



THE
ORDER OF AUSTRALIA
ASSOCIATION

The Order of Australia Association Limited

ABN 40 008 612 664

Annual Report

For the Financial Year ended

31 December 2019



THE
ORDER OF AUSTRALIA
ASSOCIATION

Our Performance 2019

We welcomed 848 new members, but regrettably lost 503

At year end the Association strength was **8,208** members, a 4.3% increase over 2018

Membership fees were held at the level of previous years

Income (Revenue) increased by 10%, including Branch and Regional Group income

Assets were held in both National and Branch accounts. Of the National component, \$1,390,836 was actively invested to generate dividends (and franking credits) that were used to better service member needs. Branches separately held \$440,479, largely in low interest deposits.

Asset Value increased by 22% including the Life Reserve, which must be preserved to service our Life Members for whole-of-life.

Life Members Reserve increased by 6.4%

Branch Administrative Grants (BAG) and special purpose payments to Branches were increased by 14%

Investment Income increased by 75% and investment value by 26% to \$1,390,836

Surplus for the year was \$101,353 before investments value increase

Members Equity (assets less liabilities) increased by 39%

The Order magazine costs were reduced by a further 5% with more members choosing electronic distribution

Email Address provided by **89%** of members

Electronic copy of 'The Order' taken by **29%** of members

The Order of Australia Association Limited

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{Secretarial Note: These page numbers refer to the pages of the Master report}

The Order of Australia Association Limited

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OAA ANNUAL Report 2019

Chairman's Report

I am pleased to report on yet another good year for our Association. Our membership numbers have risen, boosted by the considerable increase in Honours nominations. Members have contributed significantly to this result by their promotion of the Order. While the increase in awards to women is pleasing it is a continuing challenge to attract nominations from all under-represented groups in our community.

The increasing adoption of computer-based systems by our members, including email, has both improved communications and reduced our cost of operations. The pleasing overall financial performance permitted funds to be allocated to better support the needs of our members and provided initial funding for our National Project, an Association scholarship.

The excellent National Conference, held in Hobart in April, was well attended and enjoyed by all. Two members' resolutions were not passed by the 2019 AGM, with the issues raised of Branch funding and our Constitution noted as already in progress. Although not passed, the National Board recognised that some members felt that they had not been sufficiently informed on these matters.

During the 2019 National Conference we bade farewell to our outgoing President Philip Flood AO. Philip and his wife Carole have been great contributors to our activities for the 3 years of his presidency. We were pleased to advise members of the appointment of our incoming President Heather Ridout AO who, like her predecessor, has been appointed for a 3-year term.

Drafting of a new Constitution for the Association was well under way by year end, with the involvement of Branches and members expert in this activity.

Improved financial performance allowed an increase in the funding to Branches through the Branch Administrative Grant (BAG).

Policies to guide Association activities were developed during the year and this work will continue in conjunction with the drafting of our new Constitution. Regrettably during the year an anonymous complaint was made to our regulating authority, the Australian Charities and Not-for-Profit Commission (ACNC). At the direction of the ACNC your Board undertook an in-depth self-assessment of our compliance with governance and financial guidelines. I am pleased to advise that adherence to both existing and new policies allowed the Board to conclude that the complaint was without foundation.

Although challenging, 2019 has been a rewarding year and the work completed bodes well for the further development of our Association. I thank those that have contributed so well as directors on our National Board and on behalf of our Board thank all members of our Association for their support and active engagement.

Barry Nunn AO,
National Chairman

The Order of Australia Association Limited

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Directors' report

For the year ended 31 December 2019

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 2019 and the auditor's review report thereon.

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{ Secretarial Note: These page numbers refer to the pages of the Master report }

The Order of Australia Association Limited

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DIRECTORS' REPORT

1. DIRECTORS

The directors of the Association during the reporting period, along with details of the number of director's 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
MAJGEN (Rtd) B N Nunn AO RFD ED	9	1
GPCAPT (Rtd) P L Morrall AM CSC	9	1
Mr P L Wheelton AM	6	1
Ms H Bender OAM	7	1
Ms Muriel Barasso (Wood) OAM	9	
MAJGEN (Rtd). Michael Crane DSC&Bar AM	7	
Mr J R Archer OAM	9	
Mr Peter McMurtrie AO	7	
Ms Nora Lewis AM	7	
Professor Robin Watts AM	8	
The Hon Frank Madill AM	8	
Mr W Lye OAM, SC	8	
Professor John McKellar AM ED (from June 2019)	4	
Professor Alan Johnson AM (to June 2019)	5	

The Board held 9 Meetings for the year ended 31 December 2019

The Executive Committee held 1 meeting for the year ended 31 December 2019

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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 (Rtd), National Chairman, director 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, Chairman National Project Working Group

GPCAPT . Phil Morrall AM CSC (Rtd), National Secretary, appointed July 2017
retired military officer. Member Executive Committee, Member Policy Working Group.

Mrs Muriel Barasso (Wood) OAM, National Treasurer, appointed September 2018.
Strata Managing Agent; Fellow and Life Member of Strata Community Association NSW; Company Director;
Member Investment Committee; Member Executive Committee; Member of Audit and Risk Committee.

Mrs Helene Bender OAM, National Membership Director, appointed July 2017
B. Com. company director
Chairman Strategy Committee, Member Executive Committee.

Mr Michael Crane DSC & Bar, AM, ACT nominated director, appointed April 2018. *Consultant and company director.*
BSc (Hons), Grad Dip Defence Stud, and MA. Chairman Policy Working Group.

Mr John Archer OAM FIML, NSW nominated director, appointed November 2015.
Author; Journalist
Chairman Nomination Committee

Ms Nora Lewis AM, BA. Dip TCHG. NT nominated director, appointed April 2018.
Member Audit & Risk Committee.

Mr Peter McMurtrie AO, KstJ , JP(Qual) MBA(HRM), Gr.Dip.HSM, FPA, FAIES, AFCHSM. QLD nominated director; appointed September 2018
Commissioner, St John Ambulance Australia (Qld) (Ret) Deputy Commissioner, Qld Ambulance Service (Ret.) Member Nomination Committee. Member Constitution Working Group.

Professor John McKellar AM, ED Maj(Rtd), SA nominated Director, Appointed June 2019. *SA Branch Treasurer, member Constitution Working Group, member Audit and Risk sub-committee. Vice-President Adelaide Universities Regiment Association,*

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DIRECTORS' REPORT CONTINUED

The Association National Board Continued

The Hon Dr Frank Madill AO, TAS nominated director, appointed April 2018.
Retired medical practitioner, Member Strategy Committee.

Emeritus Professor Robin Watts AM, PhD, M Hlth Sc, BA, Dip N Ed, RN, WA nominated director appointed February 2018
Fellow Royal College of Nursing, Retired nurse, Chairman Constitution Working Group. Member Strategy Committee.

Mr William Lye OAM QC M Ent Inn, LLM, LLB, BSc, MAICD VIC nominated Director appointed August 2018.
Barrister at Law, Strategy Committee Member, Constitution Review Working Group

2 PRINCIPAL ACTIVITIES

The principal activities of the Association during the year were to conduct activities at National, Branch and regional levels that supported its objectives and were in accord with the National Strategic Plan 2017. This 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.

Committee Activity.

The principal committee activity has been by the Constitution Working Group drafting and developing an amended Constitution and associated governance documents for member consideration through 2020, with a view to deliberations at the 2021 Annual General Meeting.

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

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 were sourced from Commerce Management Services from September 2017. Investment services were sourced from Innate Wealth Pty Ltd from March 2018.

There are 51 regional groups and the financial activities of these groups are included in the financial report of the Association.

The surplus for the year amounted to \$101,353 (2018 period: \$86,304 surplus)

DIRECTORS' REPORT CONTINUED

4. OBJECTIVES OF THE ASSOCIATION

The Association is a company limited by guarantee of members, 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 reporting period

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 7,863 (2017: 7,739).

8. EVENTS SUBSEQUENT TO REPORTING DATE

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 with the exception of the impact on the investments held by the association due to the world wide COVID-19 pandemic. As at the close of business on 23 March 2020 the investments were valued at \$1,055,563. Also due to the worldwide COVID-19 pandemic the planned National Conference to be held in Darwin NT in May 2020 has been cancelled. The estimated cost of this cancellation to the Association will be up to \$21,000. (refer to note 20 of the financial statements).

The Order of Australia Association Limited

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DIRECTORS' REPORT CONTINUED

9. LIKELY DEVELOPMENTS

As mentioned in item 8 (Events Subsequent to Reporting Date) one significant circumstance has arisen since 31 December 2019, being the impact of the COVID-19 pandemic. The full impact on our future revenue and expenses cannot be assessed at this time.

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.

11. INSURANCE PREMIUMS


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

12. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is set out on page 9 and forms part of the directors' report for the financial year ended 31 December 2019.

This report is made with a resolution of the directors:


Barry N Nunn AO
Director


Muriel Wood OAM
Director

Dated this *14th day of April* 2020.



Chartered Accountants

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18 Napier Close
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 2019 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

Dated this 14 APRIL 2020

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

Continuing operations	Note	2019 \$	2018 \$
Revenue	5	758,470	689,333
Meeting expenses		(55,328)	(53,760)
Function expenses		(187,023)	(233,281)
Newsletter expenses		(79,036)	(86,895)
Professional fees, insurance and administrative expenses		(74,793)	(75,772)
Occupancy expenses		(16,792)	(13,601)
Donations/ scholarships paid		(3,030)	(23,552)
Personnel Expenses	7	(44,172)	(36,085)
Other expenses	6	(276,772)	(125,571)
Results from operating activities		21,524	40,816
Finance income	9	79,829	45,488
Net finance income		79,829	45,488
Surplus for the period		101,353	86,304
Other comprehensive income			
Net change in fair value of financial assets at fair value through other comprehensive income	9	146,993	(75,835)
Other comprehensive income for the period		146,993	(75,835)
Total comprehensive income for the period		248,346	10,469

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	13a	470,821	455,284
Inventories	11	22,422	21,588
Receivables	12	24,862	5,500
Prepayments		13,032	5,250
TOTAL CURRENT ASSETS		531,137	487,622
NON-CURRENT ASSETS			
Investments	10	1,390,836	1,101,912
Right of use asset – Office Lease		29,092	-
Accumulated depreciation - Office Lease		(10,908)	-
TOTAL NON-CURRENT ASSETS		1,409,020	1,101,912
TOTAL ASSETS		1,940,157	1,589,534
CURRENT LIABILITIES			
Payables	17	22,917	8,132
Provisions – Employee benefits		5,026	-
Deposits in advance	16	1,141	27,430
TOTAL CURRENT LIABILITIES		29,084	35,562
NON- CURRENT LIABILITIES			
Provisions	18	18,900	17,200
Lease liability – Office Lease		18,535	-
Deferred Income	15	987,291	900,279
TOTAL NON-CURRENT LIABILITIES		1,024,726	917,479
TOTAL LIABILITIES		1,053,810	953,041
NET ASSETS		886,347	636,493
EQUITY			
Accumulated members' funds		726,933	624,072
Reserves		159,414	12,421
TOTAL EQUITY		886,347	636,493

The accompanying notes form part of these financial statements.

The Order of Australia Association Limited

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	Community works Reserves	Fair value Reserve	Accumulated Members Funds	Total
	\$	\$	\$	\$
At 1 January 2018	43,036	45,220	483,367	571,623
Total comprehensive income for the year:	-	-	86,304	86,304
Surplus for the period				
<i>Other comprehensive income</i>				
Net change in fair value of financial assets at fair value through other comprehensive income	-	(75,835)	-	(75,835)
Transfer to National Scholarship Fund	-	-	(10,000)	(10,000)
Prior period adjustment to equity	-	-	64,401	64,401
At 31 December 2018	43,036	(30,615)	624,072	636,493
At 1 January 2019	43,036	(30,615)	624,072	636,493
Total comprehensive income for the year:				
Surplus for the period	-	-	101,353	101,353
<i>Other comprehensive income</i>				
Net change in fair value of financial assets at fair value through other comprehensive income	-	146,993	-	146,993
Prior period adjustment to equity	-	-	1,508	1,508
At 31 December 2019	43,036	116,378	726,933	886,347

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Cash Flows From Operating Activities			
Cash receipts from members and customers		799,831	737,570
Cash paid to suppliers & employees		<u>(723,700)</u>	<u>(619,978)</u>
Net cash from/(used in) operating activities	13b	<u>76,131</u>	<u>117,592</u>
Cash flows from Investing Activities			
Net prior year adjustments		1,508	64,401
Purchase of plant and equipment		-	-
Proceeds from sale of financial assets		-	30,000
Purchase of financial assets		<u>(141,931)</u>	<u>(457,079)</u>
Interest received	9	11,865	7,745
Dividends received	9	48,753	27,193
Imputation credits received	9	<u>19,211</u>	<u>10,550</u>
Net cash from/(used in) investing activities		<u>(60,594)</u>	<u>(317,190)</u>
Net increase/(decrease) in cash and cash equivalents		15,537	(199,598)
Cash at beginning of the financial year		<u>455,284</u>	<u>654,882</u>
Cash at end of year		<u>470,821</u>	<u>455,284</u>

The accompanying notes form part of these financial statements.

The Order of Australia Association Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 financial Statements have been prepared for the year commencing 1 January 2019 to 31 December 2019.

(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*.

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.

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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 value

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NOTES TO THE FINANCIAL STATEMENTS

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.

(B) PROPERTY, PLANT AND EQUIPMENT

(ii) 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.

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NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) (D) IMPAIRMENT

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.

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").

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NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) Impairment (continued)

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) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Financial Assets

Classification and subsequent measurement

Financial assets with the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

1. financial assets at fair value through profit or loss;
2. financial assets at fair value through other comprehensive income; and
3. financial assets measured at amortised cost.

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date. Comparatives have not been restated on initial application.

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NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test. Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria: 1. the financial asset is held in order to collect the contractual cash flows; and 2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount. Amortised cost is determined using the effective interest method.

Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

Financial Liabilities at Amortised Cost Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Impairment of Financial Assets Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the writeoff directly reduces the gross carrying amount of the financial asset.

(F)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.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(G) DEFERRED INCOME

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 \$54,888 was made to deferred income in respect of life memberships to recognise the large number of life memberships of the organisation. At 31 December 2019 life membership accounted for approximately 59% of total membership.

(H) 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.

(I) REVENUE

(iii) 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.

(iv) 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.

(v) FUNCTIONS AND DONATIONS

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

The Order of Australia Association Limited

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NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) LEASES

Leases accounting policy for year ended 31 December 2019

At inception of a contract, the company assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether:

- The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The company has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used.

The company has elected not to separate non-lease components from lease components and has accounted for all leases as a single component.

At the lease commencement, the company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicator at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected to apply the exceptions to lease accounting for leases of low-value assets. For these leases, the company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) 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.

(L) 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*.

(M) 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.

(N) 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 2019, 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 VALUE

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

NOTE 5: REVENUE

	NOTE	2019	2018
		\$	\$
Membership subscriptions	2 & 3G	299,283	259,806
Functions		333,411	301,836
Sale of merchandise		27,483	17,456
Sponsorship and donations		29,075	40,813
Other income		69,218	69,422
		<u>758,470</u>	<u>689,333</u>

NOTE 6: OTHER EXPENSES

	2019	2018
	\$	\$
Regional office support and branch expenses	81,334	36,041
Other expenses	195,438	89,530
	<u>276,772</u>	<u>125,571</u>

NOTE 7: PERSONNEL EXPENSES

	2019	2018
	\$	\$
Wages and salaries	44,172	36,085
	<u>44,172</u>	<u>36,085</u>

NOTE 8: AUDITORS REMUNERATION

	2019	2018
	\$	\$
Audit Services		
Review of the financial report	9,550	9,000
Review of State offices	1,900	1,500
	<u>11,450</u>	<u>10,500</u>
Other services		
Preparation of financial report	3,550	3,250
	<u>3,550</u>	<u>3,250</u>

The Order of Australia Association Limited

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: FINANCE INCOME

Recognised in surplus or deficit

	2019	2018
	\$	\$
Interest income on assets measured at amortised cost	11,865	7,745
Dividend income	48,753	27,193
Imputation credits	19,211	10,550
Finance Income	<u>79,829</u>	<u>45,488</u>

Recognised in other comprehensive income

	2019	2018
	\$	\$
Net change in fair value of available-for-sale financial assets classified as fair value through other comprehensive income	146,993	(75,835)
Finance Income/(cost) recognised in other comprehensive income	<u>146,993</u>	<u>(75,835)</u>

NOTE 10: INVESTMENTS

	2019	2018
	\$	\$
Non-current		
Financial assets at fair value through other comprehensive income	1,390,836	1,101,912
	<u>1,390,836</u>	<u>1,101,912</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: INVENTORIES

	2019	2018
	\$	\$
Current		
Finished goods – merchandise – at cost	22,422	21,588
	<u>22,422</u>	<u>21,588</u>

NOTE 12: RECEIVABLES

	2019	2018
	\$	\$
Current		
Sundry receivables	24,862	5,500
	<u>24,862</u>	<u>5,500</u>

NOTE 13a: CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Current		
Cash at bank	470,821	455,284
Cash and cash equivalents in the statement of cash flows	<u>470,821</u>	<u>455,284</u>

NOTE 13b: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Surplus for the year		101,353	86,304
Adjustments for:			
Depreciation		10,908	-
Finance income	9	<u>(79,829)</u>	<u>(45,488)</u>
Operating surplus before changes in assets and liabilities		32,432	40,816
Change in right of use asset – office lease		(29,092)	-
Change in other receivables and prepayments		(27,144)	5,400
Change in inventories		(834)	(1,566)
Change in other payables		14,785	(19,650)
Change in provisions/deposits in advance		(19,563)	6,053
Changes in deferred income		87,012	86,539
Changes in lease liability		<u>18,535</u>	<u>-</u>
Net cash from operating activities		<u>76,131</u>	<u>117,592</u>

The Order of Australia Association Limited

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: 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 8,208 (2018:7,863).

NOTE 15: DEFERRED INCOME

	2019	2018
Non-Current	\$	\$
Deferred income from 3 year members	73,899	41,775
Deferred income from life members	913,392	858,504
	<u>987,291</u>	<u>900,279</u>

NOTE 16: DEPOSITS IN ADVANCE

	2019	2018
Current	\$	\$
Function and conference deposits in advance	1,141	27,430
	<u>1,141</u>	<u>27,430</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: PAYABLES

	2019	2018
Current	\$	\$
Trade payables and accrued expenses	22,917	8,132
	<u>22,917</u>	<u>8,132</u>

NOTE 18: PROVISIONS

	2019	2018
Non-Current	\$	\$
Victoria - Oration 2020	5,500	-
Victoria - Scholarship	10,000	-
Battlefield Tour Scholarship	-	7,200
National Scholarship	3,400	10,000
	<u>18,900</u>	<u>17,200</u>

NOTE 19: 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

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NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: 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 with the exception of the impact on the investments held by the association due to the world wide COVID-19 pandemic. As at the close of business on 23 March 2020 the investments were valued at \$1,055,563. Also due to the worldwide COVID-19 pandemic the planned National Conference to be held in Darwin NT in May 2020 has been cancelled. The estimated cost of this cancellation to the Association will be up to \$21,000.

NOTE 21: BRANCH INFORMATION

2019	State Branches \$	National Office \$	Eliminations \$	Total \$
<i>Revenue</i>				
Functions	333,411	-	-	333,411
Sale of merchandise	24,314	3,169	-	27,483
Branch administration grants	48,226		(48,226)	-
Other	41,449	387,730	-	429,179
Total revenue	<u>447,400</u>	<u>390,899</u>	<u>(48,226)</u>	<u>790,073</u>
<i>Expenses</i>				
Functions	187,023	-	-	187,023
Meetings	2,784	52,544	-	55,328
Newsletters	-	79,036	-	79,036
Cost of merchandise sold	21,776	-	-	21,776
Other	68,669	325,114	(48,226)	345,557
Total expenses	<u>280,252</u>	<u>456,694</u>	<u>(48,226)</u>	<u>688,720</u>
Surplus for the year	<u>167,148</u>	<u>(65,795)</u>	<u>-</u>	<u>101,353</u>
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	-	146,993	-	146,993
<i>Total comprehensive income</i>	<u>167,148</u>		<u>-</u>	<u>248,346</u>
<i>Assets</i>				
Cash and cash equivalents	440,390	30,431		470,821
Inventories	21,082	1,340		22,422
Other	17,810	1,429,104		1,446,914
Total assets	<u>479,282</u>	<u>1,460,875</u>		<u>1,940,157</u>
Total liabilities	<u>16,960</u>	<u>1,036,850</u>		<u>1,053,810</u>
Net assets	<u>462,322</u>	<u>424,025</u>		<u>886,347</u>

The Order of Australia Association Limited

ABN 40 008 612 664

NOTE 21: BRANCH INFORMATION (Continued)

2018

	State Branches	National Office	Eliminations	Total
	\$	\$	\$	\$
Revenue				
Functions	288,483	13,353		301,836
Sale of merchandise	15,580	1,875		17,455
Branch administration grants	41,262		(41,262)	-
Other	46,511	327,757		374,268
Total revenue	<u>391,836</u>	<u>342,985</u>	<u>(41,262)</u>	<u>693,559</u>
<i>Expenses</i>				
Functions	233,281	-		233,281
Meetings	12,991	40,769		53,760
Newsletters	3,943	82,952		86,895
Cost of merchandise sold	14,104	-		14,104
Other	93,878	166,599	(41,262)	219,215
Total expenses	<u>358,197</u>	<u>290,320</u>	<u>(41,262)</u>	<u>607,255</u>
Surplus for the year	33,639	52,665	-	86,304
Other comprehensive income				
Net change in fair value of available-for-sale financial assets		(75,835)		(75,835)
Total comprehensive income	<u>33,639</u>	<u>(23,170)</u>		<u>10,469</u>
Assets				
Cash and cash equivalents	425,222	30,062		455,284
Inventories	21,588	-		21,588
Other	4,162	1,108,500		1,112,662
Total assets	<u>450,974</u>	<u>1,138,562</u>	<u>-</u>	<u>1,589,534</u>
Total liabilities	<u>25,726</u>	<u>927,315</u>		<u>953,041</u>
Net assets	<u>425,246</u>	<u>211,247</u>		<u>636,493</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 10 to 29, 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 2019 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: 14th April 2020



Barry N Nunn AO

Director



Muriel Wood OAM

Director



Chartered Accountants

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18 Napier Close
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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 2019, 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 2019 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.

Qualification

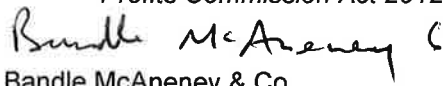
It is not practicable to establish accounting controls over cash receipts from function revenue beyond the recording of amounts entered in the books and records.

The audit conclusion expressed in this report has been formed on the above basis.

Conclusion

Based on our review, which is not an audit, 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 2019 and of its performance for the year ended on that date; and
- b) Comply with Australian Accounting Standards and *Australian Charities and Not-for-Profits Commission Act 2012*.



Bandle McAneney & Co
Chartered Accountants


Anthony J Bandle FCA
Partner

Dated this 14 day of APRIL 2020
Place: CANBERRA, ACT.