



AOA RESEARCH FOUNDATION LIMITED

ABN 94 082 552 574

ANNUAL GENERAL MEETING 2015

Notice of Meeting
Agenda

TIME

3.45 pm, Wednesday 14 October 2015

VENUE DETAILS

**The Great Hall, Door 8, Mezzanine Level,
The Brisbane Convention and Exhibition Centre**



**NOTICE OF THE 17th ANNUAL GENERAL MEETING
TO BE HELD ON Wednesday, 14 October 2015, at 3.45PM
In The Great Hall, Door 8, Mezzanine Level,
The Brisbane Convention and Exhibition Centre**

AGENDA

- 1 Apologies
- 2 Minutes of 2014 Annual General Meeting
If thought fit, **resolve** that the minutes of the Annual General Meeting held on 15 October 2014 be approved as a correct record of proceedings at that meeting
- 3 Chairman's Report
- 4 Financial Report, Directors' Report and Auditor's Report for 2014–2015
To receive and consider the financial statements for the year ended 30 June 2015, and the reports of the Directors and Auditor thereon. If thought fit, **resolve** that the financial statements for the year ended 30 June 2015 together with the reports of the directors and auditor be approved

Adrian Cosenza
Chief Executive Officer and Company Secretary
22 September 2015

*Minutes of 2014 Annual General Meeting, Chairman's Annual Report, Directors' Report and Financial Report for 2014-2015, and Auditors Report for 2015 can be downloaded from the AOA website:
www.aoa.org.au > About >AOA Bodies> Research Foundation > Corporate Documents*

*Members who wish to have the papers mailed to them should contact AOA:
T 02 8071 8000 F 02 8071 8002 E admin@aoa.org.au*

*A proxy form may be downloaded from the website and must be lodged not less than 48 hours before the time for holding the meeting at the registered office of the foundation,
Level 12, 45 Clarence Street Sydney NSW 2000 or by fax to 02 8071 8002*



Chairman's Annual Report Australian Orthopaedic Association Research Foundation

AGM October 2015

The Research Foundation completes another positive year and enters into a relationship with J B Were to manage its investible funds

Investment Funds

The AOA Research foundation has concluded an agreement with J B Were to manage funds available for investment. For many years investments have been managed internally and have been invested mainly in term deposits. With the significant downturn in interest rates that currently prevails, returns have been uninspiring and the Board is confident that J B Were, which has a division dedicated to assisting Not-for-profits, will enable more acceptable returns and help build the corpus of investible funds. The Board has met twice with representatives of J B Were in the last year, and has developed an Investment Policy Statement and Investment Policy Charter to guide and govern investments. A Finance Committee has been established to oversee the relationship and to monitor performance.

The eGrants Application system

As forecast in last year's report, work has continued in the year under review to further develop the system of submitting research grant applications online. The eGrants system was used successfully for lodgement of grant applications this year and members of the Research Advisory Committee were able to review the applications online, a significant saving in administrative effort.

Early Career Researcher Grants

Invitations were issued for the first time this year for younger researchers, registrars and junior consultants to apply for a new category of grants, Early Career Researcher grants. A number of applications were received and seed funding of up to \$10,000 will be provided to successful applicants.

Board and Research Advisory Committee

No changes in personnel occurred during the year for either the Board or the Research Advisory Committee, and I am grateful to my colleagues for their work in both forums.

Finances

The Foundation's assets increased during the year ended 30 June 2015 from \$4.9 million at 30 June 2014 to \$5.2 million at 30 June 2015. Revenue for the year amounted to \$450,648 compared to \$401,980 for the previous year. The operating surplus was \$244,412 (\$247,569 last year). Research grants of \$187,000 were awarded during the year, and it is anticipated that grants in respect of 2015 applications will be of the order of a similar order.

A handwritten signature in black ink, appearing to read 'Mino Patel', written in a cursive style.

Mino Patel

Chair

Directors' Report for the Year Ended 30 June 2015

Your directors present this report on the AOA Research Foundation Limited for the financial year ended 30 June 2015.

Directors

The name of each person who has been a director during the year and to the date of this report are:

Director	Title*	Appointed/Resigned
M Patel	Chairman	Appointed 12/10/2010
S E Graves	General Director	Appointed 13/10/1999
D K Martin	General Director/Treasurer	Appointed 09/10/2013
J B North	General Director	Appointed 21/02/2009
P N Smith	General Director	Appointed 21/12/2009
A W Wang	General Director	Appointed 30/10/2012

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

*Title as at 30 June 2015 or upon resignation

Directors' Qualifications

Each director is an orthopaedic surgeon

Chief Executive and Company Secretary

Mr. Adrian Cosenza BCom, MCom, MBA (IMD), FCPA, FAICD, FFinsia (appointed 22 July 2010).

Principal Activities

The principal activity of the Foundation during the year was to give effect to the objectives of the company, described below.

The company's objectives, both short and long term, are to

- I) promote and carry out research in the field of orthopaedic medicine.
- II) provide research training in the field of orthopaedic medicine for postgraduate students and research fellows in both science and medicine through the establishment of scholarships, fellowships and prizes,
- III) support the submission and publication of scholarly contributions to journals, magazines, books and electronic media which report to the medical and scientific community on research in the field of orthopaedic medicine,
- IV) conduct and support lectures, workshops, symposia and conferences for the purpose of promoting research and disseminating knowledge in the field of orthopaedic medicine, and
- V) promote an improved public understanding of scientific and medical developments in the field of orthopaedic medicine

The company's strategy for advancing its objectives is to award research grants to applicant's whose research proposals are adjudged likely to advance the objectives of the company.

The company's principal activity during the year was the awarding of grants for the purpose of facilitating research in the field of orthopaedic medicine and surgery.

The grants awarded advanced the company's objectives by facilitating research in the field of orthopaedic medicine and surgery.

AOA RESEARCH FOUNDATION LIMITED
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Key Performance Measures

The effectiveness of the company's strategy of awarding grants for research is measured by oversight of the research by an advisory committee of eminent orthopaedic surgeons, and by requiring beneficiaries of grants to report to their peers annually on their research at the Australian Orthopaedic Association's annual scientific meeting.

		2015	2014
Grants awarded -	number	6	6
-	value	\$187,000	\$152,727

Meeting Attendances

During the financial year three meetings of directors were held. Attendances by each director were as follows:

	Number Eligible to attend	Number attended
M Patel	3	3
S E Graves	3	3
D K Martin	3	2
J B North	3	2
P N Smith	3	2
A W Wang	3	3

Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the company are liable to contribute if the company is wound up is \$3,174 (2014 \$3,311).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2015 can be found on page 3 of this directors' report.

Signed in accordance with a resolution of the Board of Directors:



M Patel
Chairman



D K Martin
Director

Dated this 9th day of September 2015



STIRLING INTERNATIONAL
CHARTERED ACCOUNTANTS

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE AUSTRALIAN
CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF AOA
RESEARCH FOUNDATION LIMITED**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor of the AOA Research Foundation Limited for the year ended 30 June 2015, I declare to the best of my knowledge and belief that during the year ended 30 June 2015 there have been:

- i) No contravention of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii) No contravention of any applicable code of professional conduct in relation to the audit.

STIRLING INTERNATIONAL

R C WILLIAMS

Signed at Sydney this 2nd day of September 2015



STIRLING INTERNATIONAL

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AOA RESEARCH FOUNDATION LIMITED

We have audited the accompanying financial report, being a special purpose financial report, of AOA Research Foundation Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, 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 and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a 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 an opinion on the financial report based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of AOA Research Foundation Limited, would be in the same terms if given to the directors as at the time of the auditor's report.

Opinion

In our opinion the financial report of AOA Research Foundation Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

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PO Box Q182 Sydney NSW 1230

Email: rwilliams@stirlinginternational.com.au

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Liability limited by a scheme approved under Professional Standards Legislation



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AOA RESEARCH FOUNDATION LIMITED

- a. giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Australian Charities and Not-for-profits Regulations 2013*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.

Stirling International

Roger Williams FCA

285 Clarence Street, Sydney

Dated this 9th day of September 2015

AOA RESEARCH FOUNDATION LIMITED
ABN 94 082 552 574

DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

A. The financial statements and notes, as set out on pages 7 to 17 are in accordance with the *Australian Charities and Not-for-profit Act 2012* and:

- (i) comply with Australian Accounting Standards applicable to the company; and
- (ii) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.

B. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors of the company declare that:

This declaration is made in accordance with a resolution of the Board of Directors.



M Patel
Chairman



D K Martin
Director/Honorary Treasurer

Dated this 9th day of September 2015

AOA Research Foundation Limited
ABN 94 082 552 574

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Revenue			
Revenue from ordinary activities		273,851	215,244
Finance revenue		176,797	186,736
Total revenue	2	450,648	401,980
Expenses			
Grants awarded		187,000	152,727
Administration expenses		10,087	3,594
Audit fees		3,000	3,500
Printing		609	-
Website Development		5,540	-
Musculoskeletal project		-	(5,410)
Total expenses		206,236	154,411
Current year surplus before income tax		244,412	247,569
Income tax expense		-	-
Net current year surplus		244,412	247,569
Other comprehensive income for the year, net of tax		-	-
Total other comprehensive income		-	-
Total comprehensive income attributable to members of the Foundation		244,412	247,569

Statement of Financial Position
At 30 June 2015

	Note	2015 \$	2014 \$
Current assets			
Cash and cash equivalents	3	2,366,769	1,068,766
Trade and other receivables	4	152,767	242,392
Total current assets		2,519,536	1,311,158
Non current assets			
Financial assets	3	2,695,000	3,627,969
Plant and equipment	5	6,500	6,500
Total non current assets		2,701,500	3,634,469
Total assets		5,221,036	4,945,627
Current liabilities			
Trade and other payables	6	31,172	176
Total current liabilities		31,172	176
Total Liabilities		31,172	176
Net Assets		5,189,864	4,945,451
Equity			
Reserves	7	1,388,861	1,388,861
Retained profits	8	3,801,003	3,556,590
Total equity		5,189,864	4,945,451

The accompanying Notes form part of these financial statements

AOA Research Foundation Limited
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Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 \$	2014 \$
Cash flow from operating activities			
Revenue from operating activities		256,799	208,744
Interest received		269,661	135,113
Payments to suppliers and grant recipients		<u>(161,426)</u>	<u>(303,907)</u>
Net cash provided by operating activities	9(b)	<u>365,034</u>	<u>39,950</u>
Net increase in cash held		365,034	39,950
Cash at the beginning of the financial year		<u>4,696,735</u>	<u>4,656,785</u>
Cash held at the end of the financial year	9(a)	<u><u>5,061,769</u></u>	<u><u>4,696,735</u></u>

Statement of Changes in Equity
For the year ended 30 June 2015

		\$	
Balance at 1 July 2013		3,309,021	
Surplus attributable to the entity		<u>247,569</u>	
Balance at 30 June 2014		3,556,590	
Surplus attributable to the entity		<u>244,412</u>	
Balance at 30 June 2015		<u><u>3,801,002</u></u>	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

General information and statement of compliance

The financial statements cover AOA Research Foundation Limited as an entity. AOA Research Foundation Limited is a company limited by guarantee, incorporated and domiciled in Australia. The financial statements were authorised for issue on 9 September 2015 by the directors of the company.

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of Preparation

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Australian Charities and Not-for-profits Commission Act 2012* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Revenue

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Membership fees and sponsorship revenue is recognised when the right to receive the revenue has been established.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised as it accrues using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax.

b. **Plant and Equipment**

Plant and equipment that has been contributed at no cost, or for nominal cost, is recognised at the fair value of the asset at the date it is acquired.

c. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date. Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm’s length transactions, reference to similar instruments and option pricing models.

(i) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company’s intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if the management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

d. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair amount less costs to sell and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued asset is identified, this is debited against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

e. Cash on Hand

Cash on hand equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

f. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from donors and any outstanding

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

grant receipts. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

g. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

h. **Income Tax**

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

i. **Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements must be presented.

j. **Accounts Payable and Other Payables**

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid thirty days of recognition of the liability.

k. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

l. **Key estimates**

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers.

m. **Economic Dependence**

The AOA Research Foundation Limited is not dependent on external agencies or government for the majority of its revenue used to operate the business.

n. **New Accounting Standards for Application in Future Periods**

- AASB 9: *Financial Instruments* (December 2010) and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

These Standards will be applicable retrospectively (subject to the provisions on hedge accounting) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application of AASB 9 and associated Amending Standards include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge accounting policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

These Standards are not expected to significantly impact the company's financial statements.

AOA Research Foundation Ltd
ABN 94 082 552 574
Notes to the Financial Statements
Year Ended 30 June 2015

	2015	2014
	\$	\$
Note 2 Revenue		
Operating activities -		
Membership subscriptions	31,741	33,114
Grants and funding received	172,800	100,000
Donations received	69,310	82,130
Total income from operating activities	273,851	215,244
Non operating activities -		
Investment income	176,797	186,736
Total revenue	450,648	401,980
Note 3 Cash and cash equivalents		
Short term		
Business cheque account	550,311	165,995
Business cheque account - donations	11,936	139,323
Business cheque account - musculoskeletal project	0	39
Term deposit accounts	1,804,522	763,409
	2,366,769	1,068,766
Long Term		
Term deposit accounts	2,695,000	3,627,969
	2,695,000	3,627,969
Note 4 Receivables		
Trade receivables	25,000	0
Australian Orthopaedic Association	100,993	125,990
GST Receivable	4,051	815
Interest receivable	22,723	115,587
	152,767	242,392
Note 5 Plant and Equipment		
Hand-coloured lithograph of Koala from John Gould's 'Mammals of Australia' donated by member	6,500	6,500
	6,500	6,500
Note 6 Trade and other payables		
Trade and other payables	31,172	176
	31,172	176
Note 7 General Reserves		
General reserves	1,388,861	1,388,861
	1,388,861	1,388,861
Note 8 Members' Equity		
Retained profits at the beginning of the year	3,556,590	3,309,021
Net profit attributable to ordinary activities	244,413	247,569
Retained profits at the end of the year	3,801,003	3,556,590

AOA Research Foundation Ltd
ABN 94 082 552 574

Notes to the Financial Statements
Year Ended 30 June 2015

	2015	2014
	\$	\$
Note 9 Cash Flow Information		
a) Reconciliation of cash		
Cash at bank	562,247	305,357
Term deposits	1,804,522	4,391,378
	<u>2,366,769</u>	<u>4,696,735</u>
b) Reconciliation of Cash Flow from Operations with Profit		
Profit for the year	244,412	247,569
Non-cash item - Donation in kind	0	(6,500)
Decrease/(Increase) in receivables	89,625	(125,259)
Increase/(Decrease) in payables	30,997	(75,860)
Cash flows from operations	<u>365,034</u>	<u>39,950</u>

Note 10 Foundation Details

The principal address of the Foundation is Level 12, 45 Clarence Street, Sydney NSW 2000

Note 11 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the entity. At 30 June 2015, the total amount that members of the company are liable to contribute if the company is wound up is \$3,174 (2014 \$3,311).

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Note 12 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows :-

	Note	2015 \$	2014 \$
FINANCIAL ASSETS			
Cash and cash equivalents	3	2,366,769	4,696,735
Receivables	4	152,767	242,392
Total Financial Assets		2,519,536	4,939,127
FINANCIAL LIABILITIES			
Trade and other payables	5	31,172	176
Total Financial Liabilities		31,172	176

a) Market risk

(i) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to lease liabilities, listed shares, government and fixed interest securities, and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

The Company's exposure to interest rate risk and the effective weighted interest rate for classes of financial assets and financial liabilities are set out below:-

	Note	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed interest maturing i 1 year or less \$'000	1 to 5 years \$'000	Non-interes Bearing \$'000	Total \$'000
2015							
Financial assets:							
Cash and cash equivalents	3	3.62%	563	-	1,805	-	2,368
Receivables	4		-	-	-	153	153
Total			563	-	1,805	153	2,521
Financial liabilities:							
Accounts payable	5	-	-	-	-	-	-

(ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

b) Foreign currency risk

The Company is not exposed to fluctuations in foreign currencies.

c) Liquidity risk

The Company manages liquidity risk by monitoring forecast cash flows.

d) Credit risk

The Company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Company.

The Company does not have any derivative financial instruments.

e) Price risk

The Company is not exposed to commodity price risk.

f) Net Fair Values

Net fair values of financial assets are materially in line with carrying values.