

Australian Housing and Urban Research Institute Limited
ACN 090 448 918

Annual Financial Report
30 June 2021

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Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2021

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 2021 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 attended by each director during the year ended 30 June 2021 were:

Director		Appointed since 1 July 2020	Ceased since 1 July 2020	Board Meetings eligible to attend	Board Meetings attended
Ms Jennifer Cunich (Non Executive Director) Federal Treasurer's appointment	Appointed by the Federal Minister responsible for the housing portfolio	Appointed AHURI Chairperson from 19 July 2021		4	4
Mr Adrian Harrington (Non Executive Director) Federal Treasurer's appointment	Appointed by the Federal Minister responsible for the housing portfolio		19 July 2021	4	4
Dr Michael Fotheringham (Managing Director)	AHURI Managing Director ex officio Board appointment			4	4
Ms Vicki Wilkinson (Non Executive Director) Commonwealth Department of Treasury	Commonwealth Department of Treasury representative appointed by the Board			4	2
Professor Chris Moran (Non Executive Director) Curtin University	University Participant appointed by the Board			4	3
Professor Nicholas Fisk (Non Executive Director) UNSW	University Participant appointed by the Board		31 December 2021	2	1
Professor Marnie Hughes-Warrington (Non Executive Director) University of South Australia	University Participant appointed by the Board	3 January 2021		2	2
Mr Jim Bamber (Non Executive Director) NT Department of Local Government, Housing and Community Development	State/Territory Government representative appointed by the Board		14 June 2021	3	2
Mr Brent Warren (Non Executive Director) NT Department of Territory Families, Housing and Communities	State/Territory Government representative appointed by the Board	29 June 2021		-	-

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For the year ended 30 June 2021

Ms Trish Woolley (Non Executive Director) Queensland Department of Housing and Public Works	State/Territory Government representative appointed by the Board			4	2
Ms Helen Glanville (Non Executive Director) Federal Treasurer's appointment	Appointed by the Federal Minister responsible for the housing portfolio			4	4
Ms Karen Synon (Non Executive Director) Federal Treasurer's appointment	Appointed by the Federal Minister responsible for the housing portfolio			4	4
Ms Alexandra Waldren (Non Executive Director) Federal Treasurer's appointment	Appointed by the Federal Minister responsible for the housing portfolio	19 July 2021		-	-

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) and the Chair of the Business Development and Marketing Committee (BDaM). The number of meetings attended by each member of the committees during the year ended 30 June 2021 were:

Committee member	Appointed since 1 July 2020	Ceased since 1 July 2020	AFaRM Meetings eligible to attend	AFaRM Meetings attended	BDaM Meetings eligible to attend	BDaM Meetings attended
Mr Adrian Harrington Committee Member		19 July 2021	4	4	4	4
Ms Karen Synon AFaRM Committee Chair			4	4	-	-
Ms Jennifer Cunich Committee Member			4	4	4	4
Ms Helen Glanville BDaM Committee Chair			-	-	4	4

2. Principal activities and strategic objectives

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

The Company's mission is to inform and impact better housing, homelessness, cities and related urban outcomes, through the delivery and dissemination of relevant and authoritative research. The Company's strategic priorities are the primary focus of the AHURI Board. The key strategic goals are:

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

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

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

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

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

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

3. Key achievements

In conjunction with Homelessness Australia, the Company convened the National Homelessness Conference in November 2020. The conference was AHURI's first online conference and was an outstanding success with over 900 registrations from all sectors. In addition to the 19 research contracts totalling \$2,054,036 awarded to the

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Directors' report

For the year ended 30 June 2021

university participants for the National Housing Research Program 2021 Funding Round, the Company also extended the evidence base by publishing and disseminating 26 new research reports during the year.

4. Operating and financial results

A summary of revenues and expenses is set out below:

	2021	2020
	\$	\$
Total revenue	5,869,586	6,672,245
Total expenses	(5,786,505)	(7,444,359)
Net surplus/ (deficit) for the year ended 30 June	<u>83,081</u>	<u>(772,114)</u>

The net surplus for the 2021 financial year of \$83,081 is an increase from the budgeted deficit of \$435,000.

The total revenue for the year decreased by \$802,659 to \$5,869,586 mainly due to the decrease in revenue from national conferences of \$1,271,122 to \$194,182 which was partly offset by increased revenue from Professional Services of \$213,678 to \$403,810 and Jobkeeper of \$192,800 to \$404,800.

The expenditure decreased by \$1,657,853 to \$5,786,506 mainly due to the decrease in expenditure of \$1,057,019 to \$160,599 associated with the above mentioned conferences, offsetting the decrease in conference revenue. Expenditure also includes reduced 2021 NHRP research centre and capacity building expenses by \$609,791 to \$2,434,214 mainly due to the timing of research funding for the Covid-19 Rapid Research round made in 2020.

The effects of Covid-19 has also impacted the financial result during 2020-2021. In addition to Jobkeeper revenue of \$404,800, expenditure included \$44,628 for cancellation costs associated with the 2021 National Housing Conference originally due to be held in Brisbane in October 2021, the conference has been rescheduled for 2023. The lease liability also included an agreement with the landlord to reduce the office leasing costs for 460 Bourke Street Melbourne by \$93,484 through the relief provided to business by the COVID-19 Omnibus (Emergency Service)(Commercial Leases and Licences) Regulations 2020 (Vic).

In the balance sheet the total equity increased to \$2,287,033 due the surplus of \$83,801. The cash and cash equivalents decreased by \$201,838 to \$6,876,670 which is 75% of AHURI total assets. The current ratio is \$1.45 of current assets for each current liability which, in the opinion of the directors, is more than adequate for the continuing operations.

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

5. Dividends

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

6. Members' guarantee

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

There were 20 members at 30 June 2021 (2020: 20 members).

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7. Events subsequent to reporting date

Since balance date COVID-19 has caused increasing disruption to populations and to business and economic activity, particularly the sudden business shutdowns and border closures in July 2021. The government mandated travel restrictions, social distancing and other measures will potentially impact the Company's conferences and events. As a result, the 2021 National Cities Conference scheduled to be held in Melbourne in July 2021 as a hybrid conference of in person and on-line delegates, has been postponed until November 2021. As this situation is rapidly developing, it is not yet practicable to estimate all potential impacts COVID-19 may have on the Company and the conferences and events scheduled in 2021-2022.

A new 3 year funding agreement for the National Housing Research Program will commence 1 July 2021.

Other than the above development, no other item, transaction or event of a material and unusual nature has occurred since balance date which is likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs, in future financial years.

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 \$2,570 (2020: \$2,450) 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. Likely developments

The Company continues to deal with the ongoing impact from COVID-19 pandemic, particularly the sudden business shutdowns and border closures in July 2021. Company management has initiated changes in conference and professional services strategies, activated strict work from home protocols, improved operational efficiencies, prudent cash management and frequent financial review to reduce negative revenue impact to a minimum.

The Company's primary focus will be on the continuing delivery of the National Housing Research Program Funding Agreement in support of the policy development and practice of governments, industry and the community sector. A new 3 year agreement will commence from 1 July 2021.

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

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Directors' report

For the year ended 30 June 2021

revenue. Further marketing and promotion of the cities research evidence will continue to be directed mainly towards generating further long term funding for the cities research program.

In a challenging business climate, the Company is planning for a net deficit of \$264,000 for 2021/2022. The directors are of the opinion the current retained earnings of \$2,287,033 are sufficient to support the Company from this period to 30 June 2022.

11. Auditor's independence declaration

The auditor's independence declaration is set out on page 8 and forms part of the directors' report for the financial year ended 30 June 2021.

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



Ms Jennifer Cunich
Chairperson



Dr Michael Fotheringham
Managing Director

Dated at Melbourne this 9th day of September 2021

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AUSTRALIAN HOUSING AND
URBAN RESEARCH INSTITUTE

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



M J HARRISON

Partner



PITCHER PARTNERS

MELBOURNE

Date: 9 September 2021

Australian Housing and Urban Research Institute Limited

Statement of financial position

As at 30 June 2021

	Note	2021 \$	2020 \$
Assets			
Cash and cash equivalents	6	6,876,670	7,078,508
Trade and other receivables	7	412,751	287,890
Total current assets		7,289,421	7,366,398
Property, plant & equipment	8	622,760	663,110
Right of use assets	14	1,212,248	1,479,810
Intangibles	9	44,906	-
Total non-current assets		1,879,914	2,142,920
Total assets		9,169,335	9,509,318
Liabilities			
Trade and other payables	10	428,355	672,762
Contracted research funding	11	3,099,213	3,554,682
Employee benefits	12	302,270	264,654
Deferred income	13	1,045,039	730,802
Lease liabilities	14	163,301	144,196
Total current liabilities		5,038,178	5,367,096
Contracted research funding	11	369,753	252,992
Employee benefits	12	13,184	21,063
Deferred Income	13	100,000	100,000
Lease liabilities	14	1,361,187	1,564,215
Total non-current liabilities		1,844,124	1,938,270
Total liabilities		6,882,302	7,305,366
Net assets		2,287,033	2,203,952
Equity			
Reserves	15(a)	660,000	1,011,079
Retained surplus	15(b)	1,627,033	1,192,873
Total equity		2,287,033	2,203,952

The notes on pages 13 to 28 are an integral part of these financial statements.

Australian Housing and Urban Research Institute Limited

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Note	2021 \$	2020 \$
Revenue from continuing operations	4	5,869,586	6,672,245
National Housing Research Program research centre expenses		(2,087,214)	(2,949,722)
Research centre capacity building expenses		(347,000)	(94,283)
Research dissemination and communications expenses		(763,658)	(679,457)
Research stakeholder engagement and project management expenses		(500,401)	(598,595)
National conference expenses		(160,599)	(1,217,618)
Professional Services project expenses		(607,282)	(556,031)
Finance and corporate services expenses		(337,439)	(321,758)
Board and governance expenses		(328,695)	(313,474)
General administration expenses		(164,278)	(169,894)
Occupancy expenses		(489,939)	(543,527)
Total expenses		<u>(5,786,505)</u>	<u>(7,444,359)</u>
Surplus/ (Deficit) for the year before income tax		<u>83,081</u>	<u>(772,114)</u>
Tax expense	3i		-
Surplus/ (Deficit) for the year		<u>83,081</u>	<u>(772,114)</u>
Total comprehensive income/ (deficit) for the year attributable to Members of Australian Housing and Urban Research Institute Limited		<u>83,081</u>	<u>(772,114)</u>

The notes on pages 13 to 28 are an integral part of these financial statements.

Australian Housing and Urban Research Institute Limited

Statement of changes in equity

For the year ended 30 June 2021

	Note	Reserves \$	Retained surplus \$	Total equity \$
Balance at 1 July 2019		1,011,079	1,964,987	2,976,066
Surplus/(deficit) for the year		-	(772,114)	(772,114)
Transfers between reserves	15	-	-	-
Balance at 30 June 2020		1,011,079	1,192,873	2,203,952
Balance at 1 July 2020		1,011,079	1,192,873	2,203,952
Surplus/(deficit) for the year		-	83,081	83,081
Transfers between reserves	15	(351,079)	351,079	-
Balance at 30 June 2021		660,000	1,627,033	2,287,033

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 13 to 28 are an integral part of these financial statements.

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

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		5,534,918	6,992,178
Payments to suppliers and employees		(5,546,121)	(7,311,094)
Payments for interest on leases	14	<u>(67,577)</u>	<u>(72,003)</u>
Cash generated from/(used in) operations		(78,780)	(390,919)
Interest received		<u>75,703</u>	<u>184,406</u>
Net cash flows from/ (used in) operating activities		<u>(3,077)</u>	<u>(206,513)</u>
Cash flows from investing activities			
Acquisition of property, plant & equipment and intangible assets	8	<u>(111,260)</u>	<u>(78,663)</u>
Net cash flows (used in) investing activities		<u>(111,260)</u>	<u>(78,663)</u>
Cash flows from financing activities			
Payments on principal for lease arrangements	14	<u>(87,501)</u>	<u>(6,148)</u>
Net cash flows from/(used in) financing activities		<u>(87,501)</u>	<u>(6,148)</u>
Net increase/ (decrease) in cash and cash equivalents		(201,838)	(291,324)
Cash and cash equivalents at the beginning of year		<u>7,078,508</u>	<u>7,369,832</u>
Cash and cash equivalents at the end of the year	6	<u>6,876,670</u>	<u>7,078,508</u>

The notes on pages 13 to 28 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 on 5 November 1999 and domiciled in Australia. The address of the Company's registered office is Level 12, 460 Bourke Street, Melbourne, Victoria, Australia. The Company manages the financing and conduct of research across universities and research facilities around Australia. Revenue is received from the Australian, State and Territory Governments to support a core research program, the National Housing Research Program. Additional funds are received from participating research institutions and from other sources for contracted research. The current National Housing Research Program Funding Agreement provides funding through to 30 June 2021 with a new 3 year agreement to commence on 1 July 2021.

Each Member of the Company undertakes to contribute to the Company's property if the Company is wound up while he, she or it is a Member within one year after he, she or it ceases to be a Member, for payment of the Company's debts and liabilities contracted before he, she or it ceased to be a Member and of the costs, charges and expenses of winding up and for an adjustment of the rights of contributors among themselves such amount as may be required not exceeding one hundred dollars. There were 20 members at 30 June 2021 (2020: 20 members).

2. Basis of accounting

(a) Statement of compliance

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

They were authorised for issue on 9th September 2021.

(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.

2. Basis of accounting (continued)

(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 2021 of \$6,876,670 and its liabilities include deferred income of \$1,145,039 and contracted research funding of \$3,468,966 which will result in cash outflows post 30 June 2021.

The Company receives annual grants from the Federal and State and Territory Governments under a 3 year funding agreement which expires on 30 June 2021. The amounts of which are set out in note 4 for the current and prior year. A new 3 year funding agreement will commence from 1 July 2021.

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

3. Significant accounting policies

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

(a) Financial instruments

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

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

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

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

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

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

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

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

3. Significant accounting policies (continued)

(a) Financial instruments (continued)

(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.

(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.

3. Significant accounting policies (continued)

(c) Impairment (continued)

(i) Non-derivative financial assets (continued)

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.

Australian Housing and Urban Research Institute Limited

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. Re-measurements are recognised in profit or loss in the period in which they arise.

(e) Revenue from contracts with customers

The Company derives revenue mainly from government funding for the National Housing Research Program, university participants funding, professional services research projects, conferences and events and bank interest and other income. To determine whether to recognise revenue, the Company follows a 5-step process:

1. Identifying the contract with a customer,
2. Identifying the performance obligations,
3. Determining the transaction price,
4. Allocating the transaction price to the performance obligations,
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the transaction price to which the Company expects to be entitled in exchange for the performance obligation.

Revenue is recognised for the major business activities as follows:

(i) Government funding for National Housing Research Program

Revenue from NHRP funding from governments is recognised at a point in time when performance obligations are satisfied by transferring the contracted services to the customer.

Any funding received that has continuing conditions and obligations is shown in the Statement of Financial Position 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 Statement of Profit or Loss.

(ii) University participants fee revenue

Revenue is recognised in the Statement of Profit or Loss when the Company receives the funding from the universities. Upon application of AASB 1058, participant fees received from universities are recognised as contributions, removing the ability to defer the revenue over the period that the funds relate.

3. Significant accounting policies (continued)

(e) Revenue from contracts with customers (continued)

(iii) Professional services revenue

Revenue from professional services contracts with customers is recognised at a point in time when performance obligations are satisfied by transferring the contracted project deliverable to customers.

Any funding received that has continuing conditions and obligations is shown in the Statement of Financial Position 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 Statement of Profit or Loss.

(iv) Conferences and events revenue

Registration fees, revenue from sponsors and exhibitor fees is recognised in the statement of profit or loss at a point in time when the conference event is held. Payments that relate to future periods are shown in the Statement of Financial Position as conference and events income in advance under the heading of current liabilities – deferred income and non current liabilities – deferred income.

(v) Interest revenue

Interest revenue is recognised over time on an accrued basis using the effective interest method. Amounts accrued and not yet received are shown in the Statement of Financial Position as accrued interest in under the heading of trade and other receivables.

(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

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the Company recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Company, and an estimate of costs to be incurred by the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

3. Significant accounting policies (continued)

(g) Leases (continued)

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

(h) Finance income and finance costs

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

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

(i) Tax

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

(j) Goods and services tax

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

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

(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.

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

3. Significant accounting policies (continued)

(k) Intangibles

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

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

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

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2021, 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.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

	2021	2020
	\$	\$
4. Revenue		
From continuing operations		
<i>Revenue</i>		
National Housing Research Program government funding	3,722,293	3,649,308
Research centres participants fees revenue	1,087,999	960,388
National Housing Conference revenue	194,182	1,465,304
Event registrations and other revenue	5,000	58,949
Professional services revenue	403,810	190,132
Bank interest	51,066	135,654
Government Covid-19 related payments	404,800	212,000
Other	436	510
	<u>5,869,586</u>	<u>6,672,245</u>
5. Expenses		
(Deficit)/Surplus before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Plant and equipment, leasehold improvements and intangible assets	106,706	102,274
Total depreciation and amortisation	<u>106,706</u>	<u>102,274</u>
<i>Salaries and wages</i>	2,223,782	2,136,830
Insurance premium	15,388	14,439
IT services and support	137,488	100,880
Peer reviewers honorarium	35,300	34,100
Editing, printing and distribution of research reports	44,117	33,802
Defined contribution superannuation plans		
The Company has paid contributions of \$190,166 to defined contributions plans on behalf of employees for the year ended 30 June 2021 (2020: \$189,940).		
6. Cash and cash equivalents		
Cash at bank and on hand	503,212	325,840
Deposits at call	6,373,458	6,752,668
	<u>6,876,670</u>	<u>7,078,508</u>
7. Trade and other receivables		
Trade receivables	171,584	38,060
Accrued interest	13,521	38,158
Conference work in progress	138,561	31,701
Prepayments and other receivables	89,085	179,971
	<u>412,751</u>	<u>287,890</u>

As at 30 June 2021, no trade receivable balances were deemed to be impaired (2020: \$nil).

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

	2021	2020
	\$	\$
8. Property, plant and equipment		
Property, plant and equipment at cost		
Plant and equipment at cost	310,716	339,897
Accumulated depreciation	(120,200)	(163,591)
Total plant and equipment	<u>190,516</u>	<u>176,306</u>
Leasehold improvements at cost	545,606	616,544
Accumulated depreciation	(113,362)	(129,740)
Total leasehold improvements	<u>432,244</u>	<u>486,804</u>
Total plant and equipment	<u><u>622,760</u></u>	<u><u>663,110</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 2020	176,306	486,804	663,110
Additions	66,356	-	66,356
Depreciation	(52,146)	(54,560)	(106,706)
Balance at 30 June 2021	<u>190,516</u>	<u>432,244</u>	<u>662,760</u>

	2021	2020
	\$	\$
9. Intangibles		
Intangibles and software at cost	165,743	120,837
Accumulated amortisation	(120,837)	(120,837)
Total intangibles and software	<u>44,906</u>	<u>-</u>

Movements in carrying amounts

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

Carrying amount at 1 July 2020	-	-
Additions	44,906	-
Depreciation	-	-
Balance at 30 June 2021	<u>44,906</u>	<u>-</u>

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

	2021	2020
	\$	\$
10. Trade and other payables		
Accounts payable	288,234	442,778
Other payables and accruals	140,121	229,984
	<u>428,355</u>	<u>672,762</u>
11. Contracted research funding		
Current		
NHRP contracted research funding	3,099,213	3,554,682
	<u>3,099,213</u>	<u>3,554,682</u>
Non-current		
NHRP contracted research funding	369,753	252,992
	<u>369,753</u>	<u>252,992</u>
<p>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.</p>		
12. Employee benefits		
Current		
Annual Leave	164,995	143,019
Long Service Leave	137,275	121,635
	<u>302,270</u>	<u>264,654</u>
Non-current		
Long Service Leave	13,184	21,063
	<u>13,184</u>	<u>21,063</u>
13. Deferred income		
Current		
NHRP revenue received in advance	667,903	659,806
Deferred conference and event income	169,664	36,128
Deferred professional services income	207,472	34,868
	<u>1,045,039</u>	<u>730,802</u>
Non-Current		
Deferred conference and event income	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

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

14. Leases

	2021	2020
	\$	\$
(a) Lease assets		
<i>Land and buildings (Right of use)</i>		
Land and buildings under lease	1,620,941	1,620,941
Lease modification	(93,484)	-
Accumulated depreciation	(330,548)	(167,683)
	<u>1,196,909</u>	<u>1,453,258</u>
<i>Office equipment (Right of use)</i>		
Office equipment under lease	37,767	37,767
Accumulated depreciation	(22,428)	(11,214)
	<u>15,339</u>	<u>26,553</u>
Total carrying amount of lease assets	<u>1,212,248</u>	<u>1,479,811</u>
Reconciliations		
<i>Land and buildings</i>		
Opening carrying amount	1,453,258	1,620,941
Additions	-	-
Depreciation	(162,865)	(167,683)
Modifications to Lease	(93,484)	-
Closing Carrying Amount	<u>1,196,909</u>	<u>1,453,258</u>
<i>Office equipment</i>		
Opening carrying amount	26,553	37,767
Additions	-	-
Depreciation	(11,214)	(11,214)
Closing carrying amount	<u>15,339</u>	<u>26,553</u>
(b) Lease liability		
Current		
Building leases	152,351	133,117
Equipment leases	10,950	11,080
	<u>163,301</u>	<u>144,197</u>
Non-Current		
Building leases	1,355,900	1,547,978
Equipment leases	5,287	16,237
	<u>1,361,187</u>	<u>1,564,215</u>
Total carrying amount of lease liabilities	<u>1,524,488</u>	<u>1,708,412</u>

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

	2021 \$	2020 \$
(c) Lease expenses and cashflows		
Interest on lease liabilities	(67,577)	(72,003)
Expense related to lease payments made for leases of low value assets (for which a lease asset and a lease liability has not been recognised)	-	(28,526)
Depreciation expense on lease assets	(174,079)	(178,898)
Cash outflow in relation to leases	(87,501)	(6,148)

15. Reserves and retained surplus

(a) Reserves

Economic dependency reserve	660,000	660,000
Other programs reserve	-	351,079
	<u>660,000</u>	<u>1,011,079</u>

Movements:

Balance 1 July	1,011,079	1,011,079
Transferred (to)/from retained surplus	(351,079)	-
Balance 30 June	<u>660,000</u>	<u>1,011,079</u>

(b) Retained Surplus

Movements in retained surplus were as follows:

Balance 1 July	1,192,873	1,492,820
Surplus/ (Deficit) for the year	83,081	(772,114)
Transition to AASB15 adjustment	-	472,167
Transferred (to)/from other programs reserves	351,079	-
Balance 30 June	<u>1,627,033</u>	<u>1,192,873</u>

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.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

	2021	2020
	\$	\$
16. Remuneration of auditor		
Audit and review of financial statements	25,000	23,000
Compliance testing – agreed upon procedures	7,000	7,000
Grant acquittal	1,000	1,000
Total remuneration	<u>33,000</u>	<u>31,000</u>

17. Commitments and contingencies

No commitments or contingencies exist as at 30 June 2021.

18. Economic dependency

During the financial year ended 30 June 2021, approximately 63% (2020: 56%) of the Company's revenue from continuing operations was sourced from the National Housing Research Program (NHRP). The NHRP is a multilateral funding agreement between the Company, the Federal Government and numerous State and Territory Governments.

19. Capital management

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

20. Related parties

(a) Short-term benefits

Key director and management personnel	983,729	843,954
	<u>983,729</u>	<u>843,954</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 these transactions 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 are also stakeholders of universities 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.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

21. Subsequent events

Since balance date the COVID-19 pandemic has caused increasing disruption to populations and to business and economic activity, particularly the sudden business shutdowns and border closures during July 2021.

The government mandated travel restrictions, social distancing and other measures may potentially impact on the Company's revenues from conferences and events. As a result, the 2021 National Cities Conference scheduled to held in Melbourne in July 2021 as a hybrid conference of in person and on-line delegates, has been postponed until November 2021. As this situation is rapidly developing, it is not yet practicable to estimate all potential impacts COVID-19 may have on the Company and the conferences and events scheduled in 2021.

A new agreement for the National Housing Research Program will commence on 1 July 2021 for three years and the university participants fees are fully paid to 31 December 2021. With a significant investment in cash based assets (term deposit, and at-call), the Company is positively placed to manage the impact of COVID-19 in the short term. Management has also executed the business continuity plan and is currently monitoring and assessing the ongoing developments to respond accordingly.

Other than the matter described above, since the end of the reporting period, there were no other matters or circumstances that have arisen which have significantly affected, or may significant affect, the operations of the Institute, the results of those operations or the state of affairs of the Institute in future financial periods.

Australian Housing and Urban Research Institute Limited

Directors declaration

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

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 8 to 27 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Ms Jennifer Cunich
Chairperson



Dr Michael Fotheringham
Managing Director

Dated at Melbourne this 9th day of September 2021

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of AHURI, "the Company", which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of AHURI, 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 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE***Other Information (Continued)*

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE**

Auditor's Responsibilities for the Audit of the Financial Report (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



M J HARRISON

Partner



PITCHER PARTNERS

MELBOURNE

Date 9 September 2021