# 2021 ANNUAL REPORT

AMA NEW SOUTH WALES

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

# CONTENTS

# PRESIDENT, CHAIR OF THE BOARD REPORT

**DR DANIELLE MCMULLEN**

COVID-19 and our management of the pandemic entered a new phase in 2021. The issues that plagued the system in 2020 – the race to procure PPE supplies and ventilators, the necessity of building and maintaining quarantine facilities, the desire to improve communication and transparency between Government, the healthcare system and the general public – all gave way to a new set of challenges: the rollout of the COVID-19 vaccine program; the spread of the Delta variant; and then the rise of Omicron.

As an association and a profession, we have all been incredibly focused on dealing with the issues each of these challenges have brought. For GPs involved in the COVID-vaccine program, the rollout had some rough patches. At first there weren't enough vaccines, and then there was too much of one kind but not enough of the other. There was confusion, hesitation, and desperation – and not all of that was just from patients. For private practices, the constantly changing public health guidelines presented another unique challenge, as did questions around mandatory vaccinations and your employees. The Delta wave pushed public hospital healthcare workers to the brink of burnout and the strain lessened slightly just in time for Omicron to hit over the holiday period. Meanwhile, the suspension of elective surgery meant some doctors were underemployed while waiting lists continued to grow.

Each and every one of us felt the impact of COVID-19 in some way or other in 2021 – both professionally and personally.

While COVID dominated breakroom chats, WhatsApp groups, and Zoom calls with colleagues, another important conversation was happening: healthcare in non-metropolitan areas of NSW. Hearings of the Parliamentary inquiry into health outcomes and access to health and hospital services in regional, remote, and rural NSW were held throughout 2021, with AMA (NSW) appearing before the Committee in March. It was an important opportunity for the AMA to speak on behalf of the many hardworking doctors in these areas, as well as their patients.

The AMA acknowledged the shortcomings of health services, particularly in our most rural and remote communities; as well as the inadequate or absent service delivery that has resulted in some very poor outcomes and very sad circumstances for individuals and their families.

However, we believe our contribution to the inquiry was to focus on what improvements can be made to prevent these scenarios and, as the peak representative organisation for medical professionals in NSW, what can be done to ensure the regional, rural, and remote communities of NSW have access to adequate and reliable medical services.

AMA's recommendations include recruiting and retaining a well-trained, resourced and supported medical workforce.

In 2021, AMA (NSW) was also vocal about the pressure the health system was experiencing across the State, as reflected by the quarterly Bureau of Health Information (BHI) reports.

Across the board, the five-year trends in activity and performance for emergency departments, ambulance services, admitted patients and elective surgical procedures all reveal a system that is struggling to cope with the current demand.

This strain is having a detrimental impact on the wellbeing of clinicians. Our Senior Doctor Pulse Check revealed eight in 10 senior doctors are experiencing workplace stress, with the majority citing excessive workloads (60%) and a lack of resources (69%). Two-thirds of respondents (69%) do not feel valued by their hospital and, perhaps not surprisingly, only 32% would recommend their workplace as a good place to work. This needs to improve or the consequences for healthcare workers and the health system will be serious.

The 2021 Hospital Health Check of doctors-in-training revealed similar pressures on junior doctors, with an increase in the number of respondents working more than five hours of unrostered overtime in an average fortnight. Respondents to this year's survey repeatedly commented on the need for more staffing to improve rostering, alleviate the workload and provide relief for overtired junior doctors.

AMA (NSW) will continue to advocate for an increase in workforce resources to address these issues and improve the working lives of medical professionals.

Following changes to the Constitution, AMA (NSW) modernised the Board structure by removing the position of Hon. Treasurer. This Annual Report therefore includes my report as Chair of the AMA (NSW) Board.

Like many organisations, 2021 presented a number of ongoing operational challenges with the need for extended periods of remote work and the cancellation of a number of in person events. Despite this, AMA (NSW) was able to maintain a significant level of support for our members. Total revenue for the year to 31 December 2021 was $5.99 million, which exceeded 2020 total income by over $600K.

The financial result for 2021 is showing a profit of $1.23 million which is mainly due to profit on sale of investments totalling $540K and savings in salaries in vacant positions of $735K. A number of those positions have been or will be replaced in 2022 with an increase in membership facing and membership support roles being prioritised.

The AMA (NSW) balance sheet remains strong and healthy with total assets of close to $17.87 million of funds held in a range of asset classes such as cash $2.77 million, financial assets including investments of $11.37 million, investment property $5.08 million, and property plant and equipment of $2.47 million.

The total land and buildings are held at a cost of only $7.55 million in the AMA House site, which is an important asset in the ever-changing property landscape of St Leonards.

I would like to thank my fellow Councillors for their commitment and dedication to the organisation, and the AMA (NSW) Secretariat for its hard work and support over 2021.

## 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 2021. 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 Danielle McMullen | President and Chair (appointed President and Chair) |
| Dr Andrew Zuschmann | Vice President (appointed Vice President) and Chair HPC |
| Dr Fred Betros | Director |
| Dr Michael Bonning | Chair AMA (NSW) Council, Director, Audit & Risk Committee Chair Dr |
| Costa Boyages | Chair PIC, Director |
| Dr Sanjay Hettige | Director, DIT Committee Representative |
| Dr Kean-Seng Lim | Director |
| Dr Kathryn Austin | Director |
| Dr Amandeep Kaur Hansra | Director (appointed on 9 July 2021) |
| Dr Sandy Jusuf | Director (resigned on 18 May 2021) |

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

**Company secretary**

Dr Fred Betros was appointed as Company Secretary from 25 June 2019.

**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 $4,057,426 (2020: 4,140,493).

The Company's operations resulted in a net profit of $1,233,610 (2020: loss of $199,505) as follows:

| | **2021**<br>**$** | **2020**<br>**$** |
|---|---|---|
| Loss from operations | (422,503) | (925,360) |
| Net gain from investment fund (Note 19) | 1,656,113 | 725,855 |
| Net profit/(loss) | 1,233,610 | (199,505) |

**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.

## Directors' report (continued)

**Subsequent events**

The impact of the Coronavirus (COVID-19) pandemic is ongoing. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the business. The scale and duration of these developments remain uncertain as at the date of this report however, the Company will continue to closely monitor developments and respond appropriately.

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 Company 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 Danielle McMullen | 10 | 10 |
| Dr Andrew Zuschmann | 9 | 10 |
| Dr Fred Betros | 8 | 10 |
| Dr Michael Bonning | 9 | 10 |
| Dr Costa Boyages | 8 | 10 |
| Dr Sanjay Hettige | 10 | 10 |
| Dr Kean-Seng Lim | 9 | 10 |
| Dr Kathryn Austin | 9 | 10 |
| Dr Amandeep Kaur Hansra (appointed 9 July 2021) | 4 | 4 |
| Dr Sandy Jusuf (resigned 18 May 2021) | 4 | 4 |

## 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 Danielle McMullen
President
Sydney, 29 March 2022

Deloitte.

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

30 March 2022

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 2021, 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

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants

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## 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 2021, 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 2021 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 (including Independence Standards)* (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 2021, 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.

Deloitte.

***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

DELOITTE TOUCHE TOHMATSU

Carlo Pasqualini
Partner
Chartered Accountants
Sydney, 30 March 2022

## 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 – Reduced disclosure requirements 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 Danielle McMullen
President
Sydney, 29 March 2022

## Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| Revenue | 4 | 5,991,420 | 5,375,044 |
| Employee benefits expenses | | (2,358,705) | (3,094,331) |
| Depreciation and amortisation expense | 6(b) | (236,727) | (300,961) |
| Depreciation expense related to the investment property | 6(b) | (274,023) | (268,512) |
| Legal fees | | (179,862) | (62,762) |
| Magazine production and distribution | | (62,365) | (56,568) |
| Audit fee | | (42,000) | (41,475) |
| Membership development costs | | (305,798) | (385,302) |
| Insurance costs | | (70,349) | (67,275) |
| Meeting costs | | (18,544) | (20,227) |
| Seminar costs | | (3,826) | (43,864) |
| Telephone expenses | | (36,311) | (51,962) |
| Travel and entertainment expenses | | (13,818) | (9,877) |
| Printing and postage | | (34,584) | (97,420) |
| Computer network and database | | (330,577) | (270,701) |
| Administration and Sinking fund levies – Christie Street | | (298,125) | (304,976) |
| Other expenses from ordinary activities | 5 | (792,457) | (604,962) |
| Interest expense | 6(b) | (36,025) | (32,519) |
| Change in fair value of investments | | 336,286 | 139,145 |
| Profit/(loss) before tax | | 1,233,610 | (199,505) |
| Income tax expense | 2(c) | - | - |
| **Profit/(loss) for the year** | | 1,233,610 | (199,505) |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income/(loss) for the year** | | **1,233,610** | **(199,505)** |

Notes to the financial statements are included on pages 17 to 38.

## Statement of financial position as at year 31 December 2021

| | Note | 2021 $ | 2020 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 7 | 2,771,057 | 2,711,022 |
| Trade and other receivables | 8 | 96,426 | 41,903 |
| Other assets | 12 | 176,877 | 93,947 |
| **Total current assets** | | 3,044,360 | 2,846,872 |
| **Non-current assets** | | | |
| Other financial assets | 9 | 11,356,121 | 10,098,919 |
| Investment property | 10 | 5,079,592 | 5,353,614 |
| Property, plant and equipment | 11 | 2,465,417 | 2,675,616 |
| **Total non-current assets** | | 18,901,130 | 18,128,149 |
| **Total assets** | | 21,945,490 | 20,975,021 |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 1,459,561 | 1,484,635 |
| Provisions | 14 | 553,436 | 613,746 |
| Borrowings | 16 | 74,285 | 593,886 |
| Other liabilities | 15 | 848,629 | 950,520 |
| **Total current liabilities** | | 2,935,911 | 3,642,787 |
| **Non-current liabilities** | | | |
| Provisions | 14 | 10,360 | 7,371 |
| Borrowings | 16 | 1,133,614 | 692,868 |
| **Total non-current liabilities** | | 1,143,974 | 700,239 |
| **Total liabilities** | | 4,079,885 | 4,343,026 |
| **Net assets** | | **17,865,605** | **16,631,995** |
| **Equity** | | | |
| Retained earnings | 17 | 17,865,605 | 16,631,995 |
| **Total equity** | | **17,865,605** | **16,631,995** |

Notes to the financial statements are included on pages 17 to 38.

## Statement of changes in equity for the financial year ended 31 December 2021

| | Retained earnings $ | Total $ |
|---|---|---|
| Balance at 1 January 2020 | 16,831,500 | 16,831,500 |
| Net loss for the year | (199,505) | (199,505) |
| Other comprehensive income for the year | - | - |
| **Total comprehensive loss for the year** | (199,505) | (199,505) |
| **Balance at 31 December 2020** | **16,631,995** | **16,631,995** |
| Balance at 1 January 2021 | 16,631,995 | 16,631,995 |
| Net profit for the year | 1,233,610 | 1,233,610 |
| Other comprehensive income for the year | - | - |
| **Total comprehensive income for the year** | 1,233,610 | 1,233,610 |
| **Balance at 31 December 2021** | **17,865,605** | **17,865,605** |

Notes to the financial statements are included on pages 17 to 38.

## Statement of cash flow for the financial year ended 31 December 2021

| | Note | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers and members | | 5,281,094 | 5,611,753 |
| Payments to suppliers and employees | | (5,089,340) | (5,690,335) |
| Net cash from/(used in) operating activities | 21(b) | 191,754 | (78,582) |
| **Cash flows from investing activities** | | | |
| Interest received | | 5,696 | 29,290 |
| Dividends received | | 436,802 | 408,357 |
| Payments for property, plant and equipment | | (26,682) | (163,991) |
| Proceeds from the sale of investments – financial assets | | 2,166,241 | 1,304,770 |
| Proceeds from sale of property, plant and equipment | | - | 53,908 |
| Payment for investments – financial assets | | (2,598,896) | (1,713,420) |
| Payment for investments – properties | | - | (1,689,957) |
| Net cash used in investing activities | | (16,839) | (1,771,043) |
| **Cash flows from financing activities** | | | |
| (Repayments)/Proceeds from borrowings | | (114,880) | 1,254,235 |
| Net cash (used in)/from investing activities | | (114,880) | 1,254,235 |
| **Net increase/(decrease) in cash and cash equivalents** | | 60,035 | (595,390) |
| **Cash and cash equivalents at the beginning of the financial year** | | 2,711,022 | 3,306,412 |
| **Cash and cash equivalents at the end of the financial year** | 21(a) | **2,771,057** | **2,711,022** |

Notes to the financial statements are included on pages 17 to 38.

# Notes to the financial statements for the financial year ended 31 December 2021

## 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 29 March 2022.

**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. For the financial period, the adoption of these amended standards and interpretation had no material impact on the financial statements of the Company for the financial year ended 31 December 2021.

**Standards and Interpretations not yet mandatory or early adopted**
At the date of authorization of the financial report, certain Accounting Standards and Interpretations were in issue but not yet effective.

| Standard/Interpretation | Effective for financial year ending |
|---|---|
| • AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Entities | 1 January 2022 |

The directors are still in a process of determining the potential impact of the revised Standards and Interpretation on the Company's financial statements. As at the date of authiorisation of the financial report, the directors do not intend to early apply the standards.

## 2. Significant accounting policies (continued)

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.

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(i).

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.

# Notes to the financial statements for the financial year ended 31 December 2021

## 2. Significant accounting policies (continued)

**(b) Revenue (continued)**

***Government Grants***
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

**(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.

<u>Effective interest method</u>
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.

<u>Investments and other financial assets</u>
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.

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.

<u>Loans and receivables</u>
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.

## 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.

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 measures 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) Financial liabilities**

Financial liabilities, including trade and other payables and borrowings, are initially measured at fair value, net of transaction costs. All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Derecognition

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**(g) 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.

# Notes to the financial statements for the financial year ended 31 December 2021

## 2. Significant accounting policies (continued)

### (g) 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:

| | 2021 | 2020 |
|---|---|---|
| • 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 |

### (h) 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:

| | 2021 | 2020 |
|---|---|---|
| Buildings | 33 1/3 years | 33 1/3 years |

### (i) 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.

## Notes to the financial statements for the financial year ended 31 December 2021

### 2. Significant accounting policies (continued)

#### (i) Leases (continued)

Company as lessee (coninuted)

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
- 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 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.

## Notes to the financial statements for the financial year ended 31 December 2021

### 2. Significant accounting policies (continued)

**(j) 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.

**(k) 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.

<u>Defined contribution plans</u>
Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

**(l) 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.

## Notes to the financial statements for the financial year ended 31 December 2021

### 2. Significant accounting policies (continued)

**(m) 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.

**(n) Comparative amounts**
Comparative amounts have been realigned where necessary to agree with the current year presentation. There was no change in the profit or net assets.

### 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.

Useful lives of property, plant and equipment and investment properties
The management reviews the estimated useful lives of property, plant and equipment and investment properties (respectively), at the end of each reporting period. The useful lives could change significantly as a result of regulatory changes and industry practices associated with operational safety, technical innovations or some other event.

## Notes to the financial statements for the financial year ended 31 December 2021

### 4. Revenue

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Operating revenue | | |
| Subscription revenue | 3,579,159 | 3,321,314 |
| Commission and fees | 193,785 | 283,556 |
| Interest – other entities | 4,842 | 24,913 |
| Sponsorship | 10,750 | 23,650 |
| Magazine advertising income | 110,808 | 133,855 |
| Seminar income | 1,467 | 7,377 |
| Other | 156,615 | 345,828 |
| | 4,057,426 | 4,140,493 |
| Non-operating revenue | | |
| Dividends – investments | 436,802 | 408,357 |
| Interest – investments | 854 | 4,377 |
| Gain/ (loss) on sale of investments | 539,292 | (44,081) |
| Rental revenue – investment property | 957,046 | 865,898 |
| | 1,933,994 | 1,234,551 |
| | 5,991,420 | 5,375,044 |

### 5. Other expenses from ordinary activities

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Consultancy fees | 60,772 | 59,220 |
| President stipend | 153,898 | 150,268 |
| Investment fees | 51,029 | 51,796 |
| Office expenses | 27,234 | 63,325 |
| Building costs | 69,478 | 60,780 |
| Repairs & maintenance | 3,340 | 7,832 |
| Other operating expenses | 426,706 | 211,741 |
| | 792,457 | 604,962 |

## Notes to the financial statements for the financial year ended 31 December 2021

### 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:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Gain/ (loss) on disposal of property, plant and equipment | (155) | 3,581 |
| Gain/ (loss) on sale of investments | 539,292 | (44,081) |
| | 539,137 | (40,500) |

#### (b) Other expenses

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Depreciation of property, plant and equipment (Note 11) | 236,727 | 300,960 |
| Depreciation of Ground floor, Level 4 and Level 5, 69 Christie St investment property (Investment Fund Assets) (Note 10) | 274,023 | 268,512 |
| Employee benefits expense – Defined contribution plans (Superannuation) | 210,273 | 248,282 |
| Interest expense on borrowings | 36,025 | 32,519 |

## Notes to the financial statements for the financial year ended 31 December 2021

### 7. Cash and cash equivalents

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank and on hand – for operating purposes | 2,771,057 | 2,711,022 |

### 8. Trade and other receivables

| | 2021 $ | 2020 $ |
|---|---|---|
| Trade receivables | 64,031 | 24,320 |
| Allowance for expected credit losses | (5,000) | (5,000) |
| | 59,031 | 19,320 |
| Accrued income | 28,751 | 21,533 |
| Amounts due from related parties: | | |
| - The AMA (NSW) Charitable Foundation | 6,596 | - |
| - Professional Freedom Foundation | 2,048 | 1,050 |
| | 96,426 | 41,903 |

### 9. Other financial assets

| | 2021 $ | 2020 $ |
|---|---|---|
| Cash at bank – for investing purposes | 810,703 | 774,684 |
| Investments carried at fair value through profit or loss | 10,545,418 | 9,324,235 |
| Total investments held in managed funds | 11,356,121 | 10,098,919 |

## Notes to the financial statements for the financial year ended 31 December 2021

### 10. Investment property

| | Ground floor level 4 and level 5, 69 Christie St at cost $ |
|---|---|
| **Gross carrying amount** | |
| Balance at 1 January 2020 | 7,265,281 |
| Additions | 1,689,957 |
| **Balance at 31 December 2020** | 8,955,238 |
| Additions | - |
| **Balance at 31 December 2021** | 8,955,238 |
| **Accumulated depreciation/amortisation** | |
| Balance at 1 January 2020 | (3,333,112) |
| Depreciation expense | (268,512) |
| **Balance at 31 December 2020** | (3,601,624) |
| Depreciation expense | (274,023) |
| **Balance at 31 December 2021** | (3,875,647) |
| **Net book value** | |
| As at 31 December 2020 | 5,353,614 |
| As at 31 December 2021 | 5,079,592 |

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 2021 and there are no indicators of impairment.

## Notes to the financial statements for the financial year ended 31 December 2021

### 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 2020 | 5,019,871 | 784,887 | 123,558 | 285,057 | 6,213,373 |
| Additions | - | 44,200 | 119,791 | - | 163,991 |
| Disposals/ write offs | - | (341,469) | (123,560) | (3,386) | (468,415) |
| **Balance at 31 December 2020** | 5,019,871 | 487,618 | 119,789 | 281,671 | 5,908,949 |
| Additions | - | 26,682 | - | - | 26,682 |
| Disposals/ write offs | - | (5,086) | - | (255,689) | (260,775) |
| **Balance at 31 December 2021** | 5,019,871 | 509,214 | 119,789 | 25,982 | 5,674,856 |
| **Accumulated depreciation/ amortisation** | | | | | |
| Balance at 1 January 2020 | (2,392,789) | (704,888) | (66,041) | (186,741) | (3,350,459) |
| Disposals/ write offs | - | 336,115 | 78,585 | 3,386 | 418,086 |
| Depreciation expense | (155,119) | (38,104) | (22,691) | (85,046) | (300,960) |
| **Balance at 31 December 2020** | (2,547,908) | (406,877) | (10,147) | (268,401) | (3,233,333) |
| Disposals/ write offs | - | 4,932 | - | 255,689 | 260,621 |
| Depreciation expense | (155,199) | (48,547) | (23,958) | (9,023) | (236,727) |
| **Balance at 31 December 2021** | (2,703,107) | (450,492) | (34,105) | (21,735) | (3,209,439) |
| **Net book value** | | | | | |
| As at 31 December 2020 | 2,471,963 | 80,741 | 109,642 | 13,270 | 2,675,616 |
| As at 31 December 2021 | 2,316,764 | 58,722 | 85,684 | 4,247 | 2,465,417 |

As of 31 December 2021, the Company has no capital expenditure commitment (2020: NIL).

### 12. Other assets

| | 2021 $ | 2020 $ |
|---|---|---|
| Prepayments | 176,877 | 93,947 |

## Notes to the financial statements for the financial year ended 31 December 2021

### 13. Trade and other payables

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Trade payables (i) | 243,301 | 188,063 |
| Subscriptions due to: | | |
| - Australian Medical Association Limited | 1,065,183 | 1,135,799 |
| - Medical Benevolent Association | 1,300 | 736 |
| Amounts owing to related parties: | | |
| - The AMA (NSW) Charitable Foundation | - | 461 |
| - AMA Golf Society | 28,336 | 38,336 |
| Goods and services tax (GST) payable | 121,441 | 121,240 |
| | 1,459,561 | 1,484,635 |

(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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Current** | | |
| Employee benefits | 553,436 | 613,746 |
| **Non-current** | | |
| Employee benefits | 10,360 | 7,371 |
| | 563,796 | 621,117 |

### 15. Other liabilities

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Income received in advance | 22,970 | 28,308 |
| Subscriptions received in advance | 825,659 | 922,212 |
| | 848,629 | 950,520 |

### 16. Borrowings

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Secured | | |
| Bank loans – current | 74,285 | 593,886 |
| Bank loans – non–current | 1,133,614 | 692,868 |
| | 1,207,899 | 1,286,754 |

In February 2020, the Company has obtained a business loan facility with a bank for a credit limit of $1,350,000. The facility bears a variable rate (currently at 2.88% per annum) and is secured over the Company's property. The facility expires on 7 February 2023.

## Notes to the financial statements for the financial year ended 31 December 2021

### 17. Retained earnings

| | 2021 $ | 2020 $ |
|---|---|---|
| Balance at beginning of financial year | 16,631,955 | 16,831,500 |
| Net profit/(loss) for the year | 1,233,610 | (199,505) |
| Balance at end of financial year | 17,865,605 | 16,631,995 |

### 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.

### 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".

| | 2021 $ | 2020 $ |
|---|---|---|
| Non-current financial assets: | | |
| At fair value | | |
| Cash at bank – for investing purposes | 810,703 | 774,684 |
| Investments carried at fair value through profit or loss | 10,545,418 | 9,324,235 |
| | 11,356,121 | 10,098,919 |
| At cost | | |
| Investment property at depreciated cost (Note 10) | 5,079,592 | 5,353,614 |
| **Total investment fund** | 16,435,713 | 15,452,533 |

Certain income/(expenses) generated by the investment fund and included in the Statement of Profit or Loss include:

| | 2021 $ | 2020 $ |
|---|---|---|
| Rental income on investment property | 957,046 | 865,898 |
| Expenses incurred in maintaining investment property & depreciation | (527,114) | (563,526) |
| Dividends | 436,802 | 408,357 |
| Interest received | 854 | 4,377 |
| Interest expense | (36,025) | (32,519) |
| Brokerage costs | (51,028) | (51,796) |
| Unrealised fair value gain | 336,286 | 139,145 |
| Gain/(loss) on sales of investments | 539,292 | (44,081) |
| | 1,656,113 | 725,855 |

## Notes to the financial statements for the financial year ended 31 December 2021

### 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 | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **Assets** | | |
| Cash | 72,048 | 72,384 |
| Other assets | 8,185 | - |
| Amount receivable from Australian Medical Association (NSW) Limited | - | 461 |
| | 80,233 | 72,845 |
| **Liabilities** | | |
| Creditors and accruals | 1,523 | 1,523 |
| Amount payable to Australian Medical Association (NSW) Limited | 6,596 | - |
| | 8,119 | 1,523 |

### 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:

| | **2021** | **2020** |
|---|---|---|
| | **$** | **$** |
| Cash at bank and on hand | 2,771,057 | 2,711,022 |

## Notes to the financial statements for the financial year ended 31 December 2021

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

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

| | 2021 $ | 2020 $ |
|---|---|---|
| Profit/(loss) for the year | 1,233,610 | (199,505) |
| Loss/ (gain) on sale of investments | (539,292) | 44,081 |
| Depreciation | 510,750 | 569,473 |
| Investment fee and charges | 51,029 | 51,796 |
| Interest income received and receivable | (5,696) | (29,290) |
| Interest expense on borrowings | 36,025 | 32,519 |
| Loss/ (gain) on sale of property, plant and equipments | 155 | (3,581) |
| w | (436,802) | (408,357) |
| Changes in fair value of investments | (336,286) | (139,145) |
| *Changes in net assets and liabilities:* | | |
| (Increase)/decrease in assets: | | |
| Trade and other receivables | (54,523) | 177,091 |
| Other assets | (82,930) | 35,648 |
| Increase/(decrease) in liabilities: | | |
| Trade and other payables | (25,074) | (168,412) |
| Provisions | (57,321) | (75,110) |
| Other liabilities | (101,891) | 34,210 |
| Net cash used in operating activities | 191,754 | (78,582) |

### 22. Financial instruments

**(a) Categories of financial instruments**

| | 2021 $ | 2020 $ |
|---|---|---|
| **Financial assets** | | |
| Loans and receivables | 96,426 | 41,903 |
| Cash and cash equivalents | 2,771,057 | 2,711,022 |
| Cash at bank – for investing purposes | 810,703 | 774,684 |
| Investments carried at fair value | 10,545,418 | 9,324,235 |

**(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.

## 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 (2020: $9,315). 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 2020.

## Notes to the financial statements for the financial year ended 31 December 2021

### 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.

| | | | 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 $ |
| **2021** | | | | | | |
| Trade payables | | - | - | - | 243,301 | 243,301 |
| Subscriptions due to other entities | | - | - | - | 1,066,483 | 1,066,483 |
| Amounts owed to related parties | | - | - | - | 28,336 | 28,336 |
| Borrowings | 2.88% | 1,207,899 | - | - | - | 1,207,899 |
| | | 1,207,899 | | - | 1,338,120 | 2,546,019 |
| **2020** | | | | | | |
| Trade payables | | - | - | - | 188,063 | 188,063 |
| Subscriptions due to other entities | | - | - | - | 1,136,535 | 1,136,535 |
| Amounts owed to related parties | | - | - | - | 38,797 | 38,797 |
| Borrowings | 3.38% | 1,286,754 | - | - | - | 1,286,754 |
| | | 1,286,754 | - | - | 1,363,395 | 2,650,149 |

## 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.

| | Weighted average effective interest rate | Variable interest rate | Fixed interest rate maturity: Less than 1 year | Fixed interest rate maturity: More than 1 year and less than 5 years | Non-interest bearing | Total |
|---|---|---|---|---|---|---|
| | % | $ | $ | $ | $ | $ |
| **2021** | | | | | | |
| Cash: | | | | | | |
| Cash on hand | | - | - | - | 1,000 | 1,000 |
| Cheque | | - | - | - | 1,347,878 | 1,347,878 |
| Cheque | 1.50% | - | 1,422,179 | - | - | 1,422,179 |
| | | - | 1,422,179 | - | 1,347,144 | 2,771,057 |
| Trade and other receivables: | | | | | | |
| Trade receivables | | - | - | - | 87,782 | 87,782 |
| Amount fue from related party | | - | - | - | 8,644 | 8,644 |
| | | | **1,422,179** | - | **1,443,570** | **2,867,483** |
| **2020** | | | | | | |
| Cash: | | | | | | |
| Cash on hand | | - | - | - | 1,000 | 1,000 |
| Cheques | | - | - | - | 847,100 | 847,100 |
| Cheques | 1.50% | - | 1,862,922 | - | - | 1,862,922 |
| | | - | 1,862,922 | - | 848,100 | 2,711,022 |
| Trade and other receivables: | | | | | | |
| Trade receivables | | - | - | - | 40,853 | 40,853 |
| Amount due from related party | | - | - | - | 1,050 | 1,050 |
| | | | **1,862,922** | **-** | **890,003** | **2,752,925** |

## Notes to the financial statements for the financial year ended 31 December 2021

### 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.

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 Danielle McMullen
Dr Andrew Zuschmann
Dr Fred Betros
Dr Michael Bonning
Dr Sandy Jusuf (resigned 18 May 2021)
Dr Kean-Seng Lim
Dr Kathryn Austin
Dr Costa Boyages
Dr Sanjay Hettige
Dr Amandeep Kaur Hansra (appointed 9 July 2021)

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Short-term employee benefits | 153,898 | 150,268 |

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* |
| Dominique Egan | *Director of Workplace Relations* |

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

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Short-term employee benefits | 790,439 | 768,638 |

## Notes to the financial statements for the financial year ended 31 December 2021

### 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 2021, there was an amount of $6,596 (2020: $461 payable) receivable by Australian Medical Association (NSW) Limited from/ to its related party.
- The Professional Freedom Fund, a related party: At 31 December 2021, there was an amount of $2,047 (2020: $1,050) receivable from the Fund by Australian Medical Association (NSW) Limited.
- AMA Golf Society, a related party: During the year, on behalf of The AMA (NSW) Charitable Foundation, an amount of $10,000 was received by Australian Medical Association (NSW) Limited from AMA Golf Society and transferred to The AMA (NSW) Charitable Foundation. As at 31 December 2021, a total balance of $28,336 (2020: $38,336) was payable by Australian Medical Association (NSW) Limited to AMA Golf Society.

### 25. Remuneration of auditors

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Auditor of the entity** | | |
| Audit of the financial report | 42,000 | 41,475 |

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

### 26. Subsequent events

The impact of the Coronavirus (COVID-19) pandemic is ongoing. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the business. The scale and duration of these developments remain uncertain as at the date of this report however, the Company will continue to closely monitor developments and respond appropriately.

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 Company in subsequent financial years.

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