



**AOA RESEARCH FOUNDATION LIMITED**

ABN 94 082 552 574

**ANNUAL GENERAL MEETING 2016**

Notice of Meeting  
Agenda

**TIME**

3.45 pm, Wednesday 12 October 2016

**VENUE DETAILS**

**Great Hall A, Cairns Convention Centre, Cairns QLD**



**NOTICE OF THE 18<sup>th</sup> ANNUAL GENERAL MEETING OF  
AOA RESEARCH FOUNDATION LIMITED  
TO BE HELD ON TUESDAY, 12th OCTOBER 2016, At 3.45PM  
IN GREAT HALL A, CAIRNS CONVENTION CENTRE, CAIRNS QLD**

**AGENDA**

- 1 Welcome
- 2 Apologies
- 3 Minutes of 2015 Annual General Meeting  
If thought fit, **resolve** that the minutes of the Annual General Meeting held on 14 October 2015 be approved as a correct record of proceedings at that meeting
- 4 Chairman's Report
- 5 Financial Report, Directors' Report and Auditor's Report for 2015/2016  
To receive and consider the financial statements for the year ended 30 June 2016, and the reports of the Directors and Auditor thereon. If thought fit, **resolve** that the financial statements for the year ended 30 June 2016 together with the reports of the directors and auditor be approved

Adrian Cosenza  
Secretary

16 September 2016

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*Minutes of 2015 Annual General Meeting, Chairman's Annual Report, Directors' Report and Financial Report for 2015/2016, and Auditors Report for 2015/16 can be downloaded from the AOA website:  
[www.aoa.org.au](http://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](mailto: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*

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# Chairman's Annual Report Australian Orthopaedic Association Research Foundation

**AGM October 2016**

The Research Foundation is pleased to report that in 2015/16 year, 19% of the Research Foundation applications for the year fell into the Early Career Researcher grant category and that number is expected to rise.

## **Finances**

The Foundation achieved a surplus of \$143,720 for the year ended 30 June 2016 compared to \$244,413 in 2014/15, a decrease of \$100,693. The reduction in surplus is substantially attributable to reductions in income, with revenue from member subscriptions, donations, and investments all falling compared to the prior year. Last year's report advised members of the engagement of J B Were to manage the Foundation's investment portfolio, and it is pleasing to report that their oversight of investments has produced a pleasing result in the nine months or so during which they exercised management. Unfortunately, however, the economic environment for investment returns currently is very challenging with interest rates around their lowest levels in the country's history, and these effects are reflected in the Foundation's lower investment income.

Revenue for the year was \$329,116 compared to \$450,648 in 2015/16. The Foundation's total assets increased from \$5,221,036 at 30 June 2015 to \$5,333,584 at 30 June 2016 and members' funds increased by \$143,720 to \$5,333,584.

## **Grants**

The online grant application form operated for a second year and continues to save applicants and members of the Research Advisory Committee administrative effort in lodging and reviewing applications.

This year a total of 26 grant applications were lodged using the online platform, five of which fell into the Early Career Researcher category. Of those 26 research grants, five regular and two early career researcher grants were awarded totalling \$123,500. Total grant payments for the year ended 30 June 2016 amounted to \$158,500.

At the time of writing this report I am pleased to inform the membership that 31% of grant applications fell into the Early Career Researcher category in 2016/17. I would like to take this opportunity to encourage our junior colleagues to continue applying for grants through the Research Foundation.

## **Acknowledgement of Board and Research Advisory Committee**

I would like to thank my colleagues on the Research Advisory Committee and Board for their continued guidance and counsel. I look forward to working with them again in the coming year.

Mino Patel  
**Chair**

## **Directors' Report for the Year Ended 30 June 2016**

Your directors present this report on the AOA Research Foundation Limited for the financial year ended 30 June 2016.

### **Directors**

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

<b>Director</b>	<b>Title*</b>	<b>Appointed/Resigned</b>
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 2016 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**  
**ABN 94 082 552 574**

**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.

		<b>2016</b>	<b>2015</b>
Grants awarded -	number	7	6
-	value	\$158,500	\$187,000

**Meeting Attendances**

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

	Number Eligible to attend	Number attended
M Patel	2	2
S E Graves	2	2
D K Martin	2	2
J B North	2	1
P N Smith	2	2
A W Wang	2	1

**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 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$2,420 (2015 \$3,174).

**Auditor's Independence Declaration**

The lead auditor's independence declaration for the year ended 30 June 2016 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 2016

**AOA RESEARCH FOUNDATION LIMITED**  
**ABN 94 082 552 574**



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 2016, I declare to the best of my knowledge and belief that during the year ended 30 June 2016 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 8<sup>th</sup> September 2016*



# 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 2016, 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:

Level 4, 283-285 Clarence Street Sydney NSW 2000 Australia  
PO Box Q182 Sydney NSW 1230  
Email: [rwilliams@stirlinginternational.com.au](mailto:rwilliams@stirlinginternational.com.au)



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 2016 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, Chartered Accountants

Roger C Williams FCA

285 Clarence Street, SYDNEY NSW 2000

*9th September 2016*

**AOA RESEARCH FOUNDATION LIMITED**  
**ABN 94 082 552 574**

**DIRECTORS' DECLARATION**

The directors of the AOA Research Foundation declare that in the Directors' opinion:

- A. The financial statements and notes, as set out on pages 7 to 15 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
- (i) comply with Australian Accounting Standards; and
  - (ii) give a true and fair view of the financial position as at 30 June 2016 and of its performance for the year ended on that date.
- B. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



M Patel  
Chairman



D K Martin  
Director/Honorary Treasurer

Dated this 9<sup>th</sup> day of September 2016

**AOA Research Foundation Limited**  
**ABN 94 082 552 574**

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2016**

	Note	2016 \$	2015 \$
<b>Revenue</b>			
Revenue from ordinary activities		175,490	273,851
Finance revenue		153,626	176,797
<b>Total revenue</b>	2	<b>329,116</b>	<b>450,648</b>
<b>Expenses</b>			
Grants awarded		158,500	187,000
Administration expenses		4,424	10,086
Audit fees		3,000	3,000
Finance expenses		19,472	-
Printing		-	609
Website Development		-	5,540
<b>Total expenses</b>		<b>185,396</b>	<b>206,235</b>
<b>Current year surplus before income tax</b>		<b>143,720</b>	<b>244,413</b>
Income tax expense		-	-
<b>Net current year surplus</b>		<b>143,720</b>	<b>244,413</b>
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive income attributable to members of the Foundation</b>		<b>143,720</b>	<b>244,413</b>

**Statement of Financial Position**  
**At 30 June 2016**

	Note	2016 \$	2015 \$
<b>Current assets</b>			
Cash on hand	3	561,376	2,366,769
Accounts receivable and other receivables	5	221,575	152,767
<b>Total current assets</b>		<b>782,951</b>	<b>2,519,536</b>
<b>Non current assets</b>			
Cash on hand - long term	3	-	2,695,000
Financial assets	4	4,544,133	-
Plant and equipment	6	6,500	6,500
<b>Total non current assets</b>		<b>4,550,633</b>	<b>2,701,500</b>
<b>Total assets</b>		<b>5,333,584</b>	<b>5,221,036</b>
<b>Current liabilities</b>			
Accounts payable and other payables	7	-	31,172
<b>Total current liabilities</b>		-	<b>31,172</b>
<b>Total Liabilities</b>		-	<b>31,172</b>
<b>Net Assets</b>		<b>5,333,584</b>	<b>5,189,864</b>
<b>Equity</b>			
Reserves	8	1,388,861	1,388,861
Retained surplus	9	3,944,723	3,801,003
<b>Total equity</b>		<b>5,333,584</b>	<b>5,189,864</b>

The accompanying Notes form part of these financial statements

**AOA Research Foundation Limited**  
**ABN 94 082 552 574**

**Statement of Cash Flows**  
**For the year ended 30 June 2016**

	Note	2016 \$	2015 \$
<b>Cash flows from operating activities</b>			
Revenue from operating activities		99,953	256,799
Interest received		173,479	269,661
Payments to suppliers and grant recipients		(229,692)	(161,426)
Net cash provided by operating activities	9(b)	43,740	365,034
<b>Cash flows from investing activities</b>			
Investment in managed funds		4,544,133	-
Net (decrease)/increase in cash held		(4,500,393)	365,034
Cash at the beginning of the financial year		5,061,769	4,696,735
Cash held at the end of the financial year	9(a)	561,376	5,061,769

**Statement of Changes in Equity**  
**For the year ended 30 June 2016**

	\$	
Balance at 1 July 2014	3,556,590	
Surplus attributable to the entity	244,413	
Balance at 30 June 2015	3,801,003	
Surplus attributable to the entity	143,720	
<b>Balance at 30 June 2016</b>	<b>3,944,723</b>	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

### General information and statement of compliance

The financial statements cover AOA Research Foundation Limited as an individual 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 2016 by the directors of the company.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Preparation

The financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied 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, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. 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.

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.

(i) *Financial assets at fair value through profit and loss*

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *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.

(iii) *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 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.

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**

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

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**

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in future reporting periods is set out below:

AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

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 include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the 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 that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the company elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, 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 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Note 2 Revenue</b>		
Operating activities -		
Membership subscriptions	24,200	31,741
Grants and funding received	100,000	172,800
Donations received	51,290	69,310
Total income from operating activities	175,490	273,851
Non operating activities -		
Investment income	153,626	176,797
<b>Total revenue</b>	329,116	450,648
 <b>Note 3 Cash and cash equivalents</b>		
<b>Short term</b>		
Business cheque account	184,915	550,311
Business cheque account - donations	83,034	11,936
Term deposits	293,427	1,804,522
	561,376	2,366,769
 <b>Long Term</b>		
Term deposits	0	2,695,000
<b>Total Cash and cash equivalents</b>	561,376	5,061,769
 <b>Note 4 Financial Assets</b>		
Managed Investments	4,544,133	0
 <b>Note 5 Accounts receivable and other receivables</b>		
Accounts receivable and othe receivables	0	25,000
Australian Orthopaedic Association	212,881	100,993
GST Receivable	5,824	4,051
Interest receivable	2,870	22,723
	221,575	152,767
 <b>Note 6 Plant and Equipment</b>		
Hand-coloured lithograph of Koala from John Gould's 'Mammals of Australia' donated by member	6,500	6,500
 <b>Note 7 Accounts payable and other payables</b>		
Accounts payable and other payables	0	31,172
	0	31,172

AOA Research Foundation Ltd  
 ABN 94 082 552 574  
 Notes to the Financial Statements  
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	2016 \$	2015 \$
<b>Note 8 General Reserves</b>		
General reserves	1,388,861	1,388,861
<b>Note 9 Members' Equity</b>		
Retained surplus at the beginning of the year	3,801,003	3,556,590
Net surplus attributable to ordinary activities	143,720	244,413
Retained surplus at the end of the year	<u>3,944,723</u>	<u>3,801,003</u>
<b>Note 10 Cash Flow Information</b>		
<b>a) Reconciliation of cash</b>		
Cash at bank	267,949	562,247
Term deposits	293,427	4,499,522
	<u>561,376</u>	<u>5,061,769</u>
<b>b) Reconciliation of Cash Flow from Operations with Surplus for the year</b>		
Surplus for the year	143,720	144,412
Decrease/(Increase) in receivables	(68,808)	193,676
Increase/(Decrease) in payables	(31,172)	26,946
Cash flows from operations	<u>43,740</u>	<u>365,034</u>

**Note 11 Foundation Details**

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

**Note 12 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 2016, the total amount that members of the company are liable to contribute if the company is wound up is \$2,420 (2015 \$3,174).

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**Note 13 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 \$
<b>FINANCIAL ASSETS</b>			
Cash and cash equivalents	3	561,376	2,366,769
Receivables	5	221,575	152,767
Total Financial Assets		782,951	2,519,536
<b>FINANCIAL LIABILITIES</b>			
Trade and other payables	7	-	31,172
Total Financial Liabilities		-	31,172

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 in 1 year or less \$'000	1 to 5 years \$'000	Non-interest Bearing \$'000	Total \$'000
<b>2016</b>							
<b>Financial assets:</b>							
Cash and cash equivalents	3	3.62%	268	-	293	-	561
Receivables	5		-	-	-	222	222
Total			268	-	293	222	783
<b>Financial liabilities:</b>							
Accounts payable	6	-	-	-	-	-	-
			-	-	-	-	-

(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.