

COMPASS HOUSING SERVICES CO (NEW ZEALAND) LTD

ANNUAL REPORT

2018-2019



CELEBRATING

KOTAHITANGA PARTNERSHIPS



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COMPANY INFORMATION

LEGAL NAME

Compass Housing Services Co (New Zealand) Limited

TYPE OF ENTITY AND LEGAL BASIS

New Zealand Limited Company registered 31 July 2015

NZBN 9429041870273

REGISTRATION

Compass Housing Services Co (New Zealand) Limited (Compass NZ) is registered with the New Zealand Community Housing Authority (CHRA) as a Class 1 Social Housing Landlord and is also a registered charity in New Zealand with any generated surpluses reinvested back into additional social housing or into community development programmes for local tenants.

CHRA REGISTRATION NUMBER RA 048

MAIN SOURCES OF CASH AND RESOURCES

Compass NZ's income is sourced from rental income, tenancy and property management fees and from the parent company.

STRUCTURE

100% owned by Compass Housing Services Co Ltd.

CONTACT US

ADDRESS

38a Liverpool St. Auckland 1010, New Zealand

PO Box 78-394 Grey Lynn 1245 AUCKLAND

www.compasshousingnz.org

TENANT ASSISTANCE | COMPASS NZ OPERATIONS

EMAIL newzealand@compasshousing.org

PHONE 0800-124-663

PARTNERS ENQUIRIES

Dr Bernadette Pinnell

General Manager, Compass NZ

Phone: +64 2136 6732

OUR ORGANISATION

BOARD OF DIRECTORS
COMPASS HOUSING SERVICES CO LTD

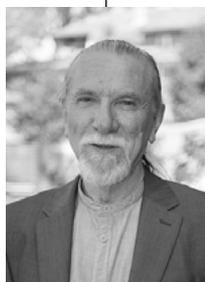
BOARD OF DIRECTORS
COMPASS HOUSING SERVICES CO (NEW ZEALAND) LTD



GROUP MANAGING DIRECTOR
Greg Budworth



GROUP
CHIEF FINANCIAL
OFFICER
Ian Rennie



KNOWLEDGE
MANAGER
Professor David
Adamson



GROUP CHIEF
TECHNOLOGY
OFFICER
Kent Chalmers



GROUP CHIEF
GOVERNANCE OFFICER
Julie Barnett



GROUP CHIEF
CORPORATE SERVICES
OFFICER
Lyndall Robertshaw



GROUP CHIEF
OPERATING OFFICER
Lisa Tierney

OUR NZ OPERATIONS TEAM



GENERAL MANAGER
COMPASS NZ
Dr Bernadette Pinnell



TENANCY RELATIONS
OFFICER
COMPASS NZ
Bettyanne Crawford



TENANCY ENGAGEMENT
OFFICER
COMPASS NZ
Neal Balsdon



BUSINESS
ADMINISTRATOR
COMPASS NZ
Altynay Satayeva



BUILDING MANAGER
COMPASS NZ
Craig Smith

OUR BOARD



PAUL JOHNSON | CHAIR

QUALIFICATIONS

- Certified Practicing Accountant
- Graduate Member of the Australian Institute of Company Directors
- Australian Computer Society
- Diploma of Financial Services from the Australian College of Commerce and Management

EXPERIENCE

Paul has been involved in the community housing sector as a Director since 2008. Paul is a retired chief executive of a financial institution with over 28 years' experience as a senior executive in the financial services and not-for-profit sectors.



ANTHONY QUIRK | DEPUTY CHAIR

Anthony is currently Chair of Humanitix NZ and New Zealand Water Polo. He is also a shareholder and a Non-Executive Director of Milford Asset Management and is on the Board of the New Zealand Local Government Funding Agency (LGFA). He is Chair of the Milford Audit & Risk sub-committee and a member of the Milford Investment Governance sub-committee and also a member of the LGFA Audit & Risk sub-committee.

Anthony has over 30 years' executive experience in the investment and financial services industry. He is a Fellow of the Institute of Finance Professionals New Zealand (INFINZ) and is a former Chairman of that organisation. He is a member of the Institute of Directors.

He was previously Chair of the Asset Management Advisory Board of the New Zealand Exchange, Deputy Chair and Board member of the New Zealand Society of Investment Analysts and a previous member of the Financial Reporting Standards Board of the New Zealand Society of Accountants.



KWESI ADDO | DIRECTOR

QUALIFICATIONS

Fellow of the Australian Institute of Company Directors
Fellow of the Governance Institute of Australia
Bachelor of Laws.
Master of Business Administration
International Business (Hons). Master of International Relations
Master of Construction Law

EXPERIENCE

Kwesi is an experienced non-executive director. He has nearly 15 years' experience in the community housing sector and also has over 13 years of legal experience in corporate and commercial law across local governance matters and a range of commercial and corporate areas of law including major infrastructure projects, commercial and civil litigation, debt recovery and insolvency, privacy, tax and employment law.

Kwesi has served on the working groups and boards of other not-for-profit organisations and is the author of 3 editions of a NSW legal text on community housing and 1 edition of a QLD legal text on community housing.



GREG BUDWORTH | DIRECTOR

QUALIFICATIONS

Master of Business Administration
Master of Business
Tertiary qualifications in:
Project Management, Business Management, Workplace Safety, Workplace Training.
Graduate Member of the Australian Institute of Company Directors. Member of the Australasian Housing Institute.
Member of Managers and Leaders Australia.

EXPERIENCE

Group Managing Director of the Compass Group. He is a director of the Australasian Housing Institute and a member of various other related committees and panels. He has previous experience in CEO and senior management roles in for profit human services organisations. He is currently the Vice President of the General Assembly of Partners.

OUR VISION

“THAT ALL PEOPLE HAVE APPROPRIATE AND AFFORDABLE SHELTER AND ARE ENGAGED IN SUSTAINABLE COMMUNITIES.”

OUR MISSION

PROVIDING HOMES

Housing is where we started, the heart of our work. We take pride in our tenancy and asset management services. Access to adequate housing is a universal human right. But what we do is more than housing—its about people, the lives they live, the community they live in and providing a place they call ‘home’.

EMPOWERING PEOPLE

We aim to optimize the potential of the people who live in our properties. We support their dreams and aspirations, giving them opportunities to grow and become who they want to be.

CONNECTING COMMUNITIES

Communities are created through a shared sense of belonging and connectedness. Connected communities care about and support the wellbeing of the people who live in them. Our endeavours assist in connecting communities.

INFLUENCING THE FUTURE

We have an active role to play in influencing the future of housing and sustainable communities. We act to support our clients and influence others to achieve a better future. We look for sustainability, in business and in the environment. We measure our success in the impact we leave on the environment and how well we support our clients to determine their own future



FROM THE BOARD CHAIR

2018-19 WAS A YEAR IN WHICH STRONG PARTNERSHIPS SET THE FOUNDATION FOR STRONG GROWTH INTO THE FUTURE.

The most significant development of the past 12 months was the completion of the new Life Apartments building in Central Auckland. This innovative mixed use development is part of a three way partnership between Compass New Zealand, the Ted Manson Foundation, and the New Zealand Government.

I am pleased to report that as at the time of writing, the first Compass New Zealand tenants have already moved into the building. Compass NZ is scheduled to manage 73 of the 92 units in the building, with the remainder being occupied by a combination of private owners and private market renters. Those who have moved into the Compass NZ managed units to date include students and apprentices as well as young families.

As well as providing affordable accommodation for those struggling with Auckland's high rents, the development will also serve as Compass NZ's primary Auckland office, with the central location providing an ideal base from which to establish new relationships with other social service agencies operating in the Auckland area.

In last year's annual report I noted that Compass NZ had established the Grow a Star initiative. Grow a Star is a unique youth mentoring and scholarship program that offers young people from disadvantaged backgrounds the opportunity to follow their educational, sporting or artistic dreams.

Over the past 12 months Compass NZ's first Grow a Star recipient Luisa Tauri-Tei, who is studying law at Victoria University in Wellington, has benefited from ongoing mentoring support from Compass NZ General Manager Bernadette Pinnell and was sponsored to attend the "New Dawn" Pacific Social Enterprise Forum held in Auckland.

The year ahead will see more strong growth, both in the number of properties under management, and the depth of our relationships within New Zealand's social services sector. In the short term, we are scheduled to take on another 90 brand new units in the Auckland suburb of Glen Eden thanks to another partnership with the Ted Manson Foundation and the NZ Government. An additional 100 apartments are also under construction through a partnership with SOHO Developments and the Ministry of Urban Development.

In conclusion I would like to thank all our construction and social service partners, as well as the New Zealand Government for its ongoing support. My thanks also to my fellow directors, to Compass NZ's General Manager Bernadette Pinnell whose diligence and determination have been crucial to our success to date, and to her small but growing team of dedicated housing professionals whose efforts make such an important difference in the lives of our tenants.

Paul Johnson

CHAIR, COMPASS HOUSING SERVICES CO (NEW ZEALAND) LTD.

TENANT SATISFACTION DATA

2019 COMPASS NZ TENANT SURVEY RESULTS

98% Satisfaction with the activities that Compass provide.

94% Satisfaction with the way Compass involves tenants.

90% Satisfaction with the tenant influence over decision making.

94% Satisfaction that their rights as a tenant are upheld by Compass.

92% Satisfaction with Compass services.

98% Satisfaction with the condition of their homes.

94% Satisfaction with the way Compass communicates and provides information.

TENANT TESTIMONIALS

"IT IS AMAZING HOW COMPASS PROVIDES ONGOING SUPPORT AND INFORMATION ON WHAT IS NEEDED AS A TENANT"

"I JUST WANT TO SAY THANK YOU COMPASS FOR PROVIDING ME WITH THE GREAT SERVICE AND A BEAUTIFUL HOME.

COMPASS HAS BEEN A BLESSING TO ME IN HOUSING AND FINANCIALLY - ITS HANDS ON APPROACH TO COMMUNICATING WITH THEIR TENANTS.

IT IS APPROACHABLE AND HAS GENUINE EMPATHY THAT GOES A LONG WAY AS I SUFFER FROM MENTAL HEALTH PROBLEMS.

THANK YOU COMPASS HOUSING SERVICES!"

"MY THANKS TO THE FRIENDLY AND WELCOMING NEIGHBOURS FROM MY FLOOR AND OTHER TENANTS IN THIS BUILDING"

"BECAUSE OF MY NEIGHBOURS I FEEL VERY MUCH A FAMILY MEMBER HERE."

FROM THE GENERAL MANAGER



COMPASS NZ GENERAL MANAGER | DR BERNADETTE PINNELL

THIS YEAR WAS ONE OF PREPARATION FOR GROWTH

As a result of our partnership with the Ted Manson Foundation and the Ministry of Housing and Urban Development (HUD), we relocated to a new office in the Life Apartments development in the Auckland CBD which accommodated the first of its 90 residents in September 2019.

The Life Apartments development is a unique partnership between public, private and not-for-profit agencies. It is also one of the first mixed tenure developments in New Zealand to include social and affordable rentals along with privately owned properties. Although well-established internationally as a model to reduce concentration of disadvantage associated with mono-tenure housing areas, it remains relatively uncommon in New Zealand.

Commencing an operation in the Auckland CBD also enabled Compass to establish new relationships with other community housing organisations and social services agencies. This means we are providing long term secure housing to people who have previously been homeless as well as those who were living in transitional housing. The mix of one and two bedroom units has also attracted families as well as students and apprentices who are studying and establishing a career. By providing affordable long term secure housing, young people previously not engaged in employment or training can now change their life trajectory.

SOCIALLY SUSTAINABLE COMMUNITIES

An integral component of the Compass Housing Services model is ensuring that we are enabling tenants to be “engaged in sustainable communities.” The community development domain has been a distinguishing feature of Compass since 2005 and is an integral part of Compass New Zealand’s operations.

The Life Apartments development includes a community hub, which is an onsite facility to enable residents and agencies to engage and learn from each other. It’s also a facility that will enable the social integration of tenants into the wider Auckland community and ensure their networks are not insular.

Compass New Zealand’s commitment to tenant engagement and empowerment is a major contributor to our high level of tenant satisfaction which reached 92% in the most recent independent survey. A key contributor to this satisfaction level was the provision of training including assistance from one of our tenants Keith who is providing computer training.

ENABLING

This year we established a partnership with Manukau Institute of Technology where we engaged three students as interns. One intern subsequently secured long term employment with us.

The continued role of the Tenancy Advisory Group (TAG) has been productive and as a result of a suggestion from the TAG, fifteen tenants achieved first aid certification via a St John’s first aid course. I offer my congratulations to all the tenants involved.

Sincere thank you to the Compass Housing NZ staff for their commitment and continued passion each day.

PIPELINE OF NEW PROPERTIES

As a result of a partnership with the Ministry of Housing and Urban Development and SOHO Development we have over 100 properties under construction. These properties will open in 2021-2022 and offer new one and two bedroom units to meet the growing demand for housing in regional areas.

The Manson Foundation – Westlight mixed tenure development in Glen Eden, Auckland will open in early 2020 which has 90 new social housing one and two bedroom units.

Dr Bernadette Pinnell

GENERAL MANAGER, COMPASS HOUSING SERVICES CO (NEW ZEALAND) LTD.

TENANT STORIES

KIM

Kim has an amazing talent for playing music, her guitar which she calls her 'husband' is her constant companion. She learns to play new pieces of music by ear. She learnt music and songs from her parents and has been playing the guitar since she was a child..

Kim could not find her place and was homeless for fifteen years. Although working for the past three years in a quarry, no one at her places of work knew that she lived in her car or on friends' couches.

"I just couldn't settle anywhere, until I found this place" says Kim.

"The Compass staff are considerate kind and lovely people. I couldn't ask for better, they treat us as real people".

Kim has been volunteering for years as a peer support worker and also as an advocate for people experiencing homelessness, even when she was homeless herself.

She loves her new home and enjoys having her mokopunas come to visit.



*The Compass staff are considerate
kind and lovely people.*

*I couldn't ask for better, they treat
us as real people.*

TENANT STORIES

GARRY

Garry is a thoughtful, caring tenant who supports and assists his neighbours wherever he can. Garry has been a member of the May Road Tenant Advisory Group for almost three years. Thank you Garry for all you do for the community there.



PICTURE ABOVE: GARRY ON THE FAR LEFT PARTICIPATING IN A TENANT ADVISORY GROUP (TAG) MEETING.

KEITH

Keith has led the Compass computer literacy programme helping tenants set up email accounts, writing letters and also with admin for corresponding with government agencies etc. Compass gifted a laptop to the May Road community and Keith is custodian. The laptop is also available for personal use to help tenants stay in touch with family and friends or watch programmes.

Keith is a valued member of the May Road and Central Ave Tenant Advisory Group, originally from Adelaide he has a Master's Degree in Education Management from Melbourne University. He has been in NZ for over twenty years and worked in education and lecturing positions until he experienced ill health which meant he had to give up his job.

Compass is very fortunate to have Keith as a leader in his community. He respects the sense of trust his group of neighbours has developed. They look out for each other and whilst they might not always agree on things, they are respectful of each other's viewpoint and opinion. Keith is also an avid cook and the group get together frequently for shared meals.



KEITH WITH FELLOW TENANT LUCY



NING AND TAI

Ning from Myanmar and Tai from Samoa have formed a strong bond based on their love of gardening.

The community garden at their complex now has a unique mix of Pacific and Asian herbs and vegetables for all the tenants to enjoy.

TENANT STORIES

QUINNY

A mother of two children, Quinny came to live at Liverpool Street when she was referred by another tenant who volunteers as an advocate with the Ministry of Social Development.

Quinny has lived in insecure housing elsewhere in New Zealand, experiencing homelessness off and on, but she feels settled here and is proud of the home she made for herself.

“My neighbours and the other tenants have been very friendly and welcoming. I feel very much like I’m part of a family.” says Quinny.

Quinny’s Kauae Moko - female facial tattoo - is a proud symbol of her Maori culture. Kauae Moko is a part of an assertion of tino rangatiratanga and mana Motuhake: of political, cultural, social and spiritual aspirations as whānau, as hapū, as iwi, as Māori.

Quinny has qualifications in remedial massage and is a member of the Tenant Advisory Group. She is also very creative and has had a number of poems and short stories published by the Waiheke Island Writers Group.

AIANEI / NOW

WRITTEN BY QUINNY TARAPIPIPI

inaiane e mahara ana ahau ki tenei ra
taku whakarongo, taku tuhinga, taku waiata, taku mahi
inaiane ka maumahara tonu ahau i tenei po
aku tirohanga, oku whakaaro. aku kupu, oku kaha
inaiane ka maumahara nui ahau ki nga wa o mua toku wairua, toku reo, toku ihi, toku aroha

NOW / AIANEI

WRITTEN BY QUINNY TARAPIPIPI

right now I am remembering this day
my listening, my writing, my song, my work
right now I remember this night
my views, my thoughts, my words, my strength
right now I remember with reverence the past my spirit, my language, my power, my love



GROW A STAR

LUISA TAURI-TEI

Grow a Star is Compass' innovative, youth mentoring and scholarship program that helps young people from disadvantaged backgrounds overcome the financial or generational obstacles that are preventing them from following their dreams.

The first Grow a Star recipient in New Zealand was Samoan-Maori student Luisa Tauri-Tei, who was supported by the program in her last year of high school and now in university. Luisa's ambition is to be a human rights lawyer and the assistance provided by Compass NZ through Grow a Star, is helping her greatly with her studies.

Luisa was recently interviewed on 531pi Breakfast Radio. She spoke of her childhood and being the first person in her family to undertake tertiary studies. She also spoke about her heritage and her grandmother who inspires her everyday in her studies.

"My grandma passed away in 2017 and I think this is a great way to carry on her legacy, everything that grandmothers do sacrifice and a lot of our Pacific parents who have migrated to NZ for their children's education. I think it's a testament to that." says Luisa.

Luisa is in her first year of an Arts and Law Degree at Victoria University in Wellington. In the interview, Luisa described this year as eye opening, especially in her law studies and coming to realise how the legal system works and how it works for Maori and Pasifika people in particular.

Luisa is studying Pacific Studies as part of her Arts Degree which is keeping her grounded, but she said that the workload and competitive nature of law school is a challenge.

"Most of the time you're the only brown face in the room so it's a little bit hard to feel like there's a sense of community." says Luisa.

"Growing up in Manurewa there has always been that sense of community for me. It's challenging in that sense, but it motivates me to work harder to achieve more than people think I can achieve."

The Compass team first contacted Luisa her through her school and after an interview provided her with a laptop through the Grow a Star program which Luisa described as really useful as it was her last year and she didn't have a device to help her get through her assessments. Luisa said the laptop not only made the workload easier, it is the reason why she got through Year 13.

Luisa has been able to move into a house in Wellington with some assistance from the Grow A Star program. Through the program she has been exposed to a large network and got to go to the Pacific Social Enterprise Summit.

"Grow a Star has done a lot for me. It's a constant support and definitely a home away from home. The help was customised to my situation and I think that it's been life changing."



LUISA WITH HER GRANDMOTHER

LUISA'S ADVICE TO OTHER YOUNG PEOPLE

“Ground yourself in your roots and by roots I mean your family, the people you grew up with, your community, your church. Ground yourself in that because it will always push you and motivate you. It will be your why.”

COMPASS HOUSING SERVICES
CO (NEW ZEALAND) LTD

ANNUAL REPORT

30 JUNE 2019

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

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ENTITY INFORMATION

**Compass Housing Services Co (New Zealand) Limited
Entity Information
For the year ended 30 June 2019**

Legal Name of Entity: Compass Housing Services Co (New Zealand) limited

Other Name of Entity (if any):	N/A
Type of Entity and Legal Basis (if any):	New Zealand Limited Company registered 31 July 2015
Registration Number:	5753427

Entity's Purpose or Mission:

At Compass we believe community housing is about more than providing accommodation. Compass is registered with the New Zealand Community Housing Authority as a Class 1 Social Housing Landlord - and is also a registered charity in New Zealand with any generated surpluses reinvested straight back into additional social housing or into community development programs for local tenants.

Entity Structure:

100% owned by Compass Housing Services Co Limited
Owns 100% of Compass Housing Services Co (Canterbury) Limited (Deregistered October 2018)

Main Sources of the Entity's Cash and Resources:

Parent company, rental income and property management fees.

Main Methods Used by the Entity to Raise Funds:

Loan from the parent company.

Entity's Reliance on Volunteers and Donated Goods or Services:

Compass has paid employees and also uses volunteers on occasions.

Contact details

Physical Address:	38a, Liverpool St. Auckland 1010, New Zealand
Postal Address:	38a, Liverpool St. Auckland 1010, New Zealand
Phone/Fax:	Ph +64 2136 6732
Email/Website:	bernadettep@compasshousing.org

STATEMENT OF SERVICE PERFORMANCE

**Compass Housing Services Co (New Zealand) Limited
Statement of Service Performance
"What did we do?", When did we do it?"
For the year ended 30 June 2019**

Description of the Entity's Outcomes*:

Compass Manages a portfolio of 90 furnished studio apartment units in the South Auckland suburbs of Mangere and Papatoetoe and are working closely with partners on projects that will deliver additional social housing dwellings for vulnerable families over the next few years.

Description and Quantification (to the extent practicable) of the Entity's Outputs:*	Actual	Budget
	This Year	This Year
Property management and tenancy services (number of properties)	90	162

Authorisation of the financial statements

The Board of Directors authorised these financial statements for issue on the date signed below.

For and on behalf of the Board



Director Signature: _____

Director Name: Paul Johnson _____



Director Signature: _____

Director Name: Greg Budworth _____

21 October 2019

FINANCIAL STATEMENTS

These financial statements are the financial statements of Compass Housing Services Co (New Zealand) Ltd as an individual entity. Compass Housing Services Co (New Zealand) Ltd is incorporated and domiciled in New Zealand.

Its registered office is:

Compass Housing Services Co (New Zealand) Ltd
38a Liverpool Street,
Auckland, 1010, New Zealand

Its principal place of business is:

Compass Housing Services Co (New Zealand) Ltd
38a Liverpool Street,
Auckland, 1010, New Zealand

A description of the nature of the entity's operations and its principal activities is included in the entity information on page 1 which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 21 October 2019.

The directors have the power to amend and reissue the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income
For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from continuing operations	1	2,093,096	2,505,397
Foreign Exchange - net gain/(loss)	2(a)	51,306	(18,704)
Other income	2(a)	107,693	118,572
Tenancy and property management expenses	2(b)	(1,889,101)	(1,637,642)
Administrative expenses	2(b)	(569,421)	(453,209)
Finance expenses	2(c)	(66,493)	(109,914)
(Loss)/profit before tax		(272,920)	404,500
Income tax expense		-	-
(Loss)/profit for the year		(272,920)	404,500
Total comprehensive (loss)/income for the year		(272,920)	404,500

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Compass Housing Services Co (New Zealand) Ltd 4
30 June 2019

STATEMENT OF FINANCIAL POSITION

Statement of financial position

As at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	3(a)	454,704	191,072
Trade and other receivables	3(b)	88,889	723,772
Other current assets	3(c)	166,114	173,264
Total current assets		709,707	1,088,108
Non-current assets			
Property, plant and equipment	4(a)	20,731	30,228
Total non-current assets		20,731	30,228
Total assets		730,438	1,118,336
LIABILITIES			
Current liabilities			
Trade and other payables	3(e)	272,400	273,829
Deferred revenue		3,987	4,767
Total current liabilities		276,387	278,596
Non-current liabilities			
Borrowings	3(f)	1,308,990	1,426,125
Provisions		7,878	3,512
Total non-current liabilities		1,316,868	1,429,637
Total liabilities		1,593,255	1,708,233
Net assets		(862,817)	(589,897)
EQUITY			
(Accumulated losses)	5	(862,817)	(589,897)
Total equity		(862,817)	(589,897)

The above statement of financial position should be read in conjunction with the accompanying notes.

Compass Housing Services Co (New Zealand) Ltd 5
30 June 2019

STATEMENT OF

CHANGES IN EQUITY

Statement of changes in equity
For the year ended 30 June 2019

	Retained earnings \$	Total \$
Balance at 1 July 2017	<u>(994,397)</u>	<u>(994,397)</u>
Profit for the year	404,500	404,500
Total comprehensive profit for the year	<u>404,500</u>	<u>404,500</u>
Balance at 30 June 2018	<u>(589,897)</u>	<u>(589,897)</u>
Balance at 1 July 2018	<u>(589,897)</u>	<u>(589,897)</u>
Profit for the year	(272,920)	(272,920)
Total comprehensive income for the year	<u>(272,920)</u>	<u>(272,920)</u>
Balance at 30 June 2019	<u>(862,817)</u>	<u>(862,817)</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Compass Housing Services Co (New Zealand) Ltd 6
30 June 2019

STATEMENT OF

CASH FLOWS**Statement of cash flows**

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		1,107,630	1,316,946
Payments to suppliers and employees (inclusive of goods and services tax)		(2,362,894)	(1,224,627)
Receipts from Grants (2018: Donation from Parent)		1,727,140	800,000
Interest received		903	-
Net cash inflow from operating activities	6	<u>472,779</u>	<u>892,319</u>
Cash flows from investing activities			
Payments for property, plant and equipment	4(a)	(3,142)	(34,921)
Proceeds from loans with related parties		-	53,372
Net cash (outflow) inflow from investing activities		<u>(3,142)</u>	<u>18,451</u>
Cash flows from financing activities			
Repayment of borrowings	3(f)	(206,006)	(800,000)
Net cash (outflow) from financing activities		<u>(206,006)</u>	<u>(800,000)</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		191,073	80,302
Cash and cash equivalents at the end of the financial year	3(a)	<u>454,704</u>	<u>191,072</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Compass Housing Services Co (New Zealand) Ltd 7
30 June 2019

COMPASS HOUSING SERVICES
CO (NEW ZEALAND) LTD

FINANCIAL STATEMENT NOTES

FINANCIAL STATEMENTS

NOTES

1 Revenue

The Company derives the following types of revenue:

	2019	2018
	\$	\$
From continuing operations		
Tenant revenue	365,956	298,940
Grant revenue	1,727,140	2,206,457
	<u>2,093,096</u>	<u>2,505,397</u>

See note 12(b) for the recognition and measurement of revenue.

2 Other income and expense items

(a) Other income

	2019	2018
	\$	\$
Other interest received	903	-
Other income	106,790	118,572
	<u>107,693</u>	<u>118,572</u>

(b) Breakdown of expenses by nature

	2019	2018
	\$	\$
Tenancy and property management expenses		
Bad debts	-	-
Depreciation and amortisation	12,638	15,568
Insurance	24,506	12,217
Property repairs and maintenance	23,286	3,806
Rent - rental properties	1,811,335	1,598,678
Utilities	16,794	5,866
Other expenses	542	1,506
Total tenancy and property management expenses	<u>1,889,101</u>	<u>1,637,641</u>

	2019	2018
	\$	\$
Administration expenses		
Employee benefits	443,903	361,719
Motor vehicles	1,454	10,577
Rent - office building	14,697	13,218
Other expenses	109,367	67,693
	<u>569,421</u>	<u>453,207</u>

(c) Finance expenses

	2019	2018
	\$	\$
<i>Finance costs</i>		
Interest and finance charges	<u>(66,493)</u>	<u>(109,914)</u>

FINANCIAL STATEMENTS

NOTES

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2019 \$	2018 \$
Current assets		
Cash at bank and in hand	<u>454,704</u>	<u>191,072</u>

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows.

(b) Trade and other receivables

	2019 \$	2018 \$
Trade receivables		
Trade receivables	46,719	723,772
Other receivables	<u>42,170</u>	<u>-</u>
	<u>88,889</u>	<u>723,772</u>

(c) Other current assets and liabilities

	2019 \$	2018 \$
Other assets		
Prepaid Rent - Landlords	153,387	149,698
Prepaid Insurance - General	11,318	6,975
Prepaid Sundry	<u>1,409</u>	<u>16,591</u>
	<u>166,114</u>	<u>173,264</u>

(d) Other assets and liabilities

	2019 Current \$	2019 Non- current \$	Total \$	2018 Current \$	2018 Non- current \$	Total \$
Other assets						
Prepaid Rent - Landlords	153,387	-	153,387	149,698	-	149,698
Prepaid Insurance - General	11,318	-	11,318	6,975	-	6,975
Prepaid Sundry	1,409	-	1,409	16,591	-	16,591
	<u>166,114</u>	<u>-</u>	<u>166,114</u>	<u>173,264</u>	<u>-</u>	<u>173,264</u>

FINANCIAL STATEMENTS

NOTES

Financial assets and financial liabilities

(e) Trade and other payables

	2019	2018
	\$	\$
Current liabilities		
Trade payables	22,688	86,098
Employee benefits	19,283	17,274
Accrued expenses	16,330	(11,430)
Annual leave payable	82,285	37,782
Other payables	131,814	144,105
	<u>272,400</u>	<u>273,829</u>

Trade payables are unsecured and are usually paid within 30 days of recognition.

(f) Non-current borrowings

	2019	2018
	\$	\$
Loan - Compass Housing Services Co Ltd	1,308,990	1,428,125
Total secured borrowings	<u>1,308,990</u>	<u>1,428,125</u>

FINANCIAL STATEMENTS

NOTES

4 Non-financial assets and liabilities

(a) Property, plant and equipment

	Plant and equipment \$	Furniture, fittings and equipment \$	Machinery and vehicles \$	Other plant and equipment \$	Total \$
At 30 June 2018					
Cost or fair value	-	486	28,237	21,313	50,036
Accumulated depreciation	-	(138)	(6,471)	(13,199)	(19,808)
Net book amount	-	348	21,766	8,114	30,228
Year ended 30 June 2019					
Opening net book amount	-	348	21,766	8,114	30,228
Additions	-	-	-	2,996	2,996
Depreciation charge	-	(97)	(7,059)	(5,482)	(12,638)
Transfers	145	-	-	-	145
Closing net book amount	145	251	14,707	5,628	20,731
At 30 June 2019					
Cost	145	486	28,237	24,309	53,177
Accumulated depreciation	-	(235)	(13,530)	(18,681)	(32,446)
Net book amount	145	251	14,707	5,628	20,731

FINANCIAL STATEMENTS

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Non-financial assets and liabilities

(a) Property, plant and equipment (continued)

Property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

• Buildings	25 - 40 years
• Machinery	10 - 15 years
• Vehicles	3 - 5 years
• Furniture, fittings and equipment	3 - 8 years
• Leased plant and equipment	10 - 15 years

See note 12(g) for the other accounting policies relevant to property, plant and equipment.

5 Equity

Retained earnings

Movements in retained earnings were as follows:

	2019 \$	2018 \$
Balance 1 July	(589,897)	(994,397)
Net profit/(loss) for the year	(272,920)	404,500
Balance 30 June	<u>(862,817)</u>	<u>(589,897)</u>

6 Cash flow information

Reconciliation of profit/(loss) after income tax to net cash (outflow) from operating activities

	2019 \$	2018 \$
Profit/(loss) for the year	(272,920)	404,501
Adjustment for		
Depreciation and amortisation	12,639	15,568
Suppliers paid by CHS on behalf of CNZ	78,049	-
Gain on foreign exchange	(51,306)	-
Donations, fundraising and other similar receipts	-	800,000
Interest expense - intercompany loan	66,493	109,914
Change in operating assets and liabilities:		
Decrease/(increase) in trade debtors	634,884	(488,319)
Decrease (Increase) in other assets	7,149	(62,515)
(Decrease) Increase in trade creditors	35,573	97,069
(Decrease) increase in other operating liabilities	(37,782)	16,101
Net cash (outflow) from operating activities	<u>472,779</u>	<u>892,319</u>

7 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

Significant estimates and judgements

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

FINANCIAL STATEMENTS

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Critical estimates, judgements and errors

Significant estimates and judgements (continued)

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

8 Financial risk management

(a) Market risk

Cash flow and fair value interest rate risk

The company's main interest rate risk arises from long-term borrowings with variable rates which exposed the group to cash flow interest rate risk and foreign exchange rate risk in New Zealand Dollars.

(b) Credit risk

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated credit losses are recognised in a separate provision for impairment. Provision for doubtful debts is recognised on the following basis;

Trade debtors

A provision of 10% of trade debtors is recognised on the basis of historical recoupment of these receivables.

Tenant debtors

A provision of 4% of tenant rent and tenant non rent incidentals receivable is recognised based on industry average for balances outstanding less than 12 months. Balances over 12 months are fully provided with the exception of those on payment plans who are deemed to be fully collectable.

Ex-Tenant debtors

A provision of 85% of ex-tenant rent and non rent incidentals receivable is recognised on the basis of historical recoupment of these receivables. Balances over 12 months are fully provided with the exception of those on payment plans who are deemed to be fully collectable.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within other expenses.

9 Commitments

Non-cancellable operating leases

	2019	2018
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	918,600	-
Later than one year but not later than five years	1,366,575	-
Later than five years	-	-
	2,285,175	-

10 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company or economic entity in subsequent financial years.

FINANCIAL STATEMENTS

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11 Related party transactions

(a) Parent entities

Name	Type	Place of incorporation	Ownership interest	
			2019	2018
Compass Housing Services Co Ltd	Immediate and ultimate	Australia	100%	100%

(b) Transactions with other related parties

The following transactions occurred with related parties:

	30 June 2019 \$	30 June 2018 \$
<i>Sale and purchases of goods and services</i>		
Purchase of management services from parent - Compass Housing Services Co Limited	88,871	1,426,125

(c) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting year in relation to transactions with related parties:

	2019 \$	2018 \$
Current payables (purchases of goods and services)		
Payable to Compass Housing Services Co Ltd	1,308,990	1,426,125

(d) Terms and conditions

All related party transactions were made on normal commercial terms and conditions and of market value.

FINANCIAL STATEMENTS

NOTES**12 Summary of significant accounting policies****(a) Basis of preparation**

Compass Housing Services Co (new Zealand) Ltd is a company registered under the New Zealand Companies Act 1993. The financial statements have been prepared in accordance with the Financial Reporting Act 2013 and the Companies Act 1993.

(i) Compliance with NZ IFRS

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (GAAP). The Company is a not-for-profit entity for the purposes of complying with GAAP. The financial statements comply with New Zealand Tier 2 reporting requirements. This is equivalent to International Financial Reporting Standards Reduced Disclosure Regime ('NZ IFRS RDR'), other New Zealand accounting standards and authoritative notices that are applicable to not-for-profit entities that apply NZ IFRS RDR.

The group is eligible and has elected to report in accordance with Tier 2 not-for-profit Accounting Requirements (NZ IFRS RDR) on the basis that the group has no public accountability and is not a large not-for-profit public sector entity. In applying NZ IFRS RDR, the group has applied a number of disclosure concessions.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value

The Company has not adopted a new standards in the current year with a material impact on these financial statements.

RDR concessions are available in respect of these disclosures. The group had to change its accounting policies and make certain retrospective adjustments following the adoption of NZ IFRS 9 and NZ IFRS 15. All other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods. Future profits could also be affected through the requirement to remeasure the proportion of the share-based payment that would have had to be accounted for as cash-settled under the old rules.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The specific accounting policies for the Company's main types of revenue are explained here.

(i) Tenant revenue

Revenue from services is recognised in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

(ii) Grant revenue

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

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

(iii) Donations

Donations and bequests are recognised as revenue when received.

FINANCIAL STATEMENTS

NOTES**Summary of significant accounting policies****(b) Revenue recognition (continued)***(iv) Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(v) Unearned rental income

The unearned rental income shown in the accounts will be brought into account in the subsequent year as it represents tenants rent received in advance.

(c) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(e) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 8(b) for further information about the group's accounting for trade receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(f) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables and receivables in the balance sheet.

(g) Property, plant and equipment

The Company's accounting policy for land and buildings is explained in note 4(a). All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

FINANCIAL STATEMENTS

NOTES**Summary of significant accounting policies****(g) Property, plant and equipment (continued)**

Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in reserves in shareholder's equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 24 months after the reporting period.

(j) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(k) Provisions

Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report

To the members of Compass Housing Services Co (New Zealand) Limited

We have audited the financial statements which comprise:

- the statement of financial position as at 30 June 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the accompanying financial statements of Compass Housing Services Co (New Zealand) Limited (the Company), present fairly, in all material respects, the financial position of the Group as at 30 June 2019, its financial performance and its cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

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INDEPENDENT AUDITOR'S REPORT



Information other than the financial statements and auditor's report

The Board of Directors are responsible for the annual report. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 members for the financial statements

The Board of Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors are responsible for assessing the Company'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 Board of Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are 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 ISAs (NZ) and ISAs 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Board of Directors, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Board of Directors, as a body, for our audit work, for this report or for the opinions we have formed.

INDEPENDENT AUDITOR'S REPORT



The engagement partner on the audit resulting in this independent auditor's report is Caroline Mara.

For and on behalf of:

PricewaterhouseCoopers
Chartered Accountants
21 October 2019

Newcastle

I, Caroline Mara, am currently a member of Chartered Accountants Australia & New Zealand and my membership number is 47762.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of Compass Housing Services Co (New Zealand) Limited for the year ended 30 June 2019. I was responsible for the execution of the audit and the delivery of our firm's auditor's report. The audit work was completed on 21 October 2019 and an unqualified opinion was issued.

C. Mara
Caroline Mara

