

AUSTRALIAN MEDICAL ASSOCIATION (ACT) LIMITED

ABN 29 008 665 718

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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Australian Medical Association (ACT) Limited

Directors' Report

Your Directors submit their report for the year ended 31 December 2018.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Qualification	
Dr Balaji Bikshandi	MB BS, FCICM, Grad. Cert. Echo, AMA(M)	(Appointed May 2018)
Dr Suzanne Davey	BSc (Hons), MB BS, DCH, DRCOG	
Dr Antonio Di Dio	MB BS, DipRACOG, FRACGP	
Dr Iain Dunlop	MB BS (Hons) FRANZCO, FRACS	
Dr Elizabeth Gallagher	B Med, BMedSc, FRANZCOG	(Resigned May 2018)
Dr Jeffrey Looi	MB BS, MD, DMedSc, FRANZCP, AFRACMA	
Dr Andrew Miller	MB BS, BSc(Med) FACD	
Dr Stephen Robson	MB BS, FRANZCOG	
Dr Rashmi Sharma	BSc, MB BS, DRANZCOG, FRACGP, Grad Cert in Higher Education, GAICD	

All Directors are members of the Australian Medical Association (ACT) Limited.

Company Secretary

Peter Somerville

Peter Somerville has been the Company Secretary of the Australian Medical Association (ACT) Limited since August 2015.

Dividends

Under the Constitution of the Company, no distribution is available to members.

Australian Medical Association (ACT) Limited

Directors' Report (cont.)

Principal Activity

The principal activity of the Company was to promote and safeguard the provision of high quality medical services to the community.

FOR THE ASSOCIATION

- Ensure financial viability
- Maintain and enhance governance capabilities
- Ensure seamless transition from one Board and Advisory Council to the next
- Publish "Canberra Doctor" and other periodic publications as required
- Grow membership

FOR THE MEMBERSHIP

- Lead, represent, inform and serve the profession
- Develop member benefits
- Promote ethical standards
- Promote the profession as an asset to the community
- Influence government and set the agenda in relation to public health
- Develop relationships with other health professionals and other stakeholders
- Maintain and enhance communication with ACT government, hospital administrators and other relevant parties in regard to hospital/patient services

FOR THE COMMUNITY

- Promote good health and health care
- Lobby and advise government on public and community health issues
- Act as a patient advocate
- Influence the community to improve health outcomes

Australian Medical Association (ACT) Limited

Directors' Report (cont.)

Performance Measurement

The Board and Management monitor the Company's overall performance throughout the year, by consideration and observation of a number of quantitative and qualitative performance indicators. These are summarised below.

- ♦ Financial Management accounts are prepared prior to board meetings and at least 4 times annually and compared with the annual budget, revised projections and prior year figures. These accounts measure the financial viability of the Company and demonstrate the level of growth in membership subscriptions from year to year as well as other commercial and semi-commercial arrangements.
- ♦ Risk management strategies across the organisation are documented and reviewed bi-annually.
- ♦ Reports on growth in membership numbers and trends by category, are generated throughout the year.
- ♦ The value of member benefits available is largely quantifiable and reviewed annually.
- ♦ The Board assesses, as an ongoing process, the value, expenditure and income of new members' benefits and initiatives before offering products and services to the members.
- ♦ The volume, quality, size and regularity, and expenditure and income of publication, of "Canberra Doctor" and other publications is also compared throughout the year and annually.
- ♦ Feedback from the medical profession, other health professionals, related councils and entities, hospitals, politicians and bureaucrats, and the community is constantly monitored by management and reported to the Board for consideration and action if required.
- ♦ The volume of requests for AMA (ACT) input/advice from the medical profession, other health professionals, related councils and entities, hospitals, politicians and bureaucrats, and the community, and the quality and timeliness of the AMA ACT response is also constantly monitored by management and reported to the Board for consideration and action if required.

Operating Results

Net deficit for the year ended 31 December 2018 after income tax is (\$15,636).
(2017: deficit of \$35,282).

Performance

Financial

This year income has increased by approximately 1% on 2017. Expenses were lower in 2018, having decreased by just over 1% on last year. The focus this year has been on growing member numbers. The effect of all aspects of operations on the financial performance and viability of the Company is monitored closely throughout the year.

Membership Growth

During the year the Company experienced steady growth in membership numbers.

Australian Medical Association (ACT) Limited

Directors' Report (cont.)

Canberra Doctor

The *Canberra Doctor* newspaper continues to be a popular and widely read publication within the medical community. The newspaper was published 7 times during the year and provides a regular source of up-to-date information on the political landscape and other issues relevant to the medical profession and the patients they treat. *Canberra Doctor* also continues to be the vehicle by which practitioners promote their professional services to colleagues.

AMA ACT Advocacy

The Advisory Council and the Board continued during the year to engage with politicians across the party-political divide and with senior departmental employees, and with other related organisations and mainstream media on issues of concern to the members locally. *Canberra Doctor* was utilised to inform the profession of the activities undertaken on their behalf.

Significant Changes in the State of Affairs

No significant changes in the state of the affairs of the Company occurred during the year.

Significant Events After the Balance Date

No matters or circumstances have arisen since the end of the year that 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 years.

Likely Developments and Expected Results

The likely developments in the operation of the Company involve the continued pursuit of its principal activities.

Environmental Regulation and Performance

The Company is not subject to any particular or significant environmental regulations.

Membership Obligations

The Company is a public company limited by guarantee by the members. Pursuant to the Constitution, each member of the Company undertakes to contribute to the property of the Company in the event of it being wound up. The maximum contribution per member in accordance with the guarantee is \$10.

Indemnification and Insurance of Directors

During the year, the Company has paid premiums in respect of a contract insuring all the Directors of the Australian Medical Association (ACT) Limited against any liability incurred in their role as Directors of the company, except where:

- (a) the liability arises out of conduct involving a wilful breach of duty; or
- (b) there has been a contravention of Section 232(5) or (6) of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid in 2018 was \$1,815 (2017: \$1,496).

Australian Medical Association (ACT) Limited

Directors' Report (cont.)

Directors' Remuneration

No Directors' remuneration was paid during the year.

Directors' Meetings

During the year 6 board meetings were held.

The number of meetings of Directors held during the year and the number of meetings attended by each director were as follows:

	Number of meetings held while in office	Number of meetings attended
Dr Balaji Bikshandi	4	3
Dr Suzanne Davey	6	4
Dr Antonio Di Dio	6	6
Dr Iain Dunlop	6	4
Dr Elizabeth Gallagher	2	2
Dr Jeffrey Looi	6	5
Dr Andrew Miller	6	5
Dr Stephen Robson	6	5
Dr Rashmi Sharma	6	2

Auditor's Independence Declaration

The Directors have received a declaration of independence from the auditor and this is attached. The Directors are satisfied that the nature and scope of non-audit services has not compromised the auditor's independence.

Signed in accordance with a resolution of the Directors.



Director – Dr Antonio Di Dio



Director - Dr Andrew Miller

Canberra
10 April 2019

**Auditor's Independence Declaration
Under Section 307c of the Corporations Act 2001 to the Directors of
Australian Medical Association (ACT) Limited**

I declare that, to the best of my knowledge and beliefs, during the year ended 31 December 2018 there have been:

- i. no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Duesburys (Audit)
Canberra, 10 April 2019



R C Scott
Partner

**Independent Auditor's Report
To the Members of Australian Medical Association (ACT) Limited**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Medical Association (ACT) Limited (the Company), which comprises the statement of financial position as at 31 December 2018, the statement of 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 Australian Medical Association (ACT) Limited 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 2018 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 responsibility for the audit of the financial report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 the Company's Directors' Report for the year ended 31 December 2018 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.

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 – 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.

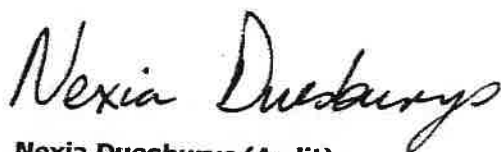
In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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:
http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Nexia Duesburys (Audit)
Canberra, 10 April 2019



R C Scott
Partner

Australian Medical Association (ACT) Limited

Directors' Declaration


In accordance with a resolution of the Directors of the Australian Medical Association (ACT) Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are 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 2018 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001* and other authoritative pronouncements of the Australian Accounting Standards Board; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board:



Director - Dr Antonio Di Dio

Director - Dr Andrew Miller

Canberra
10 April 2019

Australian Medical Association (ACT) Limited

**Statement of comprehensive income
for the year ended 31 December 2018**

	Notes	2018	2017
		\$	\$
REVENUE FROM CONTINUING OPERATIONS	3	605,790	597,003
Salaries and employee benefits expense		(362,761)	(380,172)
Depreciation expense	4	(11,678)	(11,253)
Printing and postage expenses		(7,377)	(9,907)
Telephone and internet expense		(3,265)	(3,733)
Meeting and seminar expenses		(23,337)	(19,990)
Bank and credit card charges		(2,340)	(2,972)
Rates and body corporate		(23,742)	(22,215)
Rent expense – reimbursed by Federal AMA		(71,260)	(87,330)
Legal expenses		(9,028)	-
Canberra Doctor expenses		(35,476)	(52,494)
Specialist Directory expenses		(10,828)	(10,354)
Other expenses from ordinary activities		(60,334)	(31,865)
DEFICIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(15,636)	(35,282)
INCOME TAX	5	-	-
NET DEFICIT FOR THE YEAR		(15,636)	(35,282)
Other comprehensive income, net of tax		-	-
TOTAL COMPREHENSIVE DEFICIT FOR THE YEAR		(15,636)	(35,282)

Australian Medical Association (ACT) Limited

**Statement of financial position
as at 31 December 2018**

	Notes	2018	2017
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	15	265,994	259,206
Trade and other receivables	6	31,937	10,299
Other current assets	7	1,666	1,646
TOTAL CURRENT ASSETS		299,597	271,151
NON-CURRENT ASSETS			
Plant and equipment	8	4,511	7,057
Investments	9	260,252	269,384
TOTAL NON-CURRENT ASSETS		264,763	276,441
TOTAL ASSETS		564,360	547,592
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	84,148	71,562
Deferred revenue	12	94,801	89,787
Borrowings	14	-	-
Provisions	13	29,641	14,837
TOTAL CURRENT LIABILITIES		208,590	176,186
TOTAL LIABILITIES		208,590	176,186
NET ASSETS		355,770	371,406
MEMBERS' FUNDS			
Retained earnings		355,770	371,406
TOTAL MEMBERS' FUNDS		355,770	371,406

Australian Medical Association (ACT) Limited

Statement of cash flows

for the year ended 31 December 2018

	2018	2017
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members and customers (inclusive of GST)	589,278	614,508
Payments to suppliers and employees (inclusive of GST)	(586,457)	(617,502)
Interest received	3,967	1,064
NET CASH FLOWS (USED IN)/ FROM OPERATING ACTIVITIES	6,788	(1,930)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(5,095)
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	(5,095)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	6,788	(7,025)
Cash and cash equivalents at beginning of year	259,206	266,231
CASH AND CASH EQUIVALENTS AT END OF YEAR	265,994	259,206

Australian Medical Association (ACT) Limited

**Statement of changes in equity
for the year ended 31 December 2018**

	2018	2017
	Retained	Retained
	earnings	earnings
	\$	\$
Retained earnings		
At 1 January	371,406	406,688
Surplus for the year	(15,636)	(35,282)
Other comprehensive income	-	-
At 31 December	355,770	371,406

Australian Medical Association (ACT) Limited

Notes to the Financial Statements

31 December 2018

NOTE 1. CORPORATE INFORMATION

Australian Medical Association (ACT) Limited (the Company) is a not for profit public company limited by guarantee, incorporated in the Australian Capital Territory under the Corporations Act 2001. The financial statements cover the Company as an individual entity.

The nature of the operations and principal activities of the Company are described in the Directors' report.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The Australian Medical Association (ACT) Limited has elected to adopt the Australian Accounting Standards—Reduced Disclosure Requirements.

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards (Reduced Disclosure Requirements of the Australian Accounting Standards Board).

A number of new or revised Australian Accounting Standards are effective for the first time in the current financial year. These standards have had no material impact on the entity.

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial statements. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The financial report is presented in Australian dollars which is the Company's functional and presentation currency. The amounts presented in the financial report have been rounded to the nearest dollar.

Australian Medical Association (ACT) Limited

Notes to the Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment – over 3 to 12 years

Fittings and fixtures – over 6 to 17 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any indication exists and where carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater 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.

(b) Investment Property

Land and buildings are measured at cost including transaction costs and initial direct costs of negotiating operating leases less accumulated depreciation on buildings and initial direct operating lease costs and less any impairment losses recognised after the date of the revaluation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the property as follows:

Investment property – over 50 years

Initial Direct Operating Lease costs – over the life of the lease

(c) Taxes

Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Taxes (cont'd)

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

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

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

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing components or if the practical expedient was applied as specified in AASB 15.63 .

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value or amortised cost using the effective interest rate method. The subsequent measurement depends on the classification of the financial instrument as described below.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Financial Instruments (cont'd)

Despite the above, the entity may make the following irrevocable election/designation at initial recognition of a financial asset:

- the entity may irrevocably elect to present subsequent changes in fair value of an equity instrument in other comprehensive income if certain criteria are met; and
- the entity may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is contingent consideration of an acquirer in a business combination, held for trading, or it is designated as at FVTPL.

Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(e) Employee Benefits

Wages, Salaries and Annual Leave

Liabilities for wages, salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled, plus related on-costs.

Long Service Leave

All other employee benefit liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

(f) Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for impairment.

Collectibility of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the company will not be able to collect the receivable.

(h) Investments

Unlisted shares and investment property are carried at cost.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(j) Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payment in respect of the purchase of these goods and services.

(k) Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Interest is charged as an expense as it accrues.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

ACT Subscription Fees

Subscription fees are accounted for on a straight-line basis over the subscription period.

Grants

Income arising from the contribution of an asset to the entity is recognised when, and only when all of the following conditions have been satisfied:

- (a) the entity obtains control of the contribution or the right to receive the contribution;
- (b) it is probable that the economic benefits comprising the contribution will flow to the entity;
and
- (c) the amount of the contribution can be measured reliably.

Levy and Functions

Revenue is recognised when the Company's right to receive payment is established.

Sundry income

Sundry income is recognised when the Company's right to receive payment is established.

Commission

Revenue is recognised when the service is rendered or when the fee in respect of the service is receivable.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

All revenue is stated net of amount of goods and services tax (GST).

(m) Comparatives

Where necessary, comparatives have been reclassified for consistency.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

The directors do not believe that there were any key estimates or key judgements used in the development of the financial statements that give rise to a significant risk of material adjustment in future.

(o) New and Amended Accounting Policies Adopted by the Company

The company has adopted all of the new, revised or amended accounting standards and interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the company in either the current or prior financial reporting periods.

There were no financial assets/liabilities which the Company had previously designated as fair value through profit or loss under AASB 139 that were subject to reclassification/elected reclassification upon the application of AASB 9. There were no financial assets/liabilities which the Company has elected to designate as at fair value through profit or loss at the date of initial application of AASB 9.

The Company applied AASB 9 (as revised in July 2014) and the related consequential amendments to other AASBs. New requirements were introduced for the classification and measurement of financial assets and financial liabilities, as well as for impairment and general hedge accounting.

The date of initial application was 1 January 2018. The entity has applied the requirements of AASB 9 retrospectively and comparative amounts have been restated where appropriate.

Financial assets in terms of AASB 9 need to be measured subsequently at either amortised cost or fair value on the basis of the Company's business model and the cash flow characteristics of the financial assets as follows:

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;
- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income (FVTOCI); and
- all other debt investments and equity investments are measured at fair value through profit or loss (FVTPL).

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) New and Amended Accounting Policies Adopted by the Company (cont'd)

Despite the above, the Company may make an irrevocable election at initial recognition of a financial asset as follows:

- the Company may choose to present subsequent changes in fair value of an equity investment that is not held for trading and not a contingent consideration in a business combination in other comprehensive income; and
- the Company may also irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FCTPL if doing so eliminates or significantly reduces an accounting mismatch.

When a debt investment measured at FVTOCI is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain or loss previously recognised in other comprehensive income is not subsequently reclassified to profit or loss.

Impairment

In relation to the impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Classification and measurement of financial liabilities

The application of AASB 9 has had no impact on the classification and measurement of the association's financial liabilities.

The following table represents the classification and measurement of financial assets and financial liabilities under AASB 9 and AASB 139 at the date of initial application, 1 January 2018.

	Original measurement category under AASB 139	New measurement category under AASB 9	Original carrying amount under AASB 139	Adjustment recognised under AASB 9	New carrying amount under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	265,994	-	265,994
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	31,937	-	31,937
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	84,148	-	84,148

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018 \$	2017 \$
NOTE 3. REVENUE FROM CONTINUING OPERATIONS		
Subscriptions	243,870	225,111
Canberra Doctor	104,421	122,090
Specialist Directory	28,145	27,885
Federal AMA Rental and IT Contribution	95,555	87,330
Federal AMA Member Subsidy	5,146	5,875
Doctors' Health Advisory Funding	-	-
Rental income from investment property	80,962	79,260
Commission	3,695	116
Sponsorship	30,227	41,803
Sundry (2018: includes Function/Event and Fee for Service income)	13,768	7,533
	<u>605,790</u>	<u>597,003</u>

2018

April to December 2018 - the Federal AMA Rental Contribution is for reimbursement of rent and carpark expenses paid by AMA ACT to the lessor.

January to March 2018 – As per 2017 (please refer to note below).

2017

The Federal AMA Rental Contribution relates to the recognition and disclosure of non-monetary contribution, consistent with Australian accounting standards, regarding the use of Federal AMA premises rent free. Figures were estimated and based on current market rent. The amount fully offsets Rent Expense.

NOTE 4. EXPENSES AND LOSSES

Depreciation		
Fittings and fixtures	874	874
Plant and equipment	1,672	1,247
Investment property	9,132	9,132
Total depreciation expense	<u>11,678</u>	<u>11,253</u>
Direct operating expenses of the investment property	23,742	22,215

Australian Medical Association (ACT) Limited**Notes to Financial Statements (cont'd)****31 December 2018**

	2018	2017
	\$	\$

NOTE 5. INCOME TAX

The prima facie tax on operating profit differs from the income tax provided in the accounts as follows:

Prima facie tax payable on operating profit at 27.5%	(4,300)	(9,703)
Add/(less) tax effect of:		
- non-deductible expenses attributable to members	78,621	76,714
- non-assessable member income	(81,595)	(63,521)
- timing difference not brought to account	6,192	(4,151)
- other non-deductible expenses	2,592	2,586
- current year deficit/(surplus) not brought to account	(1,510)	(1,925)
Income tax (benefit)/expense attributable to operating result	<u>-</u>	<u>-</u>
Unrecognised deferred tax assets on temporary differences	30,798	8,282
Unrecognised deferred tax assets on losses carried forward	66,225	67,735

NOTE 6. TRADE AND OTHER RECEIVABLES

Trade debtors	27,937	10,299
Accrued income	4,000	-
	<u>31,937</u>	<u>10,299</u>

Trade debtors are non-interest bearing and generally on 30 day terms.

NOTE 7. OTHER CURRENT ASSETS

Prepayments	<u>1,666</u>	<u>1,646</u>
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Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018 \$	2017 \$
NOTE 8. PLANT AND EQUIPMENT		
<i>Plant and equipment</i>		
Fixtures and fittings:		
At cost	37,382	37,382
Accumulated depreciation	(36,946)	(36,072)
	<u>436</u>	<u>1,310</u>
Plant and equipment:		
At cost	30,888	30,888
Accumulated depreciation	(26,813)	(25,141)
	<u>4,075</u>	<u>5,747</u>
Total plant and equipment	<u>4,511</u>	<u>7,057</u>
Total plant and equipment		
At cost	68,270	68,270
Accumulated depreciation	(63,759)	(61,213)
Total written down amount	<u>4,511</u>	<u>7,057</u>
Reconciliation of carrying amounts at beginning and end of the period		
<i>Fixtures and fittings</i>		
Balance at beginning of year	1,310	2,184
Depreciation expense	(874)	(874)
Additions	-	-
Disposals	-	-
Balance at end of year	<u>436</u>	<u>1,310</u>

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018 \$	2017 \$
NOTE 8. PROPERTY PLANT AND EQUIPMENT (cont'd)		
<i>Plant and equipment</i>		
Balance at beginning of year	5,747	2,723
Depreciation expense	(1,672)	(1,247)
Additions	-	5,095
Disposals	-	(824)
Balance at end of year	<u>4,075</u>	<u>5,747</u>

NOTE 9. INVESTMENTS

Investments at cost comprise:

Investment property	456,587	456,587
Direct initial operating lease costs	9,783	9,783
	<u>466,370</u>	<u>466,370</u>
Less: Accumulated depreciation	(206,118)	(196,987)
	<u>260,252</u>	<u>269,383</u>

The Directors' current estimate of the fair value of the investment property (Unit 6 and 7, 15 Napier Close, Deakin) is \$750,000. This amount is based on an independent valuation performed by Egan National Valuers (ACT) as at 31 December 2018.

Shares – unlisted (AMA Member Service Pty Limited)	1	1
	<u>260,253</u>	<u>269,384</u>

NOTE 10. MEMBERS' GUARANTEES

The Company is a public company limited by guarantee by the members. Pursuant to the Constitution, each member of the Company undertakes to contribute to the property of the Company in the event of it being wound up. The maximum contribution per member in accordance with the guarantee is \$10.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018 \$	2017 \$
NOTE 11. TRADE AND OTHER PAYABLES		
Federal AMA Subscriptions Payable – 2018 and 2019 subscriptions	36,999	36,637
Federal AMA GST Payable	3,683	3,647
JMOA Dues Payable	2,343	-
Sundry Creditors	15	15
GST Payable	7,188	6,339
PAYG Tax Payable	4,721	4,601
Superannuation Payable	8,738	8,519
Accruals – Other	20,461	11,804
	<u>84,148</u>	<u>71,562</u>

Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled in 30 days.
- (ii) Federal AMA Subscriptions (related party) liabilities are non-interest bearing and are settled within one month of collection of the subscription fee. Further details are set out in Note 16.
- (iii) All other creditors are non-interest bearing and have an average term of 30 days.

NOTE 12. DEFERRED REVENUE

Deferred Revenue – membership dues received in advance	60,728	67,390
Deferred Revenue – Canberra Doctor pre-paid advertising	34,073	22,397
	<u>94,801</u>	<u>89,787</u>

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018	2017
	\$	\$
<hr/>		
NOTE 13. PROVISIONS		
<i>Current</i>		
Employee benefits	29,641	14,837
	<hr/>	<hr/>
Reconciliation of provision for employee benefits		
<i>Annual leave</i>		
Balance at beginning of year	14,837	19,224
Net movement in provision during the year	14,804	(4,387)
Balance at end of year	29,641	14,837
	<hr/>	<hr/>
<i>Long Service Leave</i>		
Balance at beginning of year	-	-
Net movement in provision during the year	-	-
Balance at end of year	-	-
	<hr/>	<hr/>
<i>Total provision for employee benefits</i>		
Balance at beginning of year	14,837	19,224
Net movement in provisions during the year	14,804	(4,387)
Balance at end of year	29,641	14,837
	<hr/>	<hr/>

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

2018	2017
\$	\$

NOTE 14. BORROWINGS

Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

Total facilities

– loan from related parties: AMA Federal	50,000	50,000
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Facilities used at reporting date

– loan from related parties: AMA Federal	-	-
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Facilities unused at reporting date

– loan from related parties: AMA Federal	50,000	50,000
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NOTE 15. CASH AND CASH EQUIVALENTS

Cash balance comprises:

- cash at bank	265,769	258,981
- petty cash	225	225
	<u>265,994</u>	<u>259,206</u>

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

2018	2017
\$	\$

NOTE 16. RELATED PARTY DISCLOSURES

Transactions with related parties

A proportion of subscription fees received by the Company relate to Federal AMA subscriptions. Federal AMA subscriptions (including GST) are received on behalf of and remitted to the Federal AMA on an arm's length basis.

Federal AMA subscriptions owing at beginning of year	40,284	31,040
Federal AMA subscriptions received during the year	213,134	216,616
Subscriptions remitted to the Federal AMA during the year	(212,735)	(207,372)
Balance of subscriptions owing at end of year	40,683	40,284
Loan from Federal AMA owing at beginning of year	-	-
Loan received from /(repaid to) Federal AMA during the year	-	-
Balance of loan owing at end of year	-	-
Balance owing to Federal AMA at end of year	40,683	40,284

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018	2017
	\$	\$

NOTE 17. KEY MANAGEMENT PERSONNEL

Key management personnel is defined by AASB 124 "Related Party Disclosures" as those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

The aggregate remuneration paid to key management personnel during the financial year is as follows:

Total key management personnel compensation	<u>120,732</u>	<u>120,413</u>
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During the year, the Company paid premiums of \$1,815 (2017: \$1,496) to insure the directors and officers of the Company. None of the Directors received, or became entitled to receive, any other remuneration during the year. Directors are not reimbursed for their costs of attending meetings.

NOTE 18. COMMITMENTS

Leasing commitments

Operating lease commitments receivable – company as lessor

The Company has a non-cancellable commercial lease with an unrelated party at Napier Close, Deakin. This lease has a remaining term of 6 months, expiring on 30 June 2019.

Future minimum rental receivable under this operating lease as at 31 December are as follows:

Within one year	40,704	79,620
Between one and three years	-	39,810
	<u>40,704</u>	<u>119,430</u>

Operating lease commitments payable – company as lessee

The Company has a non-cancellable commercial lease with an unrelated party for office space at Macquarie Street, Barton. This lease has a remaining term of 3 years and 11 months, expiring on 30 November 2022.

Future minimum rental receivable under this operating lease as at 31 December are as follows:

Within one year	71,215	-
Between one and three years	228,952	-
	<u>300,167</u>	<u>-</u>

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

	2018	2017
	\$	\$

NOTE 19. SEGMENT INFORMATION

The Company operates in one business and geographical segment, being to promote and safeguard the provision of high quality medical services to the community in Australia.

NOTE 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise receivables, payables, cash and cash equivalents, short term investments and the unsecured loan. The main purpose of these financial instruments is to raise finance for the Company's operations.

The totals for each category of financial instruments, measure in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets at amortised cost

Cash and cash equivalents	265,994	259,206
Trade and receivables	31,937	10,299
	<u>297,931</u>	<u>269,505</u>

Financial liabilities at amortised cost

Trade and other payables	84,148	71,562
Borrowings	-	-
	<u>84,148</u>	<u>71,562</u>

Net fair values

Financial assets and financial liabilities are carried at their net fair value at the end of the reporting period. The carrying values of financial assets and financial liabilities approximate their net fair values due to their short term maturity or market interest rate. No financial assets or financial liabilities are traded on organised markets in standardised form.

NOTE 21. EVENTS AFTER THE REPORTING PERIOD

The financial statements were authorised for issue by the board of directors on the date of signing the attached Directors' Declaration. The directors have the right to amend the financial statements after they are issued.

There are no events after the reporting date that require amendment of, or further disclosure in, the financial statements.

Australian Medical Association (ACT) Limited

Notes to Financial Statements (cont'd)

31 December 2018

NOTE 22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company has no contingent liabilities or assets at the end of the financial year.

NOTE 23. REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

42 Macquarie Street
BARTON ACT 2600