



2017

ANNUAL REPORT

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

ABN 81 000 001 614

JANUARY 2017 TO APRIL 2017

MEMBERSHIP

- Dr Peter Aquilina
- Dr Sergio Diez Alvarez
- Dr Fred Betros
- Dr Michael Bonning
- Dr Costa Boyages
- Dr Kathryn Browning Carmo
- Dr Louis Christie
- Prof Brad Frankum
- Dr Matthew Gray
- Mr Elie Hammam
- Dr Geoffrey Heise
- Dr Henry Hicks
- Dr Ashish Jiwane
- Dr Sandy Jusuf
- Dr Ian Kamerman
- Dr Tessa Kennedy
- Dr Ross Kerridge
- Dr Kean-Seng Lim
- Dr Elizabeth Marles
- Dr Danielle McMullen
- Dr Brian Morton
- Dr Jitendra Parikh
- Dr Andrew Pesce
- Dr Kate Porges
- Dr David Rivett
- Dr Tony Sara
- Clinical A/Prof Saxon Smith
- Dr Michael Steiner
- Dr Brendan Steinfort
- Prof Simon Willcock
- Dr Ian Woodforth
- Dr Choong-Siew Yong
- Dr Andrew Zuschmann

APRIL 2017 TO DECEMBER 2017

MEMBERSHIP

- Dr Peter Aquilina
- Dr Sergio Diez Alvarez
- Dr Ashna Basu*
- Dr Fred Betros
- Dr Michael Bonning
- Dr Costa Boyages
- Dr Kathryn Browning Carmo
- Dr Louis Christie
- Prof Brad Frankum
- Dr Geoffrey Heise
- Dr Henry Hicks
- Dr Ashish Jiwane
- Dr Sandy Jusuf
- Dr Ian Kamerman
- Dr Kate Kearney*
- Dr Tessa Kennedy
- Dr Ross Kerridge
- Dr Cameron Korb-Wells*
- Dr Kean-Seng Lim
- Dr Elizabeth Marles
- Dr Danielle McMullen
- Dr Brian Morton
- Dr Christopher Mulligan*
- Dr Andrew Pesce
- Dr Kate Porges
- Dr Tony Sara
- Dr Dana Slape**
- Cl. A/Prof Saxon Smith
- Dr Michael Steiner
- Dr Brendan Steinfort
- Dr Graham Stewart*
- Prof Simon Willcock
- Dr Ian Woodforth
- Dr Choong-Siew Yong
- Dr Andrew Zuschmann

*Elected at Council Meeting April 2017

** Elected at Council Meeting July 2017



PROF BRAD FRANKUM OAM

PRESIDENT'S REPORT

FIGHTING for a better healthcare system is at the core of what the AMA does.

The chronic underfunding of general practice, the continued push to adequately fund public hospitals, the constant battle to get more value from private health insurance – these are issues that have plagued the Australian healthcare system for years, and will likely require sustained medico-political advocacy to ensure we create the best possible healthcare system for our patients now and into the future.

And while these are worthy battles, they are fought in a series of endless rounds with points scored by both sides. There will never be a knock-out victory for one side or the other.

In contrast to this however, was our work on doctors' health and wellbeing. As members will recall, a series of tragic deaths at the beginning of last year sparked action to tackle the culture of medicine and the system stressors that aggravate these issues.

In response, AMA (NSW) worked closely with NSW Health to improve mandatory reporting rules. We also developed a GP directory for DITS, which is an online resource that connects GPs with doctors-in-training who may find it difficult to see their regular doctor while working in different locations.

In addition, collaboration between the AMA (NSW)/ASMOF (NSW) Alliance, NSW Health, Local Health Districts and Specialty Colleges led to the JMO Wellbeing and Support Forum in June, which then resulted in the development of the 10-point NSW Health JMO Wellbeing and Support Plan.

Another highlight of 2017 was the creation of the Alliance website, which featured the inaugural Hospital Health Check survey. More than 1100 doctors-in-training responded to the survey – the results of which were used to rate hospitals on different performance areas. In addition to providing a clear picture of how individual hospitals performed in key areas, the survey has given the Alliance a platform from which to discuss ways on improving hospital systems with hospital management. Year on year, the Hospital Health Check will provide a good barometer of improvements made at individual hospitals, and areas that still need work.

In addition to working to improve conditions for DITs, the AMA (NSW) successfully arbitrated deals on behalf of VMOs at Nepean Hospital, as well as doctors in Kempsey and Bega.

We're also very proud of our advocacy on behalf of Dr Nasrin Haque, whose daughter Sumaya Bhuiyan faced deportation on the basis

that she has a moderate developmental delay. AMA (NSW) swiftly acted to condemn this move, as well as the underlying policies which prevent immigrants who have a disability from immigrating to, or remaining in, Australia. And at the 11th hour, the Government overturned its immigration decision.

The nation voted yes to marriage equality in November, marking a historical moment for the country and heralding the change to legislation that now makes it legal for people of the same sex to marry in this country.

Many organisations and individuals fought for this pivotal shift, including the AMA. The AMA released its position statement in favour of marriage equality in May 2017. Having chaired the working party that developed this position statement, I was both pleased and proud that our organisation, through its members on the Federal Council, was able to support a position that in essence rejects discrimination based on sexuality and recognised the need to develop policy based on medical and scientific evidence, rather than religious or political ideology.

It was not universally popular with our membership, with some arguing the AMA had strayed too far into social issues.

However, the evidence illustrates that the ongoing prevention of access to legally-sanctioned marriage for LGBTIQ members of the community has adverse health consequences. Any issue which compromises health outcomes for Australians is one in which the AMA should speak to. It was the right thing to do – not only for our patients, but for our colleagues.

The recent discourse on bullying and sexual harassment exposed some ugly truths in medicine, it also revealed the exclusion some colleagues feel, due to gender, ethnicity, or sexual orientation.

My hope is that the AMA's support of marriage equality is a positive signal to members of the profession who may have felt previously excluded – an indication that the culture of medicine is changing toward one of acceptance.

Our advocacy for marriage equality, as well as AMA (NSW)'s continued effort to improve health funding, really illustrates the essence of what AMA (NSW) does. We are here to fight for the vulnerable, the people who have no voice, and those working within the healthcare system who sometimes feel disenfranchised or disillusioned with the healthcare system. That is why we exist, and the work we hope to continue in 2018.



DR ANDREW ZUSCHMANN

HONORARY TREASURER'S REPORT

AS THE Honorary Treasurer since the 16 May 2017, I am pleased to report to members that we were able to achieve a small net surplus for the year to 31 December 2017 of \$49,347. This is particularly important as 2017 has been a year of spending strategically on our membership database and digital platform, as well as significantly improving our website.

The 2018 membership campaign was launched online with members now able to renew their membership for the first time via an auto login process, which has been emailed to all non-monthly payers via our database.

Total 2017 revenue was 1.4 % down on 2016 with reductions in interest and rental income. Importantly, membership income via subscriptions has increased due to a growth in membership, and commissions and fees from our strategic partners have also grown. The total membership base has increased from 8,531 in 2016 to 8,651 in 2017 – a healthy increase in any membership-based organisation.

Total Expenditure was \$5,391,512 compared to \$4,990,950 in 2016, which was higher due to staff changes and upskilling of staff, plus additional membership events such as the very successful Leadership in Health Conference. It is hoped to build on the success of this event and make this a regular fixture in the AMA NSW Calendar.

Staff numbers increased slightly at 32 compared to the head count of 28 in 2016. This has been a result of increasing resources in areas to further assist members such as in professional services and membership support teams.

The Association's strong partnership arrangements and the income received from sponsorship and advertising continues to provide an attractive financial return to both our members and to AMA (NSW). The key partnerships that were established last year have grown even further as shown below:

- Emirates Airlines members bookings, since commencement of arrangement in August 2016, is now up to 1,272 – representing fares of more than \$3.1 million

- The Make IT Cheaper electricity and gas organisation, since its commencement on September 2016, has successfully switched 310 members which equates to 510 energy accounts
- The appointment of the Specialist Wealth Group during the year has worked well with our members receiving strong returns on their investments.

The significant property changes taking place in St Leonards continue to make the AMA House building and our holding an extremely valuable real estate asset particularly in a market with diminishing commercial properties available. The result of the recent expressions of interest request by AMA House owners clearly indicates a valuation in excess of our book value.

Total assets of nearly \$21 million up from \$20.6 million in 2016 reflects a strong, robust and diversified assets base. This is further demonstrated by cash balances of \$4.1 million, cash held in investment funds and investment available for sale of \$8.9 million, combined with property assets held at cost of \$7.8 million

The AMA (NSW) Charitable Foundation income was reduced to \$13,063 as a review occurs of the foundation and a scoping study is being undertaken. The AMA (NSW) Charitable Foundation loss was kept to a minimum at \$1,663, which was below the previous year loss of \$10,783.

The Trustees of the Professional Freedom Fund (PFF) in 2017 have continued the strategy of ceasing contributions as there is no need to call upon the reserves of the PFF in the near future. Therefore the income for the year of \$155 was slightly below the 2016 level of \$210 and expenditure has been kept to a minimum resulting in the PFF reporting a small loss of \$956 whilst the balance of accumulated funds at the year-end stands at a positive \$8,906. The Fund will remain in existence should the need arise in the future to call on contributions to assist the AMA (NSW) in resolving those issues impacting on the future of the medical profession.

I would like to thank the CEO and her team for making this possible. I also wish to thank the Board, the Audit and Risk Committee and my colleagues on the Council of AMA (NSW) for their support.

CONTENTS

Directors' report	06
Auditor's independence declaration	09
Independent auditor's report	10
Directors' declaration	13
Annual financial report	
Statement of profit or loss and other comprehensive income	14
Statement of financial position	15
Statement of changes in equity	16
Statement of cash flows	17
Notes to the financial statements	18

Australian Medical Association (NSW) Limited

Directors' report

The directors of Australian Medical Association (NSW) Limited submit herewith the annual financial report of the company for the financial year ended 31 December 2017. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Prof Brad Frankum	President
Dr Kean-Seng Lim	Vice President
Dr Andrew Zuschmann	Honorary Treasurer and Chair, Audit & Risk Committee - Appointed 16 May 2017
Dr Danielle McMullen	Chair, Council, Director - Appointed 16 May 2017
Dr Sandy Jusuf	Chair, PIC, Director
Dr Fred Betros	Chair, HPC, Director
Dr Michael Bonning	Director
Cl. A/Prof Saxon Smith	Director
Dr Kate Kearney	DIT Committee Representative
Dr Costa Boyages	Director - Appointed 12 September 2017

The above named directors held office during the whole of the financial year and since the end of the financial year except for the following:

Cl. A/Prof Saxon Smith	Resigned - 30 May 2017
Dr Costa Boyages	Appointed - 12 September 2017

Company secretary

Dr Andrew Zuschmann has been the Company Secretary of the company since 16 May 2017. Dr Danielle McMullen resigned as the Company Secretary of the company on 16 May 2017.

Principal activities

The company's principal activity in the course of the financial year was to advance and maintain the professional freedom, welfare and interests of medical practitioners and their patients through effective advocacy in New South Wales, to represent the profession to the public and governments and to increase community awareness of health issues. During the financial year there was no significant change in the nature of that activity.

Review of operations

The company's operating revenue (as disclosed in Note 4) for the year was \$4,416,621 (2016: \$4,446,477).

The company's operations resulted in a net profit of \$49,347 (2016: profit of \$527,336) as follows:

	2017	2016
	\$	\$
Loss from operations	(640,872)	(351,733)
Net gain from investment fund (Note 18)	690,219	879,069
Net profit	<u>49,347</u>	<u>527,336</u>
Revaluation movement – increase /(decrease) in market value (Note 15)	<u>382,061</u>	<u>(98,317)</u>

Changes in state of affairs

During the financial year, there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Australian Medical Association (NSW) Limited

Directors' report (continued)

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Dividends

The Constitution does not permit the distribution of dividends to its members.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring certain officers of the company. The officers of the company covered by the insurance policy include the directors, councillors and members of the Secretariat.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or a related body corporate.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 10 board meetings were held.

	Board of Directors	
	Held	Attended
Prof Brad Frankum (Chair)	10	9
Dr Kean-Seng Lim	10	10
Dr Andrew Zuschmann	10	9
Dr Danielle McMullen	10	9
Dr Sandy Jusuf	10	8
Dr Fred Betros	10	10
Dr Michael Bonning	10	10
Dr Kate Kearney	10	8
Dr Costa Boyages	4	4
Cl. A/Prof Saxon Smith	3	3

Australian Medical Association (NSW) Limited

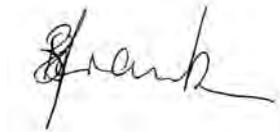
Directors' report (continued)

Auditor's independence declaration

The auditor's independence declaration is included on page 9 of the annual report.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Professor Brad Frankum OAM
President
Sydney, 27 March 2018

The Board of Directors
Australian Medical Association (NSW) Limited
Level 6, 69 Christie Street
ST LEONARDS NSW 2065

27 March 2018

Dear Board Members

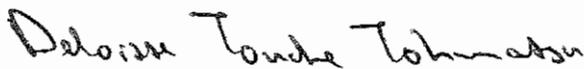
Australian Medical Association (NSW) Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Australian Medical Association (NSW) Limited.

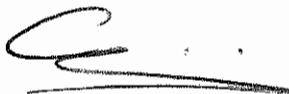
As lead audit partner for the audit of the financial statements of Australian Medical Association (NSW) Limited for the financial year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini
Partner
Chartered Accountants

Independent Auditor's Report to the members of Australian Medical Association (NSW) Limited

Opinion

We have audited the financial report of Australian Medical Association (NSW) Limited (the "Entity"), which comprises the statement of financial position as at 31 December 2017, 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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration as set out on pages 13 to 40.

In our opinion the accompanying financial report of the Entity, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Entity's financial position as at 31 December 2017 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises Directors' Report included in the Entity's annual report for the year ended 31 December 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

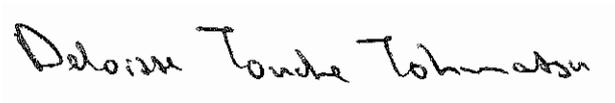
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Deloitte.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



DELOITTE TOUCHE TOHMATSU



Carlo Pasqualini
Partner
Chartered Accountants
Sydney
27 March 2018

Australian Medical Association (NSW) Limited

Directors' declaration

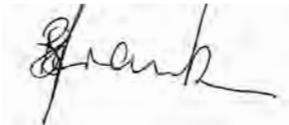
The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Professor Brad Frankum OAM
President
Sydney, 27 March 2018

Australian Medical Association (NSW) Limited

Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
Revenue	4	5,440,859	5,518,286
Employee benefits expenses		(2,912,810)	(2,643,324)
Depreciation and amortisation expenses	5(b)	(263,841)	(240,925)
Depreciation expenses related to the investment property at 69 Christie Street	5(b)	(224,584)	(224,587)
Legal fees		(154,853)	(266,783)
Magazine production and distribution		(156,834)	(157,580)
Audit fee	24	(46,300)	(45,000)
Repairs and maintenance		(10,550)	(16,104)
Membership development costs		(124,297)	(172,669)
Insurance costs		(48,133)	(46,737)
Meeting costs		(59,502)	(56,224)
Seminar costs		(190,146)	(140,620)
Telephone expenses		(49,667)	(32,444)
Travel and entertainment expenses		(47,089)	(20,466)
Printing costs		(36,000)	(38,046)
Computer costs		(148,610)	(123,943)
Administration and Sinking fund levies – Christie Street		(186,736)	(197,969)
Other expenses from ordinary activities		(731,560)	(567,529)
Profit before tax		49,347	527,336
Income tax expense	2(c)	-	-
Net profit for the year		49,347	527,336
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Valuation gain on available-for-sale financial assets – net movement on revaluation reserve	15	382,061	(98,317)
Total comprehensive income for the year		431,408	429,019

Notes to the financial statements are included on pages 18 to 40.

Australian Medical Association (NSW) Limited

Statement of financial position as at 31 December 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	6	4,115,143	4,292,298
Trade and other receivables	7	97,563	88,707
Other	11	170,956	149,775
Total current assets		4,383,662	4,530,780
Non-current assets			
Other financial assets	8	8,875,698	8,145,318
Investment property	9	4,371,011	4,595,595
Property, plant and equipment	10	3,369,173	3,348,108
Total non-current assets		16,615,882	16,089,021
Total assets		20,999,544	20,619,801
Current liabilities			
Trade and other payables	12	1,650,184	1,660,112
Provisions	13	492,951	425,769
Other	14	1,007,092	1,115,025
Total current liabilities		3,150,227	3,200,906
Non-current liabilities			
Provisions	13	13,141	14,127
Total non-current liabilities		13,141	14,127
Total liabilities		3,163,368	3,215,033
Net assets		17,836,176	17,404,768
Equity			
Reserves	15	987,461	605,400
Retained earnings	16	16,848,715	16,799,368
Total equity		17,836,176	17,404,768

Notes to the financial statements are included on pages 18 to 40.

Australian Medical Association (NSW) Limited

Statement of changes in equity for the financial year ended 31 December 2017

	Available- for-sale revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 January 2016	703,717	16,272,032	16,975,749
Net profit for the year	-	527,336	527,336
Other comprehensive income for the year	(98,317)	-	(98,317)
Total comprehensive income for the year	(98,317)	527,336	429,019
Balance at 31 December 2016	605,400	16,799,368	17,404,768
Balance at 1 January 2017	605,400	16,799,368	17,404,768
Net profit for the year	-	49,347	49,347
Other comprehensive income for the year	382,061	-	382,061
Total comprehensive income for the year	382,061	49,347	431,408
Balance at 31 December 2017	987,461	16,848,715	17,836,176

Notes to the financial statements are included on pages 18 to 40.

Australian Medical Association (NSW) Limited

Statement of cash flows for the financial year ended 31 December 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers and members		5,363,516	5,366,415
Payments to suppliers and employees		(5,371,239)	(5,399,426)
Net cash used in operating activities	20(b)	(7,723)	(33,011)
Cash flows from investing activities			
Interest received		96,922	96,165
Dividends received		388,366	433,480
Payments for property, plant and equipment		(334,876)	(117,190)
Proceeds from sale of property, plant and equipment		55,000	52,273
Proceeds from sale of investment		585,460	380,651
Payment for investments		(960,304)	(1,801,314)
Net cash used in investing activities		(169,432)	(955,935)
Cash flows from financing activities			
Net cash provided by financing activities		-	-
Net decrease in cash and cash equivalents		(177,155)	(988,946)
Cash and cash equivalents at the beginning of the financial year		4,292,298	5,281,244
Cash and cash equivalents at the end of the financial year	20(a)	4,115,143	4,292,298

Notes to the financial statements are included on pages 18 to 40.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

1. General information

Australian Medical Association (NSW) Limited (the company) is a not-for-profit company limited by guarantee incorporated and operating in Australia.

Australian Medical Association (NSW) Limited registered office and its principal place of business is as follows:

Registered office and principal place of business

Level 6, 69 Christie Street
St Leonards, NSW 2065

The company's principal activity in the course of the financial year was to advance and maintain the professional freedom, welfare and interests of medical practitioners and their patients through effective advocacy in New South Wales, to represent the profession to the public and governments and to increase community awareness of health issues. During the financial year there was no significant change in the nature of that activity.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, and Australian Accounting Standards – Reduced Disclosure Requirements, and comply with other requirements of the law.

The financial statements were authorised for issue by the directors on 27 March 2018.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

2. Significant accounting policies (continued)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sales of goods and disposal of assets

Revenue from the sale of goods and disposal of other assets is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services – Subscription Revenue

Revenue from services is recognised in the period the services are provided.

Rental revenue

Revenue from operating leases is recognised in accordance with the company's accounting policy outlined in Note 2(h).

Dividend and interest revenue

Dividend revenue from investments is recognised when the company's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(c) Income tax

Australian Medical Association (NSW) Limited is income tax exempt pursuant to the Income Tax Assessment Act.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(e) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: 'available-for-sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments.

Available-for-sale financial assets

Certain investments held by the company are classified as being available-for-sale and are stated at fair value less impairment. Fair value is determined in the manner described in Note 21. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve with the exception of impairment losses and interest calculated using the effective interest method on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale-revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the company's right to receive the dividends is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each Statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(e) Financial assets (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(f) Property, plant and equipment

Plant and equipment, buildings and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

	2017	2016
• Buildings	33 1/3 years	33 1/3 years
• Equipment, furniture and fittings	3 – 6 years	3 – 6 years
• Motor vehicles	5 years	5 years

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on investment property. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

	2017	2016
• Buildings	33 1/3 years	33 1/3 years

(h) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Company as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight-line basis over the lower of estimated useful life of the asset or the period of the lease.

(i) Impairment of long-lived assets

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(i) Impairment of long-lived assets (continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Trade and other payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

2. Significant accounting policies (continued)

(m) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective that are relevant to the company. The potential impact of the new or revised Standards and Interpretations has not yet been determined

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	31 December 2018
• AASB 15 Revenue from Contracts with Customers, AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15, AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15, and AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15	1 January 2019	31 December 2019
• AASB 16 Leases	1 January 2019	31 December 2019
• AASB 1058 Income of Not-for-Profit Entities, AASB 1058 Income of Not-for-Profit Entities (Appendix D), AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019	31 December 2019
• AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014–2016 Cycle and Other Amendments	1 January 2019	31 December 2019

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Financial Assets – Available-for-sale investments

Note 8 sets out the categories of available-for-sale investments held. In accordance with the accounting policy used by the company as described in Note 2(e), these investments in managed funds are held at fair value with revaluation adjustments recognised directly in equity. In accordance with the requirements of AASB 139 Financial Instruments: Recognition and Measurement paragraph 58, the directors have reviewed whether there is any objective evidence that the investments held are impaired. Further, paragraph 61 of AASB 139 describes that a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment.

In the current year, there have not been any matters or circumstances that have occurred subsequent to the end of the financial year that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

4. Revenue

An analysis of the company's revenue for the year is as follows:

	2017	2016
	\$	\$
<u>Operating revenue</u>		
Subscription revenue	3,412,584	3,410,573
Commission and fees	382,962	335,444
Interest – other entities	60,976	67,716
Sponsorship	73,600	64,800
Magazine advertising income	157,970	171,300
Seminar income	62,650	36,242
Other	265,879	360,402
	4,416,621	4,446,477
<u>Non-operating revenue</u>		
Dividends – investments	388,366	433,480
Interest – investments	35,946	28,449
Rental revenue – investment property	599,926	609,880
	1,024,238	1,071,809
	5,440,859	5,518,286

5. Profit for the year

(a) Gains and losses

Profit for the year has been arrived at after crediting/(charging) the following gains and losses:

	2017	2016
	\$	\$
Profit/(loss) on disposal of property, plant and equipment	5,030	(8,850)
(Loss)/gain on sale of investments	(26,524)	79,137
	(21,494)	70,287

(b) Other expenses

Profit for the year includes the following expenses:

	2017	2016
	\$	\$
Depreciation of property, plant and equipment (Note 10)	263,841	240,925
Depreciation of Ground floor, Level 4 and Level 5, 69 Christie St investment property (Investment Fund Assets) (Note 9)	224,584	224,587
Direct operating expenses of investment property generating rental income	43,385	10,524
Employee benefits expense – Defined contribution plans (Superannuation)	248,383	248,389

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

6. Cash and cash equivalents

	2017	2016
	\$	\$
Cash at bank and on hand – for operating purposes	4,115,143	4,292,298

7. Trade and other receivables

	2017	2016
	\$	\$
Trade receivables	61,110	85,071
Doubtful debts provision	(5,000)	(5,000)
	56,110	80,071
Accrued income	41,453	8,636
	97,563	88,707

8. Other financial assets

	2017	2016
	\$	\$
Cash at bank – for investing purposes	1,758,527	1,399,942
Available-for-sale investments carried at fair value	7,117,171	6,745,376
Investments held in managed funds	8,875,698	8,145,318

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

9. Investment property

	Ground floor level 4 and level 5, 69 Christie St at cost \$
Gross carrying amount	
Balance at 1 January 2016	7,253,281
Additions	-
	-
Balance at 31 December 2016	7,253,281
Additions	-
	-
Balance at 31 December 2017	7,253,281
Accumulated depreciation/amortisation	
Balance at 1 January 2016	(2,433,099)
Depreciation expense	(224,587)
	(2,657,686)
Balance at 31 December 2016	(2,657,686)
Depreciation expense	(224,584)
	(2,882,270)
Balance at 31 December 2017	(2,882,270)
Net book value	
As at 31 December 2016	4,595,595
As at 31 December 2017	4,371,011

The Investment property consists of the ground floor, level 4 and level 5 of 69 Christie Street, St. Leonards. Based on current available market information, the Directors are satisfied that the current market value of the property exceeds its carrying value at 31 December 2017.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

10. Property, plant and equipment

	Buildings at cost \$	Equipment, furniture and fittings at cost \$	Motor vehicles at cost \$	Software \$	Total \$
Gross carrying amount					
Balance at 1 January 2016	5,019,871	724,191	191,491	-	5,935,553
Additions	-	54,169	-	63,021	117,190
Disposals	-	(114,563)	(82,854)	-	(197,417)
Balance at 31 December 2016	5,019,871	663,797	108,637	63,021	5,855,326
Additions	-	21,649	123,560	189,667	334,876
Disposals	-	-	(108,639)	-	(108,639)
Balance at 31 December 2017	5,019,871	685,446	123,558	252,688	6,081,563
Accumulated depreciation/ amortisation					
Balance at 1 January 2016	(1,772,313)	(592,948)	(37,326)	-	(2,402,587)
Disposals	-	114,563	21,731	-	136,294
Depreciation expense	(155,119)	(52,240)	(32,944)	(622)	(240,925)
Balance at 31 December 2016	(1,927,432)	(530,625)	(48,539)	(622)	(2,507,218)
Disposals	-	-	58,669	-	58,669
Depreciation expense	(155,119)	(49,966)	(26,747)	(32,009)	(263,841)
Balance at 31 December 2017	(2,082,551)	(580,591)	(16,617)	(32,631)	(2,712,390)
Net book value					
As at 31 December 2016	3,092,439	133,172	60,098	62,399	3,348,108
As at 31 December 2017	2,937,320	104,855	106,941	220,057	3,369,173

As of 31 December 2017, the entity has no capital expenditure commitment (2016: \$86,460).

11. Other assets

	2017 \$	2016 \$
Prepayments	170,956	149,775

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

12. Trade and other payables

	2017	2016
	\$	\$
Trade payables (i)	252,347	214,751
Subscriptions due to:		
Australian Medical Association Limited	1,220,029	1,301,312
AMA Tasmania	3,043	3,506
AMA South Australia	1,546	7,266
The Australian Salaried Medical Officers' Federation ("ASMOF")	10,940	961
AMA Northern Territory	-	1,468
Medical Benevolent Association	1,270	700
Amounts owing to related parties:		
The AMA (NSW) Charitable Foundation	14,855	9,114
Goods and services tax (GST) payable	146,154	121,034
	1,650,184	1,660,112

- (i) The average credit period on general purchases goods or services from various suppliers is 30 days. No interest is charged on overdue payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Provisions

	2017	2016
	\$	\$
Current		
Employee benefits	492,951	425,769
Non-current		
Employee benefits	13,141	14,127
	506,092	439,896

14. Other liabilities

	2017	2016
	\$	\$
Income received in advance	14,700	14,632
Subscriptions received in advance	992,392	1,100,393
	1,007,092	1,115,025

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

15. Reserves

	2017	2016
	\$	\$
Available-for-sale revaluation reserve		
Balance at beginning of financial year	605,400	703,717
Gain/(loss) arising on revaluation of available-for-sale financial assets net of loss reclassified to profit or loss on sale of available-for-sale assets	382,061	(98,317)
Balance at end of financial year	<u>987,461</u>	<u>605,400</u>

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is impaired, the cumulative loss in the reserve which relates to that financial asset is recognised in profit or loss.

16. Retained earnings

	2017	2016
	\$	\$
Balance at beginning of financial year	16,799,368	16,272,032
Net profit for the year	49,347	527,336
Balance at end of financial year	<u>16,848,715</u>	<u>16,799,368</u>

17. Members' guarantee

Australian Medical Association (NSW) Limited is a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member or within one year after they cease to be a member for payment of the debts and liabilities of the company contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up and for an adjustment of the rights of contributories among themselves, such amount as may be required not exceeding two dollars.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

18. Investment fund

In the financial year ended 31 December 2001, the Unit Trust of Australian Medical Association (NSW) Limited (the Trust) sold freehold land and a building, and on 31 December 2001 the Trust was wound up. The proceeds from the sale of the land and building and the net assets distributed to the company when the Trust was wound up, were invested in a portfolio of financial instruments referred to by the company as the "Investment Fund".

	2017	2016
	\$	\$
<u>At fair value</u>		
Non-current financial assets:		
Cash at bank – for investing purposes	1,758,527	1,399,942
Available-for-sale investments carried at fair value	7,117,171	6,745,376
Investment property at depreciated cost (Note 9)	4,371,011	4,595,595
Total investment fund	13,246,709	12,740,913

Certain income/(expenses) generated by the investment fund and included in the income statement include:

	2017	2016
	\$	\$
Rental income on investment property	599,926	609,880
Expenses incurred in maintaining investment property	(267,969)	(235,111)
Dividends	388,366	433,480
Interest	35,946	28,449
Brokerage costs	(39,526)	(36,764)
(Loss)/gain on sales	(26,524)	79,137
	690,219	879,071

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

19. Assets and liabilities of trusts for which the company is trustee

Australian Medical Association (NSW) Limited, as trustee for The AMA (NSW) Charitable Foundation, has a right of indemnity from the trust's assets. Details of the underlying assets and liabilities are as follows:

	AMA (NSW) Charitable Foundation	
	2017	2016
	\$	\$
Assets		
Cash	77,080	89,153
Amount receivable from Australian Medical Association (NSW) Limited	14,855	9,114
Other assets	6	7
	<u>91,941</u>	<u>98,274</u>
Liabilities		
Creditors and accruals	976	5,646
	<u>976</u>	<u>5,646</u>

20. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2017	2016
	\$	\$
Cash at bank and on hand	<u>4,115,143</u>	<u>4,292,298</u>

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

20. Notes to the statement of cash flows (continued)

(b) Reconciliation of profit/(loss) for the period to net cash flows from operating activities

	2017	2016
	\$	\$
Profit for the year	49,347	527,336
Loss/(gain) on sale of investments	26,524	(79,137)
(Gain)/loss on disposal of property, plant and equipment	(5,030)	8,850
Depreciation	488,425	465,512
Interest income received and receivable	(96,922)	(96,165)
Dividends received and receivable	(388,366)	(433,480)
 <i>Changes in net assets and liabilities:</i>		
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	(8,855)	2,838
Other assets	(21,181)	(61,243)
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables	(9,928)	(227,615)
Provisions	66,196	(103,030)
Other liabilities	(107,933)	(36,877)
Net cash used in operating activities	(7,723)	(33,011)

21. Financial instruments

(a) Categories of financial instruments

	2017	2016
	\$	\$
Financial assets		
Loans and receivables	97,563	88,707
Cash and cash equivalents	4,115,143	4,292,298
Cash at bank – for investing purposes	1,758,527	1,399,942
Available-for-sale investments carried at fair value	7,117,171	6,745,376

(b) Financial risk management objectives

The Board of Directors manage the financial risks relating to the operations of the Australian Medical Association (NSW) Limited. These risks include market risk, credit risk and liquidity risk.

The Australian Medical Association (NSW) Limited's activities expose it primarily to the financial risks of changes in interest rates. The Australian Medical Association (NSW) Limited has managed these risks by entering into term deposits with fixed interest rates.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

21. Financial instruments (continued)

(c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

(d) Interest rate risk management

The Australian Medical Association (NSW) Limited is exposed to interest rate risk through its financial assets held as term deposits at the bank. The Australian Medical Association (NSW) Limited manages the risk by monitoring and re-evaluating the terms of the deposit every 3 months when the asset matures. Management will review the interest rates available to achieve the best rate possible in the current market.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's net profit would increase/decrease by \$26,661 (2016: \$27,757). This is mainly attributable to the expected change in the fair value of the term deposit based on a variable interest rate.

The company's sensitivity to interest rate fluctuations has remained constant during the current period due to the term of term deposits remaining 3 months to maturity.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(f) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values. The net fair values of financial assets are determined in accordance with their market price.

(g) Currency risk

The Australian Medical Association (NSW) Limited does not undertake any transactions denominated in foreign currencies, hence no exposure to exchange rate fluctuations arises.

(h) Capital risk management

The Australian Medical Association (NSW) Limited manages its capital to ensure that it will be able to continue as a going concern for the benefits of its members. The Australian Medical Association (NSW) Limited's overall strategy remains unchanged from 2016.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

21. Financial instruments (continued)

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages financial and liquidity risk by maintaining adequate cash balances and banking facilities and by continuously monitoring forecast and actual cash flows.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Variable interest rate \$	Fixed interest rate maturity		Non- interest bearing \$	Total \$
			Less than 1 year \$	More than 1 year and less than 5 years \$		
2017						
Trade payables	-	-	-	-	252,347	252,347
Subscriptions due to other entities	-	-	-	-	1,236,828	1,236,828
Amounts owed to related parties	-	-	-	-	14,855	14,855
			-	-	1,504,030	1,504,030
2016						
Trade payables	-	-	-	-	214,751	214,751
Subscriptions due to other entities	-	-	-	-	1,315,213	1,315,213
Amounts owed to related parties	-	-	-	-	9,114	9,114
			-	-	1,539,078	1,539,078

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

21. Financial instruments (continued)

(i) Liquidity risk management (continued)

The following table details the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Variable interest rate \$	Fixed interest rate maturity		Non- interest bearing \$	Total \$
			Less than 1 year \$	More than 1 year and less than 5 years \$		
2017						
Cash:						
Cash on hand	-	-	-	-	1,000	1,000
Cheque	-	-	-	-	1,048	1,048
Cheque	1.50%	-	568,914	-	-	568,914
Cash deposit	0.50%	-	5,429	-	-	5,429
Term deposit	1.75%	-	2,194,997	-	-	2,194,997
Term deposit	2.31%	-	1,343,755	-	-	1,343,755
			- 4,113,095	-	2,048	4,115,143
Trade and other receivables:						
Trade receivables	-	-	-	-	56,110	56,110
			- 4,113,095	-	58,158	4,171,253
2016						
Cash:						
Cash on hand	-	-	-	-	1,000	1,000
Cheque	1.50%	-	591,543	-	-	591,543
Cash deposit	0.70%	-	164,801	-	-	164,801
Term deposit	1.75%	-	2,221,855	-	-	2,221,855
Term deposit	2.31%	-	1,313,099	-	-	1,313,099
			- 4,291,298	-	1,000	4,292,298
Trade and other receivables:						
Trade receivables	-	-	-	-	80,071	80,071
			- 4,291,298	-	81,071	4,372,369

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

22. Key management personnel compensation (continued)

b) The names of the key management during the financial year are as follows:

Fiona Davies	Chief Executive Officer
Robyn Napier	Medical Director
Kerry Evripidou	Director of Services
Stephen Patterson	Chief Financial Officer
Helen Winkleman	Director of Professional Services

The aggregate compensation made to key management of the company is set out below:

	2017	2016
	\$	\$
Short-term employee benefits	861,667	1,025,210

23. Related party transactions

(a) Transactions with key management personnel

Directors' compensation

Details of key management personnel compensation are disclosed in Note 22 to the financial statements.

(b) Transactions with other related parties

Transactions between Australian Medical Association (NSW) Limited and its related parties

During the financial year, the following transactions occurred between the company and its other related parties:

- The AMA (NSW) Charitable Foundation, a related party: At 31 December 2017, there was an amount of \$14,855 (2016: \$9,114) payable to the company by Australian Medical Association (NSW) Limited.

24. Remuneration of auditors

	2017	2016
	\$	\$
Auditor of the entity		
Audit of the financial report	46,300	45,000

The auditor of Australian Medical Association (NSW) Limited is Deloitte Touche Tohmatsu.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2017

25. Subsequent events

There has not been any matters or circumstances that have arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in future financial years.

NOTES

NOTES



AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

ABN 81 000 001 614

AMA House, Level 6, 69 Christie St, St Leonards NSW 2065, Australia

PO Box 121 St Leonards NSW 1590

t: 02 9439 8822 | f: 02 9438 3760

e: enquiries@amansw.com.au

www.amansw.com.au