Directors

The Board is made up of:

- Four Member Directors elected by the Common Equity shareholders / members at the Annual General Meeting

- Four Technical Directors, appointed by the Board based on their expertise in one of the following areas; Law, Finance, Property, Social Housing or other like disciplines. Technical Directors are appointed for two-years

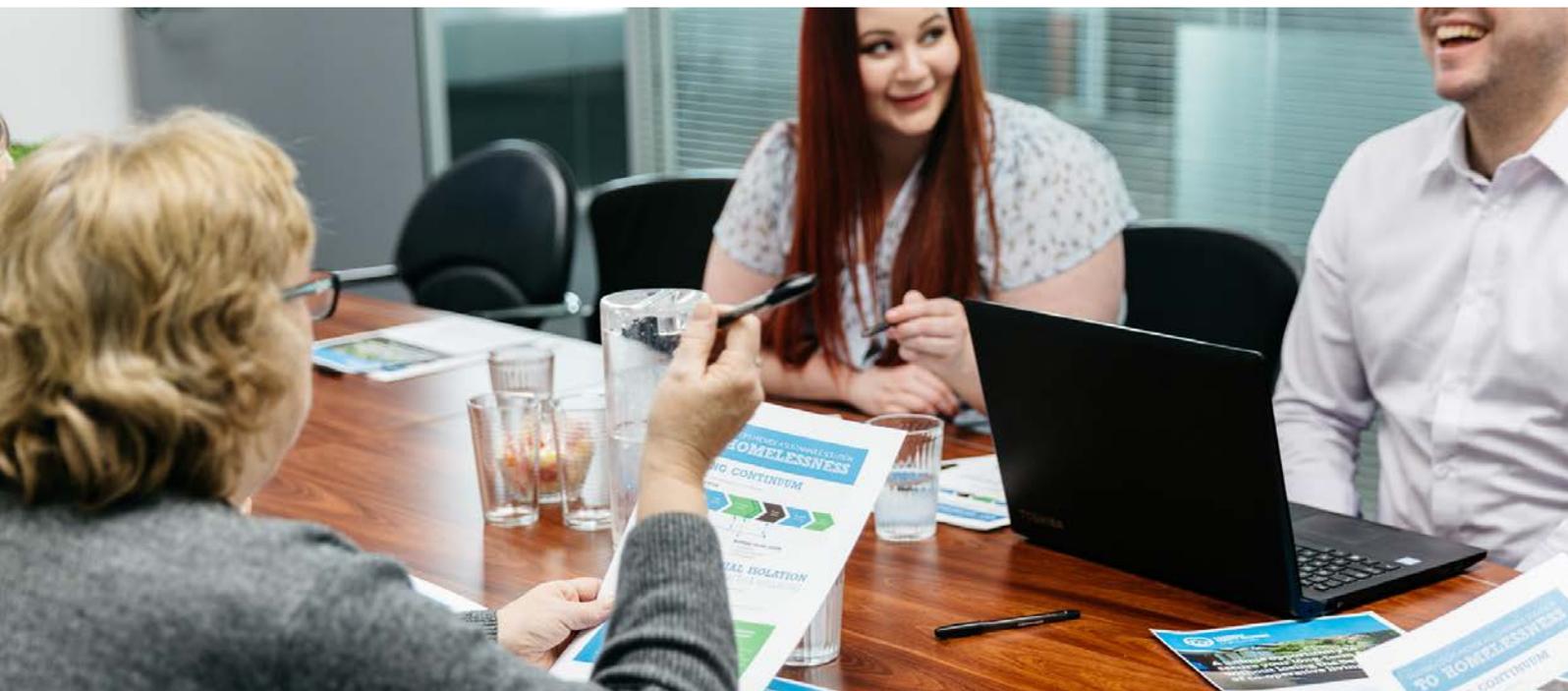
- The CEO, who is appointed by the Board

Committees, made up of Board members and independent consultants, meet regularly to progress strategic initiatives in:

- Finance, Assets, Risk Management
- Business Development

From time to time, the Board instructs Common Equity to appoint an Advisory Group to consult with members on issues of significance. Advisory Groups are made up of co-op members, an independent Chair, and technical experts (if required).

The Board meets monthly at the Thebarton office and during the 2019-2020, due to COVID-19, met virtually using Zoom.



Information on directors



Don Passmore

Technical Director, Chair of the Board

Qualifications

Don holds a Master of Business Management (MBA) from Australian Institute of Management as well as qualifications in front line management and training and assessment.

Experience and expertise

Don has held leadership and senior management positions for over fifteen years. His experience comes from a vast range of industry sectors including manufacturing, logistics, hire and retail. Working with companies that use world's best practices daily, Don has gained extensive knowledge in strategy, sales, operations and human resource management.



Claire MacKenzie

Member Director, Deputy Chair of the Board

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 of Adult and Vocational Education degree (UniSA).

Experience and expertise

Claire has been a Member Director of Common Equity since October 2013, and a housing co-operative member for 28 years, during which time she has fulfilled multiple management roles.



John Rolfe

Technical Director, Treasurer

Qualifications

John holds a Master of Business Administration and 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).

Experience and expertise

With over 35 years' experience in Finance & 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 and 7 years as the General Manager – Retail at HomeStart Finance. John is now leading the mortgage broking team at Elders.



Ray Smith

Member Director

Qualifications

Ray is a member of several professional organisations including APRA, AMCOS, IRCAM, LBPS and the NPS and holds a BSc (UK), BA (Adelaide) and MCA (Townsville).

Experience

Ray has been a working musician and educator for over forty years and has taught at several Australian institutions including James Cook University and the University of Adelaide.



Chris Branford

Technical Director

Qualifications

Chris holds a Bachelor of Planning Degree from the University of South Australia and a Master of Urban Studies degree from the University of Akron, Ohio.

Experience and expertise

Chris has over 30 years' experience in urban development delivery. He worked with Delfin Lend Lease for 24 years on major urban development projects across the country in a range of senior management roles, including Project Director of Mawson Lakes. In February 2012 he established Branford Planning + Design which provides a broad range of specialist skills including urban design, master planning, project management and feasibility. Chris was also appointed to the SA State Commission Assessment Panel (formerly Development Assessment Commission) in 2015.



Caroline Wyatts

Technical Director to 19 February 2020

Qualifications

Caroline holds a Bachelor of Commerce degree, Post Graduate Diploma in Accounting from Harvard University and has commenced an MBA at The University of Adelaide.

Experience and expertise

Caroline is a highly motivated CPA with over 10 years of experience in the financial sector. She has held Senior financial positions and external Chief Financial Officer roles within a broad range of industries, with commitment to exceptional relationship management, financial modelling, strategy development, mergers, acquisitions and business consultancy.



Nathan March

Member Director

Qualifications

Nathan has a BA (University of Adelaide) and a Grad. Dip. Screenwriting (AFTRS). He has also received a Cert IV in Small Business Management and undertaken a number of professional development courses in the area of social and community services.

Experience and expertise

Nathan has been a professional actor, writer and filmmaker for the last 25 years. Additionally, Nathan is a Support Worker at the Westcare Centre for people experiencing homelessness and a marketing consultant for creatives and NFP organisations with a particular focus on strategy and business development. He has been on several boards including the CHCSA and Paris Flat Housing Co-op (PFHC). He has been a member of PFHC for 13 years and Chair for 3 of those years.



Scott Sharrad

Member Director from 7 November 2019

Qualifications

Scott holds a Bachelor of Music Education (University of Adelaide, 2010), Bachelor of Commerce (Accounting) (Flinders University, completing), Certificate 4 Business (Small Business Management).

Experience and expertise

Scott currently works as a requirements analyst and project and account manager at James Anthony Consulting, an Adelaide based boutique custom web and software development firm.

Scott has been involved in a number of different community and membership-based not-for-profit organisations over the past 10 years, holding various positions on committees such as treasurer, secretary, and chair. He has also successfully coordinated three national conferences featuring national and international speakers. Scott has been a member of PERCH for 4 years and in that time has held the role of chair for two and is currently the treasurer for his second term.



Angela Carey

CEO, Public Officer, Company Secretary

Qualifications

Angela has a Bachelor of Management degree, Diploma in Project Management and is a Graduate Member of the Australian Institute of Company Directors. In her own time, Angela is actively involved as the Chair of the Vinnies Crisis Centres Committee at St Vincent de Paul.

Experience and expertise

Angela has extensive experience in management, marketing, process improvement and stakeholder engagement and has previously worked at HomeStart Finance, Savings & Loans Credit Union and Adelaide Bank in senior management roles.



Esther Hamandishe

Technical Director from 18 August 2020

Qualifications

Esther is a Chartered Accountant and a Graduate Member of the Australian Institute of Company Directors. She has over 14 years of experience in accounting and taxation. She recently completed her MBA specialising in Human Resources with the University of South Australia.

Experience and expertise

In the last 8 years Esther worked as a Finance Manager for a global medical and optical organisation. She has recently commenced a new role as a Commercial Manager for an Adelaide based logistic and freighter company.



Common Equity Board meeting via Zoom

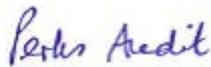
Address
180 Greenhill Road
Parkside SA 5063
Telephone
(08) 8273 9300
Facsimile
(08) 8274 1466
info@perks.com.au
perks.com.au

Common Equity Housing South Australia Ltd

Auditors Independence Declaration under Section 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 to the Directors of Common Equity Housing South Australia Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PERKS AUDIT PTY LTD

180 Greenhill Road

Parkside

South Australia 5063



PETER J HILL

Director

Registered Company Auditor

Dated this 21st day of October 2020

Chartered Accountants
Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554
Liability limited by a scheme approved
under Professional Standards Legislation.
Australian Financial Services
Licence No. 488997

Audit
Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661
Liability limited by a scheme approved
under Professional Standards Legislation.

Private Wealth
Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058
Australian Financial Services
Licence No. 236 551

Finance
Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660
Australian Credit Licence No. 378241

Financial statements for the year ended 30 June 2020

Directors' report

Your directors present this report on the company for the financial year ended 30 June 2020. In order to comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act), the directors report as follows:

Directors

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

- Mr Don Passmore
- Ms Claire MacKenzie
- Mr John Rolfe
- Mr Ray Smith
- Mr Chris Branford
- Mr Nathan March
- Mr Scott Sharrad
- Ms Caroline Wyatts
- Ms Esther Hamandishe
- Ms Angela Carey

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

Principal activities

Common Equity Housing SA Ltd (Common Equity) was registered as a company on 12 October 2010. The principal activities of the company are the leasing of debenture properties from South Australian Housing Trust (SAHT) under the Community Housing Providers (National Law) (South Australia) Act 2013 and the Master Community Housing Agreement between SAHT and Common Equity. Under a Property and Services Agreement, Common Equity leases these properties to member Community Housing Providers (CHP's) who then sublease to tenants under this Act. The company is registered under the National Regulatory System for Community Housing and must comply with specific performance standards. The company also provides administration, finance, property management, compliance and support services to those member organisations.

Review of operations

During the year, the company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

The net current year surplus of the company for the financial year ended 30 June 2020 amounted to \$234,132 (2019: \$261,433).

One new member organisation, ISHA Inc, with 13 properties transferred on 28 June 2019 but property settlement didn't occur until 9 August 2019, so the property values are now included within the 2019-20 financial year reporting.

There have been no significant changes during the year.

Short-term and Long-term objectives & strategies

The strategic plan for the 2017-2020 period using the Balanced Scorecard methodology was reviewed by the Board and the initiatives for 2019-2020 were updated. The objectives identified and KPI's and initiatives developed are reviewed by Board on a quarterly basis and the plan is available on the Common Equity website www.cehsa.com.au

Key performance measures

The company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the company and whether the company's short-term and long-term objectives are being achieved.

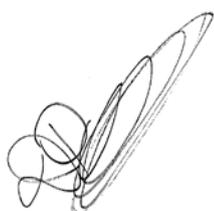
The company is registered with the Australian Charities and Not-for-Profits Commission and is a company limited by shares. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$1 towards meeting any outstanding obligations of the entity.

As at 30 June 2020, eleven unpaid \$1.00 shares were on issue to the ten-member groups who had joined Common Equity under the terms of the Property and Services Agreement (PSA).

Auditor's independence declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on pages 17 of the financial report.

Signed in accordance with a resolution of the Board of Directors:



Don Passmore

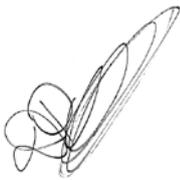
Chair

Dated this 21st October 2020

Directors' declaration

The directors of the registered entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 21 to 35 comply with Australian Accounting Standards and give a true and fair view of the financial position of the registered entity as at 30 June 2020 and of its performance for the year ended on that date.
2. This declaration is signed in accordance with the subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
3. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.



Don Passmore
Director



John Rolfe
Director

Dated this 21st October 2020



Statement of Profit or Loss and other Comprehensive Income for the year ended 30 June 2020

	Note	2020 \$	2019 \$
REVENUE			
Rental revenue		1,848,863	1,569,940
Gain on fair value of financial assets		-	12,816
Other income	2	153,309	53,560
Total revenue		2,002,172	1,636,316
EXPENSES			
Administration expenses		210,887	196,554
Adjustment in relation to prior year rent		-	16,665
Depreciation		4,850	4,775
Insurance		93,751	50,471
Rates - rental properties	3	195,308	167,924
Property expenses		187,311	87,232
Salaries and wages		459,428	338,626
Fair value loss on financial assets		49,411	-
Loss on sale of financial assets		291	-
Capital contribution to Housing SA		566,803	512,636
Total expenses		1,768,040	1,374,883
Operating surplus before tax		234,132	261,433
Income tax expense	1(b)	-	-
Net operating surplus		234,132	261,433
Restricted Investment Property			
Increase in fair value of investment property		1,796,570	988,430
Investment properties received		5,290,000	8,790,000
Total movement restricted Investment Property		7,086,570	9,778,430
Net surplus for the year		7,320,702	10,039,863
Other comprehensive income		-	-
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR		7,320,702	10,039,863

Statement of Financial Position

as at 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	732,883	1,319,001
Accounts receivable		30,827	34,483
Other current assets	5	99,087	68,160
Financial assets		848,841	45,403
Total Current Assets		1,711,638	1,467,047
NON-CURRENT ASSETS			
Plant and equipment	6	10,448	5,889
Restricted Investment Property	7	61,570,409	54,448,430
Other non-current assets	8	11	10
Total Non-Current Assets		61,580,868	54,454,329
TOTAL ASSETS		63,292,506	55,921,376
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	276,369	233,689
Provisions - Current	10	24,572	16,825
Total Current Liabilities		300,941	250,514
NON-CURRENT LIABILITIES			
Provisions - Non-current	11	-	-
Total Non-Current Liabilities		-	-
TOTAL LIABILITIES		300,941	250,514
NET ASSETS		62,991,565	55,670,862
EQUITY			
Share Capital		11	10
Retained surplus		1,456,554	1,222,422
Restricted Investment Property Reserve		61,535,000	54,448,430
TOTAL EQUITY		62,991,565	55,670,862

Statement of Cash Flows

for the year ended 30 June 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from operating activities		2,092,798	1,585,367
Interest received		13,690	19,888
Trust distribution		4,734	-
Dividends		3,488	-
Payments to suppliers and employees		(1,802,870)	(1,373,231)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	12	<u>311,840</u>	<u>232,024</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Plant and Equipment		(9,409)	-
Proceeds from sale financial assets		15,821	-
Work in Progress - Development		(35,409)	-
Investment in financial assets		(868,961)	-
NET CASH FLOWS (USED IN) / PROVIDED BY INVESTING ACTIVITIES		<u>(897,958)</u>	<u>-</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		<u>(586,118)</u>	<u>232,024</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		<u>1,319,001</u>	<u>1,086,977</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4	<u>732,883</u>	<u>1,319,001</u>

Notes to the Accounts for the year ended 30 June 2020

The financial statements cover Common Equity Housing South Australia Ltd ("company") as an individual entity, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 21st October 2020 by the directors of the company.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Framework

The directors have prepared the financial statements on the basis that the company is not a reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the reporting requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

Statement of Compliance

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012*, the basis of accounting specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, AASB 1031 Materiality and AASB 1054 Australian Additional Disclosures.

Basis of Preparation

The financial statements, except the Statement of Cash Flows, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Accounting Policies

a) Revenue

The company accounts for rent on an accrual basis, taking into account arrears, rent paid in advance and rent adjustments.

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

Dividend and trust distributions are recognised as revenue when the right to receive the dividend/distribution has been established.

All revenue is stated net of the amount of good and services tax, as applicable.

Notes to the Accounts for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b) Income tax

No provision for income tax has been raised as the company is a Community Housing Provider (CHP) 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.

c) Property, plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. A formal assessment of recoverable amount is made when impairment factors are present.

Depreciation

Plant and equipment is depreciated on a straight-line basis over the asset's useful life to the company, commencing when the asset is ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	10% to 33%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

d) Leases

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

The lease expense related to the administration offices is considered a low value lease.

e) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit and loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivable does not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Notes to the Accounts

for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Classification and subsequent measurement

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income debt instruments (FVOCI debt); or
- fair value through other comprehensive income equity instruments (FVOCI equity).

Measurement is on the basis of the two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing financial assets.

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial assets are managed solely to collect contractual cash flow of the financial asset; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

A financial asset is subsequently measured at fair value through other comprehensive income if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised costs and fair value through other comprehensive income are subsequently measured at fair value through profit and loss.

Financial liabilities.

Financial liabilities are subsequently measured at:

- Amortised cost; or
- Fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- A contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- Held for trading; or
- Initially designated as at fair value through profit or loss.

Notes to the Accounts

for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e) Financial Instruments (continued)

Financial Liabilities (continued)

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability; that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- It is incurred for the purpose of repurchasing or repaying in the short term;
- Part of a portfolio where there is an actual pattern of short term profit taking; or
- A derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

f) Impairment of non-financial assets

At the end of each reporting period the company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

Notes to the Accounts for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on Government bonds, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, cash at bank and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian 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.

j) Capital contributions payable to Housing SA

Capital contributions payable to Housing SA are based on rent receivable (rent income) for the number of days tenanted, not on rent received.

k) Provisions

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

Common Equity Housing South Australia Ltd
Notes to the Accounts
for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

l) 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.

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 are future economic benefits flowing from the 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 the Funding Agreement or during the course of service provision.

m) Share Capital

At the start of the financial year, 10 shares were listed as issued to member shareholders unpaid to the value of \$1.00 per share. During the financial year, share movements included the issue of one share with the closing balance of unpaid shares on issue of \$11.

n) Critical Accounting Estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Notes to the Accounts for the year ended 30 June 2020

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Key Estimates

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

o) Restricted Investment Property

Restricted Investment Properties are recognised in the Statement of Financial Position at either market value and / or the Valuer Generals Valuation at balance date. Movements on the restricted investment property are recognised through profit and loss.

Construction costs associated with restricted investment property are capitalised as work in progress until practical completion of the construction has been established.

Notes to the Accounts

for the year ended 30 June 2020

	2020 \$	2019 \$
2 OTHER INCOME		
Interest	13,690	20,200
Dividends	3,488	3,544
Trust distributions	21,258	-
Recoveries	66,543	21,333
Service provision	-	8,483
ATO Cash Flow Boost	48,330	-
Total other income	153,309	53,560
3 RATES & TAXES - RENTAL PROPERTIES		
Council Rates	83,838	67,303
SA Water	94,394	86,753
Emergency Services Levy	16,821	13,019
Utilities	255	849
Total Rates & Taxes - Rental Properties - Debentured Properties	195,308	167,924
4 CASH		
Petty Cash	-	30
Cash at bank - restricted	103,603	-
Cash at bank - unrestricted	228,912	136,787
Term deposits - restricted	400,368	503,971
Term deposits - unrestricted	-	678,213
Total Cash	732,883	1,319,001

The Board of Common Equity has several obligations outlined in the Master Community Housing Agreement (“Master Agreement”), that was signed with the South Australian Housing Trust. One of those obligations is to maintain the properties provided to the company to standards outlined in the Community Housing Maintenance Accommodation Standards.

As part of this responsibility, the Board have developed a ten-year asset maintenance plan that will maintain the properties at the levels stipulated in the Master Agreement. In response, the Board has taken the latest 10-year forecast, which incorporates the latest maintenance plan, accumulated housing improvement funds, along with business growth to calculate the years where rent receipts do not fully cover expenses, mainly to high maintenance costs. In these years, cash balances necessary are designated as restricted, and are therefore not available for general operations of the company.

Cash balances necessary to undertake the required maintenance plan are designated as restricted, and are therefore not available for general operations of the company.

The Board is of the opinion that this policy will ensure that the standards outlined in the Master Agreement will be met in current and future financial years.

Notes to the Accounts

for the year ended 30 June 2020

	2020	2019
	\$	\$
5 OTHER CURRENT ASSETS		
GST Receivable	8	3,903
Prepayments	74,098	50,138
Rental bonds	3,300	3,300
Accrued income	1,361	9,522
Other	20,320	1,297
Total Other Current Asset	99,087	68,160
6 PLANT AND EQUIPMENT		
Plant and equipment	27,602	18,193
Accumulated Depreciation	(17,154)	(12,304)
Total Plant and Equipment	10,448	5,889
7 RESTRICTED INVESTMENT PROPERTY		
Social and affordable housing subject to South Australian Housing Trust (SAHT) Master Community Housing Agreement	(a)	61,535,000
		54,448,430
Total Restricted Investment Property - at Valuer Generals Valuation	61,535,000	54,448,430
WORK IN PROGRESS		
WIP - Development at cost	(b)	35,409
		-
	35,409	-
Total Restricted Investment Property	61,570,409	54,448,430

- (a) In terms of the Master Community Housing Agreement, the SAHT holds a Deed of Statutory charge over a majority of investment properties. Under this charge:
- These properties may only be used for the purpose of providing affordable housing for eligible tenants at rents set in accordance of predetermined criteria;
 - These properties must be maintained to the standards as outlined in the agreement;
 - The group must not sell, transfer, assign, mortgage or otherwise deal with the investment properties without first obtaining written consent of the SAHT;
 - The proceeds from sales or transfers of these assets are limited to community housing projects in South Australia.
- (b) The Work in Progress relates to costs incurred to 30 June 2020 for the development of two units at 3 Parkwood Ave, Paradise. At 30 June 2020 the company is contracted to a value of \$397,818 including GST (2019: nil) for the development and construction of these two properties. The company is funding the construction from their available cash reserves.

Notes to the Accounts

for the year ended 30 June 2020

	2020 \$	2019 \$
8 OTHER NON-CURRENT ASSETS		
Shares on Call - CEHSA	11	10
Total Other Non-Current Assets	11	10
9 TRADE AND OTHER PAYABLES		
Trade creditors	30,961	69,055
Accrued Expenses	19,861	23,017
Other payables	85,179	12,919
Capital Contribution Payable to Housing SA	140,368	128,698
Total Trade and Other Payables	276,369	233,689
10 PROVISIONS - CURRENT		
Employee Benefits - annual leave	24,572	16,825
Total Provisions - Current	24,572	16,825
11 PROVISIONS - NON-CURRENT		
Employee Benefits - long service leave	-	-
Total Provisions - Non-current	-	-
12 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES WITH NET SURPLUS FOR THE YEAR		
Net surplus for the year	7,320,702	10,039,863
Adjusted for non-cash balances:		
- depreciation	4,850	4,775
- profit on disposal of plant & equipment	291	-
- fair value gains and losses	49,411	(12,816)
- restricted investment property	(7,086,570)	(9,778,430)
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	3,656	(17,933)
- (increase) in other assets	(30,927)	(22,849)
- increase in trade & other payables	42,680	26,841
- increase in employee benefits	7,747	(7,427)
Cash flows provided by operating activities	311,840	232,024

Notes to the Accounts for the year ended 30 June 2020

13 COMPANY DETAILS

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

Common Equity Housing South Australia Ltd
Suite 2,
32 West Thebarton Road
Thebarton, South Australia., 5031

14 CONTINGENCIES

In the opinion of directors, the company did not have any contingencies at 30 June 2020 (30 June 2019: None).

15 EVENTS OCCURRING AFTER THE REPORTING DATE

The financial report was authorised for issue on 21st day of October 2020 by the board of directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Address
180 Greenhill Road
Parkside SA 5063
Telephone
(08) 8273 9300
Facsimile
(08) 8274 1466
info@perks.com.au
perks.com.au

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Common Equity Housing South Australia Ltd (Common Equity), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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.

In our opinion, the accompanying financial report of Common Equity has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of Common Equity's financial position as at 30 June 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of Common Equity in accordance with the auditor independence requirements of Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Chartered Accountants Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554
Liability limited by a scheme approved
under Professional Standards Legislation.
Australian Financial Services
Licence No. 488997

Audit Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661
Liability limited by a scheme approved
under Professional Standards Legislation.

Private Wealth Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058
Australian Financial Services
Licence No. 236 551

Finance Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660
Australian Credit Licence No. 378241

Emphasis of Matter – Basis of Accounting

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 Common Equity's financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in Common Equity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Address
180 Greenhill Road
Parkside SA 5063

Telephone
(08) 8273 9300

Facsimile
(08) 8274 1466

info@perks.com.au
perks.com.au

Chartered Accountants
Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554
Liability limited by a scheme approved
under Professional Standards Legislation.
Australian Financial Services
Licence No. 488997

Audit
Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661
Liability limited by a scheme approved
under Professional Standards Legislation.

Private Wealth
Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058
Australian Financial Services
Licence No. 236 551

Finance
Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660
Australian Credit Licence No. 378241

Responsibilities of the Directors for the Financial Report (continued)

In preparing the financial report, the directors are responsible for assessing Common Equity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate Common Equity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Common Equity's internal control.

Address
180 Greenhill Road
Parkside SA 5063
Telephone
(08) 8273 9300
Facsimile
(08) 8274 1466
info@perks.com.au
perks.com.au

Chartered Accountants Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554
Liability limited by a scheme approved
under Professional Standards Legislation.
Australian Financial Services
Licence No. 488997

Audit Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661
Liability limited by a scheme approved
under Professional Standards Legislation.

Private Wealth Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058
Australian Financial Services
Licence No. 236 551

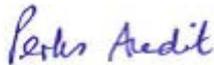
Finance Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660
Australian Credit Licence No. 378241

**Auditor's Responsibilities for the Audit of the Financial Report
(continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Common Equity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Common Equity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PERKS AUDIT PTY LTD

180 Greenhill Road

Parkside

South Australia 5063



PETER J HILL

Director

Registered Company Auditor

Dated this 21st day of October 2020

Address

180 Greenhill Road
Parkside SA 5063

Telephone

(08) 8273 9300

Facsimile

(08) 8274 1466

info@perks.com.au

perks.com.au

Chartered Accountants

Perks & Associates Pty Ltd

ACN 008 053 576 / ABN 50 507 079 554

Liability limited by a scheme approved
under Professional Standards Legislation.

Australian Financial Services

Licence No. 488997

Audit

Perks Audit Pty Ltd

ACN 109 602 100 / ABN 20 173 474 661

Liability limited by a scheme approved
under Professional Standards Legislation.

Private Wealth

Perks Private Wealth Pty Ltd

ACN 086 643 058 / ABN 88 086 643 058

Australian Financial Services

Licence No. 236 551

Finance

Perks Finance Pty Ltd

ACN 101 919 537 / ABN 76 533 199 660

Australian Credit Licence No. 378241



COMMON EQUITY HOUSING

South Australia

Business address 32 West Thebarton Road, Thebarton SA 5031
Postal address PO Box 382, Torrensville Plaza SA 5031
Telephone 08 8354 2790
Email info@cehsa.com.au
Website www.cehsa.com.au

Common Equity Housing SA Ltd ABN 82 146 523 453