



***Royal United Services Institute for
Defence and Security Studies - Australia***

**ABN 83 657 442 244
CAN 613 233 113**

**CP3-1-157
Campbell Offices
PO Box 7912 CANBERRA BC ACT 2610**

DIRECTORS' REPORT 19 OCTOBER 2018

Introduction

1. At a Special General Meeting held on 28 May 2016, the National Council (NC) of the Royal United Services Institute of Australia Inc. (RUSI-A) agreed to change its governance arrangements to become a company-limited-by-guarantee (CLG). The NC approved a new Constitution, with membership of the new company limited to the establishing Constituent Bodies (CBs).
2. The new company, known as the Royal United Services Institute for Defence and Security Studies - Australia (RUSIDSS-A), was formally established on 24 June 2016 through voluntary transition from an association administered by the ACT under the ACT Associations Incorporation Act to a public company registered by the Australian Securities and Investment Commission (ASIC) with the Australian Company number: ACN 613 233 113. Six individual members of the CBs were appointed by the NC under separate special resolutions (SRs) as the initial directors of the new company, with two of them being appointed under further SRs as Chairman and National President, and Deputy Chairman and Deputy National President. In September 2016, the Australian Securities and Investment Commission (ASIC) gave approval for the 'Ltd' to be removed from the company name.
3. RUSI-A was dissolved by the ACT Government on 15 July 2016. Under the provisions of the transfer to the new entity, RUSIDSS-A assumed the assets, liabilities and responsibilities of the previous entity. The Australian Business Number (ABN), Tax File Number (TFN) and charitable status of the previous association were, with the approval of ASIC, the Australian Tax Office (ATO), and the Australian Charities and NFP Commission (ACNC), transferred to the new public company.
4. This report covers the operation of RUSIDSS-A for the period 1 July 2017–30 June 2018, its second full year of operation. The financial activities of the Members of the company (the CBs of the previous entity) have not been included in this report as RUSIDSS-A as these are separate entities and RUSIDSS-A has no control over the financial decisions of them.

Members

5. The members of the company at 30 June 2018 were:
 - Royal United Services Institute for Defence and Security Studies - New South Wales, Incorporated.
 - Royal United Service Institute of Queensland Incorporated.
 - Royal United Services Institute of South Australia Incorporated.
 - Royal United Service Institute of Tasmania.
 - Royal United Services Institute of Victoria Incorporated.
 - Royal United Services Institute of Western Australia.
 - United Service Institute of the Australian Capital Territory Incorporated.

Directors

6. The Directors and office-bearers of RUSIDSS-A during the reporting period were:

Name	Occupation	Meetings attended/ eligible	Note
Rear Admiral Simon Cullen, AM, CSC (Retd)	Retired Military	8/8	1,2
Air Commodore Anker Brodersen, CSC (RAAFAR)	Retired Military	8/8	3
Air Commodore Graham Bentley, AM (RAAFAR)	Retired Military	6/8	1,2
Ms Meaghan D'Arcy	Corporate adviser	5/8	1,2
Dr. John Bruni	Company Director	3/8	1,2
Mr. Neil James	Company Director	2/2	1,2,4
Captain Paul Willee, RFD RANR (Retd) QC	Australian Lawyer	4/4	5
Major General Steve Meekin, AM (Retd)	Retired Military	5/8	3
Air Commodore Peter McDermott, AM CSC (Retd)	Retired Military	7/8	6
Mr Herbert Michaelis	Retired Company Director	8/8	7

Notes:

1. Initial Director.
2. Elected at the 2016 AGM.
3. Elected at the 2017 AGM
4. Did not stand for re-election at the 2017 AGM.
5. Director appointed in Dec 2017 to fill casual vacancy.
6. Appointed June 2016 to post of Company Secretary.
7. Appointed July 2017 to post of Company Treasurer.
8. The Board held eight meetings in FY 2017/18 on: 17 July, 14 August, 18 September, 11 December, 19 February, 19 March, 16 April, 21 May.
9. The company held an AGM in Canberra on 27 October 2017, preceded by a Workshop for the Board and Members on the previous day.

Company Objectives and Strategy

Objectives

7. The Institute promotes national security awareness. Its specific objectives are to:
 - Advance the security of Australia and the Australian people.
 - Research strategic security, defence and wider national security issues.
 - Educate the public about Australia's strategic security, defence and wider national security.
 - Promote the efficiency and effectiveness of the Australian Defence Force.
 - Provide professional development programs.
 - Foster the development and mutual co-operation between the Institute and its Constituent Bodies (CBs) and company Members).
 - Represent the federation in advocacy, negotiations and contracts.

Vision

8. **Three Year Vision:** to build a strengthened federated organisation with seven CBs focusing on strong local programs and with strong coherence in outlook between CBs and RUSIDSS. We will have a national office focused and competent in new activity areas, and we will build effective partnerships developing with like-minded organisations.

9. **Five Year Vision (stretch goals):** To become: a more unified organisation, with strong presence in all States and Territories; independently funded; prominent; and well respected.

Strategic Plan

10. The Institute's strategic aim is to:

Promote understanding of national security and defence issues.

11. To achieve our strategic aim, the Institute will:

- Avoid duplicating the work of other like-minded organisations.
- Build a phased implementation plan.
- Leverage off our global brand.
- Exploit our access and influence in Defence.
- Strengthen our national office.
- Improve support to Constituent Bodies.
- Make better use of the membership base.
- Raise our national profile.
- Engage academia.
- Help CBs target younger people and engage a broader audience through social media.
- Develop alternate funding streams.
- Establish a RUSIDSS Foundation to support the research centre, internship program, journal.

Principal activities during FY2017-18

12. The principal activities during the reporting period the Institute conducted were activities and research that promoted informed debate to improve public awareness of defence and national security. Specific activities were¹:

- Grants were prepared for support to federated constituent bodies of the company to help them conduct informed debate on defence and national security.
- We further developed an interactive national website that showcased our activities and encouraged debate on matters relating to defence and national security.
- We conducted further governance reform during the year to allow us to more efficiently deliver our activities and educational programs, including transitioning from a state-based association to an Australian Public Company operating across Australia.
- We engaged a range of Government Departments and Agencies to explore opportunities for sponsored activities.

13. During the reporting period, the Institute operated a central office in Campbell Park Offices, Canberra, staffed by one part-time employee (Mr Herbert Michaelis who is also Company Treasurer) and honorary office bearers.

14. The Institute uses the following key performance indicators:

- National membership numbers and demographics.
- Quality of governance.
- Quality of contribution to public awareness and debate.
- Oversight by independent Board comprised of respected national figures.

Events Subsequent to Reporting Date

15. In the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has occurred that is likely, in the opinion of the directors of RUSIDSS-A, to affect significantly the operations of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

Professional Indemnity Insurance for Directors

16. The company has paid professional indemnity insurance premiums for the directors.

Indemnification and Insurance of Officers and Auditors

17. The Institute has not made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of RUSIDSS-A.

¹ Activities as reported to our regulator (the ACNC). We further advised ACNC: "The organisation relies on the work of volunteers across Australia, sponsors in defence industry, and assistance in kind from the department of Defence. Our website at www.rusi.org.au provides a full report of the past, ongoing and future activities of the national organisation, RUSIDSS-A, and its constituent bodies in every state of Australia and the ACT."

FINANCIAL STATEMENTS

Balance Sheet - 30 June 2018

	30 June 2018	30 June 2017
	\$	\$
ASSETS		
Bank - Operating Account (1)	95,198.50	65,628.70
Bank - Term Deposit	37,315.76	36,458.98
Bank - Visa Debit Card	3,113.63	739.85
PayPal Account	2,126.75	1,040.45
Defence Bank Shares	10.00	10.00
Prepayments (superannuation)	131.87	0.00
Accounts Receivable	655.00	12,956.08
ATO – Tax Receivable	804.00	0.00
Total Assets	139,355.51	116,834.06
LIABILITIES		
Long service leave provision	1,068.67	374.60
Accounts Payable		
Creditors	4,249.85	5,686.90
CBs (for grants)	36,818.18	0.00
CBs (membership, events)	2,484.96	1,040.45
ATO – tax payable	0.00	4,001.00
Total Liabilities	44,621.66	11,102.95
Equity/Proprietorship	94,733.85	105,731.11

Note

- 1 \$25,128.87 of the bank operating account balance of \$95,198.50 is a donation from the ADC Association and, under the terms of the agreement and subject to negotiations with the Commander ADC, is assigned to the support of the Yolla/Joske award

Profit and Loss - for Year Ended 30 June 2018

INCOME

Defence grant (1)		22,727.27
ADC Association donation (2)		25,128.87
Copyright payments		69.99
Interest		864.45
Sponsorship (3)		<u>0.00</u>

TOTAL INCOME

48,790.58

EXPENDITURE

IT OPERATING EXPENSES

11,057.14

Website maintenance and training	3,040.00
Software licences	1,102.63
Internet costs (Telstra)	2,587.31
Web and e-mail hosting	4,327.20

UNITED SERVICE JOURNAL

9,565.65

Printing	5,719.14
Postage and freight	3,846.51

ADMINISTRATIVE EXPENSES

43,268.83

Bank charges	127.10
Account preparation and audit fees	1,818.18
Telephone expenses (4)	166.36
Fees (ASIC)	173.00
Insurance - National component	2,465.39
Meeting expenses (including AGM)	218.07
Travel expenses	2,144.99
National Secretariat Costs	35,047.86

Salaries and Superannuation	39,520.00
Long service leave (provision)	694.07
Workers compensation insurance	1,073.80
(less) USI ACT payments	-6,240.00

Postage and freight	202.86
Office expenses - stationery and supplies	905.00

TOTAL EXPENDITURE

63,891.61

OPERATING LOSS FOR FINANCIAL YEAR 2017/18

-15,101.03

Notes:

- 1 See attached note for details of grant allocations.
- 2 The donation from the ADC Association is assigned to the support of the Yolla/Joske award.
- 3 Rolls-Royce - invoiced in July 2018 and expected to be paid in 2018/19.
- 4 Paid to Department of Defence for telephones/voice services.

GRANTS 2017-18

Strategic Policy Grants Program

Grant from Defence Free of GST

Received \$ 61,000.00 4 June 2018

Allocation and expenditure details as at 18 September 2018

Allocation

State	for	Amount	Spent 17/18	Spent 18/19	c/f *
RUSI	Journal	13,636.36	13,636.36		
RUSI	Website	9,090.91	9,090.91		
ACT	Blamey Oration	14,090.91		14,090.91	
NSW	Seminar	7,181.82			7,181.82
QLD	Seminar	5,863.64		5,863.64	
QLD	Seminar	5,863.63		5,863.63	
TAS	Blamey Oration	1,454.55	1,454.55		
VIC	Seminar	3,818.18			3,818.18
		61,000.00	24,181.82	25,818.18	11,000.00

* For seminars not yet undertaken

Directors' Resolution

18. This Directors' Report has been made by a resolution of the Directors of the Company.



Simon Cullen AM CSC
Chairman
27 Sep 2018



Peter McDermott AM CSC
Company Secretary
27 Sep 2018

Auditor's report

19. The Auditor's report is set on the next page and forms part of the Directors' report to the members of the Institute for the financial year ended 30 June 2018.

18 Sherlock St,
Kaleen, ACT 2617

4 October 2018

**INDEPENDENT AUDIT REPORT TO THE ROYAL UNITED SERVICES INSTITUTE FOR
DEFENCE AND SECURITY STUDIES - AUSTRALIA**

I have audited the accompanying financial report of the Royal United Services Institute for Defence and Security Studies - Australia, which comprises the Balance Sheet (statement of assets and liabilities) as at 30 June 2018, and the Profit and Loss Statement (statement of income and expenditure) for the year ended 30 June 2018, and other appropriate accounting records.

The Company has prepared and presented the financial report in accordance with Australian Accounting Standards. This includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

As noted last year, the Company moved from a cash accounting system in 2015/16 to an accrual accounting system in 2016/17.

It is noted that at the time of the audit there was a small number of differences between the details in the statements and the data in the MYOB accounting system, and that work is underway to update the MYOB data and bring the two into alignment.

In my opinion, the financial report of the Royal United Services Institute for Defence and Security Studies – Australia:

- a. provides a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended 30 June 2018; and
- b. complies with Australian Accounting Standards.



Allan Dixon FCPA Auditor