

Australian Housing and Urban Research Institute Limited
ACN 090 448 918

Annual Financial Report
30 June 2016

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Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2016

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 2016 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 2016 were:

Director		Appointed since 1 July 2015	Ceased since 1 July 2015	Board Meetings eligible to attend	Board Meetings attended
Mr Tony De Domenico (Non Executive Director)	Appointed by the Federal Minister for Social Services			3	3
Dr Jeffrey Harmer AO (Non Executive Director)	Appointed by the Federal Minister for Social Services			3	3
Ms Meredith Sussex AM (Non Executive Director)	Appointed by the Federal Minister for Social Services			3	3
Mr Adrian Harrington (Non Executive Director)	Appointed by the Federal Minister for Social Services	27 November 2015		1	1
Dr Ian Winter (Executive Director)	AHURI Executive Director ex officio Board appointment			3	3
Professor Brigid Heywood (Non Executive Director) University of Tasmania	University Participant appointed by the Board.	25 November 2015		2	1
Professor Duncan Ivison (Non Executive Director) University of Sydney	University Participant appointed by the Board.	15 January 2016		1	1
Mr David Matthews (Non Executive Director) ACT Community Services Directorate	State/Territory Government representative appointed by the Board.	22 October 2015		2	1
Mr Nick Foa (Non Executive Director) Department of Health and Human Services (Victoria)	State/Territory Government representative appointed by the Board.	6 April 2016		1	1
Mr Iain Scott (Non Executive Director) Commonwealth Department of Social Services	Commonwealth Department of Social Services representative appointed by the Board.			3	3
Professor Jennifer Shaw (Non Executive Director) University of Adelaide	University Participant appointed by the Board.		31 December 2015	2	1

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2016

Director		Appointed since 1 July 2015	Ceased since 1 July 2015	Board Meetings eligible to attend	Board Meetings attended
Mr David de Carvalho (Non Executive Director) Department of Families and Community Services (NSW)	State/Territory Government representative appointed by the Board.	10 August 2015	31 December 2015	2	2
Professor Andrew Wells (Non Executive Director) University of Tasmania	University Participant appointed by the Board.		22 October 2015	1	-
Ms Georgina Harrisson (Non Executive Director) Department of Families and Community Services (NSW)	State/Territory Government representative appointed by the Board.		10 August 2015	-	-
Ms Anne Campbell Department of Families and Community Services (NSW)	Alternate director to Ms Georgina Harrisson and Mr David de Carvalho		31 December 2015	-	-
Mr Sean Innis (alternate director to Mr Iain Scott)	Alternate director to Mr Iain Scott			-	-

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 2016 were:

Committee member	AFaRM Meetings eligible to attend	AFaRM Meetings attended
Dr Jeffrey Harmer AO	3	3
Mr Tony De Domenico	3	1
Ms Meredith Sussex AM	3	3

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2016

2. Principal activities and strategic objectives

The Company is a not-for-profit independent organisation that funds, conducts, disseminates and tailors high quality policy-relevant research on a range of priority policy topics including housing and labour markets; urban growth and renewal; planning and infrastructure development; housing supply and affordability; homelessness; economic productivity; and social cohesion and well-being. AHURI Limited works with a collaborative network of university partners, researchers, and the policy and practice communities nation-wide.

The Company's mission is to deliver high quality research that influences policy development and practice change to improve the housing and urban environments of all Australians. The Company's strategic priorities are the primary focus of the AHURI Board. Key strategies are:

- influence policy development and practice change;
- deliver high quality evidence;
- maximise value for stakeholders; and
- build research capability and national capacity.

AHURI receives income from three sources. Grants from the Australian and state and territory governments and contributions from university partners for the National Housing Research Program, and contributions from third parties for 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, the consultancy reports may also be publically available on the website.

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

- manages the National Housing Research Program
- convenes and host the biennial National Housing Conference
- undertakes a series of capacity building measures to develop the skills and resources of the housing, homelessness and urban policy research community in Australia
- engages the housing, homelessness and urban research, policy and practice communities in evidence informed forums, conferences, symposia, workshops and other events, and
- delivers a range of professional services (e.g. research synthesis, program evaluation and workshop facilitation) that draw on our expert staff as well as on our network of more than 400 researchers.

The AHURI Limited Business Plan ensures the Company's capacity to monitor progress against the strategic goals 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 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 housing 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 university partners to deliver high quality research;
- contributing to the ongoing capacity of the Company's university partners to influence policy development;
- maintaining ongoing success of the Company's professional services in meeting the policy development needs of clients;
- successful management of the events program;

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Directors' report

For the year ended 30 June 2016

- 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.

3. 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 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. As at the date of this report the Company is negotiating the renewal of the National Housing Research Program funding agreement for a further period effective from 1 July 2017.

4. Operating and financial review

A summary of revenues and expenses is set out below:

	2016	2015
	\$	\$
Total revenue (including finance income)	5,926,496	4,682,462
Total expenses	<u>(5,872,032)</u>	<u>(4,662,008)</u>
Net surplus for the year ended 30 June	<u>54,464</u>	<u>20,454</u>

The net surplus for the 2016 financial year is \$54,464 compared to the 2015 surplus figure of \$20,454. The surplus 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. 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. 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.

7. 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 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.

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2016

8. 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 \$1,483 (2015: \$997) 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.

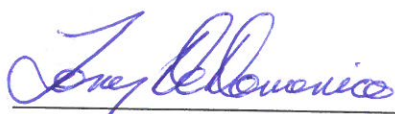
9. Environmental regulation

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.

10. 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 2016.

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 ^{26th}..... day of September 2016

Australian Housing and Research Institute Limited

Statement of financial position

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
Assets			
Cash and cash equivalents	6	6,249,208	7,513,206
Trade and other receivables	7	543,100	747,781
Total current assets		<u>6,792,308</u>	<u>8,260,987</u>
Property, plant & equipment	8	58,603	112,291
Intangible assets	9	101,900	-
Total non-current assets		<u>160,503</u>	<u>112,291</u>
Total assets		<u><u>6,952,811</u></u>	<u><u>8,373,278</u></u>
Liabilities			
Trade and other payables	10	393,212	970,653
Contracted research funding	11	2,337,127	3,077,772
Employee benefits	12	133,784	139,436
Deferred income	13	651,893	777,554
Other liabilities	14	-	75,000
Total current liabilities		<u>3,516,016</u>	<u>5,040,415</u>
Contracted research funding	11	616,385	591,234
Employee benefits	12	37,155	28,629
Deferred Income	13	12,250	-
Other liabilities	14	19,499	15,958
Total non-current liabilities		<u>685,289</u>	<u>635,821</u>
Total liabilities		<u>4,201,305</u>	<u>5,676,236</u>
Net assets		<u><u>2,751,506</u></u>	<u><u>2,697,042</u></u>
Equity			
Reserves	15(a)	1,011,079	1,011,079
Retained surplus	15(b)	1,740,427	1,685,963
Total equity		<u><u>2,751,506</u></u>	<u><u>2,697,042</u></u>

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 2016

	Note	2016 \$	2015 \$
Revenue from continuing operations	4	5,734,463	4,398,996
National Housing Research Program research centre expenses		(2,277,030)	(2,164,361)
Research centre capacity building expenses		(164,269)	(211,719)
Research dissemination and communications expenses		(602,424)	(578,212)
Research stakeholder engagement and project management expenses		(543,555)	(665,087)
National Housing Conference expenses		(970,126)	-
Professional Services project expenses		(490,786)	(245,077)
Finance and corporate services expenses		(268,493)	(288,429)
Board and governance expenses		(237,088)	(131,268)
General administration expenses		(70,849)	(127,113)
Occupancy expenses		(247,412)	(250,742)
Total expenses		<u>(5,872,032)</u>	<u>(4,662,008)</u>
Results from operating activities		<u>(137,569)</u>	<u>(263,012)</u>
Finance income		192,033	283,466
Net finance income		<u>192,033</u>	<u>283,466</u>
Surplus for the year before income tax		<u>54,464</u>	<u>20,454</u>
Tax expense	3(i)	-	-
Surplus for the year		<u><u>54,464</u></u>	<u><u>20,454</u></u>
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 surplus for the year		<u>-</u>	<u>-</u>
Total comprehensive surplus for the year attributable to Members of Australian Housing and Urban Research Institute Limited		<u><u>54,464</u></u>	<u><u>20,454</u></u>

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 2016

Attributable to members of the Company				
	Note	Reserves \$	Retained surplus \$	Total equity \$
Balance at 1 July 2014		1,011,079	1,665,509	2,676,588
Surplus for the year		-	20,454	20,454
Other comprehensive income surplus		-	-	-
Total comprehensive surplus for the year		-	20,454	20,454
Transfers between reserves	15	-	-	-
		-	-	-
Balance at 30 June 2015		1,011,079	1,685,963	2,697,042
Balance at 1 July 2015		1,011,079	1,685,963	2,697,042
Surplus for the year		-	54,464	54,464
Other comprehensive income surplus		-	-	-
Total comprehensive surplus for the year		-	54,464	54,464
Transfers between reserves	15	-	-	-
		-	-	-
Balance at 30 June 2016		1,011,079	1,740,427	2,751,506

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 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers		6,173,239	4,869,491
Payments to suppliers and employees		<u>(7,535,880)</u>	<u>(4,849,279)</u>
Cash generated from operations		(1,362,641)	20,212
Interest received		<u>189,781</u>	<u>310,288</u>
Net cash flows (used in)/from operating activities	23	<u>(1,172,860)</u>	<u>330,500</u>
Cash flows from investing activities			
Acquisition of property, plant & equipment and intangible assets	8 & 9	<u>(91,138)</u>	<u>(53,756)</u>
Net cash flows (used in) investing activities		<u>(91,138)</u>	<u>(53,756)</u>
Cash flows from financing activities			
Net cash flows from financing activities		<u>-</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(1,263,998)	276,744
Cash and cash equivalents at the beginning of year		<u>7,513,206</u>	<u>7,236,462</u>
Cash and cash equivalents at the end of the year	6	<u><u>6,249,208</u></u>	<u><u>7,513,206</u></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

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 and numerous 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 within the definition of public accountability in 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 26th September 2016.

(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 2016 of \$6,249,208 and its liabilities include deferred income of \$664,143 and contracted research funding of \$2,953,512 which will result in cash outflows post 30 June 2016.

The Company receives annual grants from the Australian and numerous state and territory 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 government, 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

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

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.

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.

3. Significant accounting policies (continued)

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

(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.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

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.

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Notes to the financial statements

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. 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.

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 and numerous 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 services revenue

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

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

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 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.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

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 not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these financial statements. The new standards expected to have a significant effect on the financial statements of the Company are AASB 9 Financial Instruments, which could change the classification and measurement of financial assets, AASB 15 Revenue from Contracts with Customers, which establishes a comprehensive framework for determining whether, how much and when revenue is recognised, and both AASB 9 and AASB 15 are mandatory for the Company's 2019 financial statements, and AASB 16 Leases, which requires companies to bring most operating leases on-balance sheet and becomes mandatory for the Company's 2020 financial statements. The Company does not plan to adopt these standards early and their extent of the impact has not yet been determined.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

4. Revenue

	2016	2015
	\$	\$
From continuing operations		
<i>Revenue</i>		
National Housing Research Program government funding	2,698,398	2,645,488
National Housing Research Program research centre funding	971,408	1,008,907
National Housing Conference	1,084,519	-
Event registrations and other income	34,285	39,454
Professional Services project income	517,726	273,660
Dissemination revenue	427,000	425,000
Indigenous Network	-	4,211
Other	1,127	2,276
	5,734,463	4,398,996

5. Expenses

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

<i>Depreciation</i>		
Plant and equipment (including leasehold improvements)	42,926	51,851
Total depreciation	42,926	51,851
<i>Salaries and wages</i>	1,786,854	1,624,886
Office rent and outgoings	124,008	167,200
Insurance premium	14,548	19,459
IT services and support	30,840	40,593
Website maintenance and support	60,315	21,950
Peer reviewers honorarium	30,500	31,700
Editing, printing and distribution of research reports	25,195	33,103

Defined contribution superannuation plans

The Company has paid contributions of \$152,667 to defined contributions plans on behalf of employees for the year ended 30 June 2016 (2015: \$139,919).

6. Cash and cash equivalents

Cash at bank and on hand	343,937	843,726
Deposits at call	5,905,271	6,669,480
	6,249,208	7,513,206

Bank guarantee

The Company has a bank guarantee of \$52,848 (2016: \$52,848) as deposit for the office lease.

Term deposits

The Company has 7 term deposit contracts with maturities ranging from 15 to 207 days at an interest rate ranging from 2.65% to 3.06%. 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.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

7. Trade and other receivables

	2016	2015
	\$	\$
Trade receivables (fair value through profit or loss)	447,041	425,782
Accrued interest	51,018	48,766
Prepayments and other receivables	45,041	273,233
	<u>543,100</u>	<u>747,781</u>

As at 30 June 2016, no accounts receivable balances were deemed to be impaired (2016: \$nil).

8. Property, plant and equipment and Intangibles

Property, plant and equipment at cost

Plant and equipment at cost	146,440	193,730
Accumulated depreciation	(111,692)	(120,171)
Total plant and equipment	<u>34,748</u>	<u>73,559</u>
Leasehold improvements at cost	74,388	74,388
Accumulated depreciation	(50,553)	(35,656)
Total leasehold improvements	<u>23,855</u>	<u>38,732</u>
Total plant and equipment	<u><u>58,603</u></u>	<u><u>112,291</u></u>

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 2015	73,559	38,732	112,291
Additions	7,741	-	7,741
Transfers	(37,440)	-	(37,440)
Depreciation expense	(9,112)	(14,877)	(23,989)
Balance at 30 June 2016	<u>34,748</u>	<u>23,855</u>	<u>58,603</u>

9. Intangibles

	2016	2015
	\$	\$
Intangibles at cost	120,837	-
Intangibles and software at cost	120,837	-
Accumulated depreciation	(18,937)	-
Total intangibles and software	<u>101,900</u>	<u>-</u>

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

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 2015	-	-
Additions	83,397	83,397
Transfers	37,440	37,440
Depreciation expense	(18,937)	(18,937)
Balance at 30 June 2016	101,900	101,900

10. Trade and other payables

	2016 \$	2015 \$
Accounts payable	209,075	956,783
Other payables and accruals	184,137	13,870
	<u>393,212</u>	<u>970,653</u>

11. Contracted research funding

Current

Contracted research funding	2,337,127	3,077,772
	<u>2,337,127</u>	<u>3,077,772</u>

Non-current

Contracted research funding	616,385	591,234
	<u>616,385</u>	<u>591,234</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

	2016 \$	2015 \$
Current		
Annual Leave	98,915	97,032
Long Service Leave	34,869	42,404
	<u>133,784</u>	<u>139,436</u>
Non-current		
Long Service Leave	37,155	28,629
	<u>37,155</u>	<u>28,629</u>

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

13. Deferred income

	2016	2015
	\$	\$
Current		
Deferred income	651,893	777,554
Non-Current		
Deferred income	12,250	-

The deferred income balance includes amounts invoiced by the Company in respect of 2016 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

	2016	2015
	\$	\$
Current		
Advance from conference partner	-	75,000
	-	75,000
Non-Current		
Straight-line lease provision	19,499	15,958
	19,499	15,958

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	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:

Balance 1 July	1,685,963	1,665,509
Surplus for the year	54,464	20,454
Transferred (to)/from reserves	-	-
Balance 30 June	1,740,427	1,685,963

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

	2016	2015
	\$	\$
Audit and review of financial statements	28,000	26,700
Compliance testing – agreed upon procedures	7,000	6,700
Grant acquittal	6,200	6,100
Accounting assistance	-	-
Total remuneration	41,200	39,500

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	119,223	115,185
Between one and five years	279,780	399,580
More than five years	-	-
	399,003	514,765

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 \$119,110 was recognised as an expense in profit or loss in respect of operating leases (2016: \$131,257).

18. Commitments and contingencies

No commitments or contingencies exist as at 30 June 2016.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

19. Economic dependency

During the financial year ended 30 June 2016, approximately 47% (2015: 60%) of the Company's revenue from continuing operations was sourced from the NHRP. The NHRP is a multilateral funding agreement between the Company, the Australian 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 to its various research programs. The Company has no externally imposed capital requirements.

21. Related parties

(a) Key director and management personnel compensation

Key director and management personnel compensation are set out below:

	2016	2015
	\$	\$
Key director and management personnel	316,906	300,922
	<u>316,906</u>	<u>300,922</u>

(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 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.

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	
	2016	2015
	\$	\$
Cash and cash equivalents	6,249,208	7,513,206
Trade receivables	447,041	425,782
	<u>6,696,249</u>	<u>7,938,988</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
	2016	2016	2015	2015
	\$	\$	\$	\$
Not past due	409,493	-	413,682	-
Past due 0-30 days	36,300	-	12,100	-
Past due 31-120 days	1,248	-	-	-
	<u>447,041</u>	<u>-</u>	<u>425,782</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 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	
	1% increase	1% decrease
2016		
Variable rate instruments	3,439	(3,439)
	<u>3,439</u>	<u>(3,439)</u>
2015		
Variable rate instruments	8,437	(8,437)
	<u>8,437</u>	<u>(8,437)</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
	\$	\$	\$	\$	\$
30 June 2016					
Non-derivative financial liabilities					
Trade and other payables	(393,212)	(393,212)	(393,212)	-	-
Contracted research funding	(2,953,512)	(2,953,512)	(2,337,127)	(616,385)	-
	<u>(3,346,724)</u>	<u>(3,346,724)</u>	<u>(2,730,339)</u>	<u>(616,385)</u>	<u>-</u>
30 June 2015					
Non-derivative financial liabilities					
Trade and other payables	(970,653)	(970,653)	(89,923)	-	-
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>

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

23. Reconciliation of cashflows from operating activities

	2016	2015
	\$	\$
Surplus for the year	54,464	20,454
<i>Adjustments for:</i>		
Depreciation	42,926	51,851
Operating surplus before changes in working capital	97,390	72,305
(Increase) / decrease in trade and other receivables	204,681	(139,926)
(Increase) / decrease in other assets	-	4,473
Increase / (decrease) in trade payables and other accruals	(577,441)	880,730
Increase / (decrease) in other liabilities	(71,459)	40,958
Increase / (decrease) in contracted research funding	(715,494)	(490,282)
Increase / (decrease) in provisions	2,874	26,645
Increase / (decrease) in deferred income	(113,411)	(64,403)
Net cash (used in) / from operating activities	(1,172,860)	330,500

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.

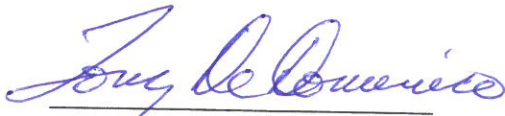
Australian Housing and Urban Research Institute Limited

Directors' Declaration

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

- (a) the 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 2016 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 ^{26th}..... day of September 2016



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 for the financial year ended 30 June 2016 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

26th September 2016



Independent audit 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 2016, 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 2016 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

26th September 2016