Australian Housing and Urban Research Institute Limited
ACN 090 448 918

Annual Financial Report
30 June 2018

Contents

The directors present their report to the members of Australian Housing and Urban Research Institute Limited ("the "Company" or "AHURI Limited") together with the financial report for the financial year ended 30 June 2018 and the audit report thereon.

1. Directors

The name of each person who has been a director of the Company during the year and to the date of this report and the number of meetings of the Company's Board of Directors attended by each director during the year ended 30 June 2018 were:

Director		Appointed since 1 July 2017	Ceased since 1 July 2017	Board Meetings eligible to attend	Board Meetings attended
Mr Tony De Domenico OAM (Non Executive Director)	Appointed by the Federal Minister responsible for the housing portfolio			3	3
Dr Jeffrey Harmer AO (Non Executive Director)	Appointed by the Federal Minister responsible for the housing portfolio			3	3
Ms Meredith Sussex AM (Non Executive Director)	Appointed by the Federal Minister responsible for the housing portfolio			3	3
Mr Adrian Harrington (Non Executive Director)	Appointed by the Federal Minister responsible for the housing portfolio			3	2
Dr Ian Winter (Executive Director)	AHURI Executive Director ex officio Board appointment		15 December 2017	2	2
Dr Michael Fotheringham (Executive Director)	AHURI Executive Director ex officio Board appointment	18 December 2017		1	1
Professor Duncan Ivison (Non Executive Director) University of Sydney	University Participant appointed by the Board		31 December 2017	2	1
Professor Aleksandar Subic (Non Executive Director) Swinburne University	University Participant appointed by the Board	1 January 2018		1	1
Ms Louise Gilding (Non Executive Director) ACT Community Services Directorate	State/Territory Government representative appointed by the Board		24 November 2017	2	2
Mr Phil Fagan Schmidt (Non Executive Director) SA Housing	State/Territory Government representative appointed by the Board	25 November 2017	30 June 2018	1	1
Mr Nick Foa (Non Executive Director) Department of Health and Human Services (Victoria)	State/Territory Government representative appointed by the Board		31 December 2017	2	1

Director		Appointed since 1 July 2017	Ceased since 1 July 2017	Board Meetings eligible to attend	Board Meetings attended
Ms Jackie Barry (Non Executive Director) (Alternate director for Mr Nick Foa)	State/Territory Government representative appointed by the Board		31 December 2017	1	-
Mr Grahame Searle (Non Executive Director) WA Department of Housing	State/Territory Government representative appointed by the Board	10 January 2018		1	1
Mr Marty Robinson (Non Executive Director) Commonwealth Department of Treasury	Commonwealth Department of Treasury representative appointed by the Board		24 November 2017	2	2
Mr Nathan Dal Bon (Non Executive Director) Commonwealth Department of Treasury	Commonwealth Department of Treasury representative appointed by the Board	25 November 2017	17 September 2018	1	1
Professor Calum Drummond (Non Executive Director) RMIT	University Participant appointed by the Board			3	2
Professor Billie Giles-Corti (Non Executive Director) RMIT (Alternate for Professor Calum Drummond)	University Participant appointed by the Board	6 April 2018		1	1
Mr Michael Buchan (Non Executive Director) Housing SA	State/Territory Government representative appointed by the Board	27 August 2018		-	-
Ms Vicki Wilkinson (Non Executive Director) Commonwealth Department of Treasury	Commonwealth Department of Treasury representative appointed by the Board	24 September 2018		-	-

The directors monitor risk management in respect of operations and the financial position of the Company by regular reporting to the Board by the Chair of the Audit, Finance and Risk Management Committee (AFaRM). The number of AFaRM meetings attended by each member of the committee during the year ended 30 June 2018 were:

Committee member	Appointed since 1 July 2017	Ceased since 1 July 2017	AFaRM Meetings eligible to attend	AFaRM Meetings attended
Ms Meredith Sussex AM (Non Executive Director)			3	3
Mr Tony De Domenico OAM (Non Executive Director)			3	3
Mr Adrian Harrington (Non Executive Director)			3	3

2. Principal activities and strategic objectives

The Company is a national independent research network with an expert non-for-profit research management company, AHURI Limited, at its centre. As the only organisation in Australia dedicated exclusively to housing, homelessness, cities and related urban research, AHURI is a unique venture. Through our national network of University research partners, we undertake research leading to the advancement of knowledge on key policy and practice issues. AHURI research informs the decision making of all levels of government, non-government sectors (both private and not-for-profit), peak organisations and the community, and stimulates debate in the media and the broader Australian community.

In April 2018 the Board commenced a review of the organisation mission, vision and key strategic goals. The Company's mission is to inform and impact better housing, homelessness, cities and related urban outcomes, through the delivery and dissemination of relevant and authoritative research. The Company's strategic priorities are the primary focus of the AHURI Board. The key strategic goals for 2018-19 are:

- Inform and influence cities policy, planning and practice across government, private and non-profit sectors
- Inform and influence housing policy, planning and practice across government, private and non-profit sectors
- Foster engagement across all sectors and stakeholder groups
- Build public and professional understanding and informed dialogue on housing and cities issues
- Enhance national policy and research capability and relevance for better informed outcomes
- Optimise the value we deliver

AHURI receives income from four main sources. Grants from the Australian and state and territory governments and contributions from university partners for participation in the National Housing Research Program, registrations and sponsorship fees for AHURI conferences and events, and fee for service research projects and other professional services. The funding from Australian governments and university partners enables the Company to make the research reports from the National Housing Research Program free to download from the website. Depending on the arrangement with professional services clients, consultancy reports may also be publicly available on the website.

The Company's key activities are research management, research capacity building, research consulting, conference and event management, and evidence-informed policy development. The Company currently:

- Provides a major influence and focus on national policy discussions on housing and homelessness and the future of Australian cities, and conducts leading research into major issues for Australian housing and urban policy
- Undertakes a series of capacity building measures that develop the skills and resources of policy makers, practitioners and researchers in the housing, homelessness, cities and urban communities in Australia
- Convenes and hosts the biennial National Housing Conference, the biennial National Homelessness Conference, and a range of evidence informed forums, one-day conferences, workshops and other events
- Delivers the National Housing Research Program, to ensure our research activity addresses the policy priorities of state, territory and the Australian governments, through a portfolio of priority-based Inquiries and research projects.
- Publishes and disseminates more than 20 new research reports each year as well as hosting a research library of more than 500 major reports, up-to-date analyses of current policy issues and an ongoing stream of news and commentary through the AHURI website
- Provides a range of professional services that draw on our expert staff as well as on our network of more than 400 researchers though our university partners

The annual AHURI Limited Business Plan ensures the Company's capacity to monitor progress against the strategic goals and the associated annual operating budget. A key feature of the plan is the inclusion of a number of indicators (both quantitative data and qualitative assessment) to measure progress for each strategic goal.

There were no significant changes in the nature of the activities of the Company during the year.

3. Key achievements

The Company welcomed the Queensland Government's return as a funder to the National Housing Research Program from 1 July 2017. For governments, AHURI Limited continued to provide a very cost effective investment in high quality, policy relevant research. The research undertaken under the National Housing Research Program was directly relevant to the national housing policy reform priorities and associated reform program. AHURI Limited continued to engage at a very high level with government ministers and senior policy officials, making sure the work of the National Housing Research Program is meeting their needs and contributing to policy development. The Company convened the 11th National Housing Conference in November 2017 in Sydney. The conference was an outstanding success with over 1,220 registrations from all sectors. In December 2017, following the departure of Dr Ian Winter after 14 years service, the Board appointed Dr Michael Fotheringham as Executive Director of AHURI.

4. Operating and financial review

A summary of revenues and expenses is set out below:	2018	2017
	$	$
Total revenue (including finance income)	7,291,529	5,357,471
Total expenses	(6,968,848)	(5,459,060)
Net surplus/ (deficit) for the year ended 30 June	322,681	(101,589)

The net surplus for the 2018 financial year of $322,681 is $202,681 better than the 2018 budgeted surplus of $120,000. The AHURI operating result varies year to year due to the timing of payments under the Funding Agreement for the National Housing Research Program and the Company's related expenditures. Over the life of funding, annual financial plans are set such that funding agreement deficits are offset by surpluses resulting in no net cumulative financial loss to the Company. The Company is planning for a net deficit for 2018/2019 that will be directed mainly towards increased funding to the university partners for the 2018-19 research program and an increase in the marketing and promotion of the research evidence.

The total revenue for the year increased by $1,934,058 mainly due to the increase in the 2017-18 NHRP Funding Agreement revenue of $755,235 due to the Queensland government returning to the program and the biennial National Housing Conference revenue of $1,520,811. The conference is convened on alternate years with the next conference scheduled for 2019 in Darwin. The increase in conference revenue was partly offset by an decrease in professional services revenue of $108,132 and a decrease in events registrations revenue of $106,989.

The increase in revenue resulted in a consequent increase in expenditure by $1,509,788 mainly due to the increase in expenditure of $1,056,705 associated with the above mentioned National Housing Conference. The increase in NHRP revenue resulted in an increase of $440,200 in distributions to partner universities for the research centres expenses.

In the balance sheet the total equity increased by the surplus of $322,681 to $2,972,598. In the opinion of the directors the balance sheet liquidity is more than adequate for the continuing operations. The cash and cash equivalents of $7,174,723 is 92% of total assets and the current ratio is $1.88 of current assets for each current liability.

In the opinion of the directors the Company is able to plan and manage its operational expenditures within the funds currently committed and accordingly the Company continues to operate as a going concern.

5. Dividends

Under the constitution, no dividends are allowed to members of the Company.

6. Members' guarantee

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 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.

There were 20 members at 30 June 2018 (2017: 20 members).

7. Events subsequent to reporting date

The National Housing Research Program Funding Agreement was signed in July 2018 for a further 3 years to 30 June 2021. The support of the Australian Government, all states and territories will allow the ongoing development of a high quality evidence-base and its transfer into policy development and practice.

8. Likely developments

The Company's primary focus will be on the continuing delivery of the National Housing Research Program in support of the policy development and practice of governments, industry and the community sector.

A focus on further business development of professional services in the cities, urban research and an expanded conference and events program will also continue to be key activities and provide a suite of programs and activities in support of the Company's strategic goals.

9. Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance premiums

During the financial year, the Company has paid a premium of $2,225 (2017: $2,225) 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.

10. Environmental regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

11. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 29 and forms part of the directors' report for the financial year ended 30 June 2018.

This report is made out in accordance with a resolution of the directors:

Mr Tony De Domenico OAM	Dr Michael Fotheringham
Chairperson	Executive Director

Dated at Melbourne this 15th day of October 2018

Australian Housing and Urban Research Institute Limited

Statement of financial position

As at 30 June 2018

	Note	2018	2017
		$	**$**
Assets			
Cash and cash equivalents	*6*	7,174,723	6,201,509
Trade and other receivables	*7*	558,122	962,449
Total current assets		7,732,845	7,163,958
Property, plant & equipment	*8*	61,323	35,914
Intangible assets	*9*	24,440	61,965
Total non-current assets		85,763	97,879
Total assets		7,818,608	7,261,837
Liabilities			
Trade and other payables	*10*	271,463	263,344
Contracted research funding	*11*	2,817,347	1,831,767
Employee benefits	*12*	118,279	123,942
Deferred income	*13*	899,960	1,520,569
Other liabilities	*14*	-	50,000
Total current liabilities		4,107,049	3,789,622
Contracted research funding	*11*	533,171	763,840
Employee benefits	*12*	46,718	39,842
Deferred Income	*13*	75,000	-
Other liabilities	*14*	84,072	18,616
Total non-current liabilities		738,961	822,298
Total liabilities		4,846,010	4,611,920
Net assets		2,972,598	2,649,917
Equity			
Reserves	*15(a)*	1,011,079	1,011,079
Retained surplus	*15(b)*	1,961,519	1,638,838
Total equity		2,972,598	2,649,917

The notes on pages 12 to 27 are an integral part of these financial statements.

Australian Housing and Urban Research Institute Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue from continuing operations	*4*	7,116,006	5,186,071
National Housing Research Program research centre expenses		(2,638,506)	(2,422,339)
Research centre capacity building expenses		(428,421)	(204,388)
Research dissemination and communications expenses		(562,036)	(704,672)
Research stakeholder engagement and project management expenses		(642,370)	(545,724)
National Housing Conference expenses		(1,056,705)	-
Professional Services project expenses		(621,793)	(699,001)
Finance and corporate services expenses		(287,022)	(278,081)
Board and governance expenses		(312,142)	(237,434)
General administration expenses		(102,741)	(102,720)
Occupancy expenses		(317,112)	(264,701)
Total expenses		(6,968,848)	(5,459,060)
Results from operating activities		147,158	(272,989)
Finance income		175,523	171,400
Net finance income		175,523	171,400
Surplus/ (Deficit) for the year before income tax		**322,681**	**(101,589)**
Tax expense	*3i*	-	-
Surplus/ (Deficit) for the year		**322,681**	**(101,589)**
Other comprehensive income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Other comprehensive income for the year		**-**	**-**
Total comprehensive income/ (deficit) for the year attributable to Members of Australian Housing and Urban Research Institute Limited		**322,681**	**(101,589)**

The notes on pages 12 to 27 are an integral part of these financial statements.

Australian Housing and Urban Research Institute Limited

Statement of changes in equity

For the year ended 30 June 2018

	Note	Attributable to members of the Company		
		Reserves	**Retained surplus**	**Total equity**
		$	**$**	**$**
Balance at 1 July 2016		**1,011,079**	**1,740,427**	**2,751,506**
(Deficit) for the year		-	(101,589)	(101,589)
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	(101,589)	(101,589)
Transfers between reserves	*15*	-	-	-
		-	-	-
Balance at 30 June 2017		**1,011,079**	**1,638,838**	**2,649,917**
Balance at 1 July 2017		**1,011,079**	**1,638,838**	**2,649,917**
Surplus for the year		-	322,681	322,681
Other comprehensive income		-	-	-
Total comprehensive income for the year		-	322,681	322,681
Transfers between reserves	*15*	-	-	-
		-	-	-
Balance at 30 June 2018		**1,011,079**	**1,961,519**	**2,972,598**

There are no items of other comprehensive income. Accordingly, there are no items that may be reclassified subsequently to profit or loss.

The notes on pages 12 to 27 are an integral part of these financial statements.

Australian Housing and Urban Research Institute Limited

Statement of cash flows

For the year ended 30 June 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Receipts from customers		7,672,002	6,360,981
Payments to suppliers and employees		(6,819,550)	(6,586,168)
Cash generated from operations		852,452	(225,187)
Interest received		156,161	183,113
Net cash flows from/ (used in) operating activities	*23*	1,008,613	(42,074)
Cash flows from investing activities			
Acquisition of property, plant & equipment and intangible assets	*8 & 9*	(35,399)	(5,625)
Net cash flows (used in) investing activities		(35,399)	(5,625)
Cash flows from financing activities		-	-
Net cash flows from financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents		973,214	(47,699)
Cash and cash equivalents at the beginning of year		6,201,509	6,249,208
Cash and cash equivalents at the end of the year	*6*	7,174,723	6,201,509

The notes on pages 12 to 27 are an integral part of these financial statements.

1. Reporting entity

Australian Housing and Urban Research Institute Limited (the "Company") is a not-for-profit Company limited by guarantee, incorporated on 5 November 1999 and domiciled in Australia. The address of the Company's registered office is Level 1, 114 Flinders Street, Melbourne, Victoria, Australia. The Company 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, the National Housing Research Program. Additional funds are received from participating research institutions and from other sources for contracted research. The current National Housing Research Program Funding Agreement provides funding through to 30 June 2021.

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 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. There were 20 members at 30 June 2018 (2017: 20 members).

2. Basis of accounting

(a) Statement of compliance

In the opinion of the Directors, the Company is not publicly accountable within the definition of public accountability by Appendix A of AASB1053 Application of Tiers of Australian Accounting Standards. This technical notion of publicly accountable is different from the notion of public accountability in the general sense of the term that is often employed in relation to not-for-profit, including public sector entities. These financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

They were authorised for issue on 15th October 2018.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for non-derivative financial instruments at fair value through profit or loss which are measured on each reporting date.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

(e) Going concern

The financial report has been prepared on the going concern basis which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company has cash and cash equivalents at 30 June 2018 of $7,174,723 and its liabilities include deferred income of $974,960 and contracted research funding of $3,350,518 which will result in cash outflows post 30 June 2018.

The Company receives annual grants from the Federal and State and Territory Governments under a 3 year funding agreement which expires on 30 June 2021. The amounts of which are set out in note 4 for the current and prior year. The Directors are confident, based on the Company's ongoing collaboration with the Federal and State and Territory Governments, that sufficient grant funding will be secured which will ensure the continuity of normal business activities in future years.

2. Basis of accounting (continued)

(e) Going concern (continued)

In addition, the Directors are also satisfied that in the event there were changes to the quantum of funding secured in future years, the Company is able to plan and manage its operational expenditures within the capacity of confirmed funding amounts, or to initiate commercial activities to provide additional funding for the Company's future operations.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Financial instruments

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and held to maturity financial assets.

The Company classifies non-derivative financial liabilities into the other financial liabilities category.

(i) Non-derivative financial assets and financial liabilities – recognition and derecognition

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(ii) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any dividend income, are recognised in profit or loss.

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Trade and other receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses (see Note [3(c)(i)]).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date or that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Non-derivative financial liabilities - measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise: trade and other payables, deferred income and contracted research funding.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Company has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- plant and equipment 3 – 8 years
- fixtures and fittings 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3. Significant accounting policies (continued)

(c) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired.

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that the Company would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a service; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

Financial assets measured at amortised cost

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and cash and cash equivalents) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against the assets carrying value. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset cash-generating unit (CGU) exceeds its recoverable amount.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Significant accounting policies (continued)

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

(e) Revenue

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 for National Housing Research Program

Revenue is recognised when the Company has the unconditional right to receive the funding from the Australian State and Territory Governments in accordance with the National Housing Research Program Funding agreement.

Any funding received that has continuing conditions and obligations is recognised initially as deferred income at fair value and when there is reasonable assurance the Company has complied with the conditions and obligations of the funding, it is recognised in the profit or loss.

(ii) Research Centre funding for National Housing Research Program

Revenue is recognised when the Company has the right to receive the funding from the Universities.

(iii) Professional services revenue

Revenue is recognised in association with the completion and provision of the contracted report to the contracted client, on a percentage of completion basis, which is measured via costs incurred for the transactions as a percentage of total planned costs.

(iv) Events

Revenue and costs are recognised in the statement of profit or loss when the event is held, except for marketing related costs which are expensed as incurred.

(v) Other income

Interest income is recognised on an accrued basis using the effective interest method.

Other revenue is recognised on a percentage completion basis, which is measured via costs incurred for the transactions as a percentage of total planned costs.

(f) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3. Significant accounting policies (continued)

(g) Leases

(i) Determining whether an arrangement contains a lease

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease.

At inception or upon reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Company's incremental borrowing rate.

(ii) Leased assets

Assets held by the Company under leases which transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

(iii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(h) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(i) Tax

No income tax expense is charged and no income tax is payable by the Company as the Australian Taxation Office (ATO) has granted the Company an exemption from income tax.

(j) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

3. Significant accounting policies (continued)

(k) Intangibles

Software and website development

Software and website development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised software and website development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The estimated useful lives for the current and comparative periods are as follows:

Class of asset	Useful life
Software and website development costs	5 years

(l) New standards and interpretations issued but not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except for:

- *AASB 9 Financial Instruments*

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 9.

- *AASB 15 Revenue from contracts with customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. AASB 15 provides a single, principles based five-step model to be applied to all contracts with customers and two approaches to recognising revenue: at a point in time or over time. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted. The Company is assessing the potential impact on its financial statements from the application of AASB 15.

- *AASB 16 Leases*

AASB 16 removes the lease classification test for lessees and requires all the leases (including operating leases) to be brought onto the balance sheet. The definition of a lease is also amended and is now the new on/off balance sheet test for lessees. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 Revenue from Contracts with Customers is adopted at the same time. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

- *AASB 1058 Income for Not-for-Profit Entities*

AASB 1058 replaces the income recognition requirements relating to private sector NFP entities, as well as the majority of income recognition requirements relating to public sector NFP entities previously reflected in AASB 1004 Contributions. AASB 1058 establishes principles for NFP entities that apply specifically to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable a NFP entity to further its objectives and to volunteer services received. The accounting guidance applied is driven by whether the agreement is enforceable and contains performance obligations. NFP entities will assess which standard is applicable for each individual agreement. AASB1058 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB1058.

4. Revenue

	2018	2017
From continuing operations	**$**	**$**
Revenue		
National Housing Research Program government funding	3,507,600	2,752,365
Research centres participants fees revenue	975,430	961,395
National Housing Conference revenue	1,520,811	-
Event registrations and other revenue	57,238	164,227
Professional services revenue	765,206	873,338
Dissemination revenue	288,721	432,000
Other	1,000	2,746
	7,116,006	5,186,071

5. Expenses

(Deficit)/Surplus before income tax includes the following specific expenses:

Depreciation and amortisation		
Plant and equipment (including leasehold improvements) and intangible assets	117,554	68,249
Total depreciation and amortisation	117,554	68,249
Salaries and wages	1,884,838	1,836,986
Office rent and outgoings	163,752	163,666
Insurance premium	15,960	9,758
IT services and support	86,720	79,934
Peer reviewers honorarium	25,900	26,600
Editing, printing and distribution of research reports	19,606	27,350

Defined contribution superannuation plans

The Company has paid contributions of $157,344 to defined contributions plans on behalf of employees for the year ended 30 June 2018 (2017: $158,205).

6. Cash and cash equivalents

Cash at bank and on hand	457,327	412,481
Deposits at call	6,717,396	5,789,028
	7,174,723	6,201,509

Bank guarantee
The Company has a bank guarantee of $52,848 (2017: $52,848) as deposit for the office lease.

Term deposits
The Company has 13 term deposit contracts with maturities ranging from 15 to 257 days at an interest rate ranging from 2.49% to 2.76%. All term deposits are recognised as part of cash and cash equivalents as the Company can convert the term deposits to cash on demand at an insignificant cost.

7. Trade and other receivables

	2018 $	2017 $
Trade receivables	257,160	647,164
Accrued interest	58,667	39,305
Conference work in progress	103,326	185,127
Research work in progress	55,679	-
Prepayments and other receivables	83,290	90,853
	558,122	962,449

As at 30 June 2018, no trade receivable balances were deemed to be impaired (2017: $nil).

8. Property, plant and equipment and Intangibles

Property, plant and equipment at cost

	2018	2017
Plant and equipment at cost	141,748	152,065
Accumulated depreciation	(95,204)	(125,128)
Total plant and equipment	46,544	26,937
Leasehold improvements at cost	70,938	74,388
Accumulated depreciation	(56,159)	(65,411)
Total leasehold improvements	14,779	8,977
Total plant and equipment	61,323	35,914

Movements in carrying amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows

	Plant and Equipment $	Leasehold Improvements $	Total $
Carrying amount at 1 July 2017	26,937	8,977	35,914
Additions	35,399	70,938	106,337
Disposals	(899)	-	(899)
Depreciation	(14,893)	(65,136)	(80,029)
Balance at 30 June 2018	46,544	14,779	61,323

9. Intangibles

	2018 $	2017 $
Intangibles at cost		
Intangibles and software at cost	120,837	120,837
Accumulated amortisation	(96,397)	(58,872)
Total intangibles and software	24,440	61,965

9. Intangibles (continued)

Movements in carrying amounts

Movements in carrying amounts for each class of intangibles between the beginning and the end of the current financial year are as follows

	Intangibles and Software	Total
	$	$
Carrying amount at 1 July 2017	61,965	61,965
Additions	-	-
Transfers	-	-
Amortisation	(37,525)	(37,525)
Balance at 30 June 2018	24,440	24,440

10. Trade and other payables

	2018	2017
	$	$
Accounts payable	193,453	129,720
Other payables and accruals	78,010	133,624
	271,463	263,344

11. Contracted research funding

Current		
NHRP contracted research funding	2,817,347	1,831,767
	2,817,347	1,831,767
Non-current		
NHRP contracted research funding	533,171	763,840
	533,171	763,840

Contracted research funding is recognised as a liability when the Company enters into agreements for third parties to undertake research such that the Company has no realistic alternative than to fulfil the funding requirements of the research agreement given the contractual obligation to do so and where it has concurrently met its financial obligations under its own grant funding arrangements.

12. Employee benefits

	2018	2017
Current	$	$
Annual Leave	76,002	90,142
Long Service Leave	42,277	33,800
	118,279	123,942
Non-current		
Long Service Leave	46,718	39,842
	46,718	39,842

13. Deferred income

	2018 $	2017 $
Current		
Deferred participants fees income	463,363	512,067
Deferred conference income	342,668	683,384
Deferred professional services income	93,929	325,118
	899,960	1,520,569
Non-Current		
Deferred conference income	75,000	-
	75,000	-

The deferred income balance includes amounts invoiced by the Company in respect of 2018 projects, income for events to be held in future years and income in advance for work not yet completed on professional services research projects.

14. Other liabilities

	2018 $	2017 $
Current		
Advance from conference partner	-	50,000
	-	50,000
Non-Current		
Make good provision	70,938	-
Straight-line lease provision	13,134	18,616
	84,072	18,616

15. Reserves and retained surplus

	2018	2017
(a) Reserves		
Economic dependency reserve (i)	660,000	660,000
Other programs reserve (ii)	351,079	351,079
	1,011,079	1,011,079
Movements:		
Balance 1 July	1,011,079	1,011,079
Transferred (to)/from retained surplus	-	-
Balance 30 June	1,011,079	1,011,079

(b) Retained Surplus

Movements in retained surplus were as follows:

	2018	2017
Balance 1 July	1,638,838	1,740,427
Surplus/ (Deficit) for the year	322,681	(101,589)
Transferred (to)/from reserves	-	-
Balance 30 June	1,961,519	1,638,838

15. 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.

(ii) Other programs reserve

These reserves relate to project specific retained surpluses.

16. Remuneration of auditor

	2018	2017
	$	$
Audit and review of financial statements	26,600	26,100
Compliance testing – agreed upon procedures	7,800	7,500
Grant acquittal	3,400	3,200
Total remuneration	37,800	36,800

17. Operating leases

Leases as lessee

At the end of the reporting period, the future minimum lease payments under non-cancellable operating leases are payable as follows:

Non-cancellable operating lease rentals are payable as follows:

Within one year	132,951	128,167
Between one and five years	56,062	189,013
More than five years	-	-
	189,013	317,180

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

The Company leases its office under a non-cancellable operating lease expiring in 2019. The lease has varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated.

During the year $122,764 was recognised as an expense in profit or loss in respect of operating leases (2017: $119,553).

18. Commitments and contingencies

No commitments or contingencies exist as at 30 June 2018.

19. Economic dependency

During the financial year ended 30 June 2018, approximately 48% (2017: 51%) of the Company's revenue from continuing operations was sourced from the National Housing Research Program (NHRP). The NHRP is a multilateral funding agreement between the Company, the Federal Government and numerous State and Territory Governments.

20. Capital management

The Company's policy is to maintain a strong capital base so as to maintain member, and creditor confidence and to sustain future development of the organisation. The board of directors seeks to preserve sufficient capital, consisting of retained surpluses and reserves, to enable the Company to continue its various research programs. The Company has no externally imposed capital requirements.

21. Related parties

(a) Key director and management personnel compensation

Key directors and management personnel compensation are set out below:

	2018	2017
Short-term benefits	**$**	**$**
Key director and management personnel	757,348	746,139
	757,348	746,139

(b) Key director and management personnel transactions

A number of key directors and management personnel, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of these entities.

A number of these entities transacted with the Company during the year. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

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's 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.

22. Financial instruments – risk management

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The board of directors considers the Company's risk exposure to be low from their use of financial instruments. Further quantitative disclosures are included throughout this financial report.

The Company has a proportion of its total assets in cash at bank and deposits at call.

Management of the Company regularly monitor the returns obtained on interest bearing deposits.

22. Financial instruments – risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure.

The Company's maximum exposure to credit risk at balance date was as follows:

	Carrying amount	
	2018	**2017**
	$	**$**
Cash and cash equivalents	7,174,723	6,201,509
Trade receivables	257,160	647,164
	7,431,883	6,848,673

Cash and cash equivalents

The Company limits its exposure to credit risk by only holding cash balances in commercial bank accounts or short term deposits with major banking institutions. Management does not expect any counterparty to fail to meet its obligations.

Trade and other receivables

The Company limits its exposure to credit risk by only having receivables from reputable organisations, financial institutions and statutory authorities.

The aging of the Company's trade receivables at the reporting date was:

	Gross 2018 $	**Impairment 2018 $**	**Gross 2017 $**	**Impairment 2017 $**
Not past due	257,160	-	541,222	-
Past due 0-30 days	-	-	85,800	-
Past due 31-120 days	-	-	20,142	-
	257,160	-	647,164	-

Market risk

Market risk is the risk that changes in market prices, such as changes in the market value of investment securities and interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Board monitors movements in interest rates on a regular basis, and ensures that the rate obtained is at market levels. No derivative contracts are used to manage market risk.

22. Financial instruments – risk management (continued)

Interest rate risk (continued)

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is set out in Note 6.

Fair value sensitivity analysis for fixed rate instruments

The fixed rate financial asset represents term deposits with less than 12 months maturity at reporting date. There is no material fair value impact on profit or loss.

Sensitivity analysis

A reasonably possible change of 1% points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss / Equity	
2018	1% increase	1% decrease
Variable rate instruments	67,144	(67,144)
	67,144	(67,144)
2017		
Variable rate instruments	57,890	(57,890)
	57,890	(57,890)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its cash flow requirements and ensures that it has sufficient cash on demand to meet expected operational expenses.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

30 June 2017	**Carrying amount**	**Contractual cash flows**	**12 months or less**	**1-2 years**	**More than 2 years**
	$	**$**	**$**	**$**	**$**
Non-derivative financial liabilities					
Trade and other payables	(263,344)	(263,344)	(263,344)	-	-
Contracted research funding	(2,595,607)	(2,595,607)	(1,831,767)	(763,840)	-
	(2,858,951)	(2,858,951)	(2,095,111)	(763,840)	-
30 June 2018					
Non-derivative financial liabilities					
Trade and other payables	(271,463)	(271,463)	(271,463)	-	-
Contracted research funding	(3,350,518)	(3,350,518)	(2,817,347)	(533,171)	-
	(3,621,981)	(3,621,981)	(3,088,810)	(533,171)	-

23. Reconciliation of cashflows from operating activities

	2018	2017
	$	**$**
Surplus/ (Deficit) for the year	322,681	(101,589)
Adjustments for:		
Loss on disposal of property, plant and equipment	899	-
Depreciation and amortisation	117,554	68,249
Operating surplus before changes in working capital	**441,134**	**(33,340)**
Decrease/(Increase) in trade and other receivables	404,329	(419,349)
Increase/(Decrease) in trade payables and other accruals	8,119	(129,868)
Increase/(Decrease) in contracted research funding	754,911	(357,905)
Increase/(Decrease) in provisions	1,213	(7,155)
(Decrease)/Increase in deferred income	(545,609)	856,426
(Decrease)/Increase in other liabilities	(55,484)	49,117
Net cash from operating activities	**1,008,613**	**(42,074)**

24. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Australian Housing and Urban Research Institute Limited

Directors' Declaration

In the opinion of the directors of Australian Housing and Urban Research Centre Institute Limited ('the Company'):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 8 to 27 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Tony De Domenico

Mr Tony De Domenico OAM
Chairperson

Dr Michael Fotheringham
Executive Director

Dated at Melbourne this 15th day of October 2018

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Housing and Urban Research Institute Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Housing and Urban Research Institute Limited for the financial year ended 30 June 2018 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adrian Nathanielsz

Partner

Melbourne

15 October 2018

KPMG

Independent Auditor's Report

To the members of Australian Housing and Urban Research Institute Limited

Opinion

We have audited the ***Financial Report*** of Australian Housing and Urban Research Institute Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2018;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Australian Housing and Urban Research Institute Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001.*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they 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 Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar4.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Adrian Nathanielsz

Partner

Melbourne

15 October 2018