

AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED
ACN 160 688 077

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2016

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AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED

ACN 160 688 077

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT

In respect of the financial year ended 30 June 2016, the directors of Australian National Development Index Limited submit the following report made out in accordance with the resolution of directors.

1. Directors

The names of directors in office during the period and to the date of this report are as follows.

It should be noted that for the reporting period, ANDI's Board consisted of 9 directors. ANDI's constitution provides for the appointment of up to 12 directors, and current directors have resolved to offer two director positions to appropriate representatives of the indigenous community and ANDI's host university.

Name	Qualifications and Experience
Michael Salvaris (Chair)	Mike Salvaris is a former research professor/fellow at Swinburne, Victoria, RMIT and Deakin universities. He is an advisor to a range of national and international social research and progress measurement projects including the OECD Global Project on Measuring the Progress of Societies and the Canadian Index of Wellbeing.
Geoffrey Woolcock	Geoff Woolcock (PhD, MAICD) is Senior Advisor, Research & Evaluation at the Centre for Evidence & Implementation (CEI) and Adjunct Associate Professor at Griffith University and the Queensland University of Technology. He is a Director of both the Logan Child-Friendly Community Charitable Trust - underwriting the collective impact initiative Logan Together - and Brisbane Housing Company and a member of the Global Progress Research Network and the Social Science Korea (SSK) funded Community Wellbeing Institute.
Elenie Poulos	Elenie Poulos is a Minister of the Uniting Church in Australia and National Director of Uniting Justice Australia. These and associated roles have given her deep experience in developing policies and positions on issues relating to social and economic justice, human rights, peacemaking and the environment.
Dominic McGann	Dominic McGann is the Chairman of Partners, McCullough Robertson Lawyers, a leading independent Australian law firm with offices in Brisbane, Sydney and Newcastle. He has had extensive experience in the resources industry and particularly, native title and cultural heritage matters.
Tim Costello AO	Tim Costello is Chief Executive of World Vision Australia, authority on social justice issues, leadership and ethics, and a 'National Living Treasure'. He is a published writer, former Australian of the Year and currently Chair of the Community Council of Australia, the Australian Churches Gambling Taskforce and the National Australia Bank's Social Responsibility Advisory Council. (He has been granted leave from Board meetings pending his appointment to the proposed ANDI Eminent Persons support group, but has continued to participate in Board activities and ANDI promotional activities where possible).
Professor Fiona Stanley AC	Fiona Stanley is the Founding Director and Patron of the Telethon Institute for Child Health Research and a Distinguished Research Professor, School of Paediatrics and Child Health, University of Western Australia. She is a national and international leader in researching the causes of major childhood illnesses and gathering and analysis of population data for epidemiological and public health purposes. Fiona has been a contributor to major international, national and local committees, and widely published writer and like Tim Costello, she is a 'National Living Treasure'. (She has been granted leave from October 2013 for family reasons, but has continued to contribute advice and participate in Board and ANBDI general activities when possible and had led negotiations with the University of Melbourne.)

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT (CONTINUED)

1. Directors (continued)

Name	Qualifications and Experience
Kester Brown	Kester Brown is a Partner of Ernst & Young, Chartered Accountants, at its Melbourne office and a Fellow of the Financial Services Institute of Australia. He has considerable experience in accounting, financial management and governance, in both commercial and community organisations.
Tom Crago	Tom Crago is the owner and CEO of the internationally recognised video game developer Tantalus, a Melbourne-based company with more than forty titles to its credit. Tom has degrees in Arts (Honours), Law (Honours), International Business, and a Graduate Diploma in Legal Practice. He is at present a PhD candidate at the Victorian College of the Arts at the University of Melbourne. Tom is a past President of the Game Developers' Association of Australia, and served on the Australian Federal Innovation Minister's IT Industry Innovation Council and Book Industry Strategy Group. He is a published author of a critically acclaimed book, 'Flashbacks from the Flow Zone' (Hardie Grant).
Gabrielle Kelly	Gabrielle Kelly is the inaugural Director of the Wellbeing and Resilience Centre at the South Australian Health and Medical Research Institute (SAHMRI). Film-maker, digital media executive, social entrepreneur and strategist, she has been working on human behaviour and systems change in a range of settings. Previously, she ran the ground-breaking Adelaide Thinkers in Residence program, leading significant implementation of change in city design, advanced manufacturing, early childhood education, and positive psychology.

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

	Number eligible to attend	Number attended
Michael Salvaris	4	4
Geoffrey Woolcock	4	4
Elenie Poulos	4	3
Dominic McGann	4	2
Tim Costello	4	0
Fiona Stanley	3	1
Kester Brown	4	3
Tom Crago	4	3
Gabrielle Kelly	4	2

2. Principal Activities and Objectives of the Company

2.1 Objectives

Australian National Development Index Limited (ANDI) is an independent, non-partisan and member-owned national initiative incorporated as a not-for-profit public company limited by guarantee.

ANDI's uniqueness comes in part from its partnerships with a diverse collection of over 60 Australian organisations and institutions in the community, welfare, government, business, trade union, academic, indigenous, environmental, human rights, ethnic and religious fields. These partner networks span the nation and enable ANDI to seek views from across the community.

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT (CONTINUED)

2. Principal Activities and Objectives of the Company (continued)

2.1 Objectives (continued)

ANDI's principal long term objectives are the advancement of education, the relief of poverty and other purposes beneficial to the community by means including:

- (1) promoting a shared vision of what really constitutes sustainable national wellbeing and the elements that contribute to or detract from it;
- (2) conducting research to measure national progress toward, or movement away from, achieving equitable and sustainable wellbeing;
- (3) understanding and promoting awareness of why society is moving in the direction it is moving;
- (4) stimulating discussion about the types of policies, programs, and activities that would progress us closer and faster toward achieving the best possible quality of life for all, now and into the future;
- (5) giving Australians tools to promote sustainable wellbeing with policy shapers and decision makers;
- (6) informing policy by helping policy shapers and decision makers to understand the consequences of their actions for Australian sustainable wellbeing; and
- (7) empowering Australians to compare their wellbeing both with others within Australia and those around the world.

ANDI's key long term goal is to produce and distribute widely a regular and sustainable annual index of progress, with linked sub-measures based around particular dimensions of wellbeing. This index will be based on new and existing data and expert research and will be shaped by the priorities of Australians, identified through an extensive and inclusive national community engagement process. In much the same way as economic indicators are regularly reported and discussed at a national level, a progress index is a tool to improve public discourse on the direction in which our nation is headed.

To achieve this goal, ANDI's short term objectives are to:

- (1) develop a coalition of appropriate philanthropic funders to support ANDI's initial development on a national scale;
- (2) develop an ongoing partnership with a major Australian university ('ANDI Host University') to host ANDI's research program;
- (3) launch an accessible and interactive website for wide public engagement;
- (4) develop and pilot a national community engagement program that will eventually engage 500,000 Australians and at least a third of Australia's local government areas;
- (5) establish up to twelve research domains, sub-measures and data sources relating to Australians' views of progress;
- (6) release the first ANDI index, along with several research reports into various dimensions of wellbeing.

2.2 Planning and strategies to achieve objectives

2.2.1 General planning and strategy

ANDI was registered as an Australian Public Company Limited by Guarantee in October 2012, after being endorsed as a national priority in the 'Australia 2020 Ideas Summit' in 2008, and launched as a community and research organisation in 2009.

In our 2014/2015 Directors Report, we noted that, with generous support from the Lord Mayor's Charitable Foundation, the Board had developed a 5 year (2014-2018) ANDI Business Plan setting out key goals, strategies and financial targets for work in this period on its community engagement, research and index development programs. In FY 2015/2016, as in the previous year, ANDI's Business Plan has again had to be adjusted because of delays in expected funding and, in particular, in finalising an agreement with the ANDI Host University (as detailed below). Nonetheless, the 2014-2018 Business Plan as adjusted, and the pilot report AP21C (see below) continue to be ANDI's most relevant long term planning documents. Directors expect that this Business Plan will be significantly revised and updated in FY 2016/2017, as part of our anticipated major partnership with the University of Melbourne and as a consequence of the expected growth in funding and resources for both research and community engagement activities. A copy of the 2014-2018 Business Plan is available at ANDI's website: <http://www.andi.org.au> or on request from ANDI's Company Secretary Dr Jacques de Vos Malan at jacques.devosmalan@andi.org.au.

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT (CONTINUED)

2.2.2 Research planning and strategies

As detailed in earlier reports, ANDI was a leading partner in 2012-2013 in an important research project entitled 'Australia's Progress in the 21st Century: Measuring the Future We Want' ('AP21C'). The project's aim was to plan, pilot and evaluate the feasibility and funding of a long term research project to develop an ongoing national index of progress and wellbeing. AP21C was sponsored and co-funded by the Australian Council of Learned Academies (ACOLA) and the Victorian Health Promotion Council (VicHealth) which each provided \$50,000 and additional funding of \$50,000 was contributed by the Building Industry Superannuation Fund (Cbus). The project report, launched in August 2013, set out a detailed 5-year plan to undertake the research needed to support the development of an Australian national progress and wellbeing index. A key recommendation from this report was the importance of a partnership with a 'Host University' to anchor the extensive research needed to underpin such an index. A copy of the AP21C report may be downloaded at: <http://www.acola.org.au/index.php/projects/ap21c>.

The AP21C report, with appropriate updates and adjustments, and read with the 'Short Business Plan' (prepared in December 2014 by ANDI Directors Fiona Stanley and Mike Salvaris for ANDI's negotiations with the University of Melbourne: see 2.3.1 below) still constitutes the most detailed and relevant planning documentation of ANDI's research program.

However the development of a more detailed and updated research plan is expected to be one of the priorities of the partnership between ANDI and the University of Melbourne (once it is formalised). Additionally the Academy of Social Sciences in Australia (ASSA) and UOM have agreed to host an ANDI research planning workshop in February 2016.

2.3 Current activities

2.3.1 Research 'Host University'

As reported in the 2014/2015 Directors Report, ANDI began negotiations in October 2014 with the University of Melbourne (UOM) around a formal agreement for the University to become ANDI's principal research partner and Host University. Securing such a partnership has been a critical prerequisite for ANDI's development since its inception. As indicated in last year's report, in June 2015, at a meeting with ANDI representatives, University of Melbourne Vice Chancellor Prof Glyn Davis agreed on the importance of the ANDI project and the university's interest in principle in becoming a significant partner in it, subject to a further negotiation and evaluation process. Since then, ANDI's Board (primarily through directors Fiona Stanley and Mike Salvaris and with great assistance from ANDI 'Champion' Sir Gus Nossal, and invaluable support and advice from ANDI's pro bono lawyers McCullough Robertson) have been in intensive negotiations with the University of Melbourne (UoM) for the University to take on the role of ANDI's principal research partner and Host University. During this period, the project has undergone extensive scrutiny by the University, numerous meetings with potential research staff at the University have taken place and various versions of a formal Memorandum of Understanding (MOU) and Collaboration Agreement have been drafted, discussed and revised. The process has taken considerably longer than Directors predicted in the 2014/2015 report, when finalisation was expected by late 2015 or early 2016.

2.3.2 Links with Australian Bureau of Statistics (ABS)

As indicated in our 2014/2015 report, ANDI has had a long-standing co-operative relationship with the ABS. ANDI Directors have served as members of the ABS's Expert Reference Group for its pioneering national project 'Measures of Australia's Progress' (MAP) and in the development of its important November 2012 report 'Aspirations for Our Nation', while former ABS Directors Dennis Trewin and Brian Pink and key staff have been supportive of ANDI's development and provided advice and data. By early 2014 a draft Memorandum of Understanding had been close to finalisation, setting up terms under which ANDI, the ABS and ANDI's Host University would work with each other to support both the ANDI and MAP projects. In June 2014, due to budget cuts within the agency, the ABS terminated its MAP project and further development of the MoU had to be suspended pending resolution of the future of the MAP project. As in 2014/2015, ANDI has continued its discussions with the ABS in the past year and Directors are confident that a new MoU will be able to be negotiated with the ABS and the University of Melbourne which will provide for mutual collaboration and support, including the ABS having the role of ANDI's principal statistical advisor, whether or not the MAP project is restored. The final form of this will depend in turn on a formal agreement being reached between ANDI and the University (see 2.3.1 above).

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT (CONTINUED)

2. Principal Activities and Objectives of the Company (continued)

2.3.4 OECD and UNDP partnership

During 2015/2016, ANDI continued its links with the OECD, with ANDI directors Mike Salvaris and Geoff Woolcock participating in the OECD's global project on measuring societal progress (the 'Better Life Initiative') and its associated Global Progress Research Network. As advised in our 2013/2014 and 2014/2015 reports, a Memorandum of Understanding had been negotiated between the OECD, ANDI and Deakin University to provide for collaboration on a range of projects relating to measuring national and international progress and supporting the BLI and ANDI projects. After Deakin's withdrawal from a proposed ANDI research agreement, the OECD agreed that it would extend a similar memorandum of understanding to a proposed ANDI-University of Melbourne partnership, and in November 2014, the OECD wrote to Prof Glyn Davis to encourage UoM to enter into an agreement with ANDI and to advise its support for such an agreement. Directors are confident that the OECD will proceed with the proposed MOU once the agreement with the University of Melbourne is completed.

Additionally, ANDI is currently negotiating with the United Nations Development Program for the development of a national wellbeing priorities survey based on the UNDP's very successful global survey. MyWord2015, and are confident of a favourable outcome.

2.3.5 Canadian Index of Wellbeing

In 2015/2016, ANDI continued its close relationship with its 'Sister' project in Canada, the Canadian Index of Wellbeing (CIW). The CIW is generally regarded as one of the world leading projects in this field and has agreed to collaborate with ANDI and become a partner in its development. ANDI Chair Mike Salvaris has continued his position on CIW's Research Advisory Board.

2.3.6 Funding and fundraising

ANDI has continued in 2015/2016 to develop a fundraising strategy based on (1) building a coalition of both philanthropic and corporate funders to support its core development ('Hub') and community engagement program, and (2) developing a Host University agreement (with the University of Melbourne) as the basis for its research and research funding program.

However, overall progress in developing both philanthropic/corporate and research funding continued to slow during 2015-2016 as a result of delays caused by negotiations with the University of Melbourne. This is because, as explained in last year's report, the completion of a formal partnership agreement with the Host University is effectively a precondition both for significant philanthropic support by our key funding supporters (which has been otherwise agreed in principle), as well as for University-based research funding; and additionally, a partnership with a major university such as UoM is considered a strong positive for potential corporate sponsorship.

Notwithstanding this limitation, ANDI did receive in July 2015 a grant of \$60,000 from Equity Trustees which gave the company some additional capacity for its core development work, and ensured that basic 'care and maintenance tasks' could continue until the resolution of the University agreement enables ANDI's broader fund-raising program to move forward. As suggested below, Directors now anticipate that this will occur in November 2016.

3. Operating Results, Review of Operations, State of Affairs, and Developments

3.1 Operating results

The operating surplus of the company for the year ended 30 June 2016 was \$43,932 (year ended 30 June 2015: Deficit \$3,524).

3.2 Review of operations

3.2.1 Relevance of actions to strategy

Section 2 above sets out ANDI's objectives, principal strategies for achieving these objectives and main activities in 2015-2016. In general the activities listed in Section 2.3 are those which Directors regarded as the most urgent current priorities for achieving ANDI's longer term goals, in three important spheres:

- (1) the development of a broad partner base, a community engagement program, and a central project team to drive ANDI's development;
- (2) the development of a host university relationship and a supporting research program;
- (3) building a solid and lasting financial and resource base to support the ANDI project.

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT (CONTINUED)

3. Operating Results, Review of Operations, State of Affairs, and Developments (continued)

3.2.2 Performance review

ANDI's Board as part of its ongoing role monitors the company's performance and capabilities at a general level against the goals set out in its Constitution and its Business and Research Plans. Director Kester Brown has general responsibility within the Board for overseeing ongoing financial performance. Additionally, the company has been subject to external financial and performance reviews insofar as these flow from standard audit and reporting requirements. Beyond these, ANDI's Board has not developed more specific performance review measures for the key tasks set out in its business and research plans to date, mainly because the performance of these tasks necessarily requires a threshold level of resources and organisation which the company, being still in its developmental stage, has not yet achieved.

However, as indicated in our 2014/2015 report, negotiations with the University of Melbourne include a proposal for a specialised joint management and finances committee to be set up as an early priority once agreement on partnership is reached, with tasks including the setting of key performance measures.

3.3 Current state of affairs and other relevant developments

In 2015/2016, as in the two previous years, modest levels of funding and considerable in-kind and pro bono support enabled the company to operate a small secretariat of two or three part time people, establish and conduct initial research and planning activities, and develop approaches and submissions to individuals and organisations likely to be interested in supporting ANDI.

In calendar year 2017, Directors expect a lift in the level of ANDI's operations and resources, following the anticipated completion of a partnership agreement with the University of Melbourne, as reported.

However, in the meantime and until such agreement is completed, the Board has once again taken the position that prudence requires ANDI to continue its operations at a modest level and to work within a 'care and maintenance' budget framework. As provided in last year's report, the Board has provided for a slight expansion of activities in fund-raising; promotional and web-site development and community engagement as a result of additional grant funds received (as reported in Sec 2.3.6).

Except as indicated in this report, there were no other significant changes in the state of affairs or operations of the company that occurred during the year and there are no imminent plans which are anticipated to significantly impact the results of the company's operations. The company will continue to carry on the principal activities disclosed within this report.

4. Matters Subsequent to the Reporting Date

4.1 Host University agreement and potential financial commitment

On 22 November 2016, ANDI completed a detailed non-binding five-year Memorandum of Understanding with University of Melbourne under which the University indicated its wish to become ANDI's principal research partner over this period, subject to further specific legal agreements, and to provide a number of benefits and services to ANDI in return for ANDI's collaboration and the contribution of some funding by ANDI. On 20 January 2017, ANDI completed an enforceable Collaboration Agreement with the University for the first 18 months "start-up" period of this partnership. Under this Collaboration Agreement, the University will support and collaborate with ANDI on the research component of the project and will contribute \$250,000 over the 18 month period plus other services, while ANDI will provide matching funding of \$250,000 in designated instalments over the period.

ANDI's Board has given careful consideration to both of these undertakings and agreements and the obligations and benefits which would accrue to ANDI. The Board is confident, firstly, that the agreements represent a major advance in the ANDI project and the prospects of achieving our corporate goals; and secondly, that the obligations that ANDI has undertaken, especially the financial obligations, are reasonable and we are able and likely to meet them. Before signing the Collaboration Agreement, ANDI received assurances from at least one major philanthropic funder that we have very good prospects of a grant of \$100,000 within the early part of the 18 month timeframe. The Board also believes that we have good prospects of additional funding from several other major philanthropic and corporate sources which have indicated support for ANDI in the past. We believe that our partnership with the University of Melbourne will significantly enhance our prospects of gaining such funding from philanthropic and corporate sources within the timeframe.

In all the circumstances, ANDI's Board believes that, although this development does impose an additional potential stress on ANDI, that stress is outweighed by the reciprocal benefits and is an entirely reasonable risk.

4.2 Other significant events

Otherwise there have been no significant events occurring after the reporting date which may affect either the company's operations or results of those operations or the company's state of affairs.

AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' REPORT (CONTINUED)

5. Other Matters

Directors' Benefits

Since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit by reason of a contract made by the company or a related corporation with any director or with a firm of which any director is a member or with a company in which any director has a substantial financial interest.

Indemnifying Officer or Auditor

The company has taken out an insurance policy covering Directors & Officers Liability, Employment Practices Liability and Professional Indemnity. No other indemnities have been given during or since the end of the financial period, for any person who is or has been an officer or auditor of the company.

Auditor's Independence

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Capital Structure

Australian National Development Index Limited Limited is a company limited by guarantee, incorporated and domiciled in Australia. In accordance with the 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 company. At 30 June 2016 the number of members was 9. At that date the collective liability of members was \$90.

Signed in accordance with a resolution of the directors.



Director

Melbourne, 20 January 2017

Auditor's Independence Declaration to the Directors of Australian National Development Index Limited

I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct in relation to our audit of the financial report of Australian National Development Index Limited for the financial year ended 30 June 2016.



PKF Melbourne Audit & Assurance



Steven Bradby

Partner

Melbourne, 20 January 2017

AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016**STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME****Year ended 30 June 2016**

	Notes	2016	2015
		\$	\$
Revenues from ordinary activities			
Operating revenue	3	<u>147,287</u>	106,738
Expenditure			
Consultant and project expenses		97,905	106,114
Insurance		1,932	1,877
Administration expenses		<u>3,518</u>	2,271
Total expenditure		<u>103,355</u>	110,262
Surplus (deficit) for the year	3	<u><u>43,932</u></u>	<u><u>(3,524)</u></u>

STATEMENT OF FINANCIAL POSITION**As at 30 June 2016****Current assets**

Cash	<u>44,474</u>	542
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Total assets

<u>44,474</u>	542
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Net assets

<u><u>44,474</u></u>	<u><u>542</u></u>
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EQUITY AND STATEMENT OF CHANGES IN EQUITY

Accumulated surplus at the beginning of the year	542	4,066
Surplus (deficit) for the year	<u>43,932</u>	<u>(3,524)</u>
Accumulated surplus at the end of the year	<u><u>44,474</u></u>	<u><u>542</u></u>

The above statements should be read in conjunction with the accompanying notes.

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016**STATEMENT OF CASH FLOWS****Year ended 30 June 2016**

	Notes	2016	2015
		\$	\$
Cash flows from operating activities			
Receipt of grants and other revenue		60,000	5,196
Interest received		1,041	-
Payments to suppliers and employees		<u>(17,109)</u>	<u>(8,720)</u>
Net cash flows (used by) from operating activities	(a)	<u>43,932</u>	<u>(3,524)</u>
Net increase (decrease) in cash held		43,932	(3,524)
Add opening cash brought forward		<u>542</u>	<u>4,066</u>
Closing cash carried forward		<u><u>44,474</u></u>	<u><u>542</u></u>
(a) Reconciliation of the surplus from operations to the net cash flows from operations			
Surplus (deficit) from operations		43,932	(3,524)
Fair value of services contributed free of charge		86,246	101,542
Costs outlaid in respect of the services contributed free of charge		<u>(86,246)</u>	<u>(101,542)</u>
Net cash flow from operating activities		<u><u>43,932</u></u>	<u><u>(3,524)</u></u>

The above statement should be read in conjunction with the accompanying notes.

AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

1. Corporate Information

Australian National Development Index Limited is a company limited by guarantee that is incorporated as a not-for-profit entity and domiciled in Australia.

The registered office of Australian National Development Index Limited is located at Level 1, 60 Leicester Street, Carlton, Victoria. The company is primarily involved in researching and contributing to the development of an index that objectively measures sustainable national wellbeing. The Company has no employees at 30 June 2016.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below.

The financial statements are presented in Australian dollars, and have been prepared on an accruals basis. They are based on historical costs.

(b) Going concern

The financial statements are prepared on a going concern basis. Australian National Development Index Limited is dependent on the receipt of continued funding and in-kind support to enable it to achieve its objectives.

(c) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Grants

Grants are recognised when the company gains control of the contribution and associated conditions are fulfilled.

Resources Received Free of Charge

Resources received free of charge are recognised at their fair value when the company obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Investment income

Investment income comprising interest is recognised as it accrues, using the effective interest method.

(d) Taxation

The company is a not for profit organisation and has tax exempt status under Division 50 of the *Income Tax Assessment Act 1997*. Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the 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 item as applicable.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

(f) Accounts payable

Accounts payable due to third parties represent liabilities for goods and services provided to the entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition, depending on credit terms.

AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

3. Financial Results	Note	2016	2015
		\$	\$
Revenue:			
Grants	(a)	60,000	5,196
Services and resources received free of charge	(b)	86,246	101,542
Interest		1,041	-
		147,287	106,738
The company received the following funding and in kind support during the year:			
(a) Grants received from:			
Equity Trustees		60,000	-
Johnstone Gumption Sub-fund of Australian Communities Foundation		-	5,196
		60,000	5,196
(b) Services and resources received free of charge from:			
- Fair value of services provided in respect of legal support by McCullough Robertson (a firm in which Dominic McGann is a partner)		9,866	21,632
- Fair value of services provided by Michael Salvaris as part of his executive director role		72,000	67,500
- Fair value of services provided in respect of fund-raising support by Australian Communities Foundation through the work of Trudy Wyse		4,380	12,410
		86,246	101,542

4. Related Parties

The related parties of the company are the key management personnel, being the company's Directors, who are identified in the Directors' Report. Directors do not receive any remuneration. Certain directors are associated with organisations that have provided services and resources to the company, free of charge (refer Note 3).

5. Commitments and Contingencies

The company does not have any commitments or contingencies as of the reporting date.

6. Events After the End of the Reporting Period

On 22 November 2016, ANDI completed a detailed non-binding five-year Memorandum of Understanding with University of Melbourne under which the University indicated its wish to become ANDI's principal research partner over this period, subject to further specific legal agreements, and to provide a number of benefits and services to ANDI in return for ANDI's collaboration and the contribution of some funding by ANDI. On 20 January 2017, ANDI completed an enforceable Collaboration Agreement with the University for the first 18 months "start-up" period of this partnership. Under this Collaboration Agreement, the University will support and collaborate with ANDI on the research component of the project and will contribute \$250,000 over the 18 month period plus other services, while ANDI will provide matching funding of \$250,000 in designated instalments over the period.

ANDI's Board has given careful consideration to both of these undertakings and agreements and the obligations and benefits which would accrue to ANDI. The Board is confident, firstly, that the agreements represent a major advance in the ANDI project and the prospects of achieving our corporate goals; and secondly, that the obligations that ANDI has undertaken, especially the financial obligations, are reasonable and we are able and likely to meet them. Before signing the Collaboration Agreement, ANDI received assurances from at least one major philanthropic funder that we have very good prospects of a grant of \$100,000 within the early part of the 18 month timeframe. The Board also believes that we have good prospects of additional funding from several other major philanthropic and corporate sources which have indicated support for ANDI in the past. We believe that our partnership with the University of Melbourne will significantly enhance our prospects of gaining such funding from philanthropic and corporate sources within the timeframe.

In all the circumstances, ANDI's Board believes that, although this development does impose an additional potential stress on ANDI, that stress is outweighed by the reciprocal benefits and is an entirely reasonable risk.

AUSTRALIAN NATIONAL DEVELOPMENT INDEX LIMITED

ACN 160 688 077

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian National Development Index Limited Limited, we state that, in the opinion of the directors:

- (1) the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards - Reduced Disclosure Requirement; and
 - (b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company.
- (2) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



Director

Melbourne, 20 January 2017

Independent Auditor's Report to the Members of Australian National Development Index Limited

Report on the Financial Report

We have audited the accompanying financial report of Australian National Development Index Limited (the company), which comprises the statement of financial position as at 30 June 2016, the statements of surplus or deficit and other comprehensive income, changes in equity, and 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 and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* (the Act) and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 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 about 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 judgement, 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 entity'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 met the independence requirements of the Act. We confirm that the independence declaration, which has been given to the directors, would be in the same terms if given to the directors as at the time of this auditor's report

Auditor's Opinion

In our opinion, the financial report of Australian National Development Index Limited is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the financial position of the company as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

PKF Melbourne Audit & Assurance
Melbourne, 3 February 2017

Steven Bradby
Partner