

**Australian Housing and Urban
Research Institute Limited**

ACN 090 448 918

**Annual report
for the year ended 30 June 2011**

Australian Housing and Urban Research Institute Limited

ACN 090 448 918

Annual report - 30 June 2011

Contents

Directors' report	Page 1
Financial report	7
Independent auditor's report to the members	23

Directors' report

Your directors present their report on the Company for the year ended 30 June 2011.

Directors

The following persons were directors of Australian Housing and Urban Research Institute Limited during the whole of the financial year and up to the date of this report:

Mr Rodney Vaughan Fehring
Dr Ian Charles Winter
Mr John Paul Mortimore
Mr Philip Andrew Fagan-Schmidt
Ms Serena Wilson
Mr Michael John Kerry
Professor Deborah Jane Terry
Mr Andrew Keith Tongue (alternate director to Ms Serena Wilson)
Professor Mark Chakrit Western (alternate director to Professor Deborah Jane Terry)

The following persons were appointed directors during the year ended 30 June 2011:

Ms Margaret Crawford - appointed 15 December 2010
Ms Meredith Marjory Sussex AM - appointed 15 December 2010
Professor Graeme Leslie Wright - appointed 1 May 2011

The following directors resigned during the year ended 30 June 2011:

Professor Linda Joan Kristjanson - resignation 30 April 2011
Mr Michael Richard Allen - resignation 14 December 2010
Professor Jan Carter AM - resignation 14 December 2010

The resignations of directors and the appointment of replacement directors arose as a result of the requirement under the Company's Constitution for the rotation of certain appointments and directors resigning from their government and university positions and therefore being ineligible for board membership.

Principal activities and strategic objectives

The Australian Housing and Urban Research Institute Limited (AHURI Limited) is a not-for-profit independent network organisation that funds, conducts, and disseminates high quality research on housing, homelessness and cities. AHURI Limited is a not-for-profit professional research management company based in Melbourne. The work of AHURI Limited informs the policies and practices of governments, industry and the community sector, and stimulates debate in the broader Australian community.

AHURI Limited is a unique venture and its mission is to deliver high quality, policy-relevant evidence for better housing and urban outcomes and works with a collaborative network of researchers, universities and the policy and practice communities nation-wide.

Funding is received from three sources: government grants from the Australian Government and all state and territory governments; contributions from the Institute's university partners; and third parties.

Key activities of AHURI Limited are research management, research capacity building, publishing, event management and research synthesis. These activities are conducted across three streams of research: housing, homelessness and cities.

The Company's strategic priorities are detailed in the AHURI Limited Strategic Plan 2009-2018 and are the primary focus of the AHURI Limited Board. Key strategies are:

- ongoing delivery of the National Housing Research Program;
- implementation of the National Cities Research Program;
- further development of the National Homelessness Research Network;
- implementation of the Indigenous Housing and Homelessness Policy, Practice and Research Network;
- further development of the Research Synthesis Service;
- increased Communications activities focussed on conferences and events; and
- providing evidence informed facilitation services.

The AHURI Limited Business Plan ensures the Company's capacity to monitor progress against the five strategic goals in the Strategic Plan and to ensure the Business Plan is aligned with the Budget. A key feature of the Business Plan is the inclusion of a number of indicators (both quantitative data and qualitative assessment) to measure progress for each strategic goal.

Key performance indicators established in the AHURI Limited Business Plan include:

- delivery of the National Housing Research Program with a 'whole-of-housing-system' focus and direct relevance to the National Affordable Housing Agreement (NAHA) reform priorities and related reforms including Closing the Gap for Indigenous housing and the White Paper on homelessness;
- a National Housing Research Program Research Agenda that anticipates policy debates for the NAHA and related Indigenous and homelessness reform priorities;
- success of the Research Synthesis Service in meeting the policy needs of clients;
- business development of the National Cities Research Program;
- business development of the National Homelessness Research Network;
- implementation of the Indigenous Housing and Homelessness Action Plan and associated Indigenous Housing and Homelessness Policy, Practice and Research Network;
- capacity of all AHURI Limited research networks to deliver quality research;
- success of the events program primarily through the National Housing Research Program but including events for other research networks;
- high levels of collaboration in the conduct of research activities;
- strategically valuable international partnerships entered into across the AHURI Limited research networks; and
- sustaining and building the Company's management and governance performance.

Review of operations

A summary of revenues and expenses is set out below:

	2011	2010
	\$	\$
Total revenue	4,768,531	5,348,443
Total expenses	(4,736,881)	(3,379,404)
Net surplus for the year ended 30 June	<u>31,650</u>	<u>1,969,039</u>

Net surplus at the end of the 2011 financial year at \$31,650 is lower than the 2010 figure of \$1,969,039. The surplus/deficit varies year to year due to the timing of the commissioning of research activities. Also, the timing of payments under the Funding Agreement for the National Housing Research Program effective 1 July 2009 resulted in five payments being received in 2010, four payments in 2011 and three payments to be received in 2012.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:

- (a) the Company's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Company's state of affairs in future financial years.

Likely developments and expected results of operations

The Company intends to continue to expand its research activities and to secure additional funding from other government sources and the private sector.

The Company currently receives government funding under a Funding Agreement in relation to the National Housing Research Program. This agreement will expire on 30 June 2012. Discussions are currently in progress to extend the agreement to 2014 and beyond. The directors have also assessed and confirm the Company's ability to operate and continue to meet its debts as and when they become due and payable in the unlikely event the agreement is not extended, and therefore it is appropriate for the financial statements to be prepared on a going concern basis.

Environmental regulation

The Company does not engage in significant undertakings which are likely to be the subject of environmental regulation.

Information on directors
Directors

	Experience	Special responsibilities
Mr Rodney Vaughan Fehring	Executive General Manager – Residential of Australand Ltd.	Chairman and member of the Audit, Finance and Risk Management Committee
Dr Ian Charles Winter	Appointed Executive Director of AHURI Limited November 2003.	Executive Director
Mr John Paul Mortimore	Company Director and Marketing and Business Development Consultant	Director and Chairman of the Audit, Finance and Risk Management Committee
Ms Meredith Marjory Sussex AM	Company Director	Director and member of the Audit, Finance and Risk Management Committee
Mr Michael John Kerry	Managing Director, Planning, Design and Development – Australia New Zealand, AECOM	Director
Ms Serena Wilson	Deputy Secretary Department of Families, Housing, Community Services and Indigenous Affairs	Director
Ms Margaret Crawford	Director of Housing and Executive Director Housing and Community Building, Department of Human Services (Victoria)	Director
Mr Philip Andrew Fagan-Schmidt	Executive Director Housing SA	Director
Professor Graeme Leslie Wright	Acting Deputy Vice-Chancellor Research Curtin University	Director
Professor Deborah Jane Terry	Deputy Vice-Chancellor (Academic) University of Queensland	Director

Meetings of directors

The numbers of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2011, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of Audit, Finance and Risk Management Committee	
	A	B	A	B
Mr Rodney Vaughan Fehring	4	4	3	3
Mr John Paul Mortimore	4	4	3	3
Professor Jan Carter AM	2	2	1	1
Ms Meredith Marjory Sussex AM	2	1	2	2
Dr Ian Charles Winter	4	4	*	*
Mr Michael John Kerry	4	3	*	*
Ms Serena Wilson	4	2	*	*
Mr Philip Andrew Fagan-Schmidt	4	3	*	*
Professor Deborah Jane Terry	4	1	*	*
Mr Michael Richard Allen	2	2	*	*
Professor Linda Joan Kristjanson	3	2	*	*
Ms Margaret Crawford	2	2	*	*
Professor Graeme Leslie Wright	1	1	*	*
Mr Andrew Keith Tongue (alternate director to Ms Serena Wilson)	4	2	*	*
Professor Mark Chakrit Western (alternate director to Professor Deborah Jane Terry)	4	1	*	*

A = Number of meetings held during the time the director held office or was a member of the committee during the year

B = Number of meetings attended

* = Not a member of the relevant committee

Insurance of officers

During the financial year, Australian Housing and Urban Research Institute Limited paid a premium of \$1,369 (2010: \$1,369) for the insurance of the liabilities of directors and officers of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Mr Rodney Vaughan Fehring
Chairman

Dr Ian Charles Winter
Executive Director



Melbourne
Date: 22/06/2011



Auditor's Independence Declaration

As lead auditor for the audit of Australian Housing and Urban Research Institute Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Housing and Urban Research Institute Limited during the period.

A handwritten signature in blue ink that reads 'Darren Jenks'.

Darren Jenks
Partner
PricewaterhouseCoopers

Melbourne
22 September 2011

PwC, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3000, GPO Box 1331, MELBOURNE VIC 3001
DX 77 Melbourne, Australia
Telephone +61 3 8603 1000, Facsimile +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation

Australian Housing and Urban Research Institute Limited

ACN 090 448 918

Annual report - 30 June 2011

Contents

	Page
Financial statements	
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12
Directors' declaration	22
Independent auditor's report to the members	23

These financial statements cover Australian Housing and Urban Research Institute Limited as an individual entity. The financial statements are presented in the Australian currency.

Australian Housing and Urban Research Institute Limited is a Company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Housing and Urban Research Institute Limited
Level 1, 114 Flinders Street
Melbourne VIC 3000

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

The financial statements were authorised for issue by the directors on *22 September* 2011. The Company has the power to amend and reissue the financial statements.

Australian Housing and Urban Research Institute Limited
Statement of comprehensive income
For the year ended 30 June 2011

	Notes	2011 \$	2010 \$
Revenue from continuing operations	2	4,768,531	5,348,443
National Housing Research Program research centre expenses		(2,236,188)	(1,534,870)
Research management expenses	3	(786,342)	(480,655)
Capacity building expenses		(323,101)	(185,110)
Research Synthesis Service expenses		(415,713)	(336,015)
Employee costs		(573,308)	(466,026)
Administration		(137,294)	(136,451)
Board fees and expenses		(98,053)	(81,851)
Occupancy		(148,537)	(126,485)
Other expenses		(18,345)	(31,941)
Total expenses		<u>(4,736,881)</u>	<u>(3,379,404)</u>
Surplus before income tax		31,650	1,969,039
Income tax expense		<u>-</u>	<u>-</u>
Surplus for the year		<u>31,650</u>	<u>1,969,039</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive surplus for the year		<u>31,650</u>	<u>1,969,039</u>
Surplus is attributable to:			
Members of Australian Housing and Urban Research Institute Limited		<u>31,650</u>	<u>1,969,039</u>
Total comprehensive surplus for the year is attributable to:			
Members of Australian Housing and Urban Research Institute Limited		<u>31,650</u>	<u>1,969,039</u>

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

Australian Housing and Urban Research Institute Limited
Statement of financial position
As at 30 June 2011

	Notes	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	6,809,135	6,691,679
Accounts receivable and other assets	5	<u>1,019,610</u>	<u>1,074,420</u>
Total current assets		<u>7,828,745</u>	<u>7,766,099</u>
Non-current assets			
Plant and equipment	6	<u>22,155</u>	<u>35,805</u>
Total non-current assets		<u>22,155</u>	<u>35,805</u>
Total assets		<u>7,850,900</u>	<u>7,801,904</u>
LIABILITIES			
Current liabilities			
Accounts payable and other accruals	7	432,920	558,100
Contracted research funding	8	2,680,389	2,839,596
Provisions	9	133,625	62,780
Deferred income	10	<u>148,816</u>	<u>-</u>
Total current liabilities		<u>3,395,750</u>	<u>3,460,476</u>
Non-current liabilities			
Contracted research funding	11	<u>415,012</u>	<u>332,940</u>
Total non-current liabilities		<u>415,012</u>	<u>332,940</u>
Total liabilities		<u>3,810,762</u>	<u>3,793,416</u>
Net assets		<u>4,040,138</u>	<u>4,008,488</u>
EQUITY			
Reserves	12(a)	969,209	1,007,512
Retained surplus	12(b)	<u>3,070,929</u>	<u>3,000,976</u>
Total equity		<u>4,040,138</u>	<u>4,008,488</u>

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

Australian Housing and Urban Research Institute Limited
Statement of changes in equity
For the year ended 30 June 2011

	Notes	Reserves \$	Retained surplus \$	Total equity \$
Balance at 1 July 2009		640,940	1,398,509	2,039,449
Surplus for the year		-	1,969,039	1,969,039
Other comprehensive income		-	-	-
Total comprehensive surplus for the year		<u>-</u>	<u>1,969,039</u>	<u>1,969,039</u>
Transfers between reserves	12	<u>366,572</u>	<u>(366,572)</u>	<u>-</u>
		<u>366,572</u>	<u>(366,572)</u>	<u>-</u>
Balance at 30 June 2010		<u>1,007,512</u>	<u>3,000,976</u>	<u>4,008,488</u>
Balance at 1 July 2010		1,007,512	3,000,976	4,008,488
Surplus for the year		-	31,650	31,650
Other comprehensive income		-	-	-
Total comprehensive surplus for the year		<u>-</u>	<u>31,650</u>	<u>31,650</u>
Transfers between reserves	12	<u>(38,303)</u>	<u>38,303</u>	<u>-</u>
		<u>(38,303)</u>	<u>38,303</u>	<u>-</u>
Balance at 30 June 2011		<u>969,209</u>	<u>3,070,929</u>	<u>4,040,138</u>

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

Australian Housing and Urban Research Institute Limited
Statement of cash flows
For the year ended 30 June 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		4,661,840	5,139,964
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(4,943,466)</u>	<u>(4,960,904)</u>
		(281,626)	179,060
Interest received		<u>407,383</u>	<u>283,103</u>
Net cash inflow from operating activities	17	<u>125,757</u>	<u>462,163</u>
Cash flows from investing activities			
Payments for plant and equipment	6	<u>(8,301)</u>	<u>(15,910)</u>
Net cash (outflow) from investing activities		<u>(8,301)</u>	<u>(15,910)</u>
Cash flows from financing activities			
Net cash inflow (outflow) from financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		<u>6,691,679</u>	<u>6,245,426</u>
Cash and cash equivalents at end of year	4	<u>6,809,135</u>	<u>6,691,679</u>

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

Notes to the financial statements

		Page
1	Summary of significant accounting policies	13
2	Revenue	16
3	Expenses	16
4	Current assets - Cash and cash equivalents	17
5	Current assets - Accounts receivable and other assets	17
6	Non-current assets - Plant and equipment	18
7	Current liabilities - Accounts payable and other accruals	18
8	Current liabilities - Contracted research funding	18
9	Current liabilities - Provisions	19
10	Current liabilities - Deferred income	19
11	Non-current liabilities - Contracted research funding	19
12	Reserves and retained surplus	19
13	Remuneration of auditor	20
14	Commitments	20
15	Related party transactions	21
16	Economic dependency	21
17	Reconciliation of surplus after income tax to net cash inflow from operating activities	21

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Company Limited by Guarantee

Australian Housing and Urban Research Institute Limited is a Company limited by guarantee, having no share capital. The Company was incorporated on 5 November 1999.

Each Member of the Company undertakes to contribute to the Company's property if the Company is wound up while he, she or it is a Member or within one year after he, she or it ceases to be a Member, for payment of the Company's debts and liabilities contracted before he, she or it ceased to be a Member and of the costs, charges and expenses of winding up and for an adjustment of the rights of contributors among themselves such amount as may be required not exceeding one hundred dollars (\$100.00).

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The Company is a not-for-profit organisation based in Melbourne and manages the financing and conduct of research across universities and research facilities around Australia. Revenue is received from the Australian, State and Territory Governments to support a core research program. Additional funds are received from participating research institutions and from other sources for contracted research.

The terms and conditions governing the provision of funds by the Australian, State and Territory Governments are embodied in a Funding Agreement between them and the Company. The Funding Agreement signed on 30 June 2009 provides for funding through to 30 June 2012. It is expected that an extension to this funding agreement will be entered into by the expiry date.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of Australian Housing and Urban Research Institute Limited comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, unless otherwise stated.

(iii) Critical accounting estimates

The preparation of financial statements may require the use of certain critical accounting estimates. It also requires the Company to exercise its judgement in the process of applying the Company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns and amounts collected on behalf of third parties. Revenue is recognised for the major business activities as follows:

(i) Government funding

Revenue is recognised when receivable from the Australian, State and Territory Governments.

(ii) Research Centre funding

Revenue is recognised when receivable from the Universities.

(iii) Research Synthesis Service revenue

Revenue is recognised in association with the completion and provision of the contracted report to the contracted third party.

(iv) Events

Revenue and costs are recognised in the statement of comprehensive income when the event is held.

(v) Other revenue

Interest income is recognised using the effective interest method. Other revenue is recognised on a percentage of completion basis, which is measured via costs incurred for the transactions as a percentage of total planned costs.

1 Summary of significant accounting policies (continued)

(c) Income tax

No provision for income tax is made in these accounts on the basis that the Company has received a formal letter from the Australian Taxation Office confirming that the Company is exempt from income tax under section 50-40 Item 8.2(c) of the *Income Tax Assessment Act 1997*.

(d) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 14). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(e) Cash and cash equivalents

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 six 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.

(f) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at fair value less provision for doubtful debts. Accounts receivable are due for settlement no more than 30 days from the date of recognition.

Collectability of accounts receivable is reviewed on an ongoing basis. Amounts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Company may not be able to collect all amounts due according to the original terms of 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 effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

(g) Plant and equipment

All 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. All other costs including repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight line method to allocate their cost, net of their residual values, over their estimated useful lives, at the following rates:

- Plant and equipment	13% - 33.33%
- Leasehold improvements	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Company, whichever is the shorter.

(h) Accounts payable

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.

1 Summary of significant accounting policies (continued)

(i) Contracted research funding

An accrual is recognised for the full research contracted amount in respect of research funding commitments, when a present obligation exists. A present obligation exists when the company enters into a research project contract with the research centres.

(j) Borrowing costs

Borrowing costs are expensed as incurred.

(k) Employee benefits

(i) Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave, expected to be settled within 12 months of the end of each reporting period are recognised in other payables and provision for employee benefits in respect of employees' services up to the end of each reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of each reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of each reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

All employees of the Company are entitled to benefits on retirement, disability or death, from the Superannuation Guarantee Contribution (SGC) Superannuation Fund. The Company has a defined contribution section within its plan. The defined contribution section receives fixed contributions from the Company and the Company's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(m) New accounting standards and interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The Company's assessment indicates that there are no new Australian Accounting Standards or interpretations that have been issued but are not yet effective with an expected material impact on the Company's financial statements in the period of initial application.

2 Revenue

	2011 \$	2010 \$
From continuing operations		
<i>Revenue</i>		
National Housing Research Program government funding	3,075,300	3,765,008
National Housing Research Program research centre funding	702,782	683,640
Third party income	96,129	270,133
Research Synthesis Service income	418,926	290,685
Interest income	407,383	283,103
National Cities Research Program income	35,824	26,667
National Homelessness Research Network income	2,938	13,182
	<u>4,739,282</u>	<u>5,332,418</u>
<i>Other revenue</i>		
Publications sales revenue	19	52
Freight, postage & handling revenue	-	64
Other	29,230	15,909
	<u>29,249</u>	<u>16,025</u>
	<u>4,768,531</u>	<u>5,348,443</u>

3 Expenses

	2011 \$	2010 \$
Surplus before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	21,951	26,864
Total depreciation	<u>21,951</u>	<u>26,864</u>
<i>Finance costs</i>		
Interest and finance charges paid/payable	-	-
<i>Rental expense relating to operating leases</i>	110,514	101,233
<i>Research management expenses</i>		
Research administration	437,161	272,855
Research dissemination	336,806	183,305
Research panel meetings	6,804	18,595
Research centre directors' expenses	5,571	5,900
	<u>786,342</u>	<u>480,655</u>

4 Current assets - Cash and cash equivalents

	2011	2010
	\$	\$
Cash at bank and on hand	124,914	159,817
Deposits at call	<u>6,684,221</u>	<u>6,531,862</u>
	<u>6,809,135</u>	<u>6,691,679</u>

(a) Cash at bank and on hand

The cash at bank and on hand was bearing floating interest rates of 4.75% pa (2010: 4.50% pa).

(b) Deposits at call

The deposits were bearing fixed interest rates of 6.15% pa (2010: 5.40% pa). These deposits had an average maturity of 6 months or less.

(c) Bank guarantee

The Company has a bank guarantee of \$52,848 (2010: \$52,848) as deposit for the office lease.

5 Current assets - Accounts receivable and other assets

	2011	2010
	\$	\$
Accounts receivable (a)	824,970	979,558
Prepayments and accrued income	<u>194,640</u>	<u>94,862</u>
	<u>1,019,610</u>	<u>1,074,420</u>

(a) Impaired trade receivables

As at 30 June 2011, no accounts receivable balances were deemed to be impaired (2010 - \$nil). No allowance was raised during the year ended 30 June 2011.

6 Non-current assets - Plant and equipment

	Plant and equipment \$	Leasehold improvements \$	Total \$
At 1 July 2009			
Cost	93,925	80,496	174,421
Accumulated depreciation	<u>(47,166)</u>	<u>(80,496)</u>	<u>(127,662)</u>
Net book amount	<u>46,759</u>	<u>-</u>	<u>46,759</u>
Year ended 30 June 2010			
Opening net book amount	46,759	-	46,759
Additions	15,910	-	15,910
Depreciation charge	<u>(26,864)</u>	<u>-</u>	<u>(26,864)</u>
Closing net book amount	<u>35,805</u>	<u>-</u>	<u>35,805</u>
At 30 June 2010			
Cost	109,835	80,496	190,331
Accumulated depreciation	<u>(74,030)</u>	<u>(80,496)</u>	<u>(154,526)</u>
Net book amount	<u>35,805</u>	<u>-</u>	<u>35,805</u>
Year ended 30 June 2011			
Opening net book amount	35,805	-	35,805
Additions	8,301	-	8,301
Depreciation charge	<u>(21,951)</u>	<u>-</u>	<u>(21,951)</u>
Closing net book amount	<u>22,155</u>	<u>-</u>	<u>22,155</u>
At 30 June 2011			
Cost	118,135	80,496	198,631
Accumulated depreciation	<u>(95,980)</u>	<u>(80,496)</u>	<u>(176,476)</u>
Net book amount	<u>22,155</u>	<u>-</u>	<u>22,155</u>

7 Current liabilities - Accounts payable and other accruals

	2011 \$	2010 \$
Accounts payable	218,609	343,212
Other payables and accruals	<u>214,311</u>	<u>214,888</u>
	<u>432,920</u>	<u>558,100</u>

8 Current liabilities - Contracted research funding

	2011 \$	2010 \$
Contracted research funding	<u>2,680,389</u>	<u>2,839,596</u>

9 Current liabilities - Provisions

	2011 \$	2010 \$
Employee benefits	<u>133,625</u>	<u>62,780</u>

10 Current liabilities - Deferred income

	2011 \$	2010 \$
Deferred income	<u>148,816</u>	<u>-</u>

11 Non-current liabilities - Contracted research funding

	2011 \$	2010 \$
Contracted research funding	<u>415,012</u>	<u>332,940</u>

12 Reserves and retained surplus

	2011 \$	2010 \$
(a) Reserves		
Economic dependency reserve (i)	660,000	660,000
Research synthesis reserve	195,946	241,275
Other programs reserve	<u>113,263</u>	<u>106,237</u>
	<u>969,209</u>	<u>1,007,512</u>

Movements:

Balance 1 July	1,007,512	640,940
Transferred (to)/from retained surplus	<u>(38,303)</u>	<u>366,572</u>
Balance 30 June	<u>969,209</u>	<u>1,007,512</u>

(b) Retained surplus

Movements in retained surplus were as follows:

	2011 \$	2010 \$
Balance 1 July	3,000,976	1,398,509
Surplus for the year	31,650	1,969,039
Transfer from/(to) reserves	<u>38,303</u>	<u>(366,572)</u>
Balance 30 June	<u>3,070,929</u>	<u>3,000,976</u>

12 Reserves and retained surplus (continued)

(c) Nature and purpose of reserves

(i) Economic dependency reserve

In the event that the Company were to discontinue operations the directors have estimated that it would take up to six months to close the office and deregister the Company. Therefore, it is appropriate that the Company maintains 'liquid funds' of approximately six months worth of non-research expenditure to adequately meet wind down and closure costs. Such costs relate to managing projects, staff, insurance, office rental (and related costs such as telephone etc.). The directors have also allowed for on-going Board activity until the Company is closed. The directors review the economic dependency reserve on a periodic basis.

13 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor:

	2011	2010
	\$	\$
PricewaterhouseCoopers Australia		
Audit and review of financial statements	30,350	29,000
Other non-assurance services	<u>20,850</u>	<u>20,500</u>
Total remuneration of PricewaterhouseCoopers Australia	<u>51,200</u>	<u>49,500</u>

14 Commitments

(a) Funding for Capital Expenditure

No capital expenditure was contracted for at the end of each reporting period.

(b) Lease commitments: Company as lessee

The Company leases its office under a non-cancellable operating lease expiring in 2014. The lease has varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated. In addition, the Company leases a photocopier.

	2011	2010
	\$	\$
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:		
Within one year	103,656	99,846
Later than one year but not later than five years	<u>107,618</u>	<u>211,274</u>
	<u>211,274</u>	<u>311,120</u>

The above commitments relate to a non-cancellable operating lease over the Company's premises and the lease of a printer/photocopier.

15 Related party transactions

(a) Key management and personnel compensation

Key management and Board personnel compensation for the years ended 30 June 2011 and 2010 is set out below.

	2011	2010
	\$	\$
Short-term benefits	<u>258,780</u>	<u>263,181</u>

(b) Other transactions with key management personnel or entities related to them

(i) A number of the directors of the Company are also stakeholders of universities and research facilities that have received contracted research funding from the Company. These funding contracts were based on the Company's standard terms and conditions. All potential conflicts of interest were declared and dealt with in accordance with AHURI Corporate Governance Charter. Board directors representing the Australian Government, State and Territory governments and university participants do not receive any remuneration from Australian Housing and Urban Research Institute Limited.

16 Economic dependency

The Company depends for a majority of revenue on government funding. During the financial year ended 30 June 2011, approximately 64.5% (2010: 70.4%) of the Company's revenue was sourced from government funding.

17 Reconciliation of surplus after income tax to net cash inflow from operating activities

	2011	2010
	\$	\$
Surplus for the year	31,650	1,969,039
Depreciation	21,951	26,864
Change in operating assets and liabilities		
Decrease/(increase) in trade debtors and other assets	54,810	(630,558)
(Decrease)/increase in trade creditors and other accruals	(125,180)	57,325
(Decrease) in contracted research funding	(77,135)	(595,430)
Increase in provisions	70,845	9,925
Increase (decrease) in deferred income	<u>148,816</u>	<u>(375,002)</u>
Net cash inflow from operating activities	<u>125,757</u>	<u>462,163</u>

In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 21 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mr Rodney Vaughan Fehring
Chairman

Dr Ian Charles Winter
Executive Director



Melbourne

Date: 22/09/2011



Independent auditor's report to the members of Australian Housing and Urban Research Institute Limited

Report on the financial report

We have audited the accompanying financial report of Australian Housing and Urban Research Institute Limited (the Company), which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

PwC, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3000, GPO Box 1331, MELBOURNE VIC 3001

DX 77 Melbourne, Australia

Telephone +61 3 8603 1000, Facsimile +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation



**Independent auditor's report to the members of
Australian Housing and Urban Research Institute Limited (continued)**

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Housing and Urban Research Institute Limited on 22 September 2011, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion

In our opinion, the financial report of Australian Housing and Urban Research Institute Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Darren Jenns'.

Darren Jenns
Partner

Melbourne
23 September 2011

PwC, ABN 52 780 433 757

Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3001 GPO Box 1331, MELBOURNE VIC 3001
DX 77 Melbourne, Australia
Telephone +61 3 8603 1000, Facsimile +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation