

Annual Report 2009

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED



THE VOICE OF THE PROFESSION

AUSTRALIAN MEDICAL ASSOCIATION (NSW) LIMITED ABN 81 000 001 614

1st January 2009 to 25th May 2009

26th May 2009 to 31st December 2009

President	Dr Brian Morton	President	Dr Brian Morton
Vice President	Dr Michael Steiner	Vice President	Dr Michael Steiner
Chairman of Council	Dr Choong-Siew Yong	Chairman of Council	Dr Saxon Smith
Honorary Treasurer	Dr Elizabeth Feeney	Honorary Treasurer	Dr Elizabeth Feeney
NSW, ACT Area Representative on Federal Council	A/Prof. John Gullotta	NSW, ACT Area Representative on Federal Council	A/Prof. John Gullotta
Solicitor	TressCox	Solicitor	TressCox
Auditors	Deloitte	Auditors	Deloitte
Members of Council		Members of Council	
Dr Igal Augarten	Dr Grant McBride	Dr Igal Augarten <small>(resigned June 2009)</small>	Dr Grant McBride
Dr Yusuf Bassa	Dr Kerrie MacDonald	Dr Yusuf Bassa	Dr Rodney McMahon
Mr Paul Bedwell	Dr Rodney McMahon	Dr Geoffrey Dowe	Dr Brian Morton
Dr Geoffrey Dowe	Dr Brian Morton	Dr Pradnya Dugal	Dr Paul Myers
Dr Pradnya Dugal	Dr Paul Myers	Dr Elizabeth Feeney	A/Prof. Brian Owler
Dr Elizabeth Feeney	Dr Anthony Restifo	Prof Brad Frankum	Dr Jitendra Parikh
Dr Dean Fisher	Dr David Rivett	Dr Michael Gliksman	Dr David Rivett
Dr Michael Gliksman	Dr Saxon Smith	Dr Richard Hanney	A/Prof. George Skowronski
A/Prof. John Gullotta	Dr Tom Stanley	Dr Henry Hicks	Dr Saxon Smith
Dr Richard Hanney	Dr Michael Steiner	Dr Aniello Iannuzzi	Dr Tom Stanley
Dr Aniello Iannuzzi	A/Prof. Peter Thursby	Dr Katherine Jeffrey	Dr Michael Steiner
Dr Katherine Jeffrey	Dr Marilyn Uebel	A/Prof, Andrew Keegan	Dr Marilyn Uebel
A/Prof. Andrew Keegan	Dr Geoffrey White	Ms Susanna Lam	Dr Geoffrey White
Dr Mark Krieger	Dr Choong-Siew Yong	Dr Peter Lim	Dr Choong-Siew Yong
Dr Peter Lim			Dr Andrew Zuschmann
Secetariat		Secetariat	
Chief Executive Officer	Ms Fiona Davies	Chief Executive Officer	Ms Fiona Davies
Medical Secretary	Dr Robyn Napier	Medical Secretary	Dr Robyn Napier
Director, Financial Services & Marketing	Mr Mark Kelly	Director, Financial Services & Marketing	Mr Mark Kelly
Director, Medico-Legal & Employment Relations	Mrs Sarah Dahlenburg	Director, Medico-Legal & Employment Relations	Mrs Sarah Dahlenburg
Director, Policy & Communications	Mr Sim Mead	Director, Policy & Communications	Mr Sim Mead



DR BRIAN MORTON

President's report

There are no quiet years in health. 2009 was anything but quiet for the AMA and the medical profession, however it was also a very positive year as we moved towards new approaches to the way we represent doctors and advocate for issues.

The AMA undertook a comprehensive, independent survey of what members and non-members thought about us and the work we do. This process is part of reconnecting with you, our members, and ensuring your AMA genuinely reflects the views and concerns of NSW doctors.

We were heartened and challenged by the survey results. As members you told us you do value the work we do advocating for NSW doctors and patients. Non-members were less encouraging, expressing concern that the AMA had become too political or did not represent their voice.

During 2009 we worked to implement many of the survey recommendations, focussing on direct, more targeted communications to members about issues of direct concern.

The long-running issues associated with the COAG National Registration

Scheme came to some conclusions in 2009 with AMA (NSW) successfully advocating to retain the NSW complaints system and NSW Medical Board (to be renamed the Medical Council of NSW). We continued to advocate about the risks of the national scheme in terms of watering-down accreditation standards and achieved a win with the Opposition Health Spokesperson moving an amendment to recognise the need for health ministers to consider the public interest in making accreditation decisions.

May 2009 saw the election of a NSW doctor, Dr Andrew Pesce, as President of the AMA. Dr Pesce's election has raised the public and political profile of the AMA and resulted in increased national attention for health and health policy issues. I have been proud to work with Dr Pesce since his election and have seen first-hand the benefits of his strategy of positive engagement.

At a state level we saw another Health Minister leave office under less than ideal circumstances. We continue to work with Minister Tebbutt and Opposition Health Spokesperson Jillian Skinner and will do so in the lead-up to

the 2011 state election.

We saw the long awaited release of the NHHRC Report and I travelled to a number of meetings to discuss the implications of the Report with members and non-members.

While hospital issues, including the rollout of the Garling Report, were significant issues in 2009 there was also considerable focus on GPs and DITs. Dr Pesce launched the GP Taskforce to provide a direct vehicle for advocacy on GP issues. The Taskforce was launched in response to the understandable concerns of general practice in the wake of the health reform process and will continue to operate until the Federal election.

DITs and students were a major focus. AMA (NSW) worked with the NSW Medical Student Council, holding a large meeting to highlight training concerns. We have raised training issues with state and federal governments and are pleased to see them starting to respond to this important issue.



DR ELIZABETH FEENEY

Treasurer's report

It is my pleasure as Honorary Treasurer of AMA(NSW) Ltd to report that we continue to show a sound financial position as at 31 December 2009 after what has been another challenging year.

This year has been a year of consolidation after the extreme market conditions of the previous year. While our investment income was down in line with market conditions, we have been able to strengthen our relationships with commercial partners and with some restructuring have been able to respond more actively to the requirements of our members and the medical profession generally.

The Association's overall outcome of 2009 resulted in a net loss of \$1,143,708 however this included a valuation loss of \$956,692 which was taken from reserves to the income statement in the current period. This represented the extent to which the market value of the investment fund was below cost at the reporting date. In the 2008 year, the full extent of the valuation loss incurred during the global financial crisis was reflected in the accounts however the accounting standards allowed this to be taken to reserves at year end rather than the income statement. In the 2009 year, with the improving economic conditions, the market value of the managed funds increased by \$759,125. However as the carrying value of the investment fund was still below cost and had been for a prolonged period of time, accounting standards required that the valuation loss be taken to the income statement. Members can be assured that this accounting treatment in no way weakens the Association's financial position, in fact our total equity

has increased by some \$572,109 during the 2009 year and the Association has been able to improve its cash position by nearly \$500,000.

Operationally, the Association incurred a loss of \$441,045. In comparison to the previous year, operations income has decreased by 2% however this is almost entirely due to the drop in interest income of \$63,371, a decrease of 38%. Once again we have been able to maintain our membership subscription revenue based on 8000 members. Some major changes to the commercial partner arrangements with Investec/Experien during the year have guaranteed significant levels of income over the next three to five years allowing us to further develop member services rather than cutting back.

For the second year in a row we have been able to contain Operations expenditure to an increase of less than 1%. This has been brought about by the continued focus of the Secretariat in reviewing expenditure levels and seeking improved efficiencies across the entire business.

The surplus on the Investment Fund was \$254,029, a decrease of \$153,051 from the previous year which has obviously impacted on our overall result. As mentioned earlier, the value of the Investment Fund improved by over \$700,000 during the year resulting in a balance at the end of the year of \$5,913,193.

The review of operations for 2009 is summarised on page 5 of this annual report.

The AMA (NSW) Charitable Foundation ended the year with a deficit of \$74,802 however this was after the distribution of donations totalling \$180,481. Over the last few years, the

Advisory Board has endeavoured to ensure that donations to charitable organisations have been maximised without eroding the Foundation's capital base. The worthy recipients of the donations during the 2009 year were the Sydney Cochlear Implant Centre for \$120,000, the Royal Flying Doctor Service for \$28,481, Wheelchair Sports NSW for \$20,000 and \$12,000 given to the Bobby Goldsmith Foundation.

On behalf of the trustees, I wish to report that the Professional Freedom Fund recorded a profit of \$31,434 in 2009 with the balance of accumulated funds at the end of the year of negative \$70,062 (2008 negative \$101,496). It is expected that the Professional Freedom Fund will return to a positive position in the next few years.

Membership for the year finished right on our target of 8000, a slight increase over the number of members in the previous year. While it is pleasing to see that we have been able to hold our membership numbers, we have engaged a firm of media consultants who will work with us to improve the value of membership to you, our members, as well as encouraging non-members to join us in making our collective voice heard.

This is the last year of my two year term as Honorary Treasurer of the Association, so in conclusion I would like to express my gratitude to all my colleagues on Council, the Board of Directors and the Audit Committee for their support and guidance. I would also like to thank the staff of AMA(NSW), in particular the Finance and Marketing & Membership teams, for their hard work and assistance through the year.

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Directors' report

The directors of Australian Medical Association (NSW) Limited submit herewith the annual financial report of the company for the financial year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	Particulars
Dr Brian Morton	President
Dr Michael Steiner	Vice President and Chairman, Ethics
Dr Elizabeth Feeney	Honorary Treasurer and Chairman, Audit Committee
Dr Choong-Siew Yong (i)	Chairman, Council
Associate Professor Andrew Keegan	Chairman, Hospital Practice
Dr Yusuf Bassa	Director
Dr Saxon Smith	Chairman, Council
Dr Pradnya Dugal	Director
Dr Michael Gliksman (ii)	Chairman, Medical Practice

The above named directors held office during the whole of the financial year and since the end of the financial year except for the following:

- Dr Choong-Siew Yong (i) Resigned 26 May 2009
- Michael Gliksman (ii) Appointed 26 May 2009

Company secretary

Dr Elizabeth Feeney, who is also the Honorary Treasurer and Chairman, Audit Committee, has been the Company Secretary of the company since the 27 May 2008 to the end of the financial year.

Former partners of the audit firm

Mark Kelly, an officer of the company, is a former partner of Deloitte Touche Tohmatsu (resigned from the position on 31 December 2001), and former auditor of the company.

Principal activities

The company's principal activity in the course of the financial year was to advance and maintain the professional freedom and welfare of medical practitioners in New South Wales, and the fair and honourable practice of the profession, to represent the profession to the public and governments and to increase community awareness of health issues. During the financial year there was no significant change in the nature of that activity.

Directors' report (continued)

Review of operations (continued)

The company's operating revenue (as disclosed in note 4) for the year was \$4,502,061 (2008: \$4,766,333).

The company's operations resulted in a net loss of \$1,143,708 (2008: profit of \$14,371) as follows:

	2009 \$	2008 \$
Loss from operations	(441,045)	(324,601)
Net loss from sale of property, plant and equipment	-	(68,108)
Net loss arising on revaluation of available-for-sale financial assets	(956,692)	-
Net gain from investment fund (note 19)	254,029	407,080
	<hr/>	<hr/>
Net (loss)/profit	(1,143,708)	14,371
	<hr/>	<hr/>
Revaluation movement – increase/(decrease) in market value (note 16)	759,125	(1,960,129)

A valuation loss of \$956,692 was taken from reserves to the income statement in the current period, representing the extent to which the market value of the investment was below cost at reporting date. The directors of the company believe that the carrying value of the investment has now been below cost for a prolonged period of time. As such the difference between carrying value and cost at reporting date has been taken from the available-for-sale reserve to the income statement in the current year as an impairment.

Changes in state of affairs

During the financial year, there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Dividends

The Constitution does not permit the distribution of dividends to its members.

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring certain officers of the company. The officers of the company covered by the insurance policy include the directors, councillors and members of the Secretariat.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the company or a related body corporate.

The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' report (continued)

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, 11 board meetings were held.

	Board of Directors	
	Held	Attended
Associate Professor Andrew Keegan	11	10
Dr Brian Morton	11	11
Dr Michael Steiner	11	10
Dr Yusuf Bassa	11	8
Dr Elizabeth Feeney	11	11
Dr Saxon Smith	11	7
Dr Choong-Siew Yong – resigned 26 May 2009	4	3
Dr Pradnya Dugal	11	7
Michael Gliksman – appointed 26 May 2009	7	5

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the annual report.

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

On behalf of the Directors

Dr Brian Morton
President
Sydney, 16th March, 2010

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

16th March, 2010

Dear Board Members,

Australian Medical Association (NSW) Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of the Australian Medical Association (NSW) Limited.

As lead audit partner for the audit of the financial statements of the Australian Medical Association (NSW) Limited for the financial year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Gaile Pearce
Partner
Chartered Accountants

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

We have audited the accompanying financial report of Australian Medical Association (NSW) Limited, which comprises the statement of financial position as at 31 December 2009, and the income statement, statement of cash flows and statement of changes in equity for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration as set out on pages 10 to 33.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 opinion.

Deloitte

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion, the financial report of Australian Medical Association (NSW) Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Gaile Pearce

Gaile Pearce
Partner
Chartered Accountants
Sydney, 16 March 2010

Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the company.

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

On behalf of the Directors



Dr Brian Morton
President

Sydney, 16 March 2010

**Statement of comprehensive income
for the financial year ended 31 December 2009**

	Note	2009 \$	2008 \$
Continuing operations			
Revenue	4	4,757,603	4,902,204
Employee benefits expenses		(2,479,915)	(2,218,750)
Depreciation and amortisation expenses	5	(464,036)	(428,427)
Depreciation expenses related to the investment property at ground floor, 69 Christie Street	5	(43,032)	(43,028)
Legal fees		(110,950)	(299,069)
Magazine production and distribution		(210,358)	(226,991)
Audit fee	27	(54,218)	(45,878)
Repairs and maintenance		(14,700)	(29,447)
Costs related to grants	20	(105,092)	-
Membership development costs		(75,237)	(94,200)
Advertising and marketing		(23,652)	(26,922)
Insurance costs		(52,033)	(52,526)
Meeting costs		(68,375)	(65,866)
Seminar costs		(172,583)	(207,195)
Telephone expenses		(39,428)	(45,445)
Travel and entertainment expenses		(51,043)	(59,593)
Printing costs		(46,953)	(53,707)
Consultants fees		(138,017)	(117,770)
Computer costs		(45,495)	(39,857)
Website costs		(67,165)	(10,482)
Administration and Sinking fund levies – Christie Street		(217,554)	(303,510)
Loss on disposal of property, plant and equipment		-	(68,108)
Impairment of available-for-sale financial assets		(956,692)	-
Other expenses from ordinary activities		(464,783)	(451,062)
(Loss)/profit before tax		(1,143,708)	14,371
Income tax expense		-	-
(Loss)/profit for the year		(1,143,708)	14,371
Other comprehensive income			
Reclassification of available-for-sale financial assets		956,692	-
Valuation gain/(loss) on available-for-sale financial assets		759,125	(1,960,129)
		1,715,817	(1,960,129)
Income tax relating to components of other comprehensive income		-	-
Total comprehensive income/(loss) for the year		572,109	(1,945,758)

**Statement of financial position
as at 31 December 2009**

	Note	2009 \$	2008 \$
Current assets			
Cash and cash equivalents	6	3,709,959	3,212,010
Trade and other receivables	7	228,062	283,846
Other	11	71,269	94,937
Total current assets		4,009,290	3,590,793
Non-current assets			
Other financial assets	8	4,742,032	3,800,064
Investment property	9	6,155,020	6,360,681
Property, plant and equipment	10	4,455,134	4,694,262
Total non-current assets		15,352,186	14,855,007
Total assets		19,361,476	18,445,800
Current liabilities			
Trade and other payables	12	1,849,692	1,732,330
Borrowings	13	11,690	14,622
Provisions	14	340,390	310,304
Other	15	1,375,208	1,165,927
Total current liabilities		3,576,980	3,223,183
Non-current liabilities			
Borrowings	13	-	11,690
Provisions	14	36,564	35,104
Total non-current liabilities		36,564	46,794
Total liabilities		3,613,544	3,269,977
Net assets		15,747,932	15,175,823
Equity			
Reserves	16	-	(1,715,817)
Retained earnings	17	15,747,932	16,891,640
Total equity		15,747,932	15,175,823

**Statement of changes in equity
for the financial year ended 31 December 2009**

	Available- for-sale revaluation reserve \$	Retained earnings \$	Total \$
Balance at 1 January 2008	244,312	16,877,269	17,121,581
Valuation loss on available-for sale financial assets taken to equity	(1,960,129)	-	(1,960,129)
Net expense recognised directly in equity	(1,960,129)	-	(1,960,129)
Profit for the year	-	14,371	14,371
Balance at 31 December 2008	(1,715,817)	16,891,640	15,175,823
Balance at 1 January 2009	(1,715,817)	16,891,640	15,175,823
Valuation gain on available-for sale financial assets taken to equity	759,125	-	759,125
Net gain recognised directly in equity	759,125	-	759,125
Impairment taken to income statement	956,692	-	956,692
Loss for the year	-	(1,143,708)	(1,143,708)
Balance at 31 December 2009	-	15,747,932	15,747,932

**Statement of cash flows
for the financial year ended 31 December 2009**

	<u>Note</u>	<u>2009</u> <u>\$</u>	<u>2008</u> <u>\$</u>
Cash flows from operating activities			
Receipts from customers		5,121,852	5,189,791
Payments to suppliers and employees		(4,606,304)	(4,623,939)
Net cash provided by operating activities	23(b)	515,548	565,852
Cash flows from investing activities			
Interest received		101,474	170,764
Dividends received		204,514	379,408
Payments for property, plant and equipment		(46,252)	(312,829)
Proceeds from sale of property, plant and equipment		-	26,000
Payments for investment properties		-	(938,852)
Payments for improvement to investment properties		(16,027)	-
Proceeds from sale of investment		-	-
Payment for investments		(182,843)	(359,571)
Net cash (used in)/provided by investing activities		60,866	(1,035,080)
Cash flows from financing activities			
Payments from/to related parties		39,990	-
Repayment of related party loans		(103,853)	-
Repayment of hire purchase liability		(14,622)	(29,264)
Net cash used in financing activities		(78,485)	(29,264)
Net (decrease)/increase in cash and cash equivalents		497,949	(498,492)
Cash and cash equivalents at the beginning of the financial year		3,212,010	3,710,502
Cash and cash equivalents at the end of the financial year	23(a)	3,709,959	3,212,010

Notes to the financial statements for the financial year ended 31 December 2009

1. General information

Australian Medical Association (NSW) Limited (the company) is a company limited by guarantee incorporated and operating in Australia.

Australian Medical Association (NSW) Limited registered office and its principal place of business is as follows:

Registered office and principal place of business

Level 6, 69 Christie Street
St Leonards, NSW 2065

The company's principal activity in the course of the financial year was to advance and maintain the professional freedom and welfare of medical practitioners in New South Wales, and the fair and honourable practice of the profession, to represent the profession to the public and governments and to increase community awareness of health issues. During the financial year there was no significant change in the nature of that activity.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS').

The financial statements were authorised for issue by the directors on 16 March 2010.

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 3 for a discussion of critical judgements in applying the entity's accounting policies, and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

In the current year, the company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

**Notes to the financial statements
for the financial year ended 31 December 2009**

2. Significant accounting policies (continued)

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

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

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

(b) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sales of goods and disposal of assets

Revenue from the sale of goods and disposal of other assets is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from services is recognised in the period the services are provided.

Rental revenue

Revenue from operating leases is recognised in accordance with the company's accounting policy outlined in note 2(h).

Dividend and interest revenue

Dividend revenue from investments is recognised when the company's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(c) Income tax

Australian Medical Association (NSW) Limited is income tax exempt pursuant to paragraph 23(f) of the Income Tax Assessment Act.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of financial position.

**Notes to the financial statements
for the financial year ended 31 December 2009**

2. Significant accounting policies (continued)

(e) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: 'available-for-sale' financial assets or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments.

Available-for-sale financial assets

Certain investment held by the company are classified as being available-for-sale and are stated at fair value less impairment. Fair value is determined in the manner described in note 24. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve with the exception of impairment losses and interest calculated using the effective interest method on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale-revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the company's right to receive the dividends is established.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each Statement of financial position date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Notes to the financial statements
for the financial year ended 31 December 2009**

2. Significant accounting policies (continued)

(e) Financial assets (continued)

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(f) Property, plant and equipment

Plant and equipment, buildings and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition or construction of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following useful lives are used in the calculation of depreciation:

- | | |
|-------------------------------------|--------------|
| • Buildings | 33 1/3 years |
| • Equipment, furniture and fittings | 3 – 6 years |
| • Motor vehicles | 6 2/3 years |
| • Hire purchase vehicles | 6 2/3 years |

(g) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at cost less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on investment property. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- | | |
|-------------|--------------|
| • Buildings | 33 1/3 years |
|-------------|--------------|

**Notes to the financial statements
for the financial year ended 31 December 2009**

2. Significant accounting policies (continued)

(h) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Company as lessor

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

Company as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Finance leased assets are amortised on a straight-line basis over the lower of estimated useful life of the asset or the period of the lease.

(i) Impairment of long-lived assets

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(j) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

**Notes to the financial statements
for the financial year ended 31 December 2009**

2. Significant accounting policies (continued)

(j) Employee benefits (continued)

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(l) Trade and other payables

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standards/Interpretations is not expected to have any material impact on the financial report of the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none"> • AASB 3 'Business Combinations' (2008), AASB 127 'Consolidated and Separate Financial Statements' (2008) and AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127' and AASB 2008-11 'Amendments to Australian Accounting Standard – Business Combinations Among Not-for-profit Entities' 	<p><i>AASB-3</i> - Business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after 1 July 2009 <i>AASB 127</i> – 1 July 2009 <i>AASB 2008-3</i> and <i>AASB 2008-11</i> – 1 July 2009</p>	31 December 2011
<ul style="list-style-type: none"> • AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' 	1 July 2009	31 December 2011
<ul style="list-style-type: none"> • AASB 2008-8 'Amendments to Australian Accounting Standards – Eligible Hedged Items' 	1 July 2009	31 December 2011
<ul style="list-style-type: none"> • AASB 2009-4 'Amendments to Australian Accounting Standards arising from the Annual Improvements Process' 	1 July 2009	31 December 2011
<ul style="list-style-type: none"> • AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process' 	1 January 2010	31 December 2011

**Notes to the financial statements
for the financial year ended 31 December 2009**

2. Significant accounting policies (continued)

(m) Standards and Interpretations issued not yet effective (continued)

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 2009-7 'Amendments to Australian Accounting Standards'	1 July 2009	31 December 2011
• AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-settled Share Based Payment Transactions'	1 January 2010 and must be applied retrospectively	31 December 2011
• AASB Interpretation 17 'Distributions of Non-cash Assets to Owners', AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners'	1 July 2009	31 December 2011
• AASB Interpretation 18 'Transfers of Assets from Customers'	1 July 2009	31 December 2011

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

The following are the critical judgements (apart from those involving estimations, which are dealt with below), that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Financial Assets – Available-for-sale investments

Note 8 sets out the categories of available-for-sale investments held. In accordance with the accounting policy used by the company as described in Note 2(e), these investments in managed funds are held at fair value with revaluation adjustments recognised directly in equity. In accordance with the requirements of AASB 139 Financial Instruments: Recognition and Measurement paragraph 58, the directors have reviewed whether there is any objective evidence that the investments held are impaired. Further, paragraph 61 of AASB 139 describes that a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment.

As noted in the statement of changes in equity, a valuation loss of \$956,692 was taken from reserves to the income statement in the current period, representing the extent to which the market value of the investment was below cost at reporting date. The directors of the company believe that the carrying value of the investment has now been below cost for a prolonged period of time. As such the difference between carrying value and cost at reporting date has been taken from the available-for-sale reserve to the income statement in the current year as an impairment.

Other than the above, there has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

**Notes to the financial statements
for the financial year ended 31 December 2009**

4. Revenue

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

	2009	2008
	\$	\$
<u>Operating revenue</u>		
Subscription revenue	2,822,223	2,817,856
Commission and fees	279,850	314,932
Interest – other entities	101,474	170,764
Dividends – other entities	204,514	379,408
Sponsorship	95,085	79,808
Rental revenue – other entities	405,445	398,105
Magazine advertising income	162,285	185,944
Seminar income	122,034	151,944
Other	309,151	267,572
	<hr/>	<hr/>
	4,502,061	4,766,333
 <u>Non-operating revenue</u>		
Proceeds from Grants	105,092	-
Rental revenue – investment property	150,450	135,871
	<hr/>	<hr/>
	255,542	135,871
	<hr/>	<hr/>
	4,757,603	4,902,204

5. Profit/(loss) for the year

(a) Gains and losses

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

	2009	2008
	\$	\$
Loss on disposal of property, plant and equipment	-	(68,108)
Impairment of available-for-sale financial assets	(956,692)	-
	<hr/>	<hr/>
	(956,692)	(68,108)

(b) Other expenses

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

	2009	2008
	\$	\$
Depreciation of property, plant and equipment (note 10)	274,705	241,928
Depreciation of Ground floor (Rear) and Level 5, 69 Christie St investment property (note 9)	178,656	170,207
Amortisation of leased assets (note 10)	10,675	16,292
	<hr/>	<hr/>
	464,036	428,427
 Depreciation of Ground floor (Front), 69 Christie St investment property (Investment Fund Assets) (note 9)	43,032	43,028
 Direct operating expenses of investment property generating rental income	36,819	47,671
 Employee benefits expense – Defined contribution plans	207,916	201,673

**Notes to the financial statements
for the financial year ended 31 December 2009**

6. Cash and cash equivalents

	2009	2008
	\$	\$
Cash at bank and on hand – for operating purposes	3,709,959	3,212,010

7. Trade and other receivables

	2009	2008
	\$	\$
Trade receivables	73,278	92,790
Amounts due from related parties:		
Professional Freedom Fund	73,981	113,971
Accrued income	71,118	77,085
Work Cover	9,685	-
	228,062	283,846

The average credit period on balances receivable is 30 days. As at 31 December 2009, 54.89% of the balance was current (2008: 97%).

8. Other financial assets

	2009	2008
	\$	\$
Available-for-sale investments carried at fair value:		
Investment Fund (note 19)	4,742,032	3,800,064

**Notes to the financial statements
for the financial year ended 31 December 2009**

9. Investment property

	Ground floor (rear), level 4 and level 5, 69 Christie St at cost \$	Ground floor (front), 69 Christie St (Investment Fund) at cost \$	Total \$
Gross carrying amount			
Balance at 1 January 2008	4,854,236	1,434,250	6,288,486
Additions	938,852	-	938,852
Balance at 31 December 2008	5,793,088	1,434,250	7,227,338
Additions	16,027	-	16,027
Balance at 31 December 2009	5,809,115	1,434,250	7,243,365
Accumulated depreciation/amortisation			
Balance at 1 January 2008	(476,393)	(177,029)	(653,422)
Depreciation expense	(170,207)	(43,028)	(213,235)
Balance at 31 December 2008	(646,600)	(220,057)	(866,657)
Depreciation expense	(178,656)	(43,032)	(221,688)
Balance at 31 December 2009	(825,256)	(263,089)	(1,088,345)
Net book value			
As at 31 December 2008	5,146,488	1,214,194	6,360,681
As at 31 December 2009	4,983,859	1,171,161	6,155,020

**Notes to the financial statements
for the financial year ended 31 December 2009**

10. Property, plant and equipment

	Buildings at cost \$	Equipment, furniture and fittings at cost \$	Motor vehicles at cost \$	Leased motor vehicles at cost \$	Total \$
Gross carrying amount					
Balance at 1 January 2008	4,881,084	787,003	-	150,089	5,818,176
Additions	122,250	59,450	77,856	53,273	312,829
Disposals	-	(110,097)	-	(134,973)	(245,070)
Balance at 31 December 2008	5,003,334	736,356	77,856	68,389	5,885,935
Additions	13,330	32,922	11,000	-	57,252
Disposals	-	-	-	(25,158)	(25,158)
Balance at 31 December 2009	5,016,664	769,278	88,856	43,231	5,918,029
Accumulated depreciation/ amortisation					
Balance at 1 January 2008	(535,492)	(500,656)	-	(48,267)	(1,084,415)
Disposals	-	108,540	-	42,422	150,962
Depreciation expense	(151,749)	(85,453)	(4,726)	(16,292)	(258,220)
Balance at 31 December 2008	(687,241)	(477,569)	(4,726)	(22,137)	(1,191,673)
Disposals	-	-	-	14,158	14,158
Depreciation expense	(154,772)	(106,808)	(13,125)	(10,675)	(285,380)
Balance at 31 December 2009	(842,013)	(584,377)	(17,851)	(18,654)	(1,462,895)
Net book value					
As at 31 December 2008	4,316,093	258,787	73,130	46,252	4,694,262
As at 31 December 2009	4,174,651	184,901	71,005	24,577	4,455,134

11. Other assets

	2009 \$	2008 \$
Prepayments	71,269	94,937

**Notes to the financial statements
for the financial year ended 31 December 2009**

12. Trade and other payables

	2009	2008
	\$	\$
Trade payables (i)	242,922	184,755
Subscriptions due to:		
Australian Medical Association Limited	1,256,180	1,082,764
Medical Benevolent Association	2,931	6,454
Amounts owing to related parties:		
The AMA (NSW) Charitable Foundation	220,721	324,574
Goods and services tax (GST) payable	126,938	101,447
Work Cover	-	32,336
	<hr/>	<hr/>
	1,849,692	1,732,330
	<hr/>	<hr/>

- (i) The average credit period on general purchases goods or services from various suppliers is 30 days. No interest is charged on overdue payables. The company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

13. Borrowings

	2009	2008
	\$	\$
Unsecured – at amortised cost		
<u>Current</u>		
Hire purchase liability	11,690	14,622
<u>Non-current</u>		
Hire purchase liability	-	11,690
	<hr/>	<hr/>
	11,690	26,312
	<hr/>	<hr/>

14. Provisions

	2009	2008
	\$	\$
Current		
Employee benefits	340,390	310,304
Non-current		
Employee benefits	36,564	35,104
	<hr/>	<hr/>
	376,954	345,408
	<hr/>	<hr/>

15. Other liabilities

	2009	2008
	\$	\$
Income received in advance	57,700	25,268
Subscriptions received in advance	1,317,508	1,090,823
Other	-	49,836
	<hr/>	<hr/>
	1,375,208	1,165,927
	<hr/>	<hr/>

**Notes to the financial statements
for the financial year ended 31 December 2009**

16. Reserves

	2009	2008
	\$	\$
Available-for-sale revaluation reserve		
Balance at beginning of financial year	(1,715,817)	244,312
Increase/(decrease) in market value in the period	759,125	(1,960,129)
Cumulative loss transferred to the income statement on impairment of financial assets	956,692	-
	-	(1,715,817)
Balance at end of financial year	-	(1,715,817)

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

In the current period, a valuation loss of \$956,692 was taken from reserves to the income statement, representing the extent to which the market value of the investment was below cost at reporting date. The directors of the company believe that the carrying value of the investment has now been below cost for a prolonged period of time and as such the difference between carrying value and cost at reporting date has been taken from the available-for-sale reserve to the income statement in the current year as an impairment.

17. Retained earnings

	2009	2008
	\$	\$
Balance at beginning of financial year	16,891,640	16,877,269
(Loss)/profit for the year	(1,143,708)	14,371
	15,747,932	16,891,640
Balance at end of financial year	15,747,932	16,891,640

18. Members' guarantee

Australian Medical Association (NSW) Limited is a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while they are a member or within one year after they cease to be a member for payment of the debts and liabilities of the company contracted before the time at which they cease to be a member, and the costs, charges and expenses of winding up and for an adjustment of the rights of contributories among themselves, such amount as may be required not exceeding two dollars.

**Notes to the financial statements
for the financial year ended 31 December 2009**

19. Investment fund

In the financial year ended 31 December 2001, the Unit Trust of Australian Medical Association (NSW) Limited (the Trust) sold freehold land and a building, and on 31 December 2001 the Trust was wound up. The proceeds from the sale of the land and building and the net assets distributed to the company when the Trust was wound up, were invested in a portfolio of financial instruments referred to by the company as the "Investment Fund".

	2009	2008
	\$	\$
<u>At fair value</u>		
Non-current financial assets:		
Managed funds (note 8)	4,742,032	3,800,064
	4,742,032	3,800,064
Investment property at depreciated cost (note 9)	1,171,161	1,214,194
	5,913,193	5,014,258

The market value of the investment fund including cash and cash equivalents, receivables and investment property, at 31 December 2009 was \$5,913,193 (2008: \$5,014,258).

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

	2009	2008
	\$	\$
Rental income on investment property	150,471	135,871
Expenses incurred in maintaining investment property	(79,871)	(90,703)
Dividends	200,248	379,408
Interest	4,267	5,919
Brokerage costs	(21,086)	(23,415)
	254,029	407,080

20. Deferred Work Cover income

	2009	2008
	\$	\$
Total Work Cover income	105,092	32,336
Costs incurred during the financial year	(114,777)	-
	(9,685)	32,336

**Notes to the financial statements
for the financial year ended 31 December 2009**

21. Assets and liabilities of trusts for which the company is trustee

Australian Medical Association (NSW) Limited, as trustee for The AMA (NSW) Charitable Foundation, has a right of indemnity from the trust's assets. Details of the underlying assets and liabilities are as follows:

	AMA (NSW) Charitable Foundation	
	2009	2008
	\$	\$
Assets		
Cash	53,309	24,750
Amount receivable from Australian Medical Association (NSW) Limited	220,721	324,574
Other assets	6,012	6,000
	280,042	355,324
Liabilities		
Creditors and accruals	2,827	3,308
	2,827	3,308

22. Commitments for expenditure

Hire purchase liability

	Minimum future lease payments		Present value of minimum future lease payments	
	2009	2008	2009	2008
	\$	\$	\$	\$
	11,690	16,132	11,690	14,622
Later than 1 year and not later than 5 years	-	11,690	-	11,690
Minimum future lease payments*	11,690	27,822	11,690	26,312
Less future finance charges	-	(1,510)	-	-
Present value of minimum lease payments	11,690	26,312	11,690	26,312
Included in the financial statements as: (note 13)				
Current borrowings			11,690	14,622
Non-current borrowings			-	11,690
			11,690	26,312

* Minimum future lease payments includes the aggregate of all lease payments and any guaranteed residual.

**Notes to the financial statements
for the financial year ended 31 December 2009**

23. Notes to the statement of cash flows

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2009	2008
	\$	\$
Cash at bank and on hand	3,709,959	3,212,010

(b) Reconciliation of (loss)/profit for the period to net cash flows from operating activities

	2009	2008
	\$	\$
(Loss)/profit for the year	(1,143,708)	14,371
(Gain)/loss on sale or disposal of non-current assets	-	68,108
(Gain)/loss on revaluation of available for sale investment	956,692	-
Depreciation of property, plant and equipment	285,380	258,220
Depreciation of investment properties	221,668	213,235
Interest income received and receivable	(101,474)	(170,764)
Dividends received and receivable	(204,514)	(379,408)
<i>Changes in net assets and liabilities:</i>		
(Increase)/decrease in assets:		
Trade and other receivables	15,794	(28,978)
Other assets	23,668	13,433
Increase/(decrease) in liabilities:		
Trade and other payables	221,215	235,637
Other liabilities	31,546	(14,617)
Subscriptions received in advance	209,281	356,615
Net cash from operating activities	515,548	565,852

24. Financial instruments

(a) Categories of financial instruments

	2009	2008
	\$	\$
Financial assets		
Loans and receivables	228,062	283,846
Cash and cash equivalents	3,709,959	3,212,010
Available-for-sale financial assets	4,742,032	3,800,064

(b) Financial risk management objectives

The Board of Directors manage the financial risks relating to the operations of the Australian Medical Association (NSW) Limited. These risks include market risk, credit risk and liquidity risk.

The Australian Medical Association (NSW) Limited's activities expose it primarily to the financial risks of changes in interest rates. The Australian Medical Association (NSW) Limited has managed these risks by entering into term deposits with fixed interest rates.

**Notes to the financial statements
for the financial year ended 31 December 2009**

24. Financial instruments (continued)

(c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

(d) Interest rate risk management

The Australian Medical Association (NSW) Limited is exposed to interest rate risk through its financial assets held as term deposits at the bank. The Australian Medical Association (NSW) Limited manages the risk by monitoring and re-evaluating the terms of the deposit every 3 months when the asset matures. Management will review the interest rates available to achieve the best rate possible in the current market.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the company's net profit would increase/decrease by \$13,841(2008: \$16,060). This is mainly attributable to the expected change in the fair value of the term deposit based on a variable interest rate.

The company's sensitivity to interest rate fluctuations has remained constant during the current period due to the term of term deposits remaining 3 months to maturity.

(e) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(f) Fair value of financial instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair values. The net fair values of financial assets are determined in accordance with their market price.

(g) Currency risk

The Australian Medical Association (NSW) Limited do not undertake any transactions denominated in foreign currencies, hence no exposure to exchange rate fluctuations arises.

(h) Capital risk management

The Australian Medical Association (NSW) Limited manages its capital to ensure that it will be able to continue as a going concern for the benefits of its members. The Australian Medical Association (NSW) Limited's overall strategy remains unchanged from 2008.

**Notes to the financial statements
for the financial year ended 31 December 2009**

24. Financial instruments (continued)

(i) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity management requirements. The company manages financial and liquidity risk by maintaining adequate cash balances and banking facilities and by continuously monitoring forecast and actual cash flows.

Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Variable interest rate \$	Fixed interest rate maturity		Non- interest bearing \$	Total \$
			Less than 1 year \$	More than 1 year and less than 5 years \$		
2009						
Trade payables	-	-	-	-	242,922	242,922
Subscriptions due to other entities	-	-	-	-	1,259,111	1,259,111
Amounts owed to related parties	-	-	-	-	220,721	220,721
Hire purchase liability (note 13)	7.93%	-	11,690	-	-	11,690
			-	11,690	1,722,754	1,734,444
2008						
Trade payables	-	-	-	-	184,755	184,755
Subscriptions due to other entities	-	-	-	-	1,089,218	1,089,218
Amounts owed to related parties	-	-	-	-	324,574	324,574
Hire purchase liability (note 13)	7.93%	-	14,622	11,690	-	26,312
			-	14,622	1,598,547	1,624,859

**Notes to the financial statements
for the financial year ended 31 December 2009**

4. Financial instruments (continued)

(i) Liquidity risk management (continued)

The following table details the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Variable interest rate \$	Fixed interest rate maturity		Non- interest bearing \$	Total \$
			Less than 1 year \$	More than 1 year and less than 5 years \$		
2009						
Cash:						
On hand		-	-	-	1,000	1,000
Cheque		-	-	-	147,364	147,364
Cash deposit	3.50%	-	21,247	-	-	21,247
Cash deposit	3.75%	-	540,348	-	-	540,348
Term deposit	5.50%	-	1,000,000	-	-	1,000,000
Term deposit	5.50%	-	1,000,000	-	-	1,000,000
Term deposit	4.75%	-	1,000,000	-	-	1,000,000
		-	3,561,595	-	148,364	3,709,959
Trade and other receivables:						
Trade receivables		-	-	-	73,278	73,278
Amounts due from related parties		-	-	-	73,981	73,981
		-	-	-	147,259	147,259
		-	3,561,595	-	295,623	3,857,218
2008						
Cash:						
On hand		-	-	-	500	500
Cheque		-	-	-	625,773	625,773
Cash deposit	4.00%	-	585,737	-	-	585,737
Term deposit	7.94%	-	1,000,000	-	-	1,000,000
Term deposit	4.51%	-	1,000,000	-	-	1,000,000
		-	2,585,737	-	626,273	3,212,010
Trade and other receivables:						
Trade receivables		-	-	-	92,790	92,790
Amounts due from related parties		-	-	-	113,971	113,971
		-	-	-	206,761	206,761
		-	2,585,737	-	833,034	3,418,771

**Notes to the financial statements
for the financial year ended 31 December 2009**

24. Financial instruments (continued)

(j) Fair value of financial instruments

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions

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

25. Key management personnel compensation

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

Associate Professor Andrew Keegan	Dr Elizabeth Feeney
Dr Brian Morton	Dr Saxon Smith
Dr Michael Steiner	Dr Choong-Siew Yong (i)
Dr Yusuf Bassa	Dr Pradnya Dugal
Dr Michael Gliksman (ii)	

- (i) Resigned as a director 26 May 2009
- (ii) Appointed as a director 26 May 2009

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

	2009	2008
	\$	\$
Short-term employee benefits	79,157	74,671

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

26. Related party transactions

(a) Transactions with key management personnel

Director compensation

Details of key management personnel compensation are disclosed in note 25 to the financial statements.

(b) Transactions with other related parties

Transactions between Australian Medical Association (NSW) Limited and its related parties

During the financial year, the following transactions occurred between the company and its other related parties:

- Charitable Foundation, a related party: At 31 December 2009, there was an amount of \$220,721 (2008: \$324,574) payable to the company by Australian Medical Association (NSW) Limited.
- Professional Freedom Fund, a related party: At 31 December 2009, there was an amount of \$73,981 (2008: \$113,971) receivable from the company to Australian Medical Association (NSW) Limited.

27. Remuneration of auditors

	2009	2008
	\$	\$
Auditor of the entity		
Audit or review of the financial report	44,182	42,895

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

UNAUDITED
Income and expenditure statement
for the financial year ended 31 December 2009

	2009	2008
	\$	\$
	Unaudited	Unaudited
Operating income		
Commissions, fees and sponsorships	374,935	394,740
Interest receivable	101,474	164,845
Gain/(loss) on sale of fixed assets	-	(68,108)
Magazine advertising	162,385	186,124
Membership subscriptions	2,822,223	2,817,856
Rental income	562,411	550,459
Secretariat service	51,200	40,400
Seminar income	122,034	151,944
Federal collection fee income	49,607	47,982
Sundry income	51,268	26,656
	<hr/>	<hr/>
Total income	4,297,537	4,312,898
	<hr/>	<hr/>
Operating expenditure (refer page 36)	(4,738,582)	(4,705,607)
	<hr/>	<hr/>
Net operating loss	(441,045)	(392,709)
	<hr/>	<hr/>

UNAUDITED
Income and expenditure statement
for the financial year ended 31 December 2009

	2009	2008
	\$	\$
	Unaudited	Unaudited
Operating expenditure		
Advertising	(7,816)	(5,139)
Audit and accounting fees	(54,218)	(45,878)
Bank charges and taxes	(29,301)	(24,626)
Bad debts expense	-	(500)
Building costs - Christie St	(626,030)	(691,829)
Cleaning	(24,492)	(24,440)
Communication costs	(13,583)	(18,729)
Computer costs	(44,206)	(38,480)
Consultants	(57,600)	(32,220)
Copier costs	(33,400)	(31,535)
Database – Membership and EDM	(28,630)	(9,000)
Depreciation and amortisation	(130,608)	(106,470)
Electricity	(15,135)	(13,044)
Email for DIT	(18,000)	(18,000)
Employee entitlements	(79,549)	(60,388)
Fringe benefit tax	(25,001)	(28,939)
Grants, donations, etc	(300)	(1,779)
Insurance	(52,033)	(52,526)
Legal fees	(109,950)	(299,069)
Magazine	(209,987)	(226,991)
Marketing	(36,366)	(21,783)
Medico Legal & Employment Relations	(32,467)	-
Meeting costs	(59,694)	(58,662)
Membership development	(39,955)	(48,025)
Membership benefit	(35,280)	(46,175)
Office expenses	(11,959)	(11,028)
Payroll tax	(102,991)	(93,503)
Personal recruitment	(1,260)	(10,879)
Postage and delivery	(27,110)	(29,596)
Printing and stationery	(47,270)	(53,707)
Repairs and maintenance	(15,989)	(30,824)
Seminar costs	(156,528)	(207,195)
Stipend	(79,157)	(74,671)
Subscriptions	(6,671)	(13,489)
Sundry expenses	(47,503)	(68,451)
Superannuation	(207,915)	(201,673)
Telephone	(40,298)	(45,445)
Travel and entertainment	(48,622)	(58,953)
Vehicle expenses	(25,081)	(28,298)
Wages and salaries	(2,089,462)	(1,863,186)
Website costs	(67,165)	(10,482)
	<hr/>	<hr/>
Total operating expenditure	(4,738,582)	(4,705,607)

Attendance at Council, Board & Standing Committee Meetings - 1st January 2009 to 19th May 2009

Name	Leave of Absence	Council	Board	Audit	Ethics	MPC	HPC
Igal Augarten	17.02.09-26.02.09	1				1	
Yusuf Bassa		1	3			1	
Paul Bedwell		-					1
Geoffrey Dowe		1				1	
Pradnya Dugal	21.02.09-28.02.09	1	2			-	
Elizabeth Feeney		2	4	1	1		2
Dean Fisher		-					-
Michael Gliksman		2			-	1	
John Gullotta		1		1	1	-	
Richard Hanney		1					1
Aniello Iannuzzi		2					2
Katherine Jeffrey		2					2
Andrew Keegan	08.03.09-20.03.09	2	4				2
Mark Krieger		1				1	
Peter Lim		1					1
Paul Myers		2					2
Kerrie MacDonald		-					2
Grant McBride		2				-	
Rodney McMahon		1			-		1
Brian Morton	28.03.09-13.04.09	1	4		-	-	2
David Rivett	13.02.09-22.02.09	1					2
Anthony Restifo		-					2
Saxon Smith	16.02.09-24.05.09	-	-	-		-	
Tom Stanley		1			1	1	
Michael Steiner	16.01.09-01.02.09	2	4		1		2
Peter Thursby		2					2
Marilyn Uebel		1				1	
Geoffrey White		2				1	2
Choong-Siew Yong	01.05.09-24.05.09	2	3			1	
TOTAL MEETINGS		2	4	1	1	2	2

Attendance at Council, Board & Standing Committee Meetings - 20th May 2009 to 31st December 2009

Igal Augarten	Resigned June 2009	1					
Yusuf Bassa	01.12.09-31.12.09	3	5			-	
Geoffrey Dowe		5				1	
Pradnya Dugal	08.08.09-23.08.09/19.12.09-31.12.09	5	5			-	
Elizabeth Feeney	20.06.09-14.07.09/06.12.09-13.12.09	3	7	1	1		1
Brad Frankum		5					2
Michael Gliksman		4	5			1	
Richard Hanney		5					3
Henry Hicks		2					2
Aniello Iannuzzi		4					2
Katherine Jeffrey		3					1
Andrew Keegan	29.05.09-06.06.09/13.11.09-30.11.09	5	6				3
Susanna Lam		3				-	
Peter Lim		1					-
Grant McBride		5				1	
Rodney McMahon		2			1		1
Brian Morton	10.08.09-16.08.09/25.10.09-09.11.09	5	7		2	-	
Paul Myers		4		1			3
Brian Owler		4					2
Jitendra Parikh		5			1	1	
David Rivett		5					1
George Skowronski		3					2
Saxon Smith	08.08.09-16.08.09	5	7	1		-	
Tom Stanley		3			2	1	
Michael Steiner	04.07.09-18.07.09/14.11.09-18.11.09/26.11.09-26.11.09	4	6		2		3
Marilyn Uebel		4				-	
Geoffrey White		5					1
Choong-Siew Yong		5					1
Andrew Zuschmann		3					3
TOTAL MEETINGS		5	7	1	2	1	3