

COMPASS HOUSING SERVICES CO (NEW ZEALAND) LTD

ANNUAL REPORT

2019/20

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TENANT ASSISTANCE | COMPASS HOUSING NZ OPERATIONS

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PHONE 0800-124-663

PARTNERS ENQUIRIES

Dr Bernadette Pinnell
General Manager, Compass NZ
Phone: 0800-124-663



COMPANY INFORMATION

LEGAL NAME

Compass Housing Services Company (New Zealand) Limited (Compass Housing NZ)

TYPE OF ENTITY AND LEGAL BASIS

New Zealand Limited Company registered 31 July 2015

NZBN 9429041870273

CHARITY NUMBER CC53292

Compass Housing NZ is a registered charity in New Zealand with any surpluses generated reinvested back into additional social housing or into community development programmes for local tenants.

CHRA REGISTRATION NUMBER RA 048

Compass Housing NZ is accredited by the Community Housing Regulatory Authority (CHRA) as a Class 1 Social Housing Landlord.

MAIN SOURCES OF CASH AND RESOURCES

Compass Housing NZ's income is sourced from rental income, tenancy and property management fees and from an establishment loan from Compass Housing Australia.

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 ORGANISATION

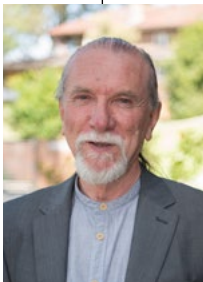
BOARD OF DIRECTORS
COMPASS HOUSING SERVICES CO LTD



GROUP MANAGING DIRECTOR
Greg Budworth



GROUP
CHIEF FINANCIAL
OFFICER
Damien Thomas



GROUP CHIEF
STRATEGIC
ENGAGEMENT
OFFICER
**Professor David
Adamson**



GROUP CHIEF
TECHNOLOGY
OFFICER
Kent Chalmers



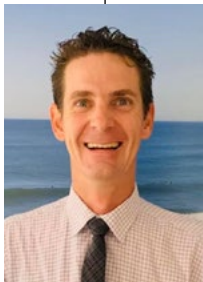
GROUP CHIEF
GOVERNANCE OFFICER
Julie Barnett



GROUP CHIEF
CORPORATE SERVICES
OFFICER
Lyndall Robertshaw



GROUP CHIEF
OPERATING OFFICER
Lisa Tierney



GROUP CHIEF LEGAL
OFFICER & COMPANY
SECRETARY
Dan Davies

OUR NZ OPERATIONS TEAM

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



GROUP MANAGING DIRECTOR
Greg Budworth



GENERAL MANAGER
COMPASS NZ
Dr Bernadette Pinnell



TENANCY RELATIONS OFFICER
COMPASS NZ
Bettyanne Crawford



BUSINESS ADMINISTRATOR
COMPASS NZ
Altynay Satayeva



BUILDING MANAGER
COMPASS NZ
Craig Smith



TENANCY RELATIONS OFFICER
COMPASS NZ
Neal Balsdon

ABOUT US

Compass Housing Services Co (New Zealand) Limited (Compass Housing NZ) is an ambitious and socially committed non-government organisation that provides social and affordable housing for low to moderate income households. Established five years ago, we have a steady growth trajectory in Auckland and regional New Zealand.

Our parent company, Compass Housing Services Australia, has an established track record of delivering and managing social and affordable housing for more than 35 years. Our core business is tenancy and property management and we operate under a wide range of government initiatives and housing programmes.

Our company vision is for a world in which all people have access to safe, affordable and adequate housing and are actively engaged in their communities. In pursuit of that goal, we developed an approach to service delivery which integrates tenancy and property management within a broader network of community services to maximises opportunities for tenants to increase their economic and social participation in the communities in which they live.

Underpinning our company vision is a belief that safe and adequate housing is a basic human right. As promoters of the right to housing we are strong advocates for structural reform to create an affordable housing market in New Zealand, whilst also actively participating in a variety of national and international campaigns aimed at helping achieve the United Nations Sustainable Development Goals.

We completed our fifth year of operation this year and in the process expanded into a new model of mixed tenure development in partnership with the Ted Manson Foundation and the Ministry of Housing and Urban development.

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 rental 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.

This year had its challenges, but we are proud of the way our residents supported and looked out for each other. The random acts of kindness were evident in trips to chemists and supermarkets to pick up items for neighbours, sharing food parcels and working collectively to keep COVID 19 out of their communities.

The staff did an amazing job responding quickly and effectively, into a new operating environment.

Operating in the Auckland CBD enabled Compass Housing NZ to establish new relationships with other community housing organisations and social services agencies. The low turnover of residents, many of whom had been experiencing long term homelessness, proves that the combination of long-term secure housing, in a caring environment, is what is needed to eliminate homelessness.

REPORT CARD

NUMBER OF PEOPLE PROVIDED HOUSING

260

TOTAL PROPERTIES UNDER MANAGEMENT

163

CHANGE IN PROPERTIES UNDER MANAGEMENT

73

NEW PROPERTIES UNDER CONSTRUCTION

192



TENANT SATISFACTION

96%

OVERALL SATISFACTION WITH THE ORGANISATION

95%

SATISFACTION WITH WAY IN WHICH COMPASS INVOLVES TENANTS

95%

SATISFACTION WITH WAY IN WHICH COMPASS COMMUNICATES WITH TENANTS

93%

SATISFIED THAT THEIR RIGHTS AS A TENANT ARE UPHELD BY COMPASS

96%

SATISFIED WITH THE OVERALL CONDITION OF THEIR HOME

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

OUR VISION

That all people have appropriate and affordable shelter and are engaged in sustainable communities.

WORK HEALTH AND SAFETY

Compass Housing NZ takes a systematic approach to workplace health and safety (WHS) management in order to minimise risks to our employees. We recognise that the most effective way to attract and support competent and productive employees is to ensure a healthy and safe work environment for everyone. As such, we encourage workforce diversity including support for workers who may require reasonable workplace adjustments and non-discriminatory employment practices.

RESPONSE TO COVID-19

Like businesses globally, Compass Housing NZ was impacted by restrictions on movement and trade imposed in response to the COVID-19 pandemic. This included restrictions on the number of people able to share office space, a shift to working from home and social distancing. However, with our high-density development and complexes with shared facilities we needed to stay engaged with our tenants in manner that ensured the safety and wellbeing of staff and tenants.

Our client-centred approach to service delivery, relies heavily on face-to-face contact. Health restrictions limited the ability of staff to engage with clients in the normal fashion, as well limiting maintenance contractors from performing non-essential works. We were, however, early adopters in developing and implementing a Business Continuity Plan and transition to rostering staff to work from home.

This period also enabled innovation and new ways of working. Staff increased daily contact with services agencies and tenants and provided a wide range of information through phone calls, bulk texting, newsletters, delivery of goods including medication, personal care products, groceries and hand sanitizer. Also arranging transport to enable tenants to reach essential services such as health services. The second lockdown period in Auckland seemed harder for tenants than the first, luckily its shorter duration had less of an impact.

This period highlighted the strong relationship that we have with our tenants which we are delighted to see reflected in the phenomenal tenant survey response we received this year. It also emphasised the strength of the bonds with neighbours.

Thanks to the expertise of the Compass Australia IT teams, the transition to working-from-home was implemented seamlessly. Virtual meetings have become normalised and the act of 'zooming' is an everyday occurrence within our operation here, but also with our colleagues in Australia.

CHAIR'S REPORT

As we come to the end of what has been one of the most challenging years in recent memory, it is gratifying to note that the enormous disruptions to life as we know it, brought about by the COVID-19 pandemic, did not impede the ability of Compass Housing Services Co (New Zealand) Ltd (Compass Housing NZ) both to grow our portfolio and expand the range of services on offer.

It is impossible to look back at the previous year without reflecting on the tremendous impact of COVID-19 on all our lives. While New Zealand was thankfully spared the worst of the outbreak, restrictions on movement and gathering nonetheless created substantial challenges. On behalf of the board I would like to extend my thanks and congratulations to our dedicated staff for the way they adapted to the new environment and continued to provide exceptional service to our clients. Likewise, the behaviour of our residents during the lock down period has been exemplary with people going out of their way to support their neighbours and help keep the virus out of their communities.

This year marks the fifth year of operation for Compass Housing NZ and saw the total number of properties under management increase from 90 to 163 via the completion and tenanting of the Life Apartments building in the Auckland CBD. Life Apartments is one of the first genuinely mixed tenure developments in New Zealand, incorporating social and affordable rentals along with privately owned properties. Life Apartments also includes a community hub, an on-site facility to enable residents to engage with and learn from each other. Over the past year the hub has been used to deliver a range of social and educational activities including art classes and computer literacy courses.

Our commitment to resident engagement and empowerment is a major contributor to our high level of resident satisfaction which reached 92% in the most recent independent survey.

The year ahead will see further growth, including the opening of our flagship Westlight development in West Auckland in partnership with the Ministry of Housing and Urban Development and the Ted

Manson Foundation adding another 90 properties under Compass Housing NZ management.

As a result of a further partnership with the Ministry of Housing and Urban Development, and SOHO Developments, Compass Housing NZ currently has an additional 160 properties under construction in Whanganui, Palmerston North and Auckland.

The Board adopted its 2020 – 2030 Strategic Plan in October this year after extensive consultation between the Board, executive and all staff, this Strategic Plan is setting the course for Compass Housing NZ to follow in its exciting growth aspirations for New Zealand. The strategic goals are linked to the United Nations Sustainability Development Goals as an aspiration of Compass Housing NZ.

In conclusion I want to thank the New Zealand Government and all our construction and social service partners for their ongoing support. My thanks also to my fellow directors, Anthony Quirk resigned from the Board in August this year after 3 years of service. Josie Adlam and Ben Iosefa were appointed to the Board in August this year, they are New Zealand based non-executive Directors, this continues our move to more New Zealand based Directors.

My thanks also to Compass Housing NZ General Manager Bernadette Pinnell, and to the growing team of staff whose dedication to our cause, this year more than ever, continues to make such an important difference in the lives of our residents.

Paul Johnson

Chair

Compass Housing Services Co (New Zealand) Ltd



ARCHITECT'S RENDER

WESTLIGHT APARTMENTS GLEN EDEN

COMPASS HOUSING NZ PARTNERSHIP WITH THE TED MANSON
FOUNDATION AND THE MINISTRY OF HOUSING AND URBAN
DEVELOPMENT



WESTLIGHT APARTMENTS | GLEN EDEN

THE COMPASS HOUSING NZ TEAM ACCOMPANIED THE HON KELVIN DAVIS, THE HON CARMEL SEPULONI AND TED MANSON AND HIS TEAM ON A SITE INSPECTION OF THE SOON-TO-BE-DELIVERED WESTLIGHT APARTMENTS IN GLEN EDEN.

GENERAL MANAGER'S REPORT

This has been a significant year for our business, and I want to thank and congratulate our small dedicated team for the adaptability, and resilience they displayed throughout 2020. The COVID-19 pandemic has thrown into sharp focus the question of what it means to have “adequate” housing. Housing has been touted as a remedy, an economic driver and a solution to mitigating the impacts of COVID-19 in New Zealand. The work we do has never been more important as 67,000 in New Zealand lost their jobs, and unfamiliar expressions like “social distancing” and “zooming” had entered everyday vernacular.

Compass Housing NZ was an early mover in terms of adapting its workplace and communicating with tenants the importance of acting responsibly and collectively to ensure the wellbeing of their neighbours. The level of dedication to the wellbeing of our tenants is one of the defining features of Compass Housing NZ's socially regenerative approach to tenancy and property management, and while COVID-19 slowed our efforts to deliver new housing we will finish the year strong by transitioning into new developments in West Auckland and Whanganui.

The Compass Housing NZ commitment to tenant engagement is a major contributor to our tenant satisfaction results, which this year came in at 96%; a remarkable achievement across the whole Compass Housing organisation and a testament to the hard work of our dedicated staff.

Compass Housing NZ is committed to growth, both in terms of scale, and the range of service offerings. In 2021 we will achieve substantial growth in the Whanganui-Manawatu region and West Auckland and projects with iwi partners will be delivered.



We have all discovered the difficulties of accurately predicting the future operating environment. COVID-19 lockdowns are intermittent for the time being and our operations have returned to a new normal. Whether COVID-19 is a short term or medium term phenomenon remains to be seen. The way in which our team and tenants adapted to the new operating environment provides confidence that our business is well positioned to respond to any future challenges.

The development of the Compass Housing NZ Strategic Plan 2020-30 informed by and aligned with, the United Nations Sustainable Development Goals reinforces our commitment to the global, universal right to adequate and affordable housing and sustainable communities. The Strategic Plan is implemented through our annual Operations Plan and key focuses for 2021 and beyond is: sustainable growth utilising technology, innovation and partnerships with government, the private sector and other Non-Government Organisations.

Compass Housing NZ will continue to work with our colleagues in Compass Housing Australia in our international endeavours to become a world leader in advocacy and delivery of international affordable housing development.

I would like to thank the board of directors for their ongoing support and sound governance of the organisation, as well as the staff for their dedication and commitment to our cause. I would also like to thank our development partners, as well as the staff at the Ministry of Housing and Urban Development and Ministry of Social Development who are vital to us in delivering our vision.

Dr Bernadette Pinnell

General Manager

Compass Housing Services Co (New Zealand) Ltd

OUR HOUSING OUR PEOPLE

Compass Housing NZ aspires to be New Zealand's leading community housing provider. We undertake all aspects of tenancy and property management and deliver community development programmes. We place our tenants at the centre of everything we do, by providing tailored tenancy and support services to accommodate the specific requirements of our tenants.

Community housing is subsidised rental housing provided by not-for-profit, non-government organisations and is targeted at households on low incomes or who would otherwise struggle to find suitable accommodation.

We believe community housing is about much more than providing accommodation. It's also about building communities which is why we're dedicated to making sure our tenants have a voice and are actively engaged in their communities, delivering tenant engagement initiatives that help foster greater economic and social participation.

In addition to professional tenancy management, we ensure those tenants who need it receive additional wraparound services that help them sustain their tenancies. Over the past twelve months we have homed over 15 people, previously homeless from the housing first programme in the Auckland CBD.

Community housing is about much more than providing accommodation. It's also about building communities.

ADDRESSING HOMELESSNESS

On the last census date 6 March 2018, there were at least 41,600 people in New Zealand experiencing severe housing deprivation in New Zealand.

The total includes:

- 3,522 people who were considered to be living without shelter. This could be living on the streets, in improvised dwellings, including cars, and in mobile dwellings.
- 7,567 people who were living in temporary accommodation. Temporary accommodation refers to night shelters, women's refuges, transitional housing, camping grounds, boarding houses, hotels, motels, vessels, and marae.
- 30,555 people who were sharing accommodation, staying with others in a severely crowded dwelling.

These figures reflect the situation two years ago and do not reflect the impact of more recent developments, policies or the impact of COVID-19.

In February 2020 the government announced the New Zealand Homelessness Action Plan.

HALISI

Halisi is from Niue, a Pacific island known as the Rock. She came to New Zealand to be a bridesmaid at her brother's wedding and never went back.

Halisi worked for Pacific Home Care for 32 years and is a very valued member of the May Road community where she has lived for over four years.

"I'm incredibly grateful for the support I've received from Compass and am proud to call this place home."



TENANT STORIES

RINA

Rina has lived with Compass for 16 months. She is Cook Island Maori and her mum was Tahitian. She has five children and 17 mokapunas.

Before moving into a Compass Housing NZ home, Rina struggled in the private rental market and only had \$21 per week to live on after paying her rent.

Now Rina is a full-time student and loves learning new skills and information. She has attended courses that Compass Housing NZ has convened including budgeting, leadership and even kickboxing!

Rina recently attended the Forgive to Live workshop where she learnt a lot about herself.

Her new home has meant that she feels more able to rebuild her wellbeing.

"To me it's also about being connected with my neighbours"

JASON

Jason had been living in Auckland, in a very expensive rental. He watched the Compass Life apartments in the Auckland CBD being built and knew that is where he wanted to live.

Jason was already on the social housing register and was eligible for a unit so he got in touch with the Compass Housing NZ team. He persevered until he became one of the very first tenants to move into the new apartments.

Since moving in, Jason has become a very active member of the community getting involved in many of the events and activities. He enjoys the amazing views from his apartment and is a great neighbour. Jason is very generous and certainly keeps Compass Housing NZ staff on our toes.

IN THEIR WORDS

"I feel very privileged to be able to live in the Compass Housing Life Apartments. The layout and facilities in these apartments have been well considered. The communal areas are mostly pristine, except for the odd event when some residents decide to "express themselves".

"The staff are very approachable and are always open to input from residents.

I was initially unsure about living amongst a large and diverse range of people.. What I have found however, is that my co-residents are unfailingly kind and respectful of each other. Assistance is routinely offered in opening doors, carrying bags and even taking your rubbish down to the basement along with theirs. "

"I have had many conversations with people from all over the world who have come to NZ to live. Additionally, the sharing of circumstances and life stories of some tenants have really brought home to me how lucky I am to live here. "

"I'm so very thankful to be given this brand-new home for me and my son. It's been a long time, 5 years, since I've had a home in which I can actually make my own, and feel comfortable in. Our own bubble. "

"Mentally and physically – my wellbeing. I am very happy at Life Apartments. Thank you all. "

"Earlier in the year, I was feeling very unstable due to other tenants on my floor – but no longer. I feel safe and content, warm and dry. "

OUR COMMUNITY

TENANT ENGAGEMENT

Compass Housing NZ firmly believes that community housing is about building communities just as much as it is about providing housing. We're dedicated to making sure our tenants have a voice and are actively engaged in their communities.

We deliver this commitment through our P5 ethical framework which addresses People, Place, Planet, Partnership and Performance. The commitment to all our residents is that we will support them to live in connected and sustainable communities and assist to maximize their quality of life.

Consultation with our residents is critical to informing how we do this, and we support Tenant Advisory Groups in each of our branch developments. These groups meet quarterly and discuss a range of issues that impact their lives and how we can support them. Discussions from the Tenant Advisory Groups feed into the deliberations of an overarching Compass Tenant Inclusion Panel which in turn reports into the committee structure of our Board. This ensures that the views of tenants are able to influence company policy and actions at the highest levels.

We also use the data we gather as a critical tool to inform the ways we support tenants. In addition to the routine information tenants choose to share with us, we also undertake a short survey during routine contacts with tenants. This process helps assess the wellbeing of our tenants and inform the extent to which they are engaged and integrated with their community. Contrary to stereotypes of social housing residents, many of our tenants work, volunteer, are members of community organisations and have strong relationships with their neighbours and the wider community. The data helps us plan programs and projects to assist residents to develop these activities further and we have ambitious targets to develop proactive and engaged communities.

OUR COMMUNITY AND COVID-19

Although our ability to deliver the usual range of activities was severely curtailed by the impact of COVID-19, the commitment to tenant welfare remained paramount. During periods of lockdown, face to face activities were temporarily replaced by outreach programmes aimed at safeguarding tenant welfare. As part of the COVID-19 response, our team completed over 1000 COVID-19 welfare checks. This consultation helps identify tenant concerns, from this process we referred residents to appropriate support agencies to ensure they were getting the support they need.

COMPASS COMMUNITY HUB

The Life Apartment complex, in the Auckland CBD, has an onsite community hub which provides a base for local support agencies to offer outreach services as well as providing local residents with a place to meet, socialise and volunteer.

The hub hosts several tenant and community events including free lunches, art and computer programmes as well as skill development and advice services. Importantly, the hubs offer a location for external agencies to meet with our tenants and provide services which meet their needs.





OUR COMMUNITY

COMMUNITY GARDENS

This year our tenants have taken ownership of our community gardens in our South Auckland developments. Thanks to a grant from Auckland Council, we are upgrading the gardens with tenant input and labour.

Community gardens not only provide tenants with access to fresh fruit and vegetables, but create a platform for social inclusion and address health and wellbeing on a number of levels.

SOCIALLY SUSTAINABLE COMMUNITIES

An integral component of our model is ensuring that we are enabling tenants to be “engaged in sustainable communities”. The community development approach to tenancy management is an integral part of Compass Housing’s international operations.

The Life Apartment development in the Auckland CBD includes a community hub, which is an onsite facility to allow residents and agencies to engage and learn from each other. It is also a facility that is enabling the social integration of tenants into the wider Auckland community and helps ensure their networks are not insular.

Compass NZ commitment to resident engagement and empowerment is a major contributor to our high level of resident satisfaction which reached 96% in the most recent survey.

A key contributor to this satisfaction level was that,

in addition to tenant and property services, we also facilitated the provision of training including computer skills from one of our tenants Keith and Linda who provides cooking classes. Other courses include art classes, te reo language, gardening and life skills.

Concern for the environment, and promoting a broader sustainability agenda, are integral to our business operations including the management of our properties and the management of the organisation.

Our social, economic and environmental sustainability goals are informed by our commitment to achieving the United Nations Sustainable Development Goals (SDGs). We empower our staff, and our tenants, to help achieve the SDGs locally, while advocating for their implementation at a national and international level.

GROW A STAR

Grow a Star is an 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.

In households where finances are tight, young people often miss out on the sort of extra-curricular activities that play an important role in connecting people to their communities. Grow a Star encourages generational change by empowering young people from disadvantaged backgrounds to follow their academic, sporting or artistic dreams.

By enabling young people to pursue their passions, the program helps foster habits and behaviours that can set young people up for life. Through their connection with the program, Grow a Star participants generally exhibit improvements in confidence and self-esteem which can have profound positive impacts on their prospects both in terms of their sporting, artistic or academic goals and their roles as members of the community in general.

Compass Housing NZ have had candidates in Auckland over the past few years and are currently exploring opportunities in Whanganui associated with our new development there.

ADVOCACY AND THOUGHT LEADERSHIP

INTERNATIONAL ACTIVITIES

Over the past 12 months, Compass Housing NZ has participated with Compass Housing Australia to develop its profile on the international stage.

Compass is an active member of the World Urban Campaign and contributed to its recent organisational review of mission and constitution. Compass has also contributed as participant to and sponsors of key international events including the World Urban Forum in Abu Dhabi (WUF 10), the Pacific Urban Forum 5 (PUF 5) in Fiji and the Asia Pacific Urban Forum (APUF7) in Malaysia. More recently, Compass formed a partnership with RMIT University to deliver an Urban Resilience Adaptation project to deliver climate change mitigation interventions.

Compass Housing NZ is also seeking to expand its international development activities having achieved membership of the NZ Council for International Development (CID) in 2019.

The Compass NZ, General Manager also helped establish an international advisory consultancy to share technical knowledge of social housing systems through working with Oregon State and Metro Governments as well the Vietnamese Government as they seek solutions to address rapid urbanisation and the growing demand for affordable housing solutions.

Through this process she participated in conferences in Hanoi and Ho Chi Minh City aimed at addressing the housing needs of these cities' rapidly growing population. This was followed by delivery of a bespoke technical assistance workshop: **Meeting the Housing Challenge in Ho Chi Minh City | The Role of Public, Private Partnership**, in December 2019.

SUSTAINABLE DEVELOPMENT GOALS

The United Nations introduced the Sustainable Development Goals (SDGs) in 2015 to create a 15 year roadmap to addressing some of our planet's most urgent and crucial challenges including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

Compass has long been committed to social environmental and economical sustainability. Our vision of adequate housing and sustainable communities for all is underpinned by this commitment.

Compass Housing NZ is committed to achieving the SDGs and has continually advocated for governmental and business action at local, national and international level.

Over the past year we have embed our commitment to the SDGs into our ten year 2020-30 Strategic Plan, we have evaluated and prioritised the SDGs goals, and framed our targets and outcomes around achieving these goals and contributing to a better, more sustainable and prosperous world.

WHAT WE ARE DOING



Our housing services continue to provide vulnerable people with adequate, safe and affordable housing.

Our support and referrals services provide access to services, including financial support and financial welfare checks to help eliminate financial stress for low-income earners.

Our programmes provide resources and education to assist clients in financial literacy and improved employment opportunities.



We provide vulnerable people with access to basic services affordable produce, foodbanks, weekly free lunches, and cooking classes.

Our community gardens enable tenants to grow fruit and vegetables as a source of food.



We facilitate training for tenants and staff, to assist with mental health support, and training on accessing help and assisting others.

Our community gardens help increase the health, well-being and social participation of our tenants.



Our Grow A Star youth mentoring and scholarship program helps young people from vulnerable backgrounds to overcome financial and generational obstacles and follow their academic, sporting, or cultural dreams.

Our support and referrals services can help tenants gain access to education and vocational training.

Our employee study program provides support and funding opportunities for lifelong learning and training in technical and vocational skills.



All operational staff undertake domestic violence and suicide awareness training to understand the complexities of these problems and enable specialised assistance to tenants.
We are an equal opportunity employer with 59% of our Executive Team represented by women.



Our new developments all meet the Lifemark™ rated home standard which includes intelligent design features that meet the needs of people of different ages and abilities. The homes increase energy efficiency and reduced water and power usage.



We create opportunities for tenants to access education and vocational training that can lead to opportunities for full and productive employment or volunteering opportunities.



Through our programmes we increase access to information to enable informed decision making.
Our Cultural Diversity Programme builds organisational and employee capacity to work in culturally responsive ways.
We have a very culturally diverse workforce and tenant profile.



We enable the construction of new social and affordable housing through mixed tenure models to create socially sustainable communities.
We participate in national and regional development planning and advocate locally, nationally and internationally for sustainable development and the right for all people to have adequate and sustainable housing.
Through our developments we help transition people from homelessness and insecure housing into secure, long term housing.



Our new developments achieve HomeStar 6 accreditation which ensures we are managing water and energy efficient buildings that are environmentally sustainable but also reduce operational costs for tenants



Compass is committed to our carbon footprint reduction of 10% every three years and has committed to striving for carbon neutrality by 2030 through the implementation of our carbon neutral roadmap.
Compass has developed a climate change mitigation/adaptation strategy that we will implement through 2020/21.



Compass has partnerships in place with developers, iwi and government to deliver a range of housing options to enable socially sustainable communities.
We have MOUs in place with over 10 support service providers to ensure tenants have access to the services and referrals they require.
We participate in and promote effective public-private and civil society partnerships and work to strengthen national and regional development capacity and planning.
We are engaged with the Urban Development Institute NZ to advocate and lead integrated affordable housing models across NZ.
Our international collaborative efforts include active participation in the 9th World Urban Forum, UN Habitat General Assembly of Partners.

OUR PORTFOLIO UNDER MANAGEMENT

DU VAL SOUTH AUCKLAND PORTFOLIO

Du Val Group are New Zealand's largest suburban apartment developer with a portfolio of 1,134 properties in South Auckland.

Compass Housing NZ commenced management of the 36 Mangere East properties in Nov 2016 and the 54 Papatoetoe properties in January 2017.

The 90 studio properties have very low turnover and are provided furnished with free water and electricity and Wi-Fi.

Tenants have taken ownership of the community gardens and have established walking groups. They have active Tenant Advisory Groups and have input into the decisions that impact them. Tenants have participated in first-aid courses as well as budgeting and life skills courses.



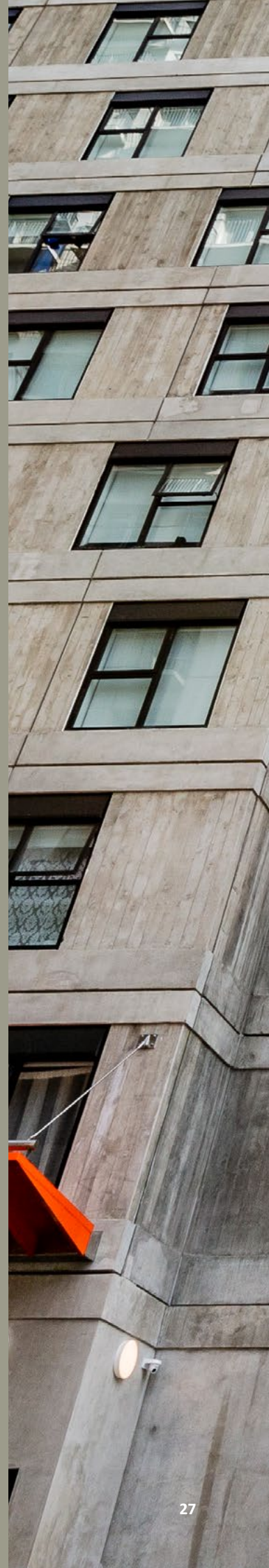
OUR PORTFOLIO UNDER MANAGEMENT

TED MANSON FOUNDATION LIFE APARTMENTS AUCKLAND CBD

Compass Housing NZ partnered with the Ted Manson Foundation to deliver this high-quality inner-city complex in the Auckland CBD. It is located near two parks, Auckland hospital, a preschool, buses as well as retail secondary and tertiary education and employment.

The 17-level apartment complex opened in 2019 has 90 spacious one and two bedroom apartments with amazing city views. As a mixed tenure development, it provides a home to a wide range of people from 6-month-olds to 80-year-olds. The complex also has a community hub for formal and informal activities and classes.

The Life Apartments exceed the current NZ Building Code and has a Homestar 6 Rating which means a warmer, dryer, healthier and more cost-efficient home.





PIPELINE OF NEW DEVELOPMENTS

As a result of our partnership with the Ministry of Housing and Urban Development and private development partners, Compass Housing NZ has over 192 new properties under construction including in Whanganui, Palmerston North and West Auckland. These properties will open in late 2020 and early 2021.



TED MANSON FOUNDATION

Ted Manson is one of Auckland's most successful developers and has taken great pride in building a better Auckland by developing leading-edge residential and commercial buildings that provide Aucklanders with a better quality of life. Through the Ted Manson Foundation, Ted is committed to delivering safe, warm and healthy homes that are more accessible to a broader cross-section of the community.

WESTLIGHT | GLEN EDEN

As a relatively new operation, Compass Housing NZ is making a significant contribution to increasing the supply of new social housing, a task made more important than ever by the growing pressure on the social housing waiting list which reached a record high of 20,000 households at the end of June 2020.

As a result of a partnership with the Ministry of Housing and Urban Development and SOHO Developments Compass Housing NZ has over 160 new properties under construction including in Whanganui, Palmerston North and Auckland these properties will open in late 2020-2021.

The new Ted Manson Foundation, Westlight development will open November 2020 and provides a new quality benchmark in social housing and mixed tenure developments. This property will also have a community hub on site.

The Westlight development includes 90 purpose-built, one and two-bedroom community housing apartments in addition to 75 freehold apartments and six townhouses. It is located in the heart of Glen Eden village, adjacent to the primary school and kindergarten with train station and local shops and services.

SOHO GROUP LTD

The SOHO Group was established to deliver affordable, well located and designed, medium density housing throughout New Zealand. Their properties are built to exceed the building code in a number of areas and provide on-site amenity for tenants to enjoy. Each property is architecturally designed, with input from respected urban designers and landscape architects.

The new Community Housing development on Victoria Avenue, Whanganui is a partnership with the SOHO Group, the Ministry of Housing and Urban Development and Compass Housing NZ.

The Whanganui development includes the refurbishment of a former motel and the construction of 26 new one and two-bedroom apartments. The units have private, open spaces, onsite parking and laundry facilities. The development is located in the town centre adjacent to schools and shops and is the first community housing development in Whanganui.





ANNUAL REPORT 30 JUNE 2020

FINANCIAL STATEMENTS

Compass Housing Services Co (New Zealand) Ltd

Annual report - 30 June 2020

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Compass Housing Services Co (New Zealand) Limited
Entity Information
For the year ended 30 June 2020

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

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 0800-124-663
Email/Website: newzealand@compasshousing.org

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 2020

Description of the Entity's Outcomes*:

Compass Housing has expanded in the financial year and now manages 73 apartments in the Auckland CBD which are a mix of one and two bedrooms in addition to the 80 fully furnished studio apartments it manages in South Auckland.

	Actual	Budget
Description and Quantification (to the extent practicable) of the Entity's Outputs:*	This Year	This Year
Property management and tenancy services (number of properties)	163	163

Significant changes in the state of affairs

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the Company has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include disruptions to the provision of services, availability of employees and changes in customer demand. However, as at the date these financial statements were authorised, the Company's was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

There have been no other significant changes in the state of affairs of the Company during the year

Event since the end of the financial year

Subsequent to year end, the term of the loan owing to the parent entity, Compass Housing Services Co Limited, was extended to 31 December 2021. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

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 : Kwesi Addo

28 October 2020

Compass Housing Services Co (New Zealand) Ltd

Annual report - 30 June 2020

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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 28 October 2020. The directors have the power to amend and reissue the financial statements.

Statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from continuing operations	1	2,852,387	2,093,096
Foreign Exchange - net (loss)/ gain		(31,120)	51,306
Other income	2(a)	52,580	107,693
Tenancy and property management expenses	2(b)	(2,061,158)	(1,889,101)
Administrative expenses	2(b)	(787,114)	(589,421)
Finance expenses	2(c)	(53,645)	(86,493)
Loss before tax		(28,070)	(272,920)
Income tax expense		-	-
Total comprehensive loss for the year		(28,070)	(272,920)

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

Statement of financial position
As at 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	3(a)	658,323	454,704
Trade and other receivables	3(b)	119,025	88,889
Other current assets	3(c)	174,318	166,114
Total current assets		951,666	709,707
Non-current assets			
Plant and equipment	4(a)	35,880	20,731
Total non-current assets		35,880	20,731
Total assets		987,546	730,438
LIABILITIES			
Current liabilities			
Trade and other payables	3(d)	375,589	272,400
Borrowings	3(e)	1,486,414	-
Deferred revenue		3,568	3,987
Total current liabilities		1,865,571	276,387
Non-current liabilities			
Provisions		12,862	7,878
Borrowings	3(e)	-	1,308,990
Total non-current liabilities		12,862	1,316,868
Total liabilities		1,878,433	1,593,255
Net liabilities		(890,887)	(862,817)
EQUITY			
Accumulated losses	5	(890,887)	(862,817)
Total Equity		(890,887)	(862,817)

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

Statement of changes in equity
For the year ended 30 June 2020

	Accumulated losses \$	Total \$
Balance at 1 July 2018	(589,897)	(589,897)
(Loss) for the year	(272,920)	(272,920)
Total comprehensive (loss) for the year	<u>(272,920)</u>	<u>(272,920)</u>
Balance at 30 June 2019	(862,817)	(862,817)
Balance at 1 July 2019	(862,817)	(862,817)
(Loss) for the year	(28,070)	(28,070)
Total comprehensive (loss) for the year	<u>(890,887)</u>	<u>(890,887)</u>
Balance at 30 June 2020	<u>(890,887)</u>	<u>(890,887)</u>

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

Statement of cash flows
For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,173,421	1,107,630
Payments to suppliers and employees (inclusive of GST)		(2,635,433)	(2,362,894)
Receipts from Grants		1,700,998	1,727,140
Interest paid		(6,094)	-
Interest received		412	903
Net cash inflow from operating activities	6	<u>233,304</u>	<u>472,779</u>
Cash flows from investing activities			
Payments for property, plant and equipment	4(a)	(29,685)	(3,142)
Net cash (outflow) from investing activities		<u>(29,685)</u>	<u>(3,142)</u>
Cash flows from financing activities			
Repayment of borrowings	3(e)	-	(206,006)
Net cash (outflow) from financing activities		<u>-</u>	<u>(206,006)</u>
Net increase in cash and cash equivalents		203,619	263,631
Cash and cash equivalents at the beginning of the financial year		454,704	191,073
Cash and cash equivalents at the end of the financial year	3(a)	<u>658,323</u>	<u>454,704</u>

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

Contents of the notes to the financial statements

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1 Revenue

The Company derives the following types of revenue:

	2020 \$	2019 \$
From continuing operations		
Tenant revenue	1,151,389	365,956
Grant revenue	1,700,998	1,727,140
	<u>2,852,387</u>	<u>2,093,096</u>

See note 13(b) for the recognition and measurement of revenue.

2 Other income and expense items

(a) Other income

	2020 \$	2019 \$
Other interest received	412	903
Other income	52,168	106,790
	<u>52,580</u>	<u>107,693</u>

(b) Breakdown of expenses by nature

Tenancy and property management expenses	2020 \$	2019 \$
Bad debts	25,541	-
Depreciation and amortisation	14,536	12,638
Insurance	34,566	24,506
Property repairs and maintenance	59,232	23,286
Rent - rental properties	1,860,675	1,811,335
Utilities	66,608	16,794
Other expenses	-	542
Total tenancy and property management expenses	<u>2,061,158</u>	<u>1,889,101</u>

Administration expenses

	2020 \$	2019 \$
Employee benefits	534,006	443,903
Motor vehicles	1,636	1,454
Rent - office building	5,307	14,697
Other expenses	246,165	109,367
	<u>787,114</u>	<u>569,421</u>

(c) Finance expenses

	2020 \$	2019 \$
Finance costs		
Interest and finance charges	53,645	66,493

3 Financial assets and financial liabilities

(a) Cash and cash equivalents

	2020 \$	2019 \$
Current assets		
Cash at bank and in hand	<u>658,323</u>	<u>454,704</u>

(b) Trade and other receivables

	2020 \$	2019 \$
Trade receivables		
Trade receivables	65,738	48,719
Provision for impairment	(25,541)	-
Other receivables	<u>78,828</u>	<u>42,170</u>
	<u>119,025</u>	<u>88,889</u>

(c) Other current assets and liabilities

	2020 \$	2019 \$
Other assets		
Prepaid Rent - Landlords	156,078	153,387
Prepaid Insurance - General	15,760	11,318
Prepaid Sundry	<u>2,480</u>	<u>1,409</u>
	<u>174,318</u>	<u>166,114</u>

Financial assets and financial liabilities

(d) Trade and other payables

	2020 \$	2019 \$
Current liabilities		
GST Payables	101,656	72,726
Trade payables	50,967	22,688
Employee benefits	39,498	19,283
Accrued expenses	84,822	16,330
Annual leave payable	87,561	82,285
Other payables	11,085	59,088
	<u>375,589</u>	<u>272,400</u>

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

(e) Borrowings

	2020 \$	2019 \$
Loan current - Compass Housing Services Co Ltd	1,486,414	-
Loan non-current - Compass Housing Services Co Ltd	-	1,308,990
Total borrowings	<u>1,486,414</u>	<u>1,308,990</u>

4 Non-financial assets and liabilities

(a) Plant and equipment

	Plant and equipment \$	Furniture and fittings \$	Vehicles \$	Equipment \$	Total \$
At 30 June 2019					
Cost or fair value	145	488	28,237	24,309	53,177
Accumulated depreciation	-	(235)	(13,530)	(18,681)	(32,446)
Net book amount	<u>145</u>	<u>251</u>	<u>14,707</u>	<u>5,628</u>	<u>20,731</u>
Year ended 30 June 2020					
Opening net book amount	145	251	14,707	5,628	20,731
Additions	8,381	1,974	-	19,330	29,685
Depreciation charge	-	(428)	(7,059)	(7,051)	(14,538)
Closing net book amount	<u>8,526</u>	<u>1,799</u>	<u>7,648</u>	<u>17,907</u>	<u>35,880</u>
At 30 June 2020					
Cost	8,526	2,460	28,237	29,410	68,633
Accumulated depreciation	-	(661)	(20,589)	(11,503)	(32,753)
Net book amount	<u>8,526</u>	<u>1,799</u>	<u>7,648</u>	<u>17,907</u>	<u>35,880</u>

Revaluation, depreciation method and useful lives

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:

- Vehicles 3 - 5 years
- Furniture, fittings and equipment 3 - 8 years

See note 13(h) for the other accounting policies relevant to plant and equipment.

5 Equity

Accumulated losses

Movements in accumulated losses were as follows:

	2020 \$	2019 \$
Balance 1 July	(862,817)	(589,897)
Net loss for the year	(28,070)	(272,920)
Balance 30 June	<u>(890,887)</u>	<u>(862,817)</u>

6 Cash flow information

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

	2020 \$	2019 \$
Profit/(loss) for the year	(28,070)	(272,920)
Adjustment for:		
Depreciation and amortisation	14,536	12,639
Suppliers paid by CHS on behalf of CNZ	107,305	78,049
Gain on foreign exchange	31,120	(51,306)
Interest expense - intercompany loan	47,551	66,493
Change in operating assets and liabilities:		
(Increase)/ decrease in trade debtors	(30,136)	634,884
(Increase)/ decrease in other assets	(8,204)	7,149
Increase in trade creditors	99,202	35,573
Decrease in other operating liabilities	-	(37,782)
Net cash (outflow) from operating activities	<u>233,304</u>	<u>472,779</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.

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

Balances of ex-tenant rent and non-rent incidentals are fully provided on the basis of the significant increase in credit risk associated with ex-tenancy.

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

	2020 \$	2019 \$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	1,883,924	918,600
Later than one year but not later than five years	1,014,454	1,366,575
Later than five years	300,946	-
	<u>3,199,324</u>	<u>2,285,175</u>

10 COVID-19 impact

The COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community and the economy. Following the COVID-19 outbreak, the Company's has continued its business operations. The situation is unprecedented and management continues to consider the potential implications of COVID-19, which may include disruptions to the provision of services, availability of employees and changes in customer demand. However, as at the date these financial statements were authorised, the Company's was not aware of any material adverse effects on the financial statements or future results as a result of the COVID-19.

11 Events occurring after the reporting period

Subsequent to year end, the parent company Compass Housing Services Co Limited extended the repayment date of the loan payable to them from June 2021 to 31 December 2021. No other matter or circumstance has arisen since 30 June 2020 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

12 Related party transactions

(a) Parent entities

Name	Type	Place of incorporation	Ownership interest	
			2020	2019
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 2020 \$	30 June 2019 \$
<i>Sale and purchases of goods and services</i>		
Purchase of management services from parent - Compass Housing Services Co Limited	177,424	88,871

(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:

	2020 \$	2019 \$
Current payables (purchases of goods and services)		
Payable to Compass Housing Services Co Ltd	1,486,414	1,308,990

(d) Terms and conditions

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

13 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.

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 the Public Benefit Entities Reduced Disclosure Regime (PBE Standards RDR) as appropriate for New Zealand Tier 2 not-for-profit reporting requirements.

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

The financial statements are presented in New Zealand dollars, which is the Company's functional and presentation currency.

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 any new standards in the current year with a material impact on these financial statements.

Going concern

The company has a net current asset deficiency of \$913,905 at 30 June 2020. It has also generated losses of \$28,070 and has accumulated losses as at 30 June 2020 of \$880,887.

Included within the net current asset deficiency is intercompany borrowings of \$1,488,414 which were due for repayment in June 2021, however, subsequent to year end the repayment date was extended to 31 December 2021. Compass Housing Services Co Ltd has also agreed to provide financial support to the entity if required.

Compass NZ continues to trade as a going concern and manages its capital to safeguard its ability to continue as a going concern. On this basis, the directors of the Compass NZ believe it is appropriate to prepare the financial statements on a going concern basis, and the Company has the ability to realise its assets and discharge its liabilities as and when they become due and payable in the normal course of business, with the support from its parent entity.

(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.

(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.

Summary of significant accounting policies

(b) Revenue recognition (continued)

(iii) Donations

Donations and bequests are recognised as revenue when received.

(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) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive revenue and expense on a straight line basis over the period of the lease.

(d) 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.

(e) 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.

(f) 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.

(g) 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 in the balance sheet.

(h) Plant and equipment

The Company's accounting policy for land and buildings is explained in note 4(a). All other 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.

Summary of significant accounting policies

(i) 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.

(j) 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 12 months after the reporting period.

(k) Borrowing costs

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

(l) 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

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

We have audited the financial statements, which comprises:

- the statement of financial position as at 30 June 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cashflows 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 Company as at 30 June 2020, 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 these 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 (FES 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.

Our firm has assisted the Company with taxation advice and in the preparation of the financial statements. The provision of these other services has not impaired our independence as auditor of the Company.

Information other than the financial statements and auditor's report

The 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 Directors for the financial statements

The 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 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, the 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 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 Company's 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 Company's directors, as a body, for our audit work, for this report or for the opinions we have formed.

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



For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
28 October 2020

Newcastle

I, Carline Mara, am currently a member of Chartered Accountants Australia & New Zealand and my membership number is 477612.

PricewaterhouseCoopers was the audit firm appointed to undertake the audit of Compass Housing Services Co (New Zealand) Limited for the year ended 30 June 2020. 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 28 October 2020 and an unqualified opinion was issued.

C. Mara

Carline Mara

