2023
ANNUAL REPORT

AMA NEW SOUTH WALES

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED

PRESIDENT, CHAIR OF THE BOARD REPORT

DR MICHAEL BONNING

2023 was the year in which we saw a change of Government for the first time in 12 years. It was also a year in which the life and community changing pandemic no longer dominated the headlines or the health system in the same way as it had for the past few years. While the focus had changed, the legacy of a fatigued workforce and a struggling health system remained. Sadly, the response has been a wide-ranging series of inquiries and reviews, rather than a consolidation of a vision for healthcare in NSW. Attacking doctors has been a feature of too many of those reviews. For doctors who put themselves and their families on the line working through the pandemic, this has been deeply distressing and has further undermined the culture of our health system.

AMA NSW has risen to the challenges of protecting the profession during 2023. We devoted significant resources to funding our submissions into various inquiries, including ensuring appropriate levels of expert, external legal advice. The Association's financial position remained strong, ensuring that we are well placed to plan to fund major activity such as a VMO arbitration and the ongoing inquiries into 2024 as well as the high level of service to our members.

The Secretariat has focused on managing costs while also building a strong and expert staff. Key new roles were created in 2023, including a Director of Membership Engagement. Issues with recruitment have been an ongoing factor (consistent with the broader employment market), however, AMA NSW has reviewed salaries and benefits to attract highly experienced and well qualified staff who have added value to AMA NSW and our members.

The 2023 economy presented ongoing challenges with high core inflation and interest rates increasing further under tight fiscal control from the Reserve Bank. However, through this period, AMA NSW delivered a strong financial result ending the 31 December year with a surplus of $567k. This result was achieved through fair value measurement of managed funds and controlled, and in some areas, reduced operating expenditures. Total operating expenditure was reduced by a net $350k or more than 6% over the prior year with lower consultancy fees as well as a reduced value for disposal of fixed assets over the previous year. Membership revenue declined slightly in 2023 as did some other smaller revenue streams which in the challenging climate of tight fiscal measures, was understandable.

Revenue from our AMA House investment properties grew slightly as our tenancies reached near full capacity. In 2024, we will yield 100% on rental returns as all our investment suites are now occupied. Through 2023, funding of costs relating to the additional fit out of the level 6 investment suites, a security upgrade to the AMA NSW offices, as well as the repayment of 50% of the investment loan, was well covered by operating reserves and investment earnings.

The Board engaged Colliers to undertake property management on behalf of AMA NSW. This has reduced the internal demands on AMA NSW staff and provided additional expertise and advice. AMA House has also benefited from an overdue refurbishment of the foyer. There have also been significant improvements in the surrounding area, with major construction now complete and a significant improvement in the amenities including shops, restaurant and major public transport hubs. While the holding in AMA House continues to be listed at book value, this remains a major asset for the Association.

The net assets of AMA NSW remain strong, measured at $16.5m an increase on the prior year of $567k.

The AMA NSW Investments performed well in 2023 with an increase in fair value of managed funds of $714k recorded at year end. We acknowledge the expert advice provided to AMA NSW by Lipman Burgon. Under their guidance, the overall investment fund increased in value by $644k finishing the year at $9.6m (FY2022 $8.9m).

The Board of AMA NSW changed auditors in 2023. The change was a result of continued efforts to reduce costs. We appreciated the professionalism and dedication of Nexia in their conduct of the Audit. The Board also acknowledges the contribution of the staff of AMA NSW, particularly the Financial Controller, for her efforts with the 2023 Audit.

CONTENTS

General information

The financial statements cover Australian Medical Association (NSW) Limited as an individual entity. The financial statements are presented in Australian dollars, which is Australian Medical Association (NSW) Limited's functional and presentation currency.

Australian Medical Association (NSW) Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office and principal place of business

Level 6, 69 Christie Street
St Leonards, NSW 2065

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 April 2024.

Directors' report

The directors present their report, together with the financial statements, on the company for the year ended 31 December 2023.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Particulars
Dr Michael Bonning	President, Audit & Risk Committee Director
Dr Kathryn Austin	Vice President, Audit & Risk Committee Director
Dr Costa Boyages	Director, Chair PIC
Dr Sanjay Hettige	Director, DIT Director
Dr Fred Betros	Director, Chair HPC
Dr Theresa Ly	Director
Dr Brian Fernandes	Director
Dr Kean-Seng Lim	Director
Dr Amandeep Kaur Hansra	Director

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 3) for the year was $3,789,522 (2022: $3,995,022).

The company's operations resulted in a net surplus of $567,062 (2022: loss of $1,893,081) as follows:

	2023 $	2022 $
Loss from operations	(620,885)	(896,408)
Net gain / (loss) from investment fund	1,187,947	(996,673)
Net surplus / (loss) for the year	567,062	(1,893,081)

Dividend
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.

Company secretary
Ms Dominique Egan was appointed as Company Secretary from 7 April 2022.

Directors' report (continued)

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each director were:

	Attended	Held
Dr Michael Bonning	10	10
Dr Kathryn Austin	9	10
Dr Costa Boyages	9	10
Dr Sanjay Hettige	9	10
Dr Fred Betros	7	10
Dr Theresa Ly	9	10
Dr Brian Fernandes	8	10
Dr Kean-Seng Lim	8	10
Dr Amandeep Kaur Hansra	9	10

Held: represents the number of meetings held during the time the director held office.

Subsequent events
Subsequent to the year end, on 7 March 2024 the company's business loan facility matured and has been fully repaid.

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.

Directors' report (continued)

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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

On behalf of the directors

Dr Michael Bonning
President

16 April 2024

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To the Board of Directors of Australian Medical Association (NSW) Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Australian Medical Association (NSW) Limited for the financial year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely,

Nexia

Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director

Nexia Australia

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Medical Association (NSW) Limited (the Company), which comprises the statement of financial position as at 31 December 2023, 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 material accounting policy information, and the directors' declaration.

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

i) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards - Simplified Disclosures 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 Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional & 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 Company, 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 comprises the information in Australian Medical Association (NSW) Limited's annual report for the year ended 31 December 2023, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do 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.

Nexia Australia

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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.

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Nexia

Nexia Sydney Audit Pty Ltd

Vishal Modi

Vishal Modi
Director
Dated: 16 April 2024
Sydney

Directors' report (continued)

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Dr Michael Bonning
President

16 April 2024

Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2023

	Note	2023 $	2022 $
Revenue and other income	3	5,021,940	5,500,985
Total revenue and other income		5,021,940	5,500,985
Expenses			
Administration and sinking fund levies - Christie Street		288,510	295,949
Building costs		93,460	99,923
Employee benefits		2,559,608	2,427,479
Computer network and database expenses		330,713	290,739
Consultancy fees		21,967	200,928
Depreciation expense related to the investment property	4	272,044	272,039
Depreciation and amortisation expense		286,295	257,238
Finance costs		58,602	44,145
Insurance costs		100,852	88,705
Investment fees		45,656	43,904
Legal and audit fees		242,988	194,753
Loss on disposal of assets		593	405,821
Magazine production and distribution		116,228	66,401
Meeting costs		36,354	46,607
Membership development costs		57,181	118,170
Office expenses		47,191	41,247
Other operating expenses		315,186	276,593
President stipend		93,600	118,724
Printing and postage		11,106	24,927
Repairs and maintenance		1,807	6,678
Seminar costs		113,893	131,827
Telephone expenses		26,110	23,466
Travel and entertainment		48,735	41,898
(Increase) / decrease in fair value of investments	5	(713,801)	1,875,905
Total expenses		4,454,878	7,394,066
Surplus/(deficit) for the year	18	567,062	(1,893,081)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		567,062	(1,893,081)

Notes to the financial statements are included on pages 12 to 24.

Statement of financial position as at 31 December 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	7	1,181,096	2,515,510
Trade and other receivables	8	70,011	54,404
Other assets	9	117,772	140,413
Total current assets		1,368,879	2,710,327
Non-current assets			
Financial assets at fair value through profit and loss	10	9,642,189	8,998,560
Investment properties	11	4,535,508	4,807,552
Property, plant and equipment	12	3,352,757	3,233,288
Total non-current assets		17,530,454	17,039,400
Total assets		18,899,333	19,749,727
Liabilities			
Current liabilities			
Trade and other payables	13	961,528	1,433,775
Borrowings	14	524,986	1,129,938
Employee benefits	15	460,572	465,520
Contract liabilities	16	409,381	734,906
Total current liabilities		2,356,467	3,764,139
Non-current liabilities			
Employee benefits	17	3,280	13,064
Total non-current liabilities		3,280	13,064
Total liabilities		2,359,747	3,777,203
Net assets		16,539,586	15,972,524
Equity			
Retained earnings	18	16,539,586	15,972,524
Total equity		16,539,586	15,972,524

Statement of changes in equity for the year ended 31 December 2023

	Retained earnings $	Total equity $
Balance at 1 January 2022	17,865,605	17,865,605
Deficit for the year	(1,893,081)	(1,893,081)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(1,893,081)	(1,893,081)
Balance at 31 December 2022	15,972,524	15,972,524

	Retained earnings $	Total equity $
Balance at 1 January 2023	15,972,524	15,972,524
Surplus for the year	567,062	567,062
Other comprehensive income for the year	-	-
Total comprehensive income for the year	567,062	567,062
Balance at 31 December 2023	16,539,586	16,539,586

Statement of cash flows for the year ended 31 December 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		5,226,218	5,260,835
Payments to suppliers and employees (inclusive of GST)		(5,771,051)	(4,924,905)
		(544,833)	335,930
Interest and other finance costs paid		(58,602)	(44,145)
Net cash from/(used in) operating activities		(603,435)	291,785
Cash flows from investing activities			
Proceeds from disposal of investments		2,269,846	1,435,000
Payments for investments		(2,345,000)	(936,218)
Proceeds from disposal of property, plant and equipment		-	42,000
Payments for property, plant and equipment		(406,358)	(1,472,930)
Dividends received		347,368	502,493
Interest received		8,117	4,428
Net cash used in investing activities		(126,027)	(425,227)
Cash flows from financing activities			
Repayment of borrowings		(604,952)	(122,105)
Net cash used in financing activities		(604,952)	(122,105)
Net decrease in cash and cash equivalents		(1,334,414)	(255,547)
Cash and cash equivalents at the beginning of the financial year		2,515,510	2,771,057
Cash and cash equivalents at the end of the financial year	7	1,181,096	2,515,510

Notes to the financial statements for the financial year ended 31 December 2023

Note 1. Material accounting policy information

The accounting policies that are material to the company are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Revenue recognition
The company recognises revenue as follows:

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 goods or 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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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
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 the accounting policy for leases.

Notes to the financial statements for the financial year ended 31 December 2023

Note 1. Material accounting policy information (continued)

Dividend and interest
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.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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.

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.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

Notes to the financial statements for the financial year ended 31 December 2023

Note 1. Material accounting policy information (continued)

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

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 mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Investment properties
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.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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:

	2023	**2022**
Buildings	33 1/3 years	33 1/3 years

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	33 1/3 years
Equipment, furniture and fittings	3-6 years
Motor vehicles	5 years

Notes to the financial statements for the financial year ended 31 December 2023

Note 1. Material accounting policy information (continued)

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease
<u>Company as lessor</u>

The Company enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

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

<u>Company as lessee</u>

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 2023

Note 1. Material accounting policy information (continued)

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 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 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.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Notes to the financial statements for the financial year ended 31 December 2023

Note 1. Material accounting policy information (continued)

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Revenue and other income

	2023 $	2022 $
Revenue		
Subscription revenue	3,345,839	3,519,452
Commission and fees	138,845	133,975
Interest - other entities	4,511	1,340
Sponsorship	33,136	40,228
Magazine advertising income	84,293	101,538
Seminar income	78,237	82,880
Other	104,661	115,609
	3,789,522	3,995,022
Other income		
Dividends - investments	347,368	502,493
Gain/(loss) on sale of investments	(71,081)	61,029
Interest - investments	3,606	3,088
Rental revenue - investment property	952,525	939,353
	1,232,418	1,505,963
Revenue and other income	5,021,940	5,500,985

Note 4. Depreciation expense related to the investment property

	2023 $	2022 $
Depreciation of Ground floor, Level 4 and Level 5, 69 Christie St investment property (Investment Fund Assets)	272,044	272,039

Note 5. (Increase) / decrease in fair value of investments

	2023 $	2022 $
(Increase) / decrease in fair value of investments	(713,801)	1,875,905

Notes to the financial statements for the financial year ended 31 December 2023

Note 6. Profit/(loss) for the year includes the following expenses:

	2023 $	2022 $
Depreciation and amortisation expense	286,295	257,238
Depreciation expense related to the investment property	272,044	272,039
Finance costs	58,602	44,145
Superannuation	234,201	215,403
	851,142	788,825

Note 7. Cash and cash equivalents

	2023 $	2022 $
Cash at bank	1,181,096	2,515,510

Note 8. Trade and other receivables

	2023 $	2022 $
Trade receivables	36,270	44,221
Less: Allowance for expected credit losses	(5,000)	(5,000)
	31,270	39,221
Accrued income	26,976	-
Amounts due from related party - Professional Freedom Foundation	4,389	3,045
Amounts due from related party - The AMA (NSW) Charitable Foundation	7,376	12,138
	70,011	54,404

Note 9. Other assets

	2023 $	2022 $
Prepayments	117,772	140,413

Note 10. Financial assets at fair value through profit and loss

	2023 $	2022 $
Investments carried at fair value through profit or loss	9,613,162	8,895,288
Cash at bank - for investing purposes	29,027	103,272
Total investments held in managed funds	9,642,189	8,998,560

Notes to the financial statements for the financial year ended 31 December 2023

Note 11. Investment properties

	2023 $	2022 $
Ground floor, level 4 and level 5, 69 Christie St - at cost	8,955,234	8,955,234
Less: Accumulated depreciation	(4,419,726)	(4,147,682)
	4,535,508	4,807,552

Reconciliation
Reconciliation of the carrying values at the beginning and end of the current and previous financial year are set out below:

Opening net book value	4,807,552	5,079,591
Depreciation expense	(272,044)	(272,039)
Closing net book value	4,535,508	4,807,552

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 2023 and there are no indicators of impairment.

Note 12. Property, plant and equipment

	2023 $	2022 $
Land and buildings - at cost	5,517,031	5,188,168
Less: Accumulated depreciation	(2,563,491)	(2,398,295)
	2,953,540	2,789,873
Equipment, fixtures and fittings - at cost	319,067	308,155
Less: Accumulated depreciation	(93,919)	(40,811)
	225,148	267,344
Motor vehicles - at cost	183,801	123,686
Less: Accumulated depreciation	(58,447)	(24,322)
	125,354	99,364
Software - at cost	204,210	201,815
Less: Accumulated depreciation	(155,495)	(125,108)
	48,715	76,707
	3,352,757	3,233,288

Notes to the financial statements for the financial year ended 31 December 2023

Note 12. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Land and buildings $	Equipment, fixtures and fittings $	Motor vehicles $	Software $	Total $
Balance at 1 January 2023	2,789,873	267,344	99,364	76,707	3,233,288
Additions	328,863	10,912	60,115	6,468	406,358
Disposals	-	-	-	(594)	(594)
Depreciation expense	(165,196)	(53,108)	(34,125)	(33,866)	(286,295)
Balance at 31 December 2023	2,953,540	225,148	125,354	48,715	3,352,757

Note 13. Trade and other payables

	2023 $	2022 $
Trade payables	269,272	358,647
Amounts owing to related party - AMA Golf Society	19,337	28,336
Subscriptions due to Australian Medical Association Limited	597,644	943,991
Subscriptions due to Medical Benevolent Association	-	390
Goods and services tax (GST) payable	75,275	102,411
	961,528	1,433,775

Note 14. Borrowings

	2023 $	2022 $
Bank loans - secured	524,986	1,129,938

In February 2020, the Company obtained a business loan facility with a bank for a credit limit of $1,350,000. The facility bears a variable rate and is secured over the Company's property.

On 3 March 2023, the Company renegotiated its business loan facility with the same bank and a loan offer was signed with facility limit of $1,127,417 bearing 9.60% interest per annum minus a margin of 3.72%. The maximum term is until 7 February 2024. Subsequent to year end, the loan was repaid in full.

Note 15. Employee benefits

	2023 $	2022 $
Annual leave	258,369	269,564
Long service leave	202,203	195,956
	460,572	465,520

Notes to the financial statements for the financial year ended 31 December 2023

Note 16. Contract liabilities

	2023 $	2022 $
Income received in advance	409,381	734,906

Note 17. Employee benefits

	2023 $	2022 $
Long service leave	3,280	13,064

Note 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	15,972,524	17,865,605
Surplus/(deficit) for the year	567,062	(1,893,081)
Retained earnings at the end of the financial year	16,539,586	15,972,524

Note 19. 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.

Note 20. 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".

	2023 $	2022 $
Non-current financial assets:		
At fair value:		
Cash at bank - for investing purposes	29,027	103,272
Investments carried at fair value through profit or loss	9,613,162	8,895,288
	9,642,189	8,998,560
At cost:		
Investment property at depreciated cost	4,535,508	4,807,552
	14,177,697	13,806,112

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

Notes to the financial statements for the financial year ended 31 December 2023

Note 20. Investment fund (continued)

	2023 $	2022 $
Rental income on investment property	952,525	939,353
Expenses incurred in maintaining investment property and depreciation	(654,014)	(538,682)
Dividends received	347,368	502,493
Interest received	3,606	3,088
Interest expense	(58,602)	(44,145)
Brokerage cost	(45,656)	(43,904)
Unrealised fair value gain/(loss)	713,801	(1,875,905)
Gain / (loss) on sale of investments	(71,081)	61,029
	1,187,947	(996,673)

Note 21. 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:

	2023 $	2022 $
Assets		
Cash	63,604	71,578
Liabilities		
Creditors and accruals	(1,182)	(2,362)
Amount payable to Australian Medical Association (NSW) Limited	(7,376)	(12,138)
	(8,558)	(14,500)
	55,046	57,078

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Nexia Sydney Audit Pty Ltd, the auditor of the company:

	2023 $	2022 $
Audit services - Nexia Sydney Audit Pty Ltd (2022: Deloitte Touche Tohmatsu)		
Audit of the financial statements	40,000	65,625
Other services - Nexia Sydney Audit Pty Ltd (2022: Deloitte Touche Tohmatsu)		
Other non-assurance services (Development of the Medical Workforce Pressures Whitepaper)	-	88,492
	40,000	154,117

Note 23. Related party transactions

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2023 $	2022 $
Current receivables:		
The AMA (NSW) Charitable Foundation	7,376	12,138
The Professional Freedom Fund	4,389	3,045
Current payables:		
AMA Golf Society	(19,337)	(28,336)

Note 24. Key management personnel disclosures

Aggregate compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2023 $	2022 $
Aggregate compensation	1,099,033	1,012,494

During the year, the President received remuneration from the Company in accordance with a Directors resolution and is included under the aggregate compensation.

Note 25. Events after the reporting period

Subsequent to the year end, on 7 March 2024 the company's business loan facility matured and has been fully repaid.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

AMA NEW SOUTH WALES

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