



2019

ANNUAL REPORT

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

ABN 81 000 001 614

JANUARY 2019 TO MAY 2019

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

Resigned 14 May 2019

MAY 2019 TO DECEMBER 2019

- | | | | |
|-----------------------------|-------------------------|-----------------------------|-------------------------|
| • Dr Peter Aquilina | • Dr Hariette Goldman @ | • Dr Peter Lim | • Dr Dana Slape |
| • Dr Kathryn Austin | • Dr Sandy Jusuf | • Dr Theresa Ly * | • Cl A/Prof Saxon Smith |
| • Dr Fred Betros | • Dr Ian Kamerman | • Dr Elizabeth Marles | • Dr Michael Steiner |
| • Dr Michael Bonning | • Dr Kate Kearney | • Dr Simon Martel * | • Dr Brendan Steinfort |
| • Dr Costa Boyages | • Dr Teresa Kennedy | • Dr Danielle McMullen | • Dr Geoffrey White * |
| • Dr Kathryn Browning Carmo | • Dr Ross Kerridge | • Dr Brian Morton | • Prof Simon Willcock |
| • Dr Louis Christie | • Dr Cameron Korb-Wells | • Dr Christopher Mulligan ^ | • Dr Choong-Siew Yong |
| • Ms Megan Foo * | • Dr James Lawler | • Dr Kate Porges | • Dr Andrew Zuschmann |
| • Prof Brad Frankum | • Dr Kenneth Lewis * | • Dr Jaspreet Saini * | |
| | • Dr Kean-Seng Lim | • Dr Tony Sara | |

* elected Council Meeting 14 May 2019

@ elected to fill casual vacancy at Council Meeting 26 November 2019

^ resigned 13 December 2019



DR KEAN-SENG LIM

PRESIDENT'S REPORT

Over the past 12 months, Australia has lurched from crisis to crisis. In 2019, our residents faced drought, bushfires and the start of what would soon become a deadly pandemic.

During these events, medical professionals responded to the acute health effects of these crises and the impact on communities. We were in constant communication with Government, health stakeholders, our members, and the general public, providing advice about mental health resources, the impact of poor air quality, resource allocation, workplace advice, infection control measures, and more. We communicated with members and the public almost daily through emails, social media, our magazines, and traditional consumer media, including TV, print and radio. We have been a loud and passionate voice calling for better resourcing of our health system for both public hospitals and primary care – so that health professionals can better meet the demands of patients during these peak disaster events.

During these crisis periods, it is tempting to deal solely with the here and now – looking straight down the barrel of what's needed at that exact moment. And whilst it is important to focus on the job at hand, we have also insisted on looking at wider system improvements.

In 2019, we launched our Vision for a Healthier NSW. In the months leading up to the State Election, residents in NSW signalled health would be a key election issue in deciding how to vote. On the Federal stage, analysts also predicted health would be an important political battleground.

Ahead of the elections, AMA (NSW) prepared a comprehensive election policy that calls on Governments to strategically invest in health at what may be one of the most critical junctures in our nation's history.

Australia seemingly has one of the best healthcare systems in the world, but we face unprecedented challenges. Climate change, extreme weather events, global virus threats threaten a growing and aging population with increasing levels of chronic disease. In addition, overweight and obesity numbers continue to climb.

If we are to adequately meet these challenges, we need to resource our public hospitals appropriately, strengthen our primary care sector and invest in systems to improve coordination between them.

Hospital emergency departments are swamped by increasing numbers of patients. The increased demand is affecting the ability of medical professionals to cope, and patient care is being compromised. There is no longer reserve in the system and doctors fear hospitals are at breaking point.

Building more hospitals and increasing the number of beds is helpful

in the short-term but it doesn't fix the underlying problem. We need to reduce the extreme levels of demand placed on our hospitals. To do this we need integrate care more effectively between GPs and hospitals, improve our use of technology, and set up systems aimed at preventing the need for patients to go hospital as well as engaging patients as active participants in their own care.

We can reduce the number of patients going to hospitals by building healthy communities. Increasing the availability of nutritional food, opportunities for exercise, wellbeing awareness – these are just a few of the critical components to maintaining the overall health of NSW residents.

Just as critical as providing and supporting these aspects of health, is the need to ensure access to these essentials is equal, and extends to residents in rural and regional communities, Indigenous Australians and those in the justice system.

Our organisation's strength has always been our members. And we continue to drive improvements not only for the health system but for medical professionals. In 2019, we looked more determinedly at gender equity in medicine. The AMA Gender Equity Summit gathered stakeholders together to share insight and expertise into the cultural and systemic barriers to achieving gender equity in medicine and what practical actions can be taken to address them. The Report from the Summit outlined nine key recommendations. AMA (NSW) is coordinating with Federal AMA to support these recommendations and goals and pushing for State-based changes.

We have also been active in improving working conditions and training for doctors-in-training. Almost 2000 DITs responded to the third annual Hospital Health Check (HHC), a significant increase from 2018. This increase reflects the recognition of the benefits to participating in the survey. The HHC is an important tool for advocacy and the results have been instrumental in achieving important wins for doctors-in-training around improved working conditions.

In 2019, we remained focused on providing expert workplace relations advice to all our members, including VMOs and VMPs, Staff Specialists, DITs and doctors in private practice. In addition to providing resources for employment and workplace relations, practice management and medico-legal support, we offered educational seminars to equip members with the knowledge they need to improve their workplace and businesses.

AMA (NSW) will continue to advocate for a better health system and work to improve the everyday needs of medical professionals.



DR FRED BETROS

HONORARY TREASURER'S REPORT

As the Honorary Treasurer, despite the extremely difficult operating conditions we experienced in 2019, I am pleased to report to members that total revenue for the year to 31 December 2019 was \$5.1 million which was only slightly below the previous year of \$5.3 million. The financial result for 2019 was a small profit \$38,500 compared to the total loss of \$1.043 million in 2018 and included a large gain in the market value of our investments in 2019 versus the market loss in 2018.

The 2019 year has involved a strong focus on digital strategy with spending based on improving the members interaction and providing appropriate and timely information and advice. The communication with members is reflected with increased articles in our NSW Doctor magazine and the release of the significant third annual Hospital Health Check.

The organisation has also incurred costs in undertaking key operating requirements such as the work Health and Safety Audit and review of AMA House occupancy as well as legal costs associated with the business model changes.

Staff numbers over the year were 31 which is just below those in 2018 of 32 and this has facilitated important doctor interaction in particular by the membership and professional development teams. The AMA staff have worked diligently on providing expert workplace relations advice to all our members and have been active in improving working conditions and training for doctors-in-training.

Importantly the total membership base increased from 9,056 in 2018 to 9,141 in 2019.

The AMA balance sheet continued to reflect a significant amount in value and range with total assets of \$20.1 million. The asset classes were diversified into the key categories of cash \$3.3 million, financial assets including investments \$9.6 million, investment property \$3.9 million, and property plant and equipment of \$2.9 million. In particular the important asset of AMA House at St Leonards has a carrying value in our accounts at only slightly more than \$6.5 million.

The assets held in investments have generated strong investment income via dividend distributions of more than \$450,000 and via property assets rental income of nearly \$650,000.

The AMA (NSW) Charitable Foundation income for the 2019 financial year was \$5,690 compared to \$22,411 for 2018 with the previous year including a member's donation \$15,000. The AMA (NSW) Charitable Foundation reported a 2019 profit of \$4,095 versus the 2018 loss of \$2,714. Based on the balance of accumulated funds at 31 December 2019 of \$92,346 an important donation of \$20,000 in early 2020 has been made to the Medical Benevolent Society to assist with the bushfire relief programme in NSW.

The Professional Freedom Fund (PFF) income for the 2019 year of \$123 was similar to the 2018 level of \$137. PFF reported a small loss of \$988 with total expenditure kept at a minimum cost base. The balance of accumulated funds of the PFF at the 2019 year-end stands at a positive \$6,944. The fund is maintained to ensure there is an appropriate mechanism 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.

During 2019 important business model discussions were undertaken, as well as key negotiations to ensure AMA (NSW) is well placed to service its members and drive improvements not only for the health system but for medical professionals. The business continues to work on timely and worthwhile communication to ensure our members are well informed and achieve real benefits in being members.

I would like to thank the CEO and her team for all their hard work and dedication throughout the challenges in the year. I also wish to thank the Board, the Audit and Risk Committee, and my colleagues on the Council of AMA (NSW) for their support.

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Australian Medical Association (NSW) Limited

Directors' report

The directors of Australian Medical Association (NSW) Limited (the "Company") submit herewith the annual financial report of the company for the financial year ended 31 December 2019. 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
Dr Kean-Seng Lim	President and Chair
Dr Fred Betros	Honourary Treasurer, Audit & Risk Committee Chair
Dr Danielle McMullen	Vice President
Dr Sandy Jusuf	Director
Dr Andrew Zuschmann	Director
Dr Michael Bonning	Chair, AMA (NSW) Council, Director
Dr Katherine Kearney	Director, DIT Committee Representative
Dr Costa Boyages	Chair, PIC, Director
Dr Brendan Steinfort	Chair, HPC, Director

The above named directors held office during the whole of the financial year and since the end of the financial year.

Company secretary

Dr Fred Betros was appointed as Company Secretary from 25 June 2019, replacing Dr Andrew Zuschmann.

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 \$4,014,482 (2018: \$4,262,565).

The company's operations resulted in a net profit of \$38,500 (2018: loss \$1,043,176) as follows:

	2019 \$	2018 \$
Loss from operations	(1,570,668)	(1,210,592)
Net gain from investment fund (Note 19)	1,609,168	167,416
Net profit/(loss)	38,500	(1,043,176)

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 thereon.

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.

Australian Medical Association (NSW) Limited

Directors' report (continued)

Subsequent events

Non-adjusting events

- On 7 February 2020, AMA (NSW) purchased a suite on Level 4, 69 Christie Street St Leonards from a third party for a cash consideration.
- As a result of the outbreak of COVID-19 there has been significant volatility in local and global equity markets. This has adversely impacted the market value of the managed funds in our investment portfolio included in Other financial assets (note 9) subsequent to 31 December 2019. As at the date of this report, the market value of the managed funds has decreased by \$1,320,722. It is expected that this volatility will continue for the foreseeable future and may have a material impact on the value of the investment portfolio.

No other matter or circumstance has occurred subsequent to year end 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 entity in subsequent financial years.

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	
	Attended	Held
Dr Kean-Seng Lim	9	10
Dr Andrew Zuschmann	9	10
Dr Danielle McMullen	8	10
Dr Sandy Jusuf	9	10
Dr Fred Betros	10	10
Dr Michael Bonning	10	10
Dr Katherine Kearney	6	10
Dr Costa Boyages	8	10
Dr Brendan Steinfort	8	10

Australian Medical Association (NSW) Limited

Directors' report

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



Dr Kean-Seng Lim
President
Sydney, 24 March 2020

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

24 March 2020

Dear Board Members

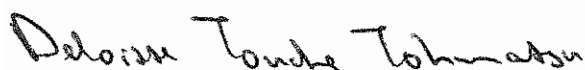
Australian Medical Association (NSW) Limited

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.

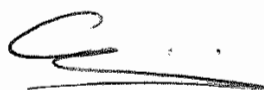
As lead audit partner for the audit of the financial statements of Australian Medical Association (NSW) Limited for the financial year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (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 2019, 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.

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 2019 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 2019, 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.

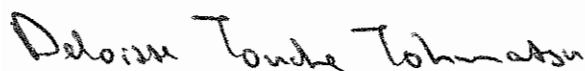
Auditor's Responsibilities for the Audit of the Financial Report

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.

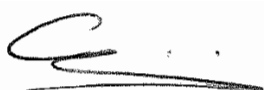
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.

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, 26 March 2020

Australian Medical Association (NSW) Limited

Directors' report

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



Dr Kean-Seng Lim
President
Sydney, 24 March 2020

Australian Medical Association (NSW) Limited

Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	4	5,070,434	5,339,817
Employee benefits expenses		(2,981,919)	(2,939,019)
Depreciation and amortisation expense	6(b)	(326,811)	(311,258)
Depreciation expense related to the investment property	6(b)	(224,239)	(226,603)
Legal fees		(274,412)	(124,342)
Magazine production and distribution		(172,692)	(151,652)
Audit fee		(47,950)	(47,000)
Membership development costs		(313,326)	(172,718)
Insurance costs		(51,809)	(48,315)
Meeting costs		(48,309)	(53,750)
Seminar costs		(79,668)	(171,503)
Telephone expenses		(57,304)	(61,331)
Travel and entertainment expenses		(35,089)	(34,564)
Printing and postage		(64,430)	(42,858)
Computer network and database		(220,816)	(191,049)
Administration and Sinking fund levies – Christie Street		(276,116)	(309,123)
Other expenses from ordinary activities	5	(713,576)	(900,313)
Changes in fair value of investments		856,532	(597,595)
Profit/(loss) before tax		38,500	(1,043,176)
Income tax expense	2(c)	-	-
Profit/(loss) for the year		38,500	(1,043,176)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		38,500	(1,043,176)

Notes to the financial statements are included on pages 17 to 39.

Australian Medical Association (NSW) Limited

Statement of financial position as at 31 December 2019

	Note	2019 \$	2018 \$
Current assets			
Cash and cash equivalents	7	3,306,412	4,215,462
Trade and other receivables	8	218,994	104,126
Other assets	12	129,595	181,866
Total current assets		3,655,001	4,501,454
Non-current assets			
Other financial assets	9	9,647,001	8,398,003
Investment property	10	3,932,169	4,156,408
Property, plant and equipment	11	2,862,913	3,150,791
Total non-current assets		16,442,083	15,705,202
Total assets		20,097,084	20,206,656
Current liabilities			
Trade and other payables	13	1,653,047	1,882,144
Provisions	14	682,589	561,048
Other liabilities	15	916,310	947,363
Total current liabilities		3,251,946	3,390,555
Non-current liabilities			
Provisions	14	13,638	23,101
Total non-current liabilities		13,638	23,101
Total liabilities		3,265,584	3,413,656
Net assets		16,831,500	16,793,000
Equity			
Reserves	16	-	-
Retained earnings	17	16,831,500	16,793,000
Total equity		16,831,500	16,793,000

Notes to the financial statements are included on pages 17 to 39.

Australian Medical Association (NSW) Limited

Statement of changes in equity for the financial year ended 31 December 2019

	Available- for-sale revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 January 2018	987,461	16,848,715	17,836,176
Effects of adoption of new accounting standard	(987,461)	987,461	-
Net loss for the year	-	(1,043,176)	(1,043,176)
Other comprehensive income for the year	-	-	-
Total comprehensive loss for the year	-	(1,043,176)	(1,043,176)
Balance at 31 December 2018	-	16,793,000	16,793,000
Balance at 1 January 2019	-	16,793,000	16,793,000
Net profit for the year	-	38,500	38,500
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	-	38,500	38,500
Balance at 31 December 2019	-	16,831,500	16,831,500

Notes to the financial statements are included on pages 17 to 39.

Australian Medical Association (NSW) Limited

Statement of cash flows for the financial year ended 31 December 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers and members		4,803,735	5,112,666
Payments to suppliers and employees		(5,724,330)	(5,317,909)
Net cash used in operating activities	21(b)	(920,595)	(205,243)
Cash flows from investing activities			
Interest received		58,650	77,275
Dividends received		453,218	452,569
Payments for property, plant and equipment		(38,933)	(104,876)
Proceeds from sale of investment		1,079,666	1,379,488
Payment for investments		(1,541,056)	(1,498,894)
Net cash (used in)/from investing activities		11,545	305,562
Net (decrease)/increase in cash and cash equivalents		(909,050)	100,319
Cash and cash equivalents at the beginning of the financial year		4,215,462	4,115,143
Cash and cash equivalents at the end of the financial year	21(a)	3,306,412	4,215,462

Notes to the financial statements are included on pages 17 to 39.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

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 24 March 2020.

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.

The Company has:

- assessed the impact of AASB 16 'Leases' from 1 January 2019. There has not been a material impact on the financial performance and position of the Company from the adoption of this Accounting Standard.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

Adoption of new and revised Accounting Standards (continued)

AASB 16 Leases

AASB 16 introduces new or amended requirements in respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted.

The Company has assessed that the implementation of AASB 16, effective from the financial year beginning 1 January 2019, has not materially impacted the financial statements.

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 from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

In all other cases (where the contract is not 'enforceable' or the performance obligations are not 'sufficiently specific'), the transaction is accounted for under AASB 1058.

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. Revenue from the sales of goods is recognised as the performance obligation is satisfied at a point in time.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(b) Revenue (continued)

Rendering of services – Subscription Revenue

Revenue from services is recognised in the period the services are provided. Subscription revenue is recognised as performance obligations are satisfied over time.

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 recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(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.

(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: 'investments and other 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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(e) Financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

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

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

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.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(f) Property, plant and equipment (continued)

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:

	2019	2018
• 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

(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:

	2019	2018
• Buildings	33 1/3 years	33 1/3 years

(h) 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

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

The Company as lessee (continued)

- The amount expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Company applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, plant and equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

Significant accounting policies (continued)

(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.

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.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

2. Significant accounting policies (continued)

(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.

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 – investments

Note 9 sets out the categories of other financial assets 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 profit or loss. In accordance with the requirements of AASB 9 *Financial Instruments*, the directors have reviewed whether there is any objective evidence that the investments held are impaired.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

4. Revenue

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

	2019 \$	2018 \$
<u>Operating revenue</u>		
Subscription revenue	3,135,835	3,278,175
Commission and fees	272,651	365,207
Interest – other entities	50,475	54,245
Sponsorship	42,150	68,000
Magazine advertising income	161,620	144,824
Seminar income	2,737	17,931
Other	349,014	334,183
	<u>4,014,482</u>	<u>4,262,565</u>
<u>Non-operating revenue</u>		
Dividends – investments	453,215	436,642
Interest – investments	8,175	23,030
Options – Investments	(55,135)	15,927
Rental revenue – investment property	649,697	601,653
	<u>1,055,952</u>	<u>1,077,252</u>
	<u>5,070,434</u>	<u>5,339,817</u>

5. Other expenses from ordinary activities

	2019 \$	2018 \$
Consultancy	65,168	71,018
President stipend	141,762	133,738
Investment fee	65,951	44,558
Office expense	93,709	99,926
Building cost	77,030	72,646
Repairs & maintenance	10,250	17,629
Other operating expenses	259,706	460,798
	<u>713,576</u>	<u>900,313</u>

During the year, the Company has amended the classifications for other expenses from ordinary activities in the current year to reflect the groupings above.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

6. Profit/(loss) for the year

(a) Gains and losses

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

	2019 \$	2018 \$
Gain on sale of investments	56,234	45,048
	<u>56,234</u>	<u>45,048</u>

(b) Other expenses

Profit/(loss) for the year includes the following expenses:

	2019 \$	2018 \$
Depreciation of property, plant and equipment (Note 11)	326,811	311,258
Depreciation of Ground floor, Level 4 and Level 5, 69 Christie St investment property (Investment Fund Assets) (Note 10)	224,239	226,603
Employee benefits expense – Defined contribution plans (Superannuation)	242,606	246,254

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

7. Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank and on hand – for operating purposes	3,306,412	4,215,462

8. Trade and other receivables

	2019 \$	2018 \$
Trade receivables	188,575	86,044
Allowance for expected credit losses	(5,000)	(5,000)
	183,575	81,044
Accrued income	35,419	23,082
	218,994	104,126

9. Other financial assets

	2019 \$	2018 \$
Cash at bank – for investing purposes	1,018,612	446,480
Investments carried at fair value through profit or loss	8,628,389	7,951,523
Investments held in managed funds	9,647,001	8,398,003

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

10. Investment property

	Ground floor level 4 and level 5, 69 Christie St at cost \$
Gross carrying amount	
Balance at 1 January 2018	7,253,281
Additions	<u>12,000</u>
Balance at 31 December 2018	7,265,281
Additions	<u>-</u>
Balance at 31 December 2019	<u>7,265,281</u>
Accumulated depreciation/amortisation	
Balance at 1 January 2018	(2,882,270)
Depreciation expense	<u>(226,603)</u>
Balance at 31 December 2018	(3,108,873)
Depreciation expense	<u>(224,239)</u>
Balance at 31 December 2019	<u>(3,333,112)</u>
Net book value	
As at 31 December 2018	<u>4,156,408</u>
As at 31 December 2019	<u>3,932,169</u>

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 2019.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

11. 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 2018	5,019,871	685,446	123,558	252,688	6,081,563
Additions	-	56,282	-	36,594	92,876
Disposals	-	-	-	-	-
Balance at 31 December 2018	5,019,871	741,728	123,558	289,282	6,174,439
Additions	-	1,879	-	37,055	38,934
Disposals	-	-	-	-	-
Balance at 31 December 2019	5,019,871	743,607	123,558	326,337	6,213,373
Accumulated depreciation/ amortisation					
Balance at 1 January 2018	(2,082,551)	(580,591)	(16,617)	(32,631)	(2,712,390)
Disposals	-	-	-	-	-
Depreciation expense	(155,119)	(52,314)	(24,712)	(79,113)	(311,258)
Balance at 31 December 2018	(2,237,670)	(632,905)	(41,329)	(111,744)	(3,023,648)
Disposals	-	-	-	-	-
Depreciation expense	(155,119)	(18,824)	(24,712)	(128,156)	(326,811)
Balance at 31 December 2019	(2,392,789)	(651,729)	(66,041)	(239,900)	(3,350,459)
Net book value					
As at 31 December 2018	2,782,201	108,823	82,229	177,538	3,150,791
As at 31 December 2019	2,627,082	91,878	57,517	86,437	2,862,913

As of 31 December 2019, the entity has no capital expenditure commitment (2018: NIL).

12. Other assets

	2019 \$	2018 \$
Prepayments	129,595	181,866

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

13. Trade and other payables

	2019 \$	2018 \$
Trade payables (i)	294,022	294,872
Subscriptions due to:		
Australian Medical Association Limited	1,161,482	1,334,952
AMA Tasmania	3,189	3,071
AMA South Australia	2,313	4,079
The Australian Salaried Medical Officers' Federation ("ASMOF")	68,892	108,488
Medical Benevolent Association	650	900
Amounts owing to related parties:		
The AMA (NSW) Charitable Foundation	20,698	17,546
Goods and services tax (GST) payable	101,801	118,236
	1,653,047	1,882,144

- (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.

14. Provisions

	2019 \$	2018 \$
Current		
Employee benefits	682,589	561,048
Non-current		
Employee benefits	13,638	23,101
	696,227	584,149

15. Other liabilities

	2019 \$	2018 \$
Income received in advance	13,840	15,901
Subscriptions received in advance	902,470	931,462
	916,310	947,363

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

16. Reserves

	2019 \$	2018 \$
Balance at beginning of financial year	-	987,461
Gain/(loss) arising on revaluation of available-for-sale financial assets net of loss reclassified to profit and loss on sale of available-for-sale assets	-	-
	-	-
	-	987,461
Transfer to retained earnings on change in accounting policy	-	(987,461)
Balance at end of financial year	-	-

17. Retained earnings

	2019 \$	2018 \$
Balance at beginning of financial year	16,793,000	16,848,715
Net profit/(loss) for the year	38,500	(1,043,176)
Transfer from available-for-sale revaluation reserve on change in accounting policy	-	987,461
Balance at end of financial year	16,831,500	16,793,000

18. 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 2019

19. 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".

	2019 \$	2018 \$
<u>At fair value</u>		
Non-current financial assets:		
Cash at bank – for investing purposes	1,018,612	446,480
Available-for-sale investments carried at fair value	-	-
Investments carried at fair value through profit or loss	8,628,389	7,951,523
Investment property at depreciated cost (Note 10)	3,932,169	4,156,408
Total investment fund	13,579,170	12,554,411

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

	2019 \$	2018 \$
Rental income on investment property	649,697	601,653
Expenses incurred in maintaining investment property & depreciation	(293,599)	(312,731)
Dividends	453,215	436,642
Options – Investments (loss)/gain	(55,135)	15,927
Interest	8,175	23,030
Brokerage costs	(65,951)	(44,558)
Unrealised fair value gain	856,532	(597,595)
Gain on sales	56,234	45,048
	1,609,168	167,416

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

20. 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	
	2019	2018
	\$	\$
Assets		
Cash	72,698	70,140
Amount receivable from Australian Medical Association (NSW) Limited	20,698	17,546
Other assets	1	1,616
	93,397	89,302
Liabilities		
Creditors and accruals	1,051	1,051
	1,051	1,051

21. 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:

	2019	2018
	\$	\$
Cash at bank and on hand	3,306,412	4,215,462

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

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

(b) Reconciliation of profit for the year to net cash flows from operating activities

	2019 \$	2018 \$
Profit/(loss) for the year	38,500	(1,043,176)
(Gain) on sale of investments	(56,234)	(45,048)
Depreciation	551,050	537,861
Investment fee and charges	65,591	44,554
Interest income received and receivable	(58,650)	(77,275)
Loss/(gain) Option - investments	55,135	(15,927)
Dividends received and receivable	(453,218)	(436,642)
Changes in fair value from investment	(856,532)	597,595
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	(114,868)	(6,563)
Other assets	52,271	(10,910)
Increase/(decrease) in liabilities:		
Trade and other payables	(224,665)	231,960
Provisions	112,078	78,057
Other liabilities	(31,053)	(59,729)
Net cash used in operating activities	(920,595)	(205,243)

22. Financial instruments

(a) Categories of financial instruments

	2019 \$	2018 \$
Financial assets		
Loans and receivables	218,994	104,126
Cash and cash equivalents	3,306,412	4,215,462
Cash at bank – for investing purposes	1,018,612	446,480
Investments carried at fair value	8,628,389	7,951,523

(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 2019

22. 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 \$15,654 (2018: \$26,661). 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 2018.

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

22. 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 \$		
2019						
Trade payables	-	-	-	-	294,090	294,090
Subscriptions due to other entities	-	-	-	-	1,554,538	1,554,538
Amounts owed to related parties	-	-	-	-	20,698	20,698
			-	-	1,869,326	1,869,326
2018						
Trade payables	-	-	-	-	294,872	294,872
Subscriptions due to other entities	-	-	-	-	1,451,490	1,451,490
Amounts owed to related parties	-	-	-	-	17,546	17,546
			-	-	1,763,908	1,763,908

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

22. 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.

			Fixed interest rate maturity			
	Weighted average effective interest rate %	Variable interest rate \$	Less than 1 year \$	More than 1 year and less than 5 years \$	Non-interest bearing \$	Total \$
2019						
Cash:						
Cash on hand	-	-	-	-	1,000	1,000
Cheque	-	-	-	-	174,602	174,602
Cheque	1.50%	-	1,554,538	-	-	1,554,538
Term deposit	1.25%	-	172,574	-	-	172,574
Term deposit	1.75%	-	1,403,698	-	-	1,403,698
			3,130,810	-	175,602	3,306,412
Trade and other receivables:						
Trade receivables	-	-	-	-	183,575	183,575
			-	3,130,810	-	3,489,987
2018						
Cash:						
Cash on hand	-	-	-	-	1,000	1,000
Cheque	-	-	-	-	188,658	188,658
Cash deposit	1.50%	-	936,926	-	-	936,926
Term deposit	0.50%	-	5,429	-	-	5,429
Term deposit	1.75%	-	1,708,322	-	-	1,708,322
Term deposit	2.31%	-	1,375,127	-	-	1,375,127
			-	4,025,804	-	4,215,462
Trade and other receivables:						
Trade receivables	-	-	-	-	81,044	81,044
			-	4,025,804	-	4,296,506

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

22. Financial instruments (continued)

(j) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of financial assets investments in managed funds are reference to the valuation provided by investment fund manager; and

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

23. Key management personnel compensation

a) The names of the directors who served during the financial year are as follows:

Dr Kean-Seng Lim
Dr Andrew Zuschmann
Dr Danielle McMullen
Dr Michael Bonning
Dr Sandy Jusuf
Dr Fred Betros
Dr Katherine Kearney
Dr Costa Boyages
Dr Brendan Steinfort

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

	2019 \$	2018 \$
Short-term employee benefits	141,762	133,738

During the year, the President received remuneration from the company in accordance with a Directors resolution.

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

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

	2019 \$	2018 \$
Short-term employee benefits	746,668	926,847

Australian Medical Association (NSW) Limited

Notes to the financial statements for the financial year ended 31 December 2019

24. Related party transactions

(a) Transactions with key management personnel

Directors' compensation

Details of key management personnel compensation are disclosed in Note 23 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 2019, there was an amount of \$20,698 (2018: \$17,546) payable to the company by Australian Medical Association (NSW) Limited.
- The AMA (NSW) Charitable Foundation, a related party: during 12 months ended 31 December 2019 the secretariat service on total amount \$nil (2018: \$8,000) was provided by Australian Medical Association (NSW) Limited.

25. Remuneration of auditors

	2019 \$	2018 \$
Auditor of the entity		
Audit of the financial report	47,500	47,000

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

26. Subsequent events

Non-adjusting events

- On 7 February 2020, AMA (NSW) purchased a suite on Level 4, 69 Christie Street St Leonards from a third party for a cash consideration.
- As a result of the outbreak of COVID-19 there has been significant volatility in local and global equity markets. This has adversely impacted the market value of the managed funds in our investment portfolio included in Other financial assets (note 9) subsequent to 31 December 2019. As at the date of this report, the market value of the managed funds has decreased by \$1,320,722. It is expected that this volatility will continue for the foreseeable future and may have a material impact on the value of the investment portfolio.

No other matter or circumstance has occurred subsequent to year end 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 entity in subsequent financial years.



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