

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (b) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the Group.

### (c) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions based on historical knowledge and best available current information that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### Key estimates and judgements

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers.

### (d) Revenue recognition

#### Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### Commissions

When an entity in the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

#### Membership subscriptions and other services

Revenue from the membership subscriptions and other services rendered are recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is determined by reference to the membership year.

#### Rental income

Rental income is recognised in the statement of comprehensive income in the reporting period in which it is received, over the term of the lease in accordance with the lease agreement. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (e) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit and loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method.

### (f) Tax consolidation

Australian Medical Association Limited and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation legislation with effect from 1 January 2011. Australian Medical Association Limited is the head entity of the Group.

Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'separate taxpayer within group' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

### (g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of the Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Trade receivables and trade payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Tax Office (ATO) is included as a current liability in the statement of financial position. Other receivables and other payables are stated with the amount of GST excluded.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the ATO are classified as operating cash flows.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (h) Non-derivative financial instruments

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group no longer recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method of asset valuation, less any impairment losses. Loans and receivables comprises cash and cash equivalents and trade and other receivables.

#### Available for sale financial assets

The Group's investment in equity securities are classified as available for sale financial assets. Subsequent to initial recognition, they are measured at fair value except for unit trusts that do not have a quoted market price in an active market and where the fair value is insignificant and cannot be measured reliably.

#### Financial liabilities

Financial liabilities are recognised initially at fair value plus any attributable transaction costs. Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities comprise loans and borrowings, trade and other payables.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### (j) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

### (k) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

### (l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (m) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### (n) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (n) Property, plant and equipment (continued)

When parts of an item of property, plant and equipment have different lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net, within profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated depreciation rates for the current and comparative periods are as follows:

	2014	2013
Buildings	2.5% – 4%	2.5% – 4%
Office Furniture	5% – 25%	5% – 25%
Office Equipment	10% – 50%	10% – 50%
Fixtures and Fittings	5%	5%
Motor Vehicles	12.5%	12.5%
Personal Computer Network	20% – 27%	20% – 27%
Computer Hardware	20% – 33.33%	20% – 33.33%
Computer Software	25%	25%
Items less than \$300	100%	100%

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (o) Intangible assets

Intangible assets that are acquired by the Group, which have finite lives, are measured at cost less accumulated depreciation and accumulated impairment losses.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

#### Amortisation

Amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated depreciation rates for the current and comparative periods are as follows:

	2014	2013
Membership Database	20%	20%
IT Project Development Costs	20% – 33.33%	20% – 33.33%
Website	20% – 33.33%	20% – 33.33%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### (p) Investment properties

Investment property is held either to earn rental income and capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Direct lease costs incurred in negotiating and arranging operating leases over investment property are added to the carrying amount and recognised as an expense over the lease term.

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

	2014	2013
Buildings	2.5% – 4%	2.5% – 4%

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (q) Leased assets

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset – but not the legal ownership – are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term. Operating leases are not recognised in the statement of financial position.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

### (r) Impairment

#### Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available for sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (r) Impairment (continued)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

### (s) Employee Benefits

#### Short-term benefits

Liabilities for employee benefits for wages and salaries (including superannuation), annual leave and long service leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

#### Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs. That benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Commonwealth Government bonds that have maturity dates approximating the terms of the Group's obligations.

### (t) Grants

Grants are recognised initially as deferred income when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

### (u) Parent entity financial information

The financial information for the Parent Entity, as disclosed in note 26 has been prepared on the same basis as the consolidated financial statements, except as set out below.

#### Investments in controlled entities

Investments in controlled entities, are accounted for at cost in the financial statements of the Parent Entity. Dividends received from controlled entities are recognised in the Parent Entity's statement of comprehensive income.



# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (v) New standards and interpretations issued but not yet effective

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2014-1C	<i>Amendments to Australian Accounting Standards</i>	Part C of AASB 2014-1 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031.	1 July 2014	Minimal Impact
AASB 2014-1B	<i>Amendments to Australian Accounting Standards</i>	Part B of AASB 2014-1 makes amendments to AASB 119 <i>Employee Benefits</i> in relation to the requirements for contributions from employees or third parties that are linked to service.	1 July 2014	Minimal Impact
AASB 2014-1A	<i>Amendments to Australian Accounting Standards</i>	Part A of 2014-1 amends various standards as a result of the annual improvements process.	1 July 2014	Minimal Impact
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	No expected impact
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements</i>	This amending standard allows entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	Minimal Impact
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation</i>	This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset, and to clarify that revenue is generally presumed to be an inappropriate basis for that purpose.	1 January 2016	Minimal Impact

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (v) New standards and interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2015-1	<i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle</i>	The Standard makes amendments to various Australian Accounting Standards arising from the IASB's Annual Improvements process, and editorial corrections.	1 July 2016	Minimal Impact
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101</i>	The Standard makes amendments to AASB 101 <i>Presentation of Financial Statements</i> arising from the IASB's Disclosure Initiative project	1 January 2016	Disclosure only
AASB 2015-5	<i>Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception</i>	This Standard makes amendments to AASB 10, AASB 12 and AASB 128 arising from the IASB's narrow scope amendments associated with Investment Entities.	1 January 2016	Minimal Impact
AASB 9	<i>Financial Instruments</i>	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018	Minimal impact expected
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	Consequential amendments arising from the issuance of AASB 9.	1 January 2018	Minimal impact expected

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

		CONSOLIDATED	
		2014	2013
		\$	\$
<b>NOTE 2</b>	<b>REVENUE AND EXPENSES</b>		
	<b>Revenue</b>		
	Subscription income	12,065,838	11,041,402
	Sales revenue	5,492,765	5,695,413
	Commission	1,144,530	1,149,402
	Service fee	50,000	60,000
	Rent	1,108,515	1,593,200
	Advertising - <i>Australian Medicine</i>	94,036	80,302
	Sponsorship	145,779	228,366
	Interest	152,717	150,443
	Medical fees list revenue	66,058	78,389
	AMA House conference facility	2,700	8,491
	Dividend income	173	160
	<b>Other income</b>		
	Gain on disposal of property	3,569,392	-
	Other revenue including recoveries	252,607	226,839
		24,145,110	20,312,407
	Contributions to employee superannuation plans	883,550	808,423
	Rental expense on operating leases	19,131	31,596
	<b>Other expenses</b>		
	Direct operating expenses of investment properties (Note 10)	116,235	75,076
	Repairs and maintenance	538,933	382,478
	Merchant fees	188,935	151,878
	Licences and fees	129,965	126,277
	Legal fees	60,222	39,715
<b>NOTE 3</b>	<b>AUDITORS' REMUNERATION</b>		
	<b>Audit services</b>		
	Auditors of the Group		
	<i>RSM Bird Cameron Partners</i>		
	- Audit of financial report	57,910	55,180
	<b>Other services</b>		
	Auditors of the Group		
	<i>RSM Bird Cameron Partners</i>		
	- Taxation services	29,996	30,863
	- Consulting services	48,120	-
		136,026	86,043

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014 \$	2013 \$
<b>NOTE 4 INCOME TAX</b>		
<b>Current tax expense</b>		
Current year provision for income tax	786,914	25,669
Franking credits	(187)	(120)
Adjustments for prior years	-	(24,883)
	786,727	666
<b>Deferred tax expense</b>		
Origination and reversal of temporary difference	(130,595)	(123,047)
Adjustments for prior years	177,655	123,765
<b>Total income tax expense in income statement</b>	833,787	1,384
Profit before tax	4,122,385	1,052,538
Income tax using the domestic corporation tax rate of 30% (2013: 30%)	1,236,716	315,761
Increase in income tax expense due to:		
Mutual expenditure	3,678,274	3,450,167
Non-deductible expenses	22,145	13,921
Intercompany transactions	-	3,619
Sundry	38,435	24,604
Decrease in income tax expense due to:		
Mutual income	(4,231,523)	(3,904,737)
Fully franked dividends	(187)	(120)
Intercompany transactions	(1,020)	-
Profit on sale of property - non assessable	(86,672)	-
Sundry	(36)	(713)
	656,132	(97,498)
Over provided in prior years	-	(24,883)
Over provision for prior year	177,655	123,765
Income tax expense on pre-tax net profit	833,787	1,384
Attributable to:		
Continuing operations	833,787	1,384

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014 \$	2013 \$
<b>NOTE 5 CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	4,345,905	5,025,403

Included in the cash and cash equivalents is an amount of \$534,003 (2013: \$530,115) which the Company, as one of multiple stakeholders, manages on behalf of the stakeholders of the Private Mental Health Alliance, Centralised Data Management Service, Private Mental Health Consumer Carer Network (Australia) and Private Mental Health Alliance Quality Improvement Project.

<b>NOTE 6 TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade receivables	555,349	1,133,418
Impairment losses	-	(72,433)
	555,349	1,060,985
Sale - AMPCo House	8,387,500	-
Other receivables	941,340	747,596
	9,884,189	1,808,581

The movement in allowance for impairment losses during the year was:

Balance at 1 January	72,433	64,000
Impairment loss recognised	72,433	8,433
Balance at 31 December	-	72,433

<b>NOTE 7 INVENTORIES</b>		
<b>Current</b>		
Membership products	-	-
Finished goods	42,928	35,085
	42,928	35,085

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

		CONSOLIDATED	
		2014	2013
		\$	\$
<b>NOTE 8</b>	<b>OTHER INVESTMENTS</b>		

## Available for sale financial assets

Shares in AMA Member Services Pty Limited	1	1
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The changes in the fair value of the available for sale financial asset has not been accounted for as it is insignificant to the Group.

## NOTE 9 INTANGIBLE ASSETS

Membership database - at cost	733,325	733,325
Less accumulated amortisation	(720,083)	(703,080)
	13,242	30,245
Website - at cost	55,943	55,943
Less accumulated amortisation	(39,490)	(38,975)
	16,453	16,968
IT Project development - at cost	20,523	4,991
Less accumulated amortisation	-	-
	20,523	4,991
Total Intangible assets	50,218	52,204

### Movement in carrying amounts:

Consolidated	Opening	Additions	Disposals	Amortisation	Closing	Additions	Disposals	Amortisation	Closing
	WDV				WDV				WDV
	1 Jan 13				31 Dec 13				31 Dec 14
Membership database	42,069	-	-	(11,824)	30,245	-	-	(17,003)	13,242
Website	23,033	-	-	(6,065)	16,968	-	-	(515)	16,453
IT Projects	2,500	7,491	(5,000)	-	4,991	20,523	(4,991)	-	20,523
	67,602	7,491	(5,000)	(17,889)	52,204	20,523	(4,991)	(17,518)	50,218

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014 \$	2013 \$
<b>NOTE 10 INVESTMENT PROPERTIES</b>		
Units 1 and 2 Tourism House – at cost	2,610,408	2,610,408
Add net capitalised lease costs	15,708	24,684
Less accumulated depreciation	(1,802,154)	(1,697,739)
Total investment property	823,962	937,353

### Movement in carrying amounts:

Consolidated	Opening WDV 1 Jan 13	Additions: capital leased costs	Expensing of capitalised leased costs	Depreciation	Closing WDV 31 Dec 13	Additions: capital leased costs	Expensing of capitalised leased costs	Depreciation	Closing WDV 31 Dec 14
Tourism House, Units 1 and 2	1,049,475	1,186	(8,891)	(104,417)	937,353	-	(8,976)	(104,415)	823,962

A valuation of units 1 and 2 of Tourism House was performed during February 2015. The valuation was prepared by Ms Sandra Howells AAPI, Certified Practising Valuer, of Egan National Valuers (ACT). As at 20 February 2015, Units 1 and 2 of Tourism House were valued at \$3,640,000 (\$4,935,000 at 13 January 2012). As this value is in excess of the written down values disclosed above, no adjustment is necessary nor has been made within the financial statements.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014 \$	2013 \$
<b>NOTE 11 PROPERTY, PLANT AND EQUIPMENT</b>		
Property, Clarence St Sydney - at cost	-	5,904,832
Less accumulated depreciation	-	(983,553)
Less impairment loss	-	(864,336)
	-	4,056,943
Leasehold land, AMA House - at cost	1,600,000	1,600,000
Buildings, AMA House - at cost	9,449,482	9,449,482
Add net capitalised lease expenditure	-	5,571
Less accumulated depreciation	(4,488,504)	(4,252,267)
	4,960,978	5,202,786
Property, Parap Rd, Parap - at cost	381,397	381,397
Less accumulated depreciation	(35,221)	(26,224)
	346,176	355,173
Office furniture - at cost	2,667,478	2,647,210
Less accumulated depreciation	(2,572,551)	(2,501,097)
	94,927	146,113
Office equipment - at cost	229,165	262,963
Less accumulated depreciation	(153,618)	(190,339)
	75,547	72,624
Fixtures and fittings - at cost	6,182,543	4,025,576
Less accumulated depreciation	(3,499,371)	(3,428,537)
	2,683,172	597,039
Motor vehicles - at cost	-	28,915
Less accumulated depreciation	-	(14,002)
	-	14,913
Computer hardware - at cost	305,764	336,519
Less accumulated depreciation	(215,468)	(273,705)
	90,296	62,814



# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014 \$	2013 \$
<b>NOTE 11 PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
Computer software - at cost	194,532	163,738
Less accumulated depreciation	(140,654)	(128,384)
	53,878	35,354
Assets less than \$300 - at cost	68,032	60,819
Less accumulated depreciation	(68,032)	(60,819)
	-	-
Personal computer network - at cost	119,688	122,484
Less accumulated depreciation	(109,632)	(102,885)
	10,056	19,599
Total property, plant and equipment	9,915,030	12,163,358

A valuation of AMA House and the leasehold land on which it stands was performed during February 2015. The valuation was prepared by Ms Sandra Howells AAPI, Certified Practising Valuer, of Egan National Valuers (ACT). As at 10 February 2015 AMA House and the leasehold land on which it stands were valued at \$13,500,000 (\$17,885,000 at 6 February 2012). Because these values are in excess of the written down values disclosed in the financial statements, no adjustment is necessary nor has been made within the financial statements.

On the 13 November 2014, AMPCo entered an exchange of sale contract for its property, AMPCo House. The property was sold for \$7,625,000 (excluding GST). The expected settlement date is mid-2015. AMPCo expects to pay its bank loan in full with the proceeds from this sale of assets.

An independent valuation of 2/25 Parap Road, Northern Territory was performed in February 2015 and valued at \$420,000. Mr John Falvey, AAPI, Certified Practising Valuer, of Herron Todd White, prepared the valuation. As the valuation was in excess of the written down value disclosed in the financial statements, no adjustment is necessary nor has been made within the financial statements.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 11 PROPERTY PLANT AND EQUIPMENT (continued)

### Movement in carrying amounts:

Consolidated	Opening WDV	Additions	Disposals	Depreciation	Capitalised lease costs expensed	Closing WDV
Property, Clarence St Sydney	4,056,943	-	(3,920,018)	(136,925)	-	-
Leasehold land, AMA House	1,600,000	-	-	-	-	1,600,000
AMA House	5,202,786	-	-	(236,237)	(5,571)	4,960,978
Property, Parap Rd Parap	355,173	-	-	(8,996)	-	346,177
Office furniture	146,113	26,208	-	(77,397)	-	94,924
Office equipment	72,624	55,252	(34,661)	(17,667)	-	75,548
Fixtures and fittings	597,039	2,156,967	-	(70,834)	-	2,683,172
Motor vehicles	14,913	-	(13,784)	(1,129)	-	-
Computer hardware	62,814	53,507	(368)	(25,655)	-	90,298
Computer software	35,354	30,794	-	(12,270)	-	53,878
Assets < \$300	-	14,056	-	(14,056)	-	-
PC network	19,599	546	(875)	(9,215)	-	10,055
	<u>12,163,358</u>	<u>2,337,330</u>	<u>(3,969,706)</u>	<u>(610,381)</u>	<u>(5,571)</u>	<u>9,915,030</u>

## NOTE 12 CURRENT TAX ASSETS AND LIABILITIES

The current tax liability for the Group of \$246,745 represents the amount of income taxes payable in respect of current and prior periods.

The current tax asset for the Group in 2013 of \$612,633 represented the amount of income taxes receivable in respect of current and prior periods and that arose from the payment of tax in excess of the amounts due to the relevant tax authority.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 13 DEFERRED TAX ASSETS AND LIABILITIES

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Consolidated	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
Property, plant and equipment	(61,713)	(6,300)	-	-	(61,713)	(6,300)
Accruals	41,551	14,329	-	-	41,551	14,329
Employee benefits	154,613	151,592	-	-	154,613	151,592
Impairment losses on receivables	-	21,730	-	-	-	21,730
Other	(250)	(90)	-	-	(250)	(90)
Carried forward losses	-	-	-	-	-	-
Tax assets	134,201	181,261	-	-	134,201	181,261
Net tax assets	134,201	181,261	-	-	134,201	181,261

### Movement in temporary differences

Consolidated	Balance 1 Jan 13	Recognised in income	Recognised in equity	Balance 31 Dec 13	Recognised in income	Recognised in equity	Balance 31 Dec 14
Property, plant and equipment	(5,700)	(600)	-	(6,300)	(55,413)	-	(61,713)
Accruals	44,805	(30,476)	-	14,329	27,222	-	41,551
Employee benefits	123,038	28,554	-	151,592	3,021	-	154,613
Provisions	19,200	2,530	-	21,730	(21,730)	-	-
Other items	636	(726)	-	(90)	(160)	-	(250)
Carried forward losses	-	-	-	-	-	-	-
	181,979	(718)	-	181,261	(47,060)	-	134,201

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014 \$	2013 \$

## NOTE 14 TRADE AND OTHER PAYABLES

<b>Current</b>		
Trade creditors	592,390	498,833
Other creditors and accruals	2,321,976	1,224,599
Income in advance	559,691	612,485
	<u>3,474,057</u>	<u>2,335,917</u>

## NOTE 15 INTEREST BEARING LOANS AND BORROWINGS

<b>Current</b>		
Bill facility - secured (Note 17)	1,013,000	293,000
	<u>1,013,000</u>	<u>293,000</u>
<b>Non-current</b>		
Bill facility - secured (Note 17)	-	1,013,000
	<u>-</u>	<u>1,013,000</u>

The loans and borrowings are secured by registered first mortgage over land and buildings located at 277 Clarence Street, Sydney NSW 2000 and a registered equitable mortgage over the whole of its assets and undertakings including uncalled capital.

## NOTE 16 EMPLOYEE BENEFITS

<b>Current</b>		
Liability for long service leave	632,624	601,043
Liability for annual leave	725,585	659,773
	<u>1,358,209</u>	<u>1,260,816</u>
<b>Non-current</b>		
Liability for long service leave	103,884	89,893
Total employee benefits	<u>1,462,093</u>	<u>1,350,709</u>

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### Risk management

The Board of Directors, through its Audit and Risk Committee, manages the financial risks relating to the operations of the Group. The Group adopts prudent risk based management procedures. The Audit and Risk Committee oversees how the Group complies with the Group's risk management procedures. The Group does not enter into or trade financial instruments for speculative purposes.

The Group's activities expose it to the following risks from the use of financial instruments:

#### (a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counter parties and obtaining sufficient collateral or other security where appropriate as a means of mitigating the risk of financial loss from defaults.

The carrying amount of the Group's financial assets represents the maximum credit exposure.

	CONSOLIDATED	
	2014	2013
	\$	\$
Cash and cash equivalents	4,345,905	5,025,403
Trade and other receivables	9,884,189	1,808,581
Available for sale financial assets	1	1
	<u>14,230,095</u>	<u>6,833,985</u>

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, as disclosed in note 6, represents the Group's maximum exposure to credit risk.

#### (b) Market risk

Market risk is the risk that changes in market prices such as currency rates, interest rates and equity prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposure within acceptable parameters whilst optimising the return.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### (b) Market risk (continued)

#### (i) Interest risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	CONSOLIDATED CARRYING AMOUNT	
	2014 \$	2013 \$
<b>Fixed rate instruments</b>		
Financial liabilities	(1,013,000)	(1,306,000)
	<u>(1,013,000)</u>	<u>(1,306,000)</u>
<b>Variable rate instruments</b>		
Financial assets	4,344,145	5,023,643
	<u>4,344,145</u>	<u>5,023,643</u>

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by \$10,130 (2013: \$13,060).

#### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by \$43,441 (2013: \$50,236). This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2013.

#### (ii) Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign currency. The Group's exposure to currency rate risk is immaterial as the Group trades predominantly in Australian dollars.

#### (iii) Equity risk

The Group's exposure to equity risk is immaterial as the Group does not have significant investments in equity which can fluctuate in price.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 17 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

### (c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its normal financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities; including estimated interest payments and excluding the impact of netting agreements:

Consolidated	Carrying amount \$	Contractual cash flows \$	6 months or less \$	6-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
<b>Non-derivative financial liabilities</b>							
Bill facility - secured, fixed at 7.25%	1,013,000	(1,021,026)	(185,887)	(185,277)	(372,025)	(277,837)	-
Trade and other payables	3,474,057	(3,474,057)	(3,474,057)	-	-	-	-
	<u>4,487,057</u>	<u>(4,495,083)</u>	<u>(3,659,944)</u>	<u>(185,277)</u>	<u>(372,025)</u>	<u>(277,837)</u>	<u>-</u>

### (d) Fair values versus carrying amount

Except as disclosed below, the fair values of financial assets and liabilities, are not significantly different from the carrying amounts shown in the Statement of Financial Position:

Consolidated	31 December 2014		31 December 2013	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
<b>Liabilities carried at amortised cost</b>				
Bill facility - secured, fixed at 7.25%	(1,013,000)	(1,029,473)	(1,306,000)	(1,325,903)
	<u>(1,013,000)</u>	<u>(1,029,473)</u>	<u>(1,306,000)</u>	<u>(1,325,903)</u>

### (e) Capital management

The Group maintains a strong funding structure so as to enable it to continue operations to promote its core objectives. The strong funding structure is maintained through the optimisation of banking facilities and the preservation of revenue.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

		CONSOLIDATED	
		2014	2013
		\$	\$
<b>NOTE 18 OPERATING LEASES</b>			

## Leases as lessee:

Non-cancellable operating lease rentals are payable as follows:

Not later than 1 year	19,131	31,477
Later than 1 year but not later than 5 years	-	19,494
	19,131	50,971

## Leases as lessor:

The Group leases out its investment property under operating leases (see note 10). The future minimum rent receivable under non-cancellable leases are as follows:

### Investment property:

Not later than 1 year	498,458	503,603
Later than 1 year but not later than 5	373,268	902,917
	871,726	1,406,520

### Other Property:

Not later than 1 year	512,568	402,080
Later than 1 year but not later than 5	416,047	120,279
	928,615	522,359

### Total:

Not later than 1 year	1,011,027	905,683
Later than 1 year but not later than 5	789,315	1,023,197
	1,800,342	1,928,880

The Group has entered into commercial property leases on its investment property and other property. Tourism House is classified as an investment property because no member of the Group occupies any floor area of that property. The lease for that property is under a term of 5 years and nine months, commencing 1 January 2011 and ending 30 September 2016.

Lease payments escalate each year by CPI. The future minimum rent receivable has been calculated on the assumption that CPI will average 2.25% each year. This estimate is based on CPI increases from December 2012 to December 2014 and those anticipated for the remainder of the lease contract. The lease does not contain any contingent rentals.

AMA House is classified as other property. It is not classified as an investment property because the parent entity occupies the 4th floor. Several leases, for different terms, exist over tenancies within AMA House. One lease expires at 31 December 2015. Some tenancies were vacant for the full year ended 31 December 2014. Where there is no certainty that a lease commitment exists or will exist at a point in the future, no rent receivable has been disclosed. Some leases have fixed percentage annual escalations and some escalations are linked to CPI.



# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 18 OPERATING LEASES (continued)

The future minimum rent receivable has been calculated on the assumption that where applicable, CPI will average 2.25%. Fixed percentage escalations apply in accordance with existing lease contracts. CPI of 2.25% is based on CPI increases from December 2012 to December 2014 and those anticipated for the remainder of the lease contract.

During the year ended 31 December 2014, \$1,108,515 was recognised as rental income in the Statement of Comprehensive Income (2013: \$1,593,200). Direct operating expenses recognised in the Statement of Comprehensive Income relating to property was \$1,193,434 (2013: \$1,142,404).

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>NOTE 19 COMMITMENTS</b>		
<b>Building maintenance expenditure commitment:</b>		
Not later than 1 year	23,270	21,554
Later than 1 year but not later than 5 years	12,725	-
	35,995	21,554

## NOTE 20 CONTROLLED ENTITIES

<b>Parent entity</b>		
Australian Medical Association Limited	n/a	n/a
<b>Controlled entities</b>		
Australasian Medical Publishing Company Proprietary Limited	1	1
AMA Pty Limited	2	2
AMA Property Trust	-	-
AMA Commercial Pty Ltd	2	2
AMA NT Pty Ltd	1	1
Actraint No. 110 Pty Limited	2	2
AMA Investment Trust	-	-
	8	8

The controlled entities, Australasian Medical Publishing Company Proprietary Limited, AMA Pty Limited, AMA Commercial Pty Ltd, AMA NT Pty Ltd and Actraint No. 110 Pty Limited, are incorporated in Australia and are 100% controlled by the Australian Medical Association Limited. AMA Pty Limited acts as trustee for the AMA Property Trust. Actraint No. 110 Pty Limited acts as trustee for the AMA Investment Trust. The Australian Medical Association Limited owns 100% of units in the AMA Investment Trust. The AMA Investment Trust owns 100% of units in the AMA Property Trust.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	Note	CONSOLIDATED	
		2014 \$	2013 \$

## NOTE 21(a) CASH AND CASH EQUIVALENTS

Cash at bank and on hand	5	4,345,905	5,025,403
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The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 17.

## NOTE 21(b) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

Net profit after income tax		3,288,598	1,051,154
<b>Less items classified as investing activities:</b>			
Dividends received		(173)	(160)
Receipts from investment		(24,000)	(35,172)
<b>Add/(less) non-cash items:</b>			
Depreciation and amortisation		732,314	736,446
Net profit on sale of non current assets		3,664,250	6,285
Expensed previously capitalised costs on investment property		14,547	18,823
Increase in provision for employee entitlements		111,384	120,353
		8,083,420	1,897,729
<b>Changes in operating assets and liabilities:</b>			
Decrease / (increase) - trade and other receivables		(8,186,920)	577,745
Increase - inventories		(7,843)	(4,969)
Increase / (decrease) - trade and other payables		1,138,140	(606,775)
Increase / (decrease) - provision for tax liabilities		906,438	(425,658)
Cash flows from operating activities		1,933,235	1,438,072

## NOTE 22 DIRECTOR AND EXECUTIVE DISCLOSURE

### Transactions with Directors and Key Management Personnel

During the year the Group paid a premium to insure the Directors and Officers of the Group as disclosed in the Directors Report.

The Group provides remuneration in the form of Directors' fees and allowances to eligible Directors.

Key Management Personnel are remunerated in the form of salaries or under contract.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

	CONSOLIDATED	
	2014	2013
	\$	\$
<b>NOTE 22 DIRECTOR AND EXECUTIVE DISCLOSURE (continued)</b>		

The Directors and Key Management Personnel compensations are as follows:

Short-term employee benefits	4,174,602	2,653,125
Superannuation contributions	319,898	256,422
Termination benefits	65,233	-
	<u>4,559,733</u>	<u>2,909,547</u>

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests subsisting at year end.

## NOTE 23 TRUST FUNDS

The Group manages monies held in trust for a number of funds. The net values of the assets of those funds are as follows:

	2014	2013
	\$	\$
The Mervyn Archdall Medical Monograph Fund	28,387	27,487
The Federal Medical War Relief Fund	13,373	14,181
The Federal Independence Fund	4,658	4,536

AMA Pty Limited acts as trustee for The Indigenous Peoples' Medical Scholarship Trust Fund. The net value of the assets of the Trust at 31 December 2014 is \$172,976 (2013: \$195,205).

## NOTE 24 SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year to the date of this report, which has significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 25 COMPANY DETAILS

The Group comprises the parent entity, Australian Medical Association Limited, (the Company) and its controlled entities, being:

- Australasian Medical Publishing Company Proprietary Limited;
- AMA Pty Limited;
- The AMA Property Trust;
- AMA Commercial Pty Ltd;
- AMA NT Pty Ltd;
- Actraint No.110 Pty Limited; and
- The AMA Investment Trust.

The parent entity, the Australian Medical Association Limited, is a company limited by guarantee, incorporated and domiciled in Australia. The registered office of the Company is 4th Floor, 42 Macquarie Street, Barton ACT 2600. The Company promotes the interests of the medical profession in the medico political arena and also in the more general sphere, advocates for patient health and the health of the community.

Australasian Medical Publishing Company Proprietary Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is 277 Clarence Street, Sydney NSW 2000. This company publishes the highly recognised and peer reviewed scientific journal, *Medical Journal of Australia* and maintains and operates a comprehensive database containing both member and non-member information.

AMA Pty Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is 4th Floor, 42 Macquarie Street, Barton ACT 2600. This company acts as trustee for the AMA Property Trust. The Trust owns, manages and rents commercial properties in Barton, ACT.

AMA Commercial Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is 4th Floor, 42 Macquarie Street, Barton ACT 2600. This company manages the commercial member benefits program and associated commercial contracts.

AMA NT Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is 4th Floor, 42 Macquarie Street, Barton ACT 2600. This company purchased a commercial property in Darwin, Northern Territory on 1 February 2011 and has provided services to members of the AMA in the Northern Territory since 1 November 2011.

Actraint No. 110 Pty Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is 4th Floor, 42 Macquarie Street, Barton ACT 2600. This company acts as trustee for the AMA Investment Trust.

# Notes to and forming part of the financial statements

For the year ended 31 December 2014

## NOTE 26 PARENT ENTITY

As at, and throughout the financial year ended 31 December 2014, the parent company of the Group was the Australian Medical Association Limited. The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

	2014 \$	2013 \$
<b>(a) Financial information</b>		
Profit for the year	19,751	207,535
Total comprehensive income	19,751	207,535
<b>Statement of financial position</b>		
<b>Assets</b>		
Current assets	2,239,363	2,462,352
Total assets	12,158,122	12,372,144
<b>Liabilities</b>		
Current liabilities	1,035,502	1,635,414
Total liabilities	1,057,212	1,654,051
<b>Equity</b>		
Retained earnings	11,100,910	10,718,093
Total equity	11,100,910	10,718,093

### (b) Guarantees

No cross guarantees have been provided by the Australian Medical Association Limited and its controlled entities.

### (c) Other commitments

There have been no contractual commitments entered into by the Australian Medical Association Limited for the acquisition of property, plant or equipment.

### (d) Contingent liabilities

There are no contingent liabilities at the reporting date.

## Directors' Declaration

The Directors of the Company declare that:

- 1) the financial statements and notes, set out on pages 30 to 63 are in accordance with the *Corporations Act 2001*, and
  - i) comply with Australian accounting standards; and
  - ii) gives a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date, of the Company and consolidated Group.
- 2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors dated this 23rd day of April 2015.



**Assoc Prof Brian Owler**  
Director  
Australian Medical Association Limited



**Dr Elizabeth Feeney**  
Director  
Australian Medical Association Limited

**RSM Bird Cameron Partners**

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## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead auditor for the audit of the financial report of Australian Medical Association Limited and its Controlled Entities for the year ended 31 December 2014 I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

**RSM BIRD CAMERON PARTNERS**

Chartered Accountants

**GED STENHOUSE**

Partner

*RSM Bird Cameron Partners*

Canberra, Australian Capital Territory

Dated: 23 April 2015

**RSM Bird Cameron Partners**

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUSTRALIAN MEDICAL ASSOCIATION LIMITED**

We have audited the accompanying financial report of Australian Medical Association Limited ("the company"), which comprises the consolidated balance sheet as at 31 December 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statements for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### **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 is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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