

Australian Housing and Urban Research Institute Limited  
ACN 090 448 918

Annual Financial Report  
30 June 2015

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# Australian Housing and Urban Research Institute Limited

## Directors' report

For the year ended 30 June 2015

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 2015 and the auditor's 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 2015 were:

Director		Appointments since 1 July 2014	Cessations since 1 July 2014	Board Meetings eligible to attend	Board Meetings attended
Mr Tony De Domenico	Independent director appointed by the Federal Minister for Social Services	11 December 2014		2	2
Mr Rodney Fehring	Independent director appointed by the Federal Minister for Social Services		10 December 2014	2	2
Dr Jeffrey Harmer AO	Independent director appointed by the Federal Minister for Social Services			4	3
Ms Meredith Sussex AM	Independent director appointed by the Federal Minister for Social Services			4	4
Dr Ian Winter	AHURI Executive Director			4	4
Mr Peter White	Department of Housing Tasmania		10 December 2014	2	1
Ms Anne Bradford	NT Housing	19 January 2015	10 March 2015	-	-
Dr Campbell Thomson	University of Western Australia		10 December 2014	2	2
Ms Serena Wilson	Commonwealth Department of Social Services		31 March 2015	2	-
Mr Paul McBride (alternate director to Ms Serena Wilson)	Commonwealth Department of Social Services		31 March 2015	2	2
Professor Jennifer Shaw	University of Adelaide			4	4
Mr Mike Allen	Department of Families and Community Services (NSW)		15 August 2014	-	-
Ms Georgina Harrison	Department of Families and Community Services (NSW)	10 September 2014		4	-

# Australian Housing and Urban Research Institute Limited

## Directors' report

For the year ended 30 June 2015

Director		Appointments since 1 July 2014	Cessations since 1 July 2014	Board Meetings eligible to attend	Board Meetings attended
Ms Marion Bennett (alternate director to Ms Georgina Harrisson)	Department of Families and Community Services (NSW)	18 September 2014	31 March 2015	2	2
Ms Anne Campbell (alternate director to Ms Georgina Harrisson)	Department of Families and Community Services (NSW)	1 April 2015		2	2
Mr Iain Scott	Commonwealth Department of Social Services	30 March 2015		2	2
Mr Sean Innis (alternate director to Mr Iain Scott)	Commonwealth Department of Social Services	30 March 2015		-	-
Professor Patrick Nixon	University of Tasmania	15 January 2015	9 June 2015	1	-
Professor Andrew Wells	University of Tasmania	9 June 2015		1	1

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 2015 were:

Committee member	AFaRM Meetings eligible to attend	AFaRM Meetings attended
Dr Jeffrey Harmer AO	4	3
Mr Tony De Domenico	2	2
Mr Rodney Fehring	2	2
Ms Meredith Sussex AM	4	4

# Australian Housing and Urban Research Institute Limited

## Directors' report

For the year ended 30 June 2015

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### 2. Principal activities and strategic objectives

The Company is a not-for-profit independent network organisation that funds, conducts, disseminates and tailors high quality policy-relevant research on housing, homelessness, urban development policy, and Indigenous housing and homelessness. AHURI Limited works with a collaborative network of universities, researchers, and the policy and practice communities nationwide.

The Company's mission is to deliver high quality, policy-relevant evidence for better housing and urban outcomes. The work of AHURI Limited supports the policy development and practices of governments, industry and the community sector, and stimulates debate in the broader Australian community.

Funding for the National Housing Research Program is received from three sources: government grants from the Australian and the 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 consulting, event management, and evidence-informed facilitation. These activities are conducted in relation to the housing, homelessness, urban development policy and Indigenous research streams.

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

- ongoing delivery of the National Housing Research Program;
- implementation and further business development of the Research Consultancy Service;
- increased Communications activities primarily focussed on conferences and events; and
- providing evidence informed facilitation services.

The AHURI Limited Business Plan ensures the Company's capacity to monitor progress against the 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 priorities 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 housing reform priorities;
- a National Housing Research Program that delivers a high quality research evidence-base and its transfer into policy development and practice;
- a National Housing Research Program Research Agenda that anticipates policy debates for the National Affordable Housing Agreement ('NAHA') and related Indigenous and homelessness reform priorities;
- ensuring high levels of collaboration in the conduct of research activities;
- contributing to the ongoing capacity of the Company's research networks to deliver high quality research;
- contributing to the ongoing capacity of the Company's research networks to deliver policy-relevant research;
- maintaining ongoing success of the Research Consultancy 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.

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

# Australian Housing and Urban Research Institute Limited

## Directors' report

For the year ended 30 June 2015

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### Key achievements

The Company continued to successfully deliver the National Housing Research Program ensuring the ongoing development of a high quality evidence-base and its transfer into policy development and practice. 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 Affordable Housing Agreement 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 has renewed the National Housing Research Program funding agreement for a further 3 years effective from 1 July 2014.

### 3. Operating and financial review

A summary of revenues and expenses is set out below:

	2015	2014
	\$	\$
Total revenue (including finance income)	4,682,462	7,069,742
Total expenses	(4,662,008)	(6,391,243)
Net surplus for the year ended 30 June	<u>20,454</u>	<u>678,499</u>

The net surplus for the 2015 financial year is \$20,454 compared to the 2014 surplus figure of \$678,499. The surplus varies year to year due to the timing of payments under the Funding Agreement for the National Housing Research Program effective 1 July 2014 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.

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

### 4. Dividends

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

### 5. Events subsequent to reporting date

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.

### 6. 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 the Research Consultancy Service 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 objectives.

### 7. 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.

# Australian Housing and Urban Research Institute Limited

## Directors' report

For the year ended 30 June 2015

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### 7. Indemnification and insurance of officers and auditors (continued)

#### Insurance premiums

During the financial year, the Company has paid a premium of \$997 (2014: \$1,077) 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.

### 8. 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.

### 9. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 28 and forms part of the directors' report for the financial year ended 30 June 2015.

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



Mr Tony De Domenico  
Chairperson



Dr Ian Winter  
Executive Director

Dated at Melbourne this <sup>16</sup> day of September 2015

# Australian Housing and Research Institute Limited

## Statement of financial position

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Assets</b>			
Cash and cash equivalents	6	7,513,206	7,236,462
Trade and other receivables	7	747,781	607,855
<b>Total current assets</b>		<b>8,260,987</b>	<b>7,844,317</b>
Property, plant & equipment	8	112,291	110,386
Other assets	9	-	4,473
<b>Total non-current assets</b>		<b>112,291</b>	<b>114,859</b>
<b>Total assets</b>		<b>8,373,278</b>	<b>7,959,176</b>
<b>Liabilities</b>			
Trade and other payables	10	970,653	89,923
Contracted research funding	11	3,077,772	3,300,775
Employee benefits	12	139,436	114,124
Deferred income	13	777,554	695,067
Other liabilities	14	75,000	-
<b>Total current liabilities</b>		<b>5,040,415</b>	<b>4,199,889</b>
Contracted research funding	11	591,234	858,513
Employee benefits	12	28,629	27,296
Deferred Income	13	-	146,890
Other liabilities	14	15,958	50,000
<b>Total non-current liabilities</b>		<b>635,821</b>	<b>1,082,699</b>
<b>Total liabilities</b>		<b>5,676,236</b>	<b>5,282,588</b>
<b>Net assets</b>		<b>2,697,042</b>	<b>2,676,588</b>
<b>Equity</b>			
Reserves	15(a)	1,011,079	1,011,079
Retained surplus	15(b)	1,685,963	1,665,509
<b>Total equity</b>		<b>2,697,042</b>	<b>2,676,588</b>

The notes on pages 11 to 26 are an integral part of these financial statements.



## Australian Housing and Research Institute Limited

### Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	2015 \$	2014 \$
<b>Revenue from continuing operations</b>	4	4,398,996	6,774,855
National Housing Research Program research centre expenses		(2,164,361)	(2,803,942)
Research centre capacity building expenses		(211,719)	(318,026)
Research dissemination and communications expenses		(578,212)	(428,388)
Research stakeholder engagement and project management expenses		(665,087)	(400,994)
National Housing Conference expenses		-	(817,029)
Research consulting project expenses		(245,077)	(599,873)
Third party project expenses		-	(7,200)
Finance and corporate services expenses		(288,429)	(572,487)
Board and governance expenses		(131,268)	(80,633)
General administration expenses		(127,113)	(148,860)
Occupancy expenses		(250,742)	(213,811)
Other expenses		-	-
<b>Total expenses</b>		<b>4,662,008</b>	<b>(6,391,243)</b>
<b>Results from operating activities</b>		<b>(263,012)</b>	<b>383,612</b>
Finance income		283,466	294,887
<b>Net finance income</b>		<b>283,466</b>	<b>294,887</b>
<b>Surplus for the year before income tax</b>		<b>20,454</b>	<b>678,499</b>
Tax expense		-	-
<b>Surplus for the year</b>		<b>20,454</b>	<b>678,499</b>
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
<b>Other comprehensive income surplus for the year</b>		<b>-</b>	<b>-</b>
Total comprehensive surplus for the year attributable to Members of Australian Housing and Urban Research Institute Limited		<b>20,454</b>	<b>678,499</b>

The notes on pages 11 to 26 are an integral part of these financial statements.

# Australian Housing and Research Institute Limited

## Statement of changes in equity

For the year ended 30 June 2015

Attributable to members of the Company				
	Note	Reserves \$	Retained surplus \$	Total equity \$
<b>Balance at 1 July 2013</b>		<b>961,627</b>	<b>1,036,462</b>	<b>1,998,089</b>
Surplus for the year		-	678,499	678,499
Other comprehensive income surplus		-	-	-
<b>Total comprehensive surplus for the year</b>		<b>-</b>	<b>678,499</b>	<b>678,499</b>
Transfers between reserves	15	49,452	(49,452)	-
		49,452	(49,452)	-
<b>Balance at 30 June 2014</b>		<b>1,011,079</b>	<b>1,665,509</b>	<b>2,676,588</b>
<b>Balance at 1 July 2014</b>		<b>1,011,079</b>	<b>1,665,509</b>	<b>2,676,588</b>
Surplus for the year		-	20,454	20,454
Other comprehensive income surplus		-	-	-
<b>Total comprehensive surplus for the year</b>		<b>-</b>	<b>20,454</b>	<b>20,454</b>
Transfers between reserves	15	-	-	-
		-	-	-
<b>Balance at 30 June 2015</b>		<b>1,011,079</b>	<b>1,685,963</b>	<b>2,697,042</b>

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 11 to 26 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 2015

	Note	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		4,869,491	7,325,857
Payments to suppliers and employees		<u>(4,849,279)</u>	<u>(8,879,399)</u>
Cash generated from operations		20,212	(1,553,542)
Interest received		<u>310,288</u>	<u>322,066</u>
<b>Net cash flows from/(used in) operating activities</b>	23	<u>330,500</u>	<u>(1,231,476)</u>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant & equipment	8	<u>(53,756)</u>	<u>(23,057)</u>
<b>Net cash flows (used in)/from investing activities</b>		<u>(53,756)</u>	<u>(23,057)</u>
<b>Cash flows from financing activities</b>		<u>-</u>	<u>-</u>
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		276,744	(1,254,533)
Cash and cash equivalents at the beginning of year		<u>7,236,462</u>	<u>8,490,995</u>
<b>Cash and cash equivalents at the end of the year</b>	6	<u>7,513,206</u>	<u>7,236,462</u>

The notes on pages 11 to 26 are an integral part of these financial statements.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 1. Reporting entity

Australian Housing and Urban Research Institute Limited (the “Company”) is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia. The Company was incorporated on 5 November 1999. 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. 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 2017.

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 (\$100.00).

### 2. Basis of accounting

#### (a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. 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 September 2015.

#### (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) Change in accounting policies

##### (i) Employee benefits

During the reporting period the Company changed the discount rate used in its AUD-denominated employee benefit liability calculation from the Australian government bond rate to the high quality corporate bond rate and applied this change as a change in accounting estimate.

The Company decreased the carrying amount of long-service leave entitlements by \$2,596 in the current year upon application of this change in estimate. This change impacts the ‘employee benefits’ liability disclosed in the financial statements. The impact of the change in accounting estimate on annual leave entitlements in the current year is not significant.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 2. Basis of accounting (continued)

#### (f) 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 2015 of \$7,513,206 and its liabilities include deferred income of \$777,554 and contracted research funding of \$3,669,006 which will result in cash outflows post 30 June 2015.

The Company receives annual grants from State and Federal Governments under a 3 year funding agreement whereby the funding expires 30 June 2017, 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 State and Federal Governments, that sufficient grant funding will be secured which will ensure the continuity of normal business activities in future years.

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 or 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.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 3. Significant accounting policies (continued)

#### (a) Financial instruments (continued)

##### (ii) *Non-derivative financial assets – measurement (continued)*

###### *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.

##### (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.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 3. Significant accounting policies (continued)

#### (b) Property, plant and equipment (continued)

##### (iii) Depreciation (continued)

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.

#### (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.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 3. Significant accounting policies (continued)

#### (c) Impairment (continued)

##### (i) *Non-derivative financial assets (continued)*

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.

#### (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. Remeasurements 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.



# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 3. Significant accounting policies (continued)

#### (e) Revenue (continued)

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 Australia, 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) **Research Consultancy 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 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.

##### (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.

## Australian Housing and Urban Research Institute Limited

### Notes to the financial statements

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#### 3. Significant accounting policies (continued)

##### (g) Leases (continued)

###### (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 Tax 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 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.

##### (k) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2014, 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, which becomes mandatory for the Company's 2019 financial statements and could change the classification and measurement of financial assets. The Company does not plan to adopt this standard early and the extent of the impact has not been determined.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

### 4. Revenue

	2015	2014
	\$	\$
<b>From continuing operations</b>		
<i>Revenue</i>		
National Housing Research Program government funding	2,645,488	3,247,296
National Housing Research Program research centre funding	1,008,907	1,069,031
National Housing Conference	-	963,150
Third party income	39,454	31,041
Research consulting project income	273,660	435,284
Dissemination revenue	425,000	630,175
Indigenous Network	4,211	206,670
	<u>4,396,720</u>	<u>6,582,647</u>
<i>Other revenue</i>		
Other	2,276	192,208
	<u>2,276</u>	<u>192,208</u>
	<u>4,398,996</u>	<u>6,774,855</u>

### 5. Expenses

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

<i>Depreciation</i>		
Plant and equipment (including leasehold improvements)	51,851	47,802
Total depreciation	<u>51,851</u>	<u>47,802</u>
<i>Salaries and wages</i>	1,624,886	1,679,404
Office rent and outgoings	167,200	128,450
Insurance premium	19,459	22,160
IT services and support	40,593	62,976
Website maintenance and support	21,950	21,574
Peer reviewers honorarium	31,700	26,700
Editing, printing and distribution of research reports	33,103	25,643

### 6. Cash and cash equivalents

Cash at bank and on hand	843,726	144,213
Deposits at call	6,669,480	7,092,249
	<u>7,513,206</u>	<u>7,236,462</u>

#### Bank guarantee

The Company has a bank guarantee of \$52,848 (2014: \$52,848) as deposit for the office lease.

#### Term deposits

The Company has 7 term deposit contracts with maturities ranging from 30 to 366 days at an interest rate ranging from 2.90% to 3.50%. 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

**Australian Housing and Urban Research Institute Limited**  
**Notes to the financial statements**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Trade receivables (fair value through profit or loss)	425,782	462,350
Accrued interest	48,766	75,587
Prepayments	273,233	69,918
	<u>747,781</u>	<u>607,855</u>

As at 30 June 2015, no accounts receivable balances were deemed to be impaired (2014: \$nil).

**8. Property, plant and equipment**

**Property, plant and equipment at cost**

Plant and equipment at cost	193,730	165,487
Accumulated depreciation	(120,171)	(108,711)
<b>Total plant and equipment</b>	<u><b>73,559</b></u>	<u><b>56,776</b></u>

Leasehold improvements at cost	74,388	154,884
Accumulated depreciation	(35,656)	(101,274)
<b>Total leasehold improvements</b>	<u><b>38,732</b></u>	<u><b>53,610</b></u>

Total plant and equipment	<u>112,291</u>	<u>110,386</u>
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**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:

	<b>Plant and Equipment</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Carrying amount at 1 July 2014	56,776	53,610	110,386
Additions	53,756	-	53,756
Depreciation expense	(36,973)	(14,878)	(51,851)
<b>Balance at 30 June 2015</b>	<u><b>73,559</b></u>	<u><b>38,732</b></u>	<u><b>112,291</b></u>

**9. Other assets**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Non-Current</b>		
Conference venue deposit pre-paid	-	4,473
	<u>-</u>	<u>4,473</u>

**Australian Housing and Urban Research Institute Limited**  
**Notes to the financial statements**

**10. Trade and other payables**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Accounts payable	956,783	33,517
Other payables and accruals	13,870	56,406
	<u>970,653</u>	<u>89,923</u>

**11. Contracted research funding**

**Current**

Contracted research funding	3,077,772	3,300,775
	<u>3,077,772</u>	<u>3,300,775</u>

**Non-current**

Contracted research funding	591,234	858,513
	<u>591,234</u>	<u>858,513</u>

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**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Annual Leave	97,032	83,258
Long Service Leave	42,404	30,866
	<u>139,436</u>	<u>114,124</u>
<b>Non-current</b>		
Long Service Leave	28,629	27,296
	<u>28,629</u>	<u>27,296</u>

**Defined contribution superannuation plans**

The Company has paid contributions of \$139,919 to defined contributions plans on behalf of employees for the year ended 30 June 2015 (2014: \$137,780).

**Australian Housing and Urban Research Institute Limited**  
**Notes to the financial statements**

**13. Deferred income**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Deferred income	777,754	695,067
<b>Non-Current</b>		
Deferred income	-	146,890

The deferred income balance includes amounts invoiced by the Company in respect of 2015 projects, income for events to be held in future years and income in advance for work not yet completed on third party projects.

**14. Other liabilities**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Advance from conference partner	75,000	-
	75,000	-
<b>Non-Current</b>		
Advance from conference partner	-	50,000
Straight-line lease provision	15,958	-
	15,958	50,000

**15. Reserves and retained surplus**

**(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	961,627
Transferred (to)/from retained surplus	-	49,452
Balance 30 June	1,011,079	1,011,079

**(b) Retained Surplus**

Movements in retained surplus were as follows:

Balance 1 July	1,665,509	1,036,462
Surplus for the year	20,454	678,499
Transferred (to)/from reserves	-	(49,452)
Balance 30 June	1,685,963	1,665,509

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

### 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

	2015	2014
	\$	\$
Audit and review of financial statements	26,700	26,000
Compliance testing – agreed upon procedures	6,700	6,500
Grant acquittal	6,100	-
Accounting assistance	-	18,200
Total remuneration	39,500	50,700

### 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	115,185	110,932
Between one and five years	399,580	514,188
More than five years	-	-
	514,765	625,120

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 \$131,257 was recognised as an expense in profit or loss in respect of operating leases (2014: \$97,589).

### 18. Commitments and contingencies

No commitments or contingencies exist as at 30 June 2015.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

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### 19. Economic dependency

The Company depends for a majority of revenue on government funding. During the financial year ended 30 June 2015, approximately 60% (2014: 50%) of the Company's revenue from continuing operations was sourced from federal and state government funding.

### 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 to its various research programs. The Company has no externally imposed capital requirements.

### 21. Related parties

#### (a) Key management and personnel compensation

Key management and Board personnel compensation are set out below:

	2015	2014
	\$	\$
Short-term benefits		
Key management personnel	300,922	282,576
	<u>300,922</u>	<u>282,576</u>

#### (b) Key management personnel and director transactions

A number of key 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. 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.



# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

### 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	
	2015	2014
	\$	\$
Cash and cash equivalents	7,513,206	7,236,462
Trade receivables	425,782	462,350
	<u>7,938,988</u>	<u>7,698,812</u>

#### 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	Impairment	Gross	Impairment
	2015	2015	2014	2014
	\$	\$	\$	\$
Not past due	413,682	-	286,550	-
Past due 0-30 days	12,100	-	79,000	-
Past due 31-120 days	-	-	96,800	-
	<u>425,782</u>	<u>-</u>	<u>462,350</u>	<u>-</u>

#### 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.

# Australian Housing and Urban Research Institute Limited

## Notes to the financial statements

### 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 100 basis 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	
	100 bp increase	100 bp decrease
2015		
Variable rate instruments	8,437	(8,437)
	<u>8,437</u>	<u>(8,437)</u>
2014		
Variable rate instruments	1,442	(1,442)
	<u>1,442</u>	<u>(1,442)</u>

#### 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.

	Carrying amount	Contractual cash flows	12 months or less	1-2 years	More than 2 years
	\$	\$	\$	\$	\$
<b>30 June 2015</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	(970,653)	(970,653)	(970,653)	-	-
Contracted research funding	(3,669,006)	(3,669,006)	(3,077,772)	(591,234)	-
	<u>(4,639,659)</u>	<u>(4,639,659)</u>	<u>(4,048,425)</u>	<u>(591,234)</u>	<u>-</u>
<b>30 June 2014</b>					
<b>Non-derivative financial liabilities</b>					
Trade and other payables	(89,923)	(89,923)	(89,923)	-	-
Contracted research funding	(4,159,288)	(4,159,288)	(3,300,775)	(858,513)	-
	<u>(4,249,211)</u>	<u>(4,249,211)</u>	<u>(3,390,698)</u>	<u>(858,513)</u>	<u>-</u>

## Australian Housing and Urban Research Institute Limited

### Notes to the financial statements

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#### 23. Reconciliation of cashflows from operating activities

	2015	2014
	\$	\$
Surplus(Deficit) for the year	20,454	678,499
<i>Adjustments for:</i>		
Depreciation	51,851	47,802
<b>Operating deficit before changes in working capital</b>	<b>72,305</b>	<b>726,301</b>
(Increase) / decrease in trade and other receivables	(139,926)	779,527
(Increase) / decrease in other assets	4,473	(4,473)
Increase / (decrease) in trade payables and other accruals	880,730	(291,763)
Increase / (decrease) in other liabilities	40,958	50,000
Increase / (decrease) in contracted research funding	(490,282)	(575,276)
Increase / (decrease) in provisions	26,645	(64,335)
Increase / (decrease) in deferred income	(64,403)	(1,851,457)
<b>Net cash from / (used in) operating activities</b>	<b>330,500</b>	<b>(1,231,476)</b>

#### 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

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

- (a) the financial statements and notes that are set out on pages 7 to 26 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 2015 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
- (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.

Signed in accordance with a resolution of the directors:



Mr Tony De Domenico  
Chairperson



Dr Ian Winter  
Executive Director

Dated at Melbourne this 16 day of September 2015



## Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

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*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 for the financial year ended 30 June 2015 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

Dana Bentley  
*Partner*

Melbourne

*16<sup>th</sup>* September 2015



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

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 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view 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.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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*.

*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 2015 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.

KPMG

KPMG

Dana Bentley  
*Partner*

Melbourne  
16<sup>th</sup> September 2015