

Australian Housing and Urban Research Institute Limited
ACN 090 448 918

Annual Financial Report
30 June 2022

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Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2022

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 2022 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 2022 were:

Director		Appointed since 1 July 2021	Ceased since 1 July 2021	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 as Chair 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	-	-
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		21 September 2021	1	-
Ms Lisa Elliston (Non Executive Director) Commonwealth Department of Treasury	Commonwealth Department of Treasury representative appointed by the Board	21 September 2021		3	3
Professor Chris Moran (Non Executive Director) Curtin University	University Participant appointed by the Board		31 December 2021	2	2
Professor Jodie Conduit (Non Executive Director) University of Adelaide	University Participant appointed by the Board	1 May 2022		1	1
Professor Marnie Hughes-Warrington (Non Executive Director) University of South Australia	University Participant appointed by the Board			4	2
Mr Brent Warren (Non Executive Director) NT Department of Territory Families, Housing and Communities	State/Territory Government representative appointed by the Board		15 February 2022	2	2

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Directors' report

For the year ended 30 June 2022

Mr Peter White (Non Executive Director) Tasmania Department of Housing	State/Territory Government representative appointed by the Board	15 February 2022		2	2
Ms Trish Woolley (Non Executive Director) Queensland Department of Housing and Public Works	State/Territory Government representative appointed by the Board		30 October 2021	1	1
Ms Zoe Dendle (Non Executive Director) NSW Department of, Housing and Communities	State/Territory Government representative appointed by the Board	31 October 2021	27 May 2022	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		4	4

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 2022 were:

Committee member	Appointed since 1 July 2021	Ceased since 1 July 2021	AFaRM Meetings eligible to attend	AFaRM Meetings attended	BDaM Meetings eligible to attend	BDaM Meetings attended
Mr Adrian Harrington Committee Member		19 July 2021	-	-	-	-
Ms Karen Synon AFaRM Committee Chair			4	4	-	-
Ms Jennifer Cunich Committee Member			4	3	4	3
Ms Helen Glanville BDaM Committee Chair			-	-	4	4
Ms Alexandra Waldren Committee Member	31 March 2022		2	2	2	2

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2022

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 working collaboratively to inform and impact better policy and practice in housing, homelessness, and urban issues. The Company's strategic priorities are the primary focus of the AHURI Board. The key strategic goals are:

- Build public and professional understanding and informed dialogue on housing and cities issues
- Inform and influence housing policy, planning and practice across relevant sectors
- Inform and influence cities policy, planning and practice across relevant sectors
- Foster engagement across all sectors and stakeholder groups
- Enhance national policy and research capability
- Optimise the value we deliver

AHURI receives income from four main sources. Research revenue 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 researchers through our university partners

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2022

The annual AHURI 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 March 2022, the Company convened the National Housing Conference in Melbourne. The conference was an outstanding success delivered as a hybrid event attracting 1268 delegates (822 in-person; 446 virtual), the second largest audience in the history of the event.

In addition to 33 new research contracts totalling \$3,142,690 awarded to the university participants for the 2022 National Housing Research Program and Cities Research Program, the Company also extended the evidence base by publishing and disseminating 23 new research reports during the year.

4. Operating and financial results

A summary of revenues and expenses is set out below:

	2022	2021
	\$	\$
Total revenue	6,845,366	5,869,586
Total expenses	(6,995,034)	(5,786,504)
Net surplus/ (deficit) for the year ended 30 June	<u>(149,668)</u>	<u>83,082</u>

The net deficit for the 2022 financial year of \$149,668 is a decrease from the budgeted deficit of \$264,000.

The total revenue for the year increased by \$975,780 to \$6,845,366 mainly due to the increase in revenue from national conferences of \$1,171,539 to \$1,365,721 which was partly offset by decreased revenue from Jobkeeper of \$404,800.

The expenditure increased by \$1,208,527 to \$6,995,034 mainly due to the increase in expenditure of \$778,449 to \$939,048 associated with the above mentioned conference, offsetting the increase in conference revenue. Expenditure also includes increased 2022 NHRP research centre and capacity building expenses by \$523,346 to \$2,957,560 mainly due to the unwinding of advanced research funding for the 2021 Covid-19 Rapid Research round.

The expenditure also includes \$227,809 to maintain a continuity of research outputs necessary to establish and consolidate AHURI's emerging reputation in the cities policy research space. The funded activity is mainly comprised of \$199,075 for research projects with our university participants.

In the balance sheet the total equity decreased to \$2,137,364 due the deficit of \$149,668. The cash and cash equivalents increased by \$259,446 to \$7,136,116 which is 77% of AHURI total assets. The current ratio is 1.46 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.

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2022

6. Members' guarantee

Each Member of the Company undertakes to contribute to the Company's property if the Company is wound up within one year after the Member ceases to be a Member, for payment of the Company's debts and liabilities contracted before the Member ceases 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 2022 (2021: 20 members).

7. Events subsequent to reporting date

Since balance date, the rising incidence of COVID-19 cases and hospital admissions during July 2022 resulted in the Victorian government suggesting, wherever possible, employers consider reinstating work-from-home arrangements for their employees. An increasing risk of restrictions on the mobility of workers will potentially impact registration numbers for the 2022 National Homelessness Conference in Canberra in August 2022. 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 2022-2023.

Other than the above development, there is 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 \$2,955 (2021: \$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.

Australian Housing and Urban Research Institute Limited

Directors' report

For the year ended 30 June 2022

10. Likely developments

The Company continues to deal with the ongoing impact from COVID-19 pandemic, particularly recent government calls for reinstating working from home protocols for employees. Company management has initiated changes in conference and professional services delivery, prudent cash management and frequent financial review to reduce negative operational 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 focus on further business development of professional services and an expanded conference and events program will also continue to be key activities in support of the growing the Company's 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 \$95,000 for 2022/2023. The directors are of the opinion the current retained earnings of \$2,137,367 are sufficient to support the Company from this period to 30 June 2023.

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 2022.

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



Jennifer Cunich
Chairperson



Michael Fotheringham
Managing Director

Dated at Melbourne this 8th day of September 2022

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 2022, 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: 14 September 2022

Australian Housing and Urban Research Institute Limited

Statement of financial position

As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Cash and cash equivalents	6	7,136,116	6,876,670
Trade and other receivables	7	428,811	412,751
Total current assets		7,564,927	7,289,421
Property, plant & equipment	8	547,308	622,760
Right of use assets	14	1,075,232	1,212,248
Intangibles	9	70,121	44,906
Total non-current assets		1,692,661	1,879,914
Total assets		9,257,588	9,169,335
Liabilities			
Trade and other payables	10	239,527	428,355
Contracted research funding	11	3,173,100	3,099,213
Employee benefits	12	327,151	302,270
Deferred income	13	1,263,782	1,045,039
Lease liabilities	14	171,025	163,301
Total current liabilities		5,174,585	5,038,178
Contracted research funding	11	711,479	369,753
Employee benefits	12	14,768	13,184
Deferred Income	13	-	100,000
Lease liabilities	14	1,219,392	1,361,187
Total non-current liabilities		1,945,639	1,844,124
Total liabilities		7,120,224	6,882,302
Net assets		2,137,364	2,287,033
Equity			
Reserves	15(a)	660,000	660,000
Retained surplus	15(b)	1,477,364	1,627,033
Total equity		2,137,364	2,287,033

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 2022

	Note	2022	2021
		\$	\$
Revenue from continuing operations	4	6,845,366	5,869,586
National Housing Research Program research expenses		(2,789,560)	(2,087,214)
Research centre capacity building expenses		(168,000)	(347,000)
Research dissemination and communications expenses		(526,783)	(763,658)
Research stakeholder engagement and project management expenses		(450,461)	(500,401)
National conference expenses		(939,048)	(160,599)
Professional services project expenses		(647,602)	(607,282)
Finance and corporate services expenses		(375,725)	(337,439)
Board and governance expenses		(375,192)	(328,695)
General administration expenses		(235,625)	(164,279)
Occupancy expenses		(487,034)	(489,939)
Total expenses		(6,995,034)	(5,786,505)
Surplus/ (Deficit) for the year before income tax		(149,668)	83,082
Tax expense	3i	-	-
Surplus/ (Deficit) for the year		(149,668)	83,082

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 2022

	Note	Reserves	Retained surplus	Total equity
		\$	\$	\$
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
Balance at 1 July 2021		660,000	1,627,033	2,287,033
Surplus/(deficit) for the year		-	(149,668)	(149,668)
Transfers between reserves	15	-	-	-
Balance at 30 June 2022		660,000	1,477,364	2,137,364

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	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		7,859,330	5,534,918
Payments to suppliers and employees		(7,331,827)	(5,546,121)
Payments for interest on leases	14	(60,109)	(67,577)
Cash generated from/(used in) operations		467,394	(78,780)
Interest received		26,009	75,703
Net cash flows from/ (used in) operating activities		493,402	(3,077)
Cash flows from investing activities			
Acquisition of property, plant & equipment and intangible assets	8	(83,336)	(111,260)
Net cash flows (used in) investing activities		(83,336)	(111,260)
Cash flows from financing activities			
Payments on principal for lease arrangements	14	(150,620)	(87,501)
Net cash flows from/(used in) financing activities		(150,620)	(87,501)
Net increase/ (decrease) in cash and cash equivalents		259,446	(201,838)
Cash and cash equivalents at the beginning of year		6,876,670	7,078,508
Cash and cash equivalents at the end of the year	6	7,136,116	6,876,670

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 and delivery 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 2024.

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 Simplified Disclosures general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Tier 2 Simplified Disclosure Requirements.

They were authorised for issue on September 2022.

(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 – Tier 2 Simplified Disclosures 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 2022 of \$7,136,116 and its liabilities include deferred income of \$1,263,782 and contracted research funding of \$3,884,579 which will result in cash outflows post 30 June 2022.

The Company receives annual grants from the Federal and State and Territory Governments under a 3 year funding agreement which expires on 30 June 2024. The amounts are set out in note 4 for the current and prior year.

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.

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)

(b) Property, plant and equipment (continued)

Recognition and measurement (continued)

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
- leasehold improvements 5 – 10 years

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

(c) Impairment

(i) Non-derivative financial assets

A financial asset not classified as at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

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

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.

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 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 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

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 2022, 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

	2022	2021
	\$	\$
4. Revenue		
From continuing operations		
<i>Revenue</i>		
National Housing Research Program government funding	3,796,739	3,722,293
Research centres participants fees revenue	1,120,639	1,087,999
National Housing Conference revenue	1,365,721	194,182
Event registrations and other revenue	-	5,000
Professional services revenue	525,791	403,810
Bank interest	35,901	51,066
Government Covid-19 related payments	-	404,800
Other	575	436
	6,845,366	5,869,586

5. Expenses

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

Depreciation and amortisation

Plant and equipment, leasehold improvements and intangible assets	131,190	106,706
Total depreciation and amortisation	131,190	106,706

Salaries and wages	2,190,760	2,223,782
Tenancy outgoings	88,267	97,469
Insurance premium	15,844	15,388
IT services and support	136,803	137,488
Peer reviewers honorarium	34,300	35,300
Editing, printing and distribution of research reports	33,239	44,117

Defined contribution superannuation plans

The Company has paid contributions of \$195,199 to defined contributions plans on behalf of employees for the year ended 30 June 2022 (2021: \$190,166).

6. Cash and cash equivalents

Cash at bank and on hand	527,580	503,212
Deposits at call	6,608,536	6,373,458
	7,136,116	6,876,670

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

	2022	2021
	\$	\$
7. Trade and other receivables		
Trade receivables	-	171,584
Accrued interest	23,413	13,521
Conference work in progress	225,824	138,561
Research work in progress	101,451	
Prepayments and other receivables	78,123	89,085
	<u>428,811</u>	<u>412,751</u>

As at 30 June 2022, no trade receivable balances were deemed to be impaired (2021: \$nil).

8. Property, plant and equipment

Property, plant and equipment at cost

Plant and equipment at cost	296,732	310,716
Accumulated depreciation	(140,538)	(120,200)
Total plant and equipment	<u>156,194</u>	<u>190,516</u>

Leasehold improvements at cost	560,123	545,606
Accumulated depreciation	(169,009)	(113,362)
Total leasehold improvements	<u>391,114</u>	<u>432,244</u>

Total plant and equipment	<u>547,308</u>	<u>622,760</u>
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Movements in carrying amounts

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

	Plant and equipment	Leasehold improvements	Total
	\$	\$	\$
Carrying amount at 1 July 2021	190,516	432,244	662,760
Additions	20,315	14,518	34,832
Disposal	(2,382)	-	(2,382)
Depreciation	(52,255)	(55,646)	(107,902)
Balance at 30 June 2022	<u>156,194</u>	<u>391,114</u>	<u>547,308</u>

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

	2022	2021
	\$	\$
9. Intangibles		
Intangibles and software at cost	105,810	165,743
Accumulated amortisation	(35,689)	(120,837)
Total intangibles and software	<u>70,121</u>	<u>44,906</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 2021	44,906	-
Additions	48,504	44,906
Amortisation	(23,289)	-
Balance at 30 June 2022	<u>70,121</u>	<u>44,906</u>

10. Trade and other payables

Accounts payable	8,110	288,234
Other payables and accruals	231,146	140,121
	<u>239,527</u>	<u>428,355</u>

11. Contracted research funding

Current

NHRP contracted research funding	3,173,100	3,099,213
	<u>3,173,100</u>	<u>3,099,213</u>

Non-current

NHRP contracted research funding	711,479	369,753
	<u>711,479</u>	<u>369,753</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.

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

	2022	2021
	\$	\$
12. Employee benefits		
Current		
Annual Leave	177,176	164,995
Long Service Leave	149,975	137,275
	<u>327,151</u>	<u>302,270</u>
Non-current		
Long Service Leave	14,768	13,184
	<u>14,768</u>	<u>13,184</u>
13. Deferred income		
Current		
NHRP revenue received in advance	419,014	667,903
Deferred conference and event income	783,812	169,664
Deferred professional services income	60,956	207,472
	<u>1,263,782</u>	<u>1,045,039</u>
Non-Current		
Deferred conference and event income	-	100,000
	<u>-</u>	<u>100,000</u>
14. Leases		
(a) Lease assets		
<i>Land and buildings (Right of use)</i>		
Land and buildings under lease	1,527,457	1,620,941
Lease modification	-	(93,484)
Accumulated depreciation	(486,667)	(330,548)
	<u>1,040,790</u>	<u>1,196,909</u>
<i>Office equipment (Right of use)</i>		
Office equipment under lease	35,018	37,767
Accumulated depreciation	(576)	(22,428)
	<u>34,442</u>	<u>15,339</u>
Total carrying amount of lease assets	<u>1,075,232</u>	<u>1,212,248</u>

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

Movements in carrying amounts

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

	Property \$	Equipment \$	Total \$
Carrying amount at 1 July 2021	1,196,909	15,339	1,212,248
Modifications	-	29,961	29,961
Depreciation	(156,119)	(10,858)	(166,977)
Balance at 30 June 2022	1,040,790	34,442	1,075,232

	2022 \$	2021 \$
(b) Lease liability		
Current		
Building leases	163,947	152,351
Equipment leases	7,077	10,950
	<u>171,025</u>	<u>163,301</u>
Non-Current		
Building leases	1,191,953	1,355,900
Equipment leases	27,439	5,287
	<u>1,219,392</u>	<u>1,361,187</u>
Total carrying amount of lease liabilities	<u>1,390,417</u>	<u>1,524,488</u>

(c) Lease expenses and cashflows

Interest on lease liabilities	(60,109)	(67,577)
Depreciation expense on lease assets	(166,977)	(174,079)
Cash outflow in relation to leases	(210,729)	(87,501)

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

	2022	2021
	\$	\$
15. Reserves and retained surplus		
(a) Reserves		
Economic dependency reserve	660,000	660,000
	<u>660,000</u>	<u>660,000</u>
Movements:		
Balance 1 July	660,000	1,011,079
Transferred (to)/from retained surplus	-	(351,079)
Balance 30 June	<u>660,000</u>	<u>660,000</u>
(b) Retained Surplus		
Movements in retained surplus were as follows:		
Balance 1 July	1,627,032	1,192,873
Surplus/ (Deficit) for the year	(149,668)	83,081
Transferred (to)/from other programs reserves	-	351,079
Balance 30 June	<u>1,477,364</u>	<u>1,627,033</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.

16. Remuneration of auditor

Audit and review of financial statements	26,000	25,000
Compliance testing – agreed upon procedures	7,250	7,000
Grant acquittal	1,250	1,000
Total remuneration	<u>34,500</u>	<u>33,000</u>

17. Commitments and contingencies

No commitments or contingencies exist as at 30 June 2022.

Australian Housing and Urban Research Institute Limited

Notes to the financial statements

18. Economic dependency

During the financial year ended 30 June 2022, approximately 55% (2021: 63%) 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.

	2022	2021
	\$	\$
20. Related parties		
(a) Short-term benefits		
Key director and management personnel	886,378	983,729
	<u>886,378</u>	<u>983,729</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.

21. Subsequent events

Since balance date, the rising incidence of COVID-19 cases and hospital admissions during July 2022 resulted in the Victorian government suggesting, wherever possible, employers consider reinstating work-from-home arrangements for their employees. An increasing risk of restrictions on the mobility of workers will potentially impact registration numbers for the 2022 National Homelessness Conference in Canberra in August 2022. 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 2022-2023.

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 significantly 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 2022 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Tier 2- Simplified Disclosures 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:



Jennifer Cunich
Chairperson



Michael Fotheringham
Managing Director

Dated at Melbourne this 8th day of September 2022

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Housing and Urban Research Institute Limited, "the Company", which comprises the statement of financial position as at 30 June 2022, 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 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 2022 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.

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE LIMITED**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE LIMITED***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 2022, 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.

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.

AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE LIMITED**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE LIMITED***Auditor's Responsibilities for the Audit of the Financial Report (Continued)*

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.
- 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.



AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AUSTRALIAN HOUSING AND URBAN RESEARCH INSTITUTE LIMITED

A handwritten signature in black ink that reads "M. J. Harrison" with a long horizontal flourish extending to the right.

M J HARRISON

Partner

A handwritten signature in black ink that reads "Pitcher Partners" in a cursive style.

PITCHER PARTNERS

MELBOURNE

Date 14 September 2022