

**Australian Housing and Urban
Research Institute Limited**

ACN 090 448 918

**Annual report
for the year ended 30 June 2012**

Australian Housing and Urban Research Institute Limited

ACN 090 448 918

Annual report - 30 June 2012

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Directors' report

Your directors present their report on the Company for the year ended 30 June 2012.

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 Fehring
Dr Ian Winter
Ms Serena Wilson
Mr Michael Kerry
Ms Meredith Sussex AM

The following persons were appointed directors during the year ended 30 June 2012:

Mr Douglas Craig - appointed 7 November 2011
Dr Jeffrey Harmer - appointed 11 December 2011
Professor Edwina Cornish - appointed 11 December 2011
Professor Wayne McKenna - appointed 11 December 2011
Mr Grahame Searle - appointed 11 December 2011
Ms Tania Loosley-Smith (alternate director to Mr Grahame Searle) - appointed 14 December 2011
Professor Robert Norris (alternate director to Professor Edwina Cornish) - appointed 24 January 2012
Mr Sean Innis (alternate director to Ms Serena Wilson) - appointed 22 March 2012
Mr Arthur Rogers (alternate director to Mr Douglas Craig) - appointed 24 May 2012

The following directors resigned during the year ended 30 June 2012:

Ms Margaret Crawford - resignation 14 October 2011
Mr John Mortimore - resignation 10 December 2011
Professor Deborah Terry - resignation 10 December 2011
Mr Philip Fagan-Schmidt - resignation 10 December 2011
Professor Graeme Wright - resignation 10 December 2011
Professor Mark Western (alternate director to Professor Deborah Terry) - resignation 10 December 2011
Mr Andrew Tongue (alternate director to Ms Serena Wilson) - resignation 12 September 2011
Ms Liza Carroll (alternate director to Ms Serena Wilson) - resignation 22 March 2012

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 policy-relevant research on housing, homelessness and cities. AHURI Limited works with a collaborative network of universities, researchers, and the policy and practice communities nation-wide and internationally.

AHURI Limited is a unique venture and its mission is to deliver high quality, policy-relevant evidence for better housing and urban outcomes. 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.

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.

The Company's key activities are research management, research capacity building, publishing, research synthesis, event management, and evidence-informed facilitation. These activities are conducted in relation to the housing, homelessness, and cities research streams including a particular focus on Indigenous issues.

The Company's strategic goals are detailed in the AHURI Limited Strategic Plan 2009-2018 and are the primary focus of the AHURI Board. Key activities to support the achievement of the strategic goals are:

- ongoing delivery of the National Housing Research Program;
- further development of the National Homelessness Research Network;
- further development of the National Cities Research Program;
- implementation of the Indigenous Housing and Homelessness Policy, Practice and Research Network;

- further development of the Research Synthesis Service;
- increased Communications activities primarily focussed on conferences and events; and
- providing evidenced-informed facilitation services.

The AHURI Limited Business Plan ensures the Company's capacity to monitor progress against the strategic goals in the Strategic Plan and to ensure the Business Plan is aligned with the associated 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 national housing reforms;
- a National Housing Research Program Research Agenda that anticipates policy debates for the NAHA and related Indigenous and homelessness reform priorities;
- further business development of the National Homelessness Research Network;
- further business development of the National Cities Research Program;
- successful implementation of the Indigenous Housing and Homelessness Action Plan and associated Indigenous Housing and Homelessness Policy, Practice and Research Network;
- ensuring high levels of collaboration in the conduct of research activities;
- ongoing capacity of the Company's research networks to deliver high quality research;
- ongoing capacity of the Company's research networks to deliver policy-relevant research;
- ongoing success of the Research Synthesis Service in meeting the policy needs of clients;
- successful management of the events program primarily through the National Housing Research Program with additional events to support other research networks;
- establishing strategically valuable international partnerships across the Company's 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:

	2012	2011
	\$	\$
Total revenue	4,567,705	4,768,531
Total expenses	<u>(5,779,545)</u>	<u>(4,736,881)</u>
Net (deficit)/surplus for the year ended 30 June	<u>(1,211,840)</u>	<u>31,650</u>

The net deficit at the end of the 2012 financial year is \$1,211,840, compared to the 2011 surplus figure of \$31,650. The surplus/deficit varies year to year due to the timing of the commissioning of research activities. The Multi-Year Research Project (\$721,226) was contracted in 2011-12. 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 in 2012. The lower number of payments recognised in 2012 was offset by increased revenue from universities and higher third party income.

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 2012 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 the scope of its expanded 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 funding was extended to 30 June 2014.

Environmental regulation

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

Information on directors

Directors

Special responsibilities

Mr Rodney Fehring	Executive General Manager – Residential of Australand Ltd.	Chairman and member of the Audit, Finance and Risk Management Committee
Dr Jeffrey Harmer AO	Company Director	Director and Chairman of the Audit, Finance and Risk Management Committee
Ms Meredith Sussex AM	Company Director	Director and member of the Audit, Finance and Risk Management Committee
Dr Ian Winter	Appointed Executive Director of AHURI Limited November 2003.	Executive Director
Mr Michael 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
Mr Douglas Craig	Director of Housing and Executive Director, Housing and Community Building (Victoria)	Director
Professor Edwina Cornish	Senior Deputy Vice-Chancellor and Deputy Vice-Chancellor (Research) Monash University	Director
Professor Wayne McKenna	Deputy Vice-Chancellor, Academic and Research, University of Western Sydney	Director
Mr Grahame Searle	Director General, Housing W.A.	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 2012, 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 Fehring	4	4	4	4
Dr Jeffrey Harmer AO	2	2	2	2
Ms Meredith Sussex AM	4	4	4	3
Dr Ian Winter	4	4	*	*
Mr Michael Kerry	4	2	*	*
Ms Serena Wilson	4	0	*	*
Mr John Mortimore	2	2	2	2
Professor Deborah Terry	2	1	*	*
Mr Philip Fagan-Schmidt	2	2	*	*
Ms Margaret Crawford	1	0	*	*
Mr Douglas Craig	3	1	*	*
Professor Edwina Cornish	2	0	*	*
Professor Wayne McKenna	2	1	*	*
Mr Grahame Searle	2	2	*	*
Professor Graeme Wright	2	2	*	*
Mr Andrew Tongue (alternate director to Ms Serena Wilson)	0	0	*	*
Ms Liza Carroll (alternate director to Ms Serena Wilson)	1	0	*	*
Mr Sean Innis (alternate director to Ms Serena Wilson)	2	2	*	*
Professor Mark Western (alternate director to Professor Deborah Terry)	2	1	*	*
Professor Robert Norris (alternate director to Professor Edwina Cornish)	2	2	*	*
Ms Tania Loosley-Smith (alternate director to Mr Grahame Searle)	2	0	*	*
Mr Arthur Rogers (alternate director to Mr Douglas Craig)	1	0	*	*

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 \$1,469 (2011: \$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.

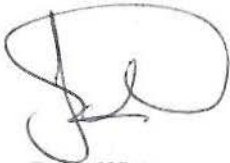
Auditor

PwC 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 Fehring
Chairman



Dr Ian Winter
Executive Director

Melbourne

Date: 24 OCTOBER 2012



Auditor's Independence Declaration

As lead auditor for the audit of Australian Housing and Urban Research Institute Limited for the year ended 30 June 2012, 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 Jenns'.

Darren Jenns
Partner
PricewaterhouseCoopers

Melbourne
Date: 24 October 2012

PricewaterhouseCoopers, ABN 52 780 433 757

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Australian Housing and Urban Research Institute Limited

ACN 090 448 918

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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 *24 October* 2012. 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 2012

	Notes	2012 \$	2011 \$
Revenue from continuing operations	2	4,567,705	4,768,531
National Housing Research Program research centre expenses		(2,699,934)	(2,236,188)
Research management expenses	3	(1,121,098)	(786,342)
Capacity building expenses		(399,485)	(323,101)
Research Synthesis Service expenses		(380,966)	(415,713)
Employee costs		(612,069)	(573,308)
Administration		(161,697)	(137,294)
Board fees and expenses		(98,517)	(98,053)
Occupancy		(153,138)	(148,537)
Other expenses		(152,641)	(18,345)
Total expenses		<u>(5,779,545)</u>	<u>(4,736,881)</u>
(Deficit)/surplus before income tax		(1,211,840)	31,650
Income tax expense		<u>-</u>	<u>-</u>
(Deficit)/surplus for the year		<u>(1,211,840)</u>	<u>31,650</u>
Other comprehensive surplus for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive (deficit)/surplus for the year		<u>(1,211,840)</u>	<u>31,650</u>
(Deficit)/surplus is attributable to:			
Members of Australian Housing and Urban Research Institute Limited		<u>(1,211,840)</u>	<u>31,650</u>
Total comprehensive (deficit)/surplus for the year is attributable to:			
Members of Australian Housing and Urban Research Institute Limited		<u>(1,211,840)</u>	<u>31,650</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 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	8,139,166	6,809,135
Accounts receivable and other assets	5	<u>1,354,000</u>	<u>1,019,610</u>
Total current assets		<u>9,493,166</u>	<u>7,828,745</u>
Non-current assets			
Plant and equipment	6	<u>64,991</u>	<u>22,155</u>
Total non-current assets		<u>64,991</u>	<u>22,155</u>
Total assets		<u>9,558,157</u>	<u>7,850,900</u>
LIABILITIES			
Current liabilities			
Accounts payable and other accruals	7	468,211	432,920
Contracted research funding	8	2,861,062	2,680,389
Provisions	9	165,716	133,625
Deferred income	10	<u>2,562,432</u>	<u>148,816</u>
Total current liabilities		<u>6,057,421</u>	<u>3,395,750</u>
Non-current liabilities			
Contracted research funding	11	<u>672,438</u>	<u>415,012</u>
Total non-current liabilities		<u>672,438</u>	<u>415,012</u>
Total liabilities		<u>6,729,859</u>	<u>3,810,762</u>
Net assets		<u>2,828,298</u>	<u>4,040,138</u>
EQUITY			
Reserves	12(a)	1,038,923	969,209
Retained surplus	12(b)	<u>1,789,375</u>	<u>3,070,929</u>
Total equity		<u>2,828,298</u>	<u>4,040,138</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 2012

	Notes	Reserves \$	Retained surplus \$	Total equity \$
Balance at 1 July 2010		1,007,512	3,000,976	4,008,488
Surplus for the year		-	31,650	31,650
Other comprehensive surplus		-	-	-
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>(38,303)</u>	<u>38,303</u>	-
Balance at 30 June 2011		<u>969,209</u>	<u>3,070,929</u>	<u>4,040,138</u>
Balance at 1 July 2011		969,209	3,070,929	4,040,138
(Deficit) for the year		-	(1,211,840)	(1,211,840)
Other comprehensive surplus		-	-	-
Total comprehensive (deficit) for the year		<u>-</u>	<u>(1,211,840)</u>	<u>(1,211,840)</u>
Transfers between reserves	12	<u>69,714</u>	<u>(69,714)</u>	-
		<u>69,714</u>	<u>(69,714)</u>	-
Balance at 30 June 2012		<u>1,038,923</u>	<u>1,789,375</u>	<u>2,828,298</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 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		3,842,877	4,661,840
Payments to suppliers and employees (inclusive of goods and services tax)		<u>(2,845,155)</u>	<u>(4,943,466)</u>
		997,722	(281,626)
Interest received		<u>387,930</u>	<u>407,383</u>
Net cash inflow from operating activities	17	<u>1,385,652</u>	<u>125,757</u>
Cash flows from investing activities			
Payments for plant and equipment	6	<u>(55,621)</u>	<u>(8,301)</u>
Net cash (outflow) from investing activities		<u>(55,621)</u>	<u>(8,301)</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>6,809,135</u>	<u>6,691,679</u>
Cash and cash equivalents at end of year	4	<u>8,139,166</u>	<u>6,809,135</u>

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

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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 was extended on 28 June 2012 and provides for funding through to 30 June 2014.

(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) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iii) Historical cost convention

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

(iv) 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 the Company has the right to receive the funding from the Australian, State and Territory Governments in accordance with the Funding agreement.

(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.

1 Summary of significant accounting policies (continued)

(b) Revenue recognition (continued)

(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.

(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.

1 Summary of significant accounting policies (continued)

(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.

(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 2012 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

	2012 \$	2011 \$
From continuing operations		
<i>Revenue</i>		
National Housing Research Program government funding	2,340,900	3,075,300
National Housing Research Program research centre funding	917,783	702,782
Third party income	482,178	96,129
Research Synthesis Service income	286,839	418,926
Interest income	387,930	407,383
National Cities Research Program income	144,465	35,824
National Homelessness Research Network income	-	2,938
	<u>4,560,095</u>	<u>4,739,282</u>
<i>Other revenue</i>		
Publications sales revenue	19	19
Freight, postage & handling revenue	14	-
Other	<u>7,577</u>	<u>29,230</u>
	<u>7,610</u>	<u>29,249</u>
	<u>4,567,705</u>	<u>4,768,531</u>

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 in 2012. The lower number of payments recognised in 2012 was offset by increased revenue from universities and higher third party income.

3 Expenses

	2012 \$	2011 \$
(Deficit)/surplus before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	<u>12,785</u>	<u>21,951</u>
Total depreciation	<u>12,785</u>	<u>21,951</u>
<i>Rental expense relating to operating leases</i>	100,653	110,514
<i>Research management expenses</i>		
Research administration	465,331	437,161
Research dissemination	636,520	336,806
Research panel meetings	14,834	6,804
Research centre directors' expenses	<u>4,413</u>	<u>5,571</u>
	<u>1,121,098</u>	<u>786,342</u>

4 Current assets - Cash and cash equivalents

	2012 \$	2011 \$
Cash at bank and on hand	122,286	124,914
Deposits at call	<u>8,016,880</u>	<u>6,684,221</u>
	<u>8,139,166</u>	<u>6,809,135</u>

(a) Cash at bank and on hand

The cash at bank and on hand was bearing floating interest rates of 3.50% pa (2011: 4.75% pa).

(b) Deposits at call

The deposits were bearing fixed interest rates of 5.69% pa (2011: 6.15% pa). These deposits had an average maturity of 6 months or less.

Deposits at call have increased due to changes in the timing of payments from the Australian Government and the contracting of funds for the Indigenous Housing and Homelessness Policy, Practice and Research Network.

(c) Bank guarantee

The Company has a bank guarantee of \$52,848 (2011: \$52,848) as deposit for the office lease.

5 Current assets - Accounts receivable and other assets

	2012 \$	2011 \$
Accounts receivable (a)	1,161,868	824,970
Prepayments and accrued income	<u>192,132</u>	<u>194,640</u>
	<u>1,354,000</u>	<u>1,019,610</u>

(a) Impaired trade receivables

As at 30 June 2012, no accounts receivable balances were deemed to be impaired (2011 - \$nil). No allowance was raised during the year ended 30 June 2012.

6 Non-current assets - Plant and equipment

	Plant and equipment \$	Leasehold improvements \$	Total \$
At 1 July 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>
Year ended 30 June 2012			
Opening net book amount	22,155	-	22,155
Additions	55,621	-	55,621
Depreciation charge	<u>(12,785)</u>	<u>-</u>	<u>(12,785)</u>
Closing net book amount	<u>64,991</u>	<u>-</u>	<u>64,991</u>
At 30 June 2012			
Cost	173,757	80,496	254,253
Accumulated depreciation	<u>(108,766)</u>	<u>(80,496)</u>	<u>(189,262)</u>
Net book amount	<u>64,991</u>	<u>-</u>	<u>64,991</u>

7 Current liabilities - Accounts payable and other accruals

	2012 \$	2011 \$
Accounts payable	218,899	218,609
Other payables and accruals	<u>249,312</u>	<u>214,311</u>
	<u>468,211</u>	<u>432,920</u>

8 Current liabilities - Contracted research funding

	2012 \$	2011 \$
Contracted research funding	<u>2,861,062</u>	<u>2,680,389</u>

9 Current liabilities - Provisions

	2012 \$	2011 \$
Employee benefits	<u>165,716</u>	<u>133,625</u>

10 Current liabilities - Deferred income

	2012 \$	2011 \$
Deferred income	<u>2,562,432</u>	<u>148,816</u>

The deferred income balance includes amounts invoiced by the Company in respect of 2013 projects, income for events to be held in future years and income in advance for work not yet completed on third party projects. In addition the balance includes the payments made in advance of performance of the related research and associated operations by the Australian Government of \$1,591,812.

11 Non-current liabilities - Contracted research funding

	2012 \$	2011 \$
Contracted research funding	<u>672,438</u>	<u>415,012</u>

Research which has been contracted but for which expenditure is not anticipated to take place within the next 12 months varies according to contract dates.

12 Reserves and retained surplus

	2012 \$	2011 \$
(a) Reserves		
Economic dependency reserve (i)	660,000	660,000
Research synthesis reserve (ii)	199,159	195,946
Other programs reserve (ii)	<u>179,764</u>	<u>113,263</u>
	<u>1,038,923</u>	<u>969,209</u>
Movements:		
Balance 1 July	969,209	1,007,512
Transferred from/(to) retained surplus	<u>69,714</u>	<u>(38,303)</u>
Balance 30 June	<u>1,038,923</u>	<u>969,209</u>

12 Reserves and retained surplus (continued)

(b) Retained surplus

Movements in retained surplus were as follows:

	2012	2011
	\$	\$
Balance 1 July	3,070,929	3,000,976
(Deficit)/surplus for the year	(1,211,840)	31,650
Transfer (to)/from reserves	(69,714)	38,303
Balance 30 June	<u>1,789,375</u>	<u>3,070,929</u>

(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.

(ii) *Research synthesis reserve and other programs reserve*

These reserves relate to project specific retained surpluses.

13 Remuneration of auditor

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

	2012	2011
	\$	\$
PwC Australia		
Audit and review of financial statements	32,650	30,350
Other non-assurance services	14,600	20,850
Total remuneration of PwC Australia	<u>47,250</u>	<u>51,200</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.

	2012	2011
	\$	\$
Commitments in relation to leases contracted for at the end of each reporting period but not recognised as liabilities, payable:		
Within one year	97,835	103,656
Later than one year but not later than five years	<u>-</u>	<u>107,618</u>
	<u>97,835</u>	<u>211,274</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 2012 and 2011 is set out below.

	2012	2011
	\$	\$
Short-term benefits	<u>258,514</u>	<u>258,780</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 2012, approximately 51% (2011: 64.5%) of the Company's revenue was sourced from government funding. The timing of payments under the Funding Agreement for the National Housing Research Program effective 1 July 2009 has led to a reduction in overall government source revenue since there were three payments received in 2012 compared to four in 2011.

17 Reconciliation of (deficit)/surplus after income tax to net cash inflow from operating activities

	2012	2011
	\$	\$
(Deficit)/surplus for the year	(1,211,840)	31,650
Depreciation	12,785	21,951
Change in operating assets and liabilities		
(Increase) decrease in trade debtors and other assets	(334,390)	54,810
Increase (decrease) in trade creditors and other accruals	35,291	(125,180)
Increase (decrease) in contracted research funding	438,099	(77,135)
Increase in provisions	32,091	70,845
Increase in deferred income	2,413,616	148,816
Net cash inflow from operating activities	<u>1,385,652</u>	<u>125,757</u>

Australian Housing and Urban Research Institute Limited
Directors' declaration
30 June 2012

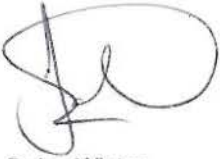
In the directors' opinion:

- (a) the financial statements and notes set out on pages 7 to 22 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 2012 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 Fehring
Chairman



Dr Ian Winter
Executive Director

Melbourne

Date: 24 OCTOBER 2012



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 2012, 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.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
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**Independent auditor's report to the members of
Australian Housing and Urban Research Institute Limited
(continued)**

Report on the financial report (continued)

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 2012 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
24 October 2012