

The Order of Australia Association Limited

ABN 40 008 612 664

Annual Report

For the Financial Year ended

31 December 2017

The Order of Australia Association Limited

ABN 40 008 612 664

Contents

Chairman's Report	2
Directors' report	3
Auditor's independence declaration	9
Statement of profit or loss and other comprehensive income	10
Statement of financial position	11
Statement of changes in equity	12
Statement of cash flows	13
Notes to the financial statements	14
Directors' declaration	29
Independent auditor's review report	30

The Order of Australia Association Limited

ABN 40 008 612 664

CHAIRMAN'S REPORT

I am pleased to be able to report on 2017 as a year of significant achievement and one which has set a path for further development in coming years

During 2017 the National Board undertook a review of business strategy, operating practices and the financing of ongoing activities. From this work a number of projects and activities warranting attention were identified and actions begun on implementation.

The importance of our Branch structure was reaffirmed as central to addressing the needs of our members. These needs and ways of addressing them were reviewed in the Strategic Plan 2017 and work undertaken to ensure better alignment of national and Branch plans for execution.

The Association website provides both a source of information for members and a 'window' on our activities for potential members. A complete redesign of the website was commenced, with delivery in January 2018.

Opportunities to control the increasing costs of our national magazine, 'The Order', were considered and members invited to accept electronic distribution. It was pleasing to note that by year end almost 2,000 members had elected to assist cost economies in this way.

Our Queensland Branch hosted a very successful National Conference in April. Held in Brisbane, it featured a number of prominent speakers, some well-staged events, a very lively AGM, attracting over 200 delegates. Preparations for the National Conference in Adelaide in May 2018 were well in hand at year end.

On behalf of our National Board I thank all those members throughout our Association who have given so generously of their time, energy and expertise in making 2017 a year of achievement.



Barry Nunn AO

National Chairman

The Order of Australia Association Limited

ABN 40 008 612 664

Directors' report

For the year ended 31 December 2017

The directors present their report together with the financial report of The Order of Australia Association Limited ("the Association"), for the year ended 31 December 2017 and the auditor's review report thereon.

CONTENT OF DIRECTORS' REPORT	PAGE
Directors	4
Principal activities	6
Operating and financial review	7
Objectives of the Association	7
Dividends	7
Contributed equity	7
Events subsequent to reporting date	8
Likely developments	8
Indemnification and insurance of officers and auditors	8
Auditor's independence declaration	8

SECRETARIAL NOTE:

The Board has directed that the attention of members be drawn to the fact that the 2017 Financial Statements reflect a 12-month reporting period (with the exception of Victoria Branch) and that the 2016-year comparative figures represent a 15-month year.

The Order of Australia Association Limited

ABN 40 008 612 664

DIRECTORS' REPORT

1. DIRECTORS

The directors of the Association during the reporting period, along with details of the number of directors' meetings (including meetings of the Executive Committee) held and the number of meetings attended by each of the directors of the Association during the year are:

Name	Board	Executive Committee
Mr W R Galvin OAM (retired April 2017)	2	1
MAJGEN B N Nunn AO RFD ED (from July 2017)	4	
Mrs C Wardell OAM (retired July 2017)	2	1
GPCAPT P L Morrall AM CSC (from July 2017)	4	
Professor J McKellar AM ED (retired July 2017)	3	1
Mr A Douglas OAM (retired July 2017)	3	1
Mr A J Metcalf OAM (from July 2017)	3	
Mrs J Arthur AM (retired July 2017)	2	1
Mr M J Kennedy OAM (from November 2017)	2	
Mr B Trewartha OAM	7	
Mr J R Archer OAM	7	
Dr T Lewis OAM RAN	3	
Associate Professor John Harden AM	7	
Mr K Coventry OAM (retired November 2017)	4	
Ms H Bender OAM (from July 2017)	4	
Emeritus Professor A Johnson AM (from November 2017)	3	
Dr J G Thorne AM	6	
Mr P L Wheelton AM	6	
Mr W R Hassell AM	7	
Mr P Galligan OAM (retired September 2017)	1	

The Board held 7 meetings for the year ended 31 December 2017.

The Executive Committee held 1 meeting for the year ended 31 December 2017.

The Order of Australia Association Limited

ABN 40 008 612 664

DIRECTORS' REPORT CONTINUED

The Association National Board

Members of the Association National Board at the end of the reporting period were:

MAJGEN Barry Nunn AO RFD ED, National Chairman, appointed July 2017

BSc (Chem Eng), retired company director

Chairman Executive Committee, member of all Board Committees

Mr Paul Wheelton AM KSJ, Deputy National Chairman, director since 2015, appointed July 2017

B. Com. CPA company director

Chairman Investment Committee, Member Executive Committee

GPCAPT Phil Morrall AM CSC, National Secretary, appointed July 2017

Retired military officer

Member Executive Committee

Mr Tony Metcalf OAM, National Treasurer, appointed July 2017

BEC (Adelaide), FCPA, FCIS, FGIA, retired company director

Chairman Audit & Risk Committee, member Investment Committee and Strategy Committee, Member Executive Committee

Dr Michael Kennedy OAM, National Membership Secretary, appointed October 2017

DBA BBus, professor of practice, education program leader.

Member Strategy Committee, Member Executive Committee

Mr Bruce Trewartha OAM, ACT nominated director, appointed November 2015

Public Servant

Chairman Constitution Review Working Group

Mr John Archer OAM FIML, nominated NSW director, appointed November 2015

Author; Journalist

Chairman Nomination Committee

Dr Tom Lewis OAM RAN (Rtd), NT nominated director, appointed 2013

Military Historian

The Order of Australia Association Limited

ABN 40 008 612 664

DIRECTORS' REPORT CONTINUED

The Association National Board Continued

Associate Professor John Harden AM, QLD nominated director; appointed November 2014

Retired

Member Strategy Committee

Mrs Helene Bender OAM, VIC nominated director, appointed July 2017

B. Com. company director

Chairman Strategy Committee, member Nomination Committee and Audit and Risk Committee.

Emeritus Professor Alan Johnson AM, SA nominated Director, appointed Nov 2017,

MA(Hons), MEdMgmt, BAppSc, PhD, DSc, FAICD

Member Audit & Risk Committee and Nomination Committee

Dr John Thorne AM, TAS nominated director, appointed, November, 2015.

PhD, MA, BEd; FACEA; Retired education officer; Past Director of Rotary International;

Member Strategy Committee.

Mr Bill Hassell AM, JP WA nominated director, appointed November 2015

Retired

Member Audit & Risk Committee

2 PRINCIPAL ACTIVITIES

The principal activities of the Association during the course of the financial period were to conduct activities at National, Branch and regional levels that supported its objectives and were in accord with the National Strategic Plan 2017. Activities included receptions for new recipients in the Order, community programs supporting citizenship, recognition of youth achievement and public ceremonies designed to create a sense of unity and national pride.

The Strategic Plan is underpinned by business plans at National, Branch and Regional level with objectives tied to the three major goals of developing pride in Australian citizenship, promotion of national unity and community awareness. Each of those three goals have generated strategies and tasks in the business plan.

There were no other significant changes in the nature of the activities of the Association during the period.

The Order of Australia Association Limited

ABN 40 008 612 664

DIRECTORS' REPORT CONTINUED

3 OPERATING AND FINANCIAL REVIEW

Overview of the Association

The Association, through its Branches, continued to provide a variety of activities for members, by undertaking community works and supporting various community activities. Liaison with government agencies and community organisations has been conducted to improve community knowledge and understanding of the Order of Australia and the Association.

The Association operates a central office in Old Parliament House, Canberra, staffed by one-part time employee and honorary office bearers. Financial services have been sourced from Commerce Management Services from September 2017.

There are 51 regional groups and the financial activities of these groups have not been included in the financial report as the Association does not control the financial decisions of the Regional Groups.

The profit for the year amounted to \$21,383 (2016 period: \$137,906 profit Note 2016 was a 15 month transition year).

4. OBJECTIVES OF THE ASSOCIATION

The Association is company limited by guarantee of recipients of awards in the Order of Australia. We support The Order of Australia and recognise the contribution of its members to the Australian and international communities. The objectives of the Association are to foster commitment to and pride in Australian citizenship, to promote national unity among Australians, and to improve public awareness of these issues. The Association achieves its objectives through targeted programs of support, particularly at Branch and Regional levels. Our priorities are promoting the Order of Australia, supporting our membership, building a well-known and respected organisation, demonstrating excellence and innovation in our programs and further developing links with the Australian community.

5. DIVIDENDS

The Association is a non-profit membership organisation and accordingly does not pay dividends.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Association during the financial year under review.

7. CONTRIBUTED EQUITY

The Order of Australia Association is a Company limited by guarantee. Every member of the Association undertakes to contribute to the property of the Association in the event that the Association is wound up while they are a member or within one year after they cease to be a member, for payment of the debts and liabilities of the Association contracted before they cease to be a member and of the costs, charges and expenses of winding up and for adjustment of the contributories among themselves, such amount as may be required, not exceeding \$10. The number of members as at the balance date was 7,739 (2016: 7,858).

The Order of Australia Association Limited

ABN 40 008 612 664

DIRECTORS' REPORT CONTINUED

8. EVENTS SUBSEQUENT TO REPORTING DATE

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

9. LIKELY DEVELOPMENTS

The activities of the Association are expected to continue unchanged and as described in the principal activities section above.

10. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS INDEMNIFICATION

The Association has not made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Association.

INSURANCE PREMIUMS

Since the end of the previous financial year, the Association has paid professional indemnity insurance premiums in respect of directors.

11. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 7 and forms part of the directors' report for the financial year ended 31 December 2017.

This report is made with a resolution of the directors:



Barry N Nunn AO

Director



Anthony J Metcalf OAM

Director

Dated this 11th day of April 2018.



Chartered Accountants

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DEAKIN ACT 2600
PO Box 52, DEAKIN WEST ACT 2600
AUSTRALIA

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AUDITOR'S INDEPENDENCE DECLARATION

**UNDER SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS
COMMISSION ACT 2012**

TO THE DIRECTORS OF

THE ORDER OF AUSTRALIA ASSOCIATION LIMITED

ABN: 40 008 612 664

I declare that, to the best of my knowledge and belief, in relation to the review for the year ended 31 December 2017 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the review, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Bandle McAneney & Co

Anthony J Bandle FCA

Partner

Place: Canberra, ACT

Date: 11 April 2018

The Order of Australia Association Limited

ABN 40 008 612 664

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

Continuing operations

	Note	2017 \$	2016 15 Months \$
Revenue	5	506,083	720,946
Meeting expenses		(34,465)	(17,552)
Function expenses		(123,096)	(269,273)
Newsletter expenses		(110,063)	(131,732)
Professional fees, insurance and administrative expenses		(71,639)	(86,885)
Depreciation and amortisation	10	(13,833)	(4,853)
Occupancy expenses		(13,530)	(19,873)
Donations/ scholarships paid		(32,122)	(11,241)
Personnel Expenses	7	(55,559)	(77,085)
Other expenses	6	(89,810)	(26,623)
Results from operating activities		(38,034)	75,829
Finance income	9	59,417	62,077
Net finance income		59,417	62,077
Surplus for the period		21,383	137,906
Other comprehensive income			
Net change in fair value of financial assets at fair value through other comprehensive income	9	15,345	35,548
Other comprehensive income for the period		15,345	35,548
Total comprehensive income for the period		36,728	173,454

The accompanying notes form part of these financial statements.

The Order of Australia Association Limited

ABN 40 008 612 664

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	14a	654,882	591,340
Inventories	12	20,022	21,235
Receivables	13	13,135	10,765
Prepayments		3,015	33,638
TOTAL CURRENT ASSETS		691,054	656,978
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	13,823
Investments	11	760,668	715,206
TOTAL NON-CURRENT ASSETS		760,668	729,029
TOTAL ASSETS		1,451,722	1,386,007
CURRENT LIABILITIES			
Payables	18	27,782	30,865
Deposits in advance	17	38,577	79,632
TOTAL CURRENT LIABILITIES		66,359	110,497
NON- CURRENT LIABILITIES			
Deferred Income	16	813,740	718,951
TOTAL NON-CURRENT LIABILITIES		813,740	718,951
TOTAL LIABILITIES		880,099	829,448
NET ASSETS		571,623	556,559
EQUITY			
Accumulated members' funds		483,367	483,648
Reserves		88,256	72,911
TOTAL EQUITY		571,623	556,559

The accompanying notes form part of these financial statements.

The Order of Australia Association Limited

ABN 40 008 612 664

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Community works Reserves	Fair value Reserve	Accumulated Members Funds	Total
	\$	\$	\$	\$
At 1 October 2015	43,036	(5,673)	345,742	383,105
Total comprehensive income for the year:				
Surplus for the period	-	-	137,906	137,906
<i>Other comprehensive income</i>				
Net change in fair value of financial assets at fair value through other comprehensive income	-	35,548	-	35,548
At 31 December 2016	43,036	29,875	483,648	556,559
At 1 January 2017	43,036	29,875	483,648	556,559
Total comprehensive income for the year:				
Surplus for the period	-	-	21,383	21,383
<i>Other comprehensive income</i>				
Net change in fair value of financial assets at fair value through other comprehensive income	-	15,345	-	15,345
Prior period adjustment to equity			(21,664)	(21,664)
At 31 December 2017	43,036	45,220	483,367	571,623

The accompanying notes form part of these financial statements.

The Order of Australia Association Limited

ABN 40 008 612 664

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 \$	2016 15 Months \$
Cash Flows From Operating Activities			
Cash receipts from members and customers		557,447	797,220
Cash paid to suppliers & employees		<u>(501,531)</u>	<u>(695,222)</u>
Net cash from/(used in) operating activities	14b	<u>55,916</u>	<u>101,998</u>
Cash flows from Investing Activities			
Net prior year adjustments		(21,664)	-
Purchase of plant and equipment	10	(10)	(5,173)
Proceeds from sale of financial assets		-	9,926
Purchase of financial assets		(30,117)	(45,899)
Interest received	9	8,322	1,379
Dividends received	9	41,153	43,190
Imputation credits received	9	<u>9,942</u>	<u>17,508</u>
Net cash from/(used in) investing activities		<u>7,626</u>	<u>20,931</u>
Net increase/(decrease) in cash and cash equivalents		63,542	122,929
Cash at beginning of the financial year		<u>591,340</u>	<u>468,411</u>
Cash at end of year		<u>654,882</u>	<u>591,340</u>

The accompanying notes form part of these financial statements.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. REPORTING ENTITY

The Order of Australia Association Limited (the "Association") is an Association limited by guarantee and domiciled in Australia. The address of the Association's registered office is Old Parliament House, 18 King George Terrace, Parkes, ACT, 2600. Primarily, the Association is involved in not-for-profit activities.

2. BASIS OF PREPARATION

The Association has changed its balance date to 31 December from the previous balance date of 30 September for the 2015 year. As a result of this change, the current reporting period covers 12 months compared to the comparative period of 15 months.

(a) STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. These financial statements do not comply with International Financial Reporting Standards.

The financial statements were authorised for issue by the Board of Directors on the same date of the signing of the directors' declaration.

The Association has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the Association from the adoption of these Accounting Standards and interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Association.

The following Accounting Standards and Interpretations are most relevant to the Association:

AASB 1053 Application of Tiers of Australian Accounting Standards

This standard establishes a differential financial reporting framework consisting two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australia Accounting Standards and Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements. The Association being classed as Tier 2 continues to apply the full recognition and measurement requirements of Australian Accounting Standards.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

(b) BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- ✓ financial assets at fair value through other comprehensive income

✓

(c) FUNCTIONAL AND PRESENTATION CURRENCY

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

(d) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with AASBs 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.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- ✓ note 4 – determination of fair values

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 Association.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) BASIS OF PREPARATION

(i) Transactions eliminated

Intra-Association balances and transactions of State branches, and any unrealised income and expenses arising from intra-Association transactions, are eliminated.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

When 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in surplus or deficit.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

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

- office equipment 3-10 years.

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

(c) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) IMPAIRMENT

(i) FINANCIAL ASSETS

A financial asset not carried at fair value through surplus or deficit or fair value through other comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Association on terms that the Association would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

The Association considers evidence of impairment for financial assets recognised at amortised cost at both a specific asset and collective level. All individually significant financial assets recognised at amortised cost are assessed for specific impairment. All individually significant financial assets recognised at amortised cost found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Financial assets recognised at amortised cost that are not individually significant are collectively assessed for impairment by joining together financial assets recognised at amortised cost with similar risk characteristics.

In assessing collective impairment the Association 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 less 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 surplus or deficit and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit.

(ii) NON-FINANCIAL ASSETS

The carrying amounts of the Association's non-financial assets, other than inventories, 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.

The recoverable amount of an asset or cash-generating unit 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. For the purpose of impairment testing, assets that cannot be tested individually 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 group of assets (the "cash-generating unit").

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Impairment (continued)

(ii) Non-financial assets (continued)

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

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(e) EMPLOYEE BENEFITS

(i) 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 will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) SHORT-TERM BENEFITS

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities.

(f) DEFERRED INCOME

(i) Life memberships

Deferred income from life memberships represents the unearned portion of life membership fees received. Revenue from life memberships is recognised over the average expected lifetime of the membership based on actuarial assumptions from the year the life membership fees have been received. The unrecognised portion is recognised as deferred income in the statement of financial position.

During the year a transfer of \$94,789 was made to deferred income in respect of life memberships to recognise the large number of life memberships of the organisation. At 31 December 2017 life membership accounted for approximately 62% of total membership.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) PROVISIONS

A provision is recognised if, as a result of a past event, the Association 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.

(h) REVENUE

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

(ii) Members annual and life subscriptions

Annual subscription fees are brought to account as revenue, when received. Life membership fees are brought to account over the average expected lifetime of the membership based on actuarial assumptions from the year following the date of receipt.

(iii) FUNCTIONS AND DONATIONS

For donations and ticket sales, revenue is brought to account upon receipt of cash.

(i) LEASE PAYMENTS

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

(j) FINANCE INCOME AND FINANCE COSTS

Finance income comprises interest income on funds invested, dividend income, and gains on the disposal of financial assets at fair value through other comprehensive income. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method. Dividend income is recognised in surplus or deficit on the date that the Association's right to receive the payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise impairment losses recognised on financial assets.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) INCOME TAX

No provision for income tax has been raised as the Association is exempt from taxation under Division 50 of the *Income Tax Assessment Act 1997*.

(l) 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 balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, and have not been applied in preparing the Association's financial statements. The effect of these on the Association's financial statements has not yet been assessed.

4. DETERMINATION OF FAIR VALUES

A number of the Association's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values for investments have been determined for measurement purposes based on the following methods.

INVESTMENTS IN EQUITY SECURITIES

The fair value of financial assets at fair value through other comprehensive income is determined by reference to their quoted closing bid price at the reporting date.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: REVENUE

	NOTE	2017 \$	2016 15 Months \$
Membership subscriptions	2 & 3f	197,500	350,346
Functions		146,351	299,640
Sale of merchandise		55,424	8,023
Sponsorship and donations		24,103	42,582
Other income		82,705	20,355
		<u>506,083</u>	<u>720,946</u>

NOTE 6: OTHER EXPENSES

		2017 \$	2016 15 Months \$
Regional office support and branch expenses		14,742	22,165
Other expenses		75,068	4,458
		<u>89,810</u>	<u>26,623</u>

NOTE 7: PERSONNEL EXPENSES

		2017 \$	2016 15 Months \$
Wages and salaries		55,559	77,085
		<u>55,559</u>	<u>77,085</u>

NOTE 8: AUDITORS REMUNERATION

		2017 \$	2016 15 Months \$
Audit Services			
Review of the financial report		9,000	11,000
Review of State offices		1,500	1,500
		<u>10,500</u>	<u>12,500</u>
Other services			
Preparation of financial report		3,250	3,900
		<u>3,250</u>	<u>3,900</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: FINANCE INCOME

Recognised in surplus or deficit

	2017	2016
	\$	15 Months \$
Interest income on assets measured at amortised cost	8,322	1,379
Dividend income	41,153	43,190
Imputation credits	9,942	17,508
Finance Income	<u>59,417</u>	<u>62,077</u>

Recognised in other comprehensive income

	2017	2016
	\$	15 Months \$
Net change in fair value of available-for-sale financial assets classified as fair value through other comprehensive income	15,345	35,548
Finance Income/(cost) recognised in other comprehensive income	<u>15,345</u>	<u>35,548</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

	Office and computer equipment \$	Total \$
Non-Current		
Cost		
Balance at 1 October 2015	77,218	77,218
Additions	5,173	5,173
Balance at 31 December 2016	<u>82,391</u>	<u>82,391</u>
Balance at 1 January 2017	82,391	82,391
Additions	10	10
Balance at 31 December 2017	<u>82,401</u>	<u>82,401</u>
Depreciation and impairment losses		
Balance at 1 October 2015	63,715	63,715
Depreciation for the year	4,853	4,853
Balance at 31 December 2016	<u>68,568</u>	<u>68,568</u>
Balance at 1 January 2017	68,568	68,568
Depreciation for the year	13,833	13,833
Balance at 31 December 2017	<u>82,401</u>	<u>82,401</u>
Carrying amounts		
At 31 December 2016	<u>13,823</u>	<u>13,823</u>
At 31 December 2017	<u>-</u>	<u>-</u>

NOTE 11: INVESTMENTS

	2017 \$	2016 \$
Non-current		
Financial assets at fair value through other comprehensive income	760,668	686,942
Financial assets at amortised cost	-	28,264
	<u>760,668</u>	<u>715,206</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: INVENTORIES

	2017	2016
Current	\$	\$
Finished goods - merchandise	20,022	21,235
	<u>20,022</u>	<u>21,235</u>

NOTE 13: RECEIVABLES

	2017	2016
Current	\$	\$
Sundry receivables	13,135	10,765
	<u>13,135</u>	<u>10,765</u>

NOTE 14a: CASH AND CASH EQUIVALENTS

	2017	2016
Current	\$	\$
Cash at bank	654,882	591,340
Cash and cash equivalents in the statement of cash flows	<u>654,882</u>	<u>591,340</u>

NOTE 14b: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2017	2016
Cash flows from operating activities		\$	15 Months \$
Surplus for the year		21,383	137,906
Adjustments for:			
Depreciation	10	13,833	4,853
Finance income	9	(59,417)	(62,077)
Operating surplus before changes in assets and liabilities		(24,201)	80,682
Change in other receivables and prepayments		28,253	(27,277)
Change in inventories		1,213	(1,557)
Change in other payables		(3,083)	(54)
Change in provisions/deposits in advance		(41,055)	46,405
Changes in deferred income		94,789	3,799
Net cash from operating activities		<u>55,916</u>	<u>101,998</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: CAPITAL AND RESERVES

AVAILABLE-FOR-SALE-RESERVES

The available-for-sale value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

COMMUNITY RESERVES

The reserve represents funds set aside by the Association to undertake Community Works activities.

CONTRIBUTED EQUITY

The Order of Australia Association is a Company limited by guarantee. Every member of the Association undertakes to contribute to the property of the Association in the event that the Association is wound up while they are a member or within one year after they cease to be a member for payment of the debts and liabilities of the Association contracted before they cease to be a member and of the costs, charges and expenses of winding up and for adjustment of the contributories among themselves, such amount as may be required, not exceeding \$10. The number of members as at the balance date was 7,739 (2016:7,858).

NOTE 16: DEFERRED INCOME

	2017	2016
Non-Current		
Deferred income from life members	813,740	718,951
	<u>813,740</u>	<u>718,951</u>

NOTE 17: DEPOSITS IN ADVANCE

	2017	2016
Current		
Function and conference deposits in advance	-	50,704
Prepaid annual membership	38,577	28,928
	<u>38,577</u>	<u>79,632</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: PAYABLES

	2017	2016
Current		
Trade payables and accrued expenses	27,782	30,865
	<u>27,782</u>	<u>30,865</u>

NOTE 19: OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	\$	\$
Less than one year	16,034	12,665
Between one and five years	4,393	9,705
More than five years	-	-
	<u>20,427</u>	<u>22,370</u>

The Association leases office premises in Canberra, ACT.

NOTE 20: RELATED PARTIES

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel receive no compensation in relation to the management of the Association.

KEY MANAGEMENT PERSONNEL AND DIRECTOR TRANSACTIONS

No directors hold positions in other entities that transacted with the Association during the period.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21: SUBSEQUENT EVENTS

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

NOTE 22: BRANCH INFORMATION

2017	State Branches \$	National Office \$	Eliminations \$	Total \$
<i>Revenue</i>				
Functions	124,578	21,773		146,351
Sale of merchandise	48,970	6,451		55,421
Branch administration grants	40,542	-	(40,542)	-
Other	51,130	272,056		323,186
Total revenue	<u>265,220</u>	<u>300,280</u>	<u>(40,542)</u>	<u>524,958</u>
<i>Expenses</i>				
Functions	111,332	11,764		123,096
Meetings	927	33,538		34,465
Newsletters	9,860	100,203		110,063
Cost of merchandise sold	38,688	-		38,688
Other	60,409	177,396	(40,542)	197,263
Total expenses	<u>221,216</u>	<u>322,901</u>	<u>(40,542)</u>	<u>503,575</u>
Surplus for the year	44,004	(22,621)	-	21,383
<i>Other comprehensive income</i>				
Net change in fair value of available-for-sale financial assets		15,345		15,345
Total comprehensive income	44,004	(7,276)		36,728
<i>Assets</i>				
Cash and cash equivalents	310,990	343,892		654,882
Inventories	20,022	-		20,022
Other	4,875	771,943		776,818
Total assets	<u>335,887</u>	<u>1,115,835</u>		<u>1,451,722</u>
Total liabilities	<u>8,679</u>	<u>871,420</u>		<u>880,099</u>
Net assets	<u>327,208</u>	<u>244,415</u>		<u>571,623</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTE 22: BRANCH INFORMATION (Continued)

2016

	State Branches	National Office	Eliminations	Total
	\$	\$	\$	\$
Revenue				
Functions	239,526	60,114	-	299,640
Sale of merchandise	27,861	3,159	(22,997)	8,023
Branch administration grants	31,307	-	(31,307)	-
Other	62,933	429,599	(17,172)	475,360
Total revenue	<u>361,627</u>	<u>492,872</u>	<u>(71,476)</u>	<u>783,023</u>
<i>Expenses</i>				
Functions			-	
Meetings	231,901	37,372		269,273
Newsletters	3,774	13,778	-	17,552
Cost of merchandise sold	14,748	116,984	-	131,732
Other	22,997	-	(22,997)	-
Total expenses	<u>57,850</u>	<u>217,189</u>	<u>(48,479)</u>	<u>226,560</u>
	<u>331,270</u>	<u>385,325</u>	<u>(71,476)</u>	<u>645,117</u>
Surplus for the period	30,357	107,549	-	137,906
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	-	35,548	-	35,548
Total comprehensive income	<u>30,357</u>	<u>143,097</u>	<u>-</u>	<u>173,454</u>
<i>Assets</i>				
Cash and cash equivalents	282,300	309,040	-	591,340
Inventories	21,235	-	-	21,235
Other	6,829	772,063	(5,460)	773,431
Total assets	<u>310,364</u>	<u>1,081,103</u>	<u>(5,460)</u>	<u>1,386,007</u>
Total liabilities	<u>9,260</u>	<u>825,648</u>	<u>(5,460)</u>	<u>829,448</u>
Net assets	<u>301,103</u>	<u>255,455</u>	<u>-</u>	<u>556,559</u>

The Order of Australia Association Limited

ABN 40 008 612 664

Directors' declaration

In the opinion of the directors of The Order of Australia Association Limited ('the Association'):

- (a) The financial statements and notes, set out on pages 8 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. Giving a true and fair view of the financial position of the Association as at 31 December 2017 and of its performance as represented by the results of its operations and its cash flows for the year ended on that date; and
 - ii. Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulations 2013; and

- (b) There are reasonable grounds to believe that the Association is able to pay its debts, as and when they become due and payable.

Signed in accordance with a resolution of the directors and subsection 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Dated: 11th April 2018



Barry N Nunn AO

Director



Anthony J Metcalf OAM

Director



Chartered Accountants

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INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
THE ORDER OF AUSTRALIA ASSOCIATION LIMITED
ABN: 40 008 612 664

Report on the Financial Report

We have reviewed the accompanying financial report of the Order of Australia Association Limited (the company), which comprises the Statement of Financial Position as at 31 December 2017, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2415 *Review of a Financial Report – Company Limited by Guarantee*, or an Entity Reporting under the ACNC Act or Other Applicable Legislation or Regulation in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report does not satisfy the requirements of Division 60 of the ACNC Act: including: giving a true and fair view of the company's financial position as at 31 December 2017 and its performance for the year ended on that date; and complying with the Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*. ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
THE ORDER OF AUSTRALIA ASSOCIATION LIMITED

ABN: 40 008 612 664

Independence

In conducting our review, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012. We confirm that the independence declaration required by the *Australian Charities and Not-for-Profits Act 2012*, which has been given to the directors of the Order of Australia Association Limited, would be in the same terms if given to the directors as at the time of this review report.

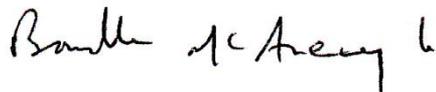
Basis for Qualified Auditor's Conclusion

Function and membership revenue are a significant source of income for the Association. The Association has determined that it is impracticable to establish controls over the collections of function and membership revenue prior to their initial entry into the financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to function and membership revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the function and membership revenue of the Association are complete.

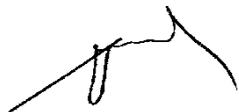
Qualified Auditor's Conclusion

Based on our review, which is not an audit, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation on our review procedures referred to in the qualification paragraph not existed, we have not become aware of any matter that makes us believe that the financial report of the Order of Australia Association Limited is not in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and *Division 60 of the Australian Charities and Not-for-Profits Commission Regulation 2013*.



Bandle McAneney & Co
Chartered Accountants



Anthony J Bandle FCA
Partner

Date: 11 April 2018
Place: CANBERRA, ACT.