

Financial Report

AUSTRALIAN MEDICAL ASSOCIATION LIMITED
ABN 37 008 426 793
AND CONTROLLED ENTITIES

31 DECEMBER 2015

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Directors' report

Australian Medical Association Limited (the Company) and its controlled entities for the year ended 31 December 2015, and the auditor's report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the financial year are:

Name and Qualifications	Experience and Special Responsibilities
<p>Dr Kathryn Austin B.Pharm B.Med GAICD, MRANZCOG</p>	<p>Director, Australian Medical Association Limited, 31 July 2014 - 31 May 2015. AMANSW Charitable Foundation Director, July 2013 - Fellow in Maternal Foetal Medicine Subspecialty Obstetrics and Gynaecology. Graduate Australian Institute of Company Directors, 2014. Australian Medical Association (NSW) Limited, Treasurer and Director, Board of Directors, July 2011 - 31 July 2014. Australian Medical Association (NSW) Limited Audit and Risk Committee Chairman, June 2013 - July 2014. State Representative, AMA Council of Doctors in Training, 2009 - 2012. AMA Doctors in Training Representative, May 2010 – May 2011. NSW AMA Doctors in Training Committee Vice Chair 2009 and Chairperson, 2010 - 2012.</p>
<p>Dr Anthony Bartone MBBS, FRACGP, MBA</p>	<p>Director, Australian Medical Association Limited, 27 May 2012 - 25 May 2014 and 31 July 2014 - 31 May 2015. Director, Australian Medical Association (Victoria) Limited, May 2010 - President, Australian Medical Association (Victoria) Limited, May 2014 - General Practitioner.</p>
<p>Prof Geoffrey Dobb BSc (Hons), MBBS, FRCP, FRCA, FANZCA, FCICM, FAMA</p>	<p>Director, Australian Medical Association Limited, 23 October 2002 - 25 May 2014 and 31 July 2014 - Past President, Australian Medical Association (WA) Incorporated. Chair, Australian Organ and Tissue Authority Advisory Council. Board Member, Australian Council on Healthcare Standards. Intensive Care Physician.</p>
<p>Dr Iain Dunlop MBBS (Hons), FRANZCO, FRACS</p>	<p>Director, Australian Medical Association Limited, 30 May 2010 - Chairman of Council, Australian Medical Association Limited, 24 May 2013 – 25 May 2014. Executive Councillor, Australian Medical Association Limited, 29 May 2011 – 24 May 2013. Immediate Past President, Australian Medical Association (ACT) Limited. Director, Vision 2020 Australia, 2004 - Director, Sight For Life Foundation, 2009 - Past Chairman, MSC, Sydney and Sydney Eye Hospital. Past President, Royal Australian and New Zealand College of Ophthalmologists. Chairman, Department of Health Ophthalmic Prostheses Clinical Advisory Group, 2009 - Ophthalmologist.</p>
<p>Dr Elizabeth Feeny MBBS, MHL, FANZCA, FAICD, FAMA</p>	<p>Director, Australian Medical Association Limited, 6 November 2010 - Chairman, Board, Australian Medical Association Limited, 25 May 2014 - Director, Australasian Medical Publishing Company Proprietary Limited, 4 June 2013 - Director, Australian Medical Association (NSW) Limited, 2003–2011. Anaesthetist.</p>



Directors' report

Name and Qualifications	Experience and Special Responsibilities
Dr Leonie Katekar MBBS, BSc(Med), MBioethics, FRACMA, GAICD	Director, Australian Medical Association Limited, 31 July 2014 - 31 January 2016. Councillor, Australian Medical Association Northern Territory Incorporated, 2011 - Inaugural Board Director, HealthDirect Australia (formerly National Health Call Centre Network), 2007 - 2011. Chief Executive Officer and Medical Advisor, Top End Division of General Practice, 2001 - 2008. Medical Administrator and Health Informatics.
Dr Richard Kidd BHB, MBChB, Dip Obs, FAMA, Specialist VR General Practitioner	Director, Australian Medical Association Limited, 17 June 2011 - Director, Board Member, The Queensland Branch of Australian Medical Association, 2007 - June 2014, December 2014 - Chair, The Queensland Branch of Australian Medical Association, Council of General Practice, June 2009 - Director, PeachTree Perinatal Wellness, 2012 - Co-Founder, Doctors for Refugees. General Practitioner with special interests in Aged Care, Mental Health, Palliative Care and Medical Education.
Dr Michael Levick MBBS (Hons)	Director, Australian Medical Association Limited, 31 May 2015 - 25 June 2015. Director and Practice Principal of Moreland General Practice, 2012 - Board Member, Australian Medical Association (Victoria) Limited, 2013 - 2015. General Practitioner.
Dr Bavahuna Manoharan BSc (BioMed), MBBS	Director, Australian Medical Association Limited, 31 May 2015 - Treasurer & Director, Board of Directors, The Queensland Branch of Australian Medical Association, June 2014 - The Queensland Branch of Australian Medical Association Finance, Risk & Audit Committee member, June 2014 - The Queensland Branch of Australian Medical Association Governance Committee member, April 2015 - The Queensland Branch of Australian Medical Association Councillor and Branch Council, June 2010 - The Queensland Branch of Australian Medical Association Council of Doctors in Training, Executive member, January 2011-, Deputy Chair, 2014, & General Committee member, 2010. Queensland Representative to the Federal AMA Council of Doctors in Training, June 2013 - 2015). Convenor of AMA Queensland Junior Doctor Conference, annually June 2014 - 2016. Member, Queensland Health Medical Workforce Plan Steering Committee, November 2015 - Accredited Registrar in General Surgery, Royal Australasian College of Surgeons, February 2015 -.
Dr Helen McArdle BMedSc, MBBS, MPH, FAFOEM, FRACMA, FAICD	Director, Australian Medical Association Limited, 20 March 2013 - 25 May 2014 and 31 July 2014 - Director, AMA Tasmania. Deputy Chairman, Southern Cross Care (TAS) Inc. Chairman, Post Graduate Medical Council of Tasmania. Specialist Medical Administrator and Occupational Physician.



Directors' report

Name and Qualifications	Experience and Special Responsibilities
Prof Brian Owler MBBS, PhD, FRACS, GAICD	President, Australian Medical Association Limited, 25 May 2014 - Director, Australian Medical Association Limited, 29 May 2011 - Director, AMA Commercial Pty Ltd, 25 May 2014 - Director, AMA Pty Limited, 25 May 2014 - Director, AMA NT Pty Ltd, 25 May 2014 - Director, Actraint No. 110 Pty Limited, 25 May 2014 - President, Australian Medical Association (NSW) Limited, June 2012 - 13 May 2014. Neurosurgeon.
Dr Stephen Parnis MBBS, DipSurgAnat, FACEM, GAICD	Vice President, Australian Medical Association Limited, 25 May 2014 - Director, Australian Medical Association Limited, 29 May 2011 - Director, AMA Pty Limited, 25 May 2014 - Director, Actraint No. 110 Pty Limited, 25 May 2014 - President, Australian Medical Association (Victoria) Limited, May 2012 - May 2014. Vice President, Australian Medical Association (Victoria) Limited, 2006 - May 2012. Director, Australian Medical Association (Victoria) Limited, 2006 - 2014. Emergency Physician, John Fawkner Private Hospital and St Vincent's Hospital Melbourne.
Dr Peter Sharley OAM MBBS, Dip RACOG, Dip Av Med, Dip Bus Mgt, GAICD, FANZCA, FCICM	Director, Australian Medical Association Limited, 26 May 2012 - 25 May 2014 and 31 July 2014 - Director, Doctors Health Services Pty Ltd. Board Member, Australian Medical Association (South Australia) Incorporated. Chairman of the Board, SA Post Graduate Medical Association. Intensive Care Specialist.
Dr Gary Speck AM MBBS, BMed SC (Hons), FRACS, FAOrthA, FAMA, GAICD	Director, SPT Ltd. Director MIPS Ltd. Director, Australian Society of Orthopaedic Surgeons. Chairman, Council of Procedural Specialists. Orthopaedic Surgeon.



Directors' report

PRINCIPAL ACTIVITIES

Australian Medical Association Limited (AMA) is a public company limited by guarantee. The AMA represents the interests of the registered medical practitioners of Australia and the medical students of Australia, and advocates on behalf of its members and their patients. The members of the AMA are simultaneously members of the State and Territory AMAs which are separate legal entities.

The principal activities during the reporting year, as set out in the Constitution, were to:

- preserve, maintain, promote and advance the intellectual, philosophical, social, political, economic and legal interests of Members; and
- promote the wellbeing of patients and take an active part in the promotion of health care programs for the benefit of the community and to participate in the resolution of major social and community health issues.

The AMA undertakes advocacy on behalf of its members, provides services and communications to its members and through a subsidiary, publishes and circulates the *Medical Journal of Australia*. The Australian Medical Association and Controlled Entities (the Group) owns property and investment assets to support revenue earned from membership subscriptions.

STRATEGIC DIRECTION

The strategic objectives for the AMA were adopted by the Board in late 2014 for the period 2015-2017. They are reviewed annually by the Board and were confirmed for the 2015 year.

The strategic objectives have four pillars – leading on advocacy; growing and valuing membership; ensuring financial security and flexibility; and organisational capability. These support the AMA's mission of *Leading Australia's Doctors – Promoting Australia's Health*.

Individual strategic objectives under the advocacy pillar include strengthening the AMA's role as the leader of Australia's doctors; developing the next generation of Australia's medical leaders; providing for individual member engagement in the medico-political process; and driving public health policies for a healthier and safer Australia.

The strategic objectives are rolled out in an operational plan which is reviewed and updated each year. The activities agreed for inclusion in the operational plan are funded in the budget.

REVIEW AND RESULT OF OPERATIONS

The consolidated profit after income tax was \$350,007 (2014: \$3,288,598).

The 2014 after tax profit includes the gain on sale of AMPCo House of \$3,569,392.

The operations of the Group during the financial year included: promoting the interests of the medical profession in the medico-political arena and more widely; advocating for patient health and the health of the community; servicing members through the provision of a range of membership services and benefits; publishing, among other things, the highly recognised and peer reviewed general medical journal, the *Medical Journal of Australia*; the management and rental of commercial properties and maintenance and operation of a comprehensive data base containing both member and non-member information.

DIVIDENDS

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

STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year under review which are not disclosed in the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

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 Group, the results of those operations or the state of affairs of the Group in subsequent financial years.



Directors' report

LIKELY DEVELOPMENTS

The AMA has invested significantly in IT infrastructure and solutions over the past year. This is likely to continue with new products and services for members. During 2015 the AMA entered into an agreement with the Medical Board of Australia and AHPRA for the national delivery of a health service for medical practitioners and medical students. This will continue to evolve during 2016 with the initiation of face to face and online services delivered by State-based providers.

The Board established an Investment Committee in 2015 to work with the company's external investment adviser to maximise the investment returns to the company.

Following a review of subsidiary companies, AMA Commercial Pty Limited will be wound up in 2016 as it is surplus to needs.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under s307C of the *Corporations Act 2001* is set out on page 67.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Indemnification

Since the end of the previous financial year, the Group has not indemnified or made a relevant agreement indemnifying against a liability of any person who is or has been an officer or auditor of the Group.

Insurance premiums

During the financial year the AMA has paid premiums on behalf of the entities in the Group in respect of Directors' and Officers' Liabilities and Professional Indemnity for the year ended 31 December 2015. Such insurance premiums insure against certain liability (subject to specific exclusions) of persons who are or have been Directors or Executive Officers of the AMA and its subsidiaries.

During the financial year the AMA has paid premiums to insure the above Directors, together with Officers of the Group, against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Directors and Officers of the Group, other than conduct involving a wilful breach of duty in relation to the Group.

INFORMATION ON DIRECTORS

2015 was the first full year of operation of the Board that was established following the major constitutional changes in 2014. The Constitution set out the process for replacement of the initial directors with half to stand down in 2015 and half in 2016. Those standing down were eligible for reappointment.

The Board is comprised of 11 medically qualified Directors and includes the President and Vice President, one Director nominated by each State and Territory AMA and one Director nominated by the AMA Council of Doctors in Training. The Chair is elected from among the Directors. Dr Elizabeth Feeney was the inaugural Chair and was reappointed in 2015 for a further term of 12 months.

Under the Constitution the Directors are required to be appointed on the basis of their skills and experience.

Director's interests

Since the end of the previous financial year no Director has received or become entitled to receive a benefit, other than:

- (a) a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements (Note 23);
- (b) the fixed salary of an employee of the Company or an entity in the Group;

by reason of a contract made by the AMA or a related corporation with the Director, or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.



Directors' report

DIRECTORS' MEETING ATTENDANCE

Directors' meetings held during 2015 reflected the changes in the Constitution adopted by the Members at the AGM held on 24 May 2014.

During the period 1 January 2015 to 31 December 2015 the Board met on 13 occasions, 7 were face to face meetings and 6 were via teleconference/video conference.

The Audit and Risk Committee met four times during 2015, with an expanded Charter from 31 July 2014, and as a Committee of the new Board. Two members of the Committee are Directors and one is an independent appointment. An Investment Committee was established in October 2015, with all three members of the Committee being Directors.

The following tables summarise the meeting attendance of the Directors and Committee Members during 2015.

The number of meetings each Director/Committee Member was eligible to attend and actually attended is noted in the following tables:

Board Meetings		
	Eligible to Attend	Attended
Prof Brian Owler	13	10
Dr Stephen Parnis	13	13
Prof Geoffrey Dobb	13	12
Dr Elizabeth Feeney	13	13
Dr Iain Dunlop	13	9
Dr Kathryn Austin	6	6
Dr Anthony Bartone	6	6
Dr Leonie Katekar	13	13
Dr Richard Kidd	13	12
Dr Michael Levick	1	0
Dr Bavahuna Manoharan	7	7
Dr Helen McArdle	13	13
Dr Peter Sharley	13	11
Dr Gary Speck	6	6

Audit and Risk Committee		
	Eligible to Attend	Attended
Dr Iain Dunlop	4	4
Dr Leonie Katekar	3	2
Dr Helen McArdle	1	1
Mr Ed Killesteyn	4	4

Investment Committee		
	Eligible to Attend	Attended
Dr Gary Speck	2	2
Dr Elizabeth Feeney	2	2
Prof Geoffrey Dobb	2	2



Directors' report

Australian Medical Association Limited (AMA) is a company limited by guarantee. If the AMA is wound up, each member of the AMA, and each person who ceased to be a member in the preceding year, undertakes to contribute to the payment of debts and liabilities, and the costs, charges and expenses of winding up the AMA, and to the adjustment of rights of contributories amongst themselves, of an amount not exceeding two dollars.

Signed in accordance with a resolution of the Directors.

Prof Brian Owler
Director
Australian Medical Association Limited

Dr Elizabeth Feeney
Director
Australian Medical Association Limited

Dated this 21st day of April 2016.



Statement of comprehensive income

For the year ended 31 December 2015

	Note	CONSOLIDATED	
		2015 \$	2014 \$
Revenue		20,249,023	20,323,111
Other income		444,973	3,821,999
	2	20,693,996	24,145,110
Expenditure			
Employee benefits expense		(11,972,944)	(11,563,136)
Depreciation and amortisation expense	22	(727,219)	(732,314)
Cost of goods sold		(37,999)	(32,759)
Bad debt expense	22	(10,879)	-
Finance costs		(88,724)	(81,243)
Production costs - <i>Medical Journal of Australia</i>		(1,104,473)	(1,182,825)
Financial assistance - States and Territories		(53,039)	(42,113)
Federal Council and committees		(585,956)	(587,550)
Travel and accommodation		(405,468)	(446,876)
Production and publications		(375,131)	(149,635)
National Conference		(437,200)	(393,686)
Outside bodies and overseas affiliations		(175,604)	(230,257)
Campaigns and projects		(172,333)	(158,219)
Cost of collection contribution		(212,768)	(201,360)
Insurance		(167,991)	(186,376)
Consultants		(527,314)	(533,855)
Communication costs		(211,981)	(210,338)
Office and administration costs		(362,021)	(449,203)
Sponsorship and commission		(13,621)	(15,007)
Other expenses	2	(3,459,618)	(2,825,973)
		(21,102,283)	(20,022,725)
(Loss)/Profit before income tax		(408,287)	4,122,385
Income tax expense	4	758,294	(833,787)
(Loss)/Profit for the year	22	350,007	3,288,598
Total comprehensive income for the year		350,007	3,288,598

(Notes to and forming part of these financial statements are annexed)



Statement of financial position

For the year ended 31 December 2015

	Note	CONSOLIDATED	
		2015 \$	2014 \$
Assets			
Current assets			
Cash and cash equivalents	5	8,786,891	4,345,905
Trade and other receivables	6	2,009,587	9,884,189
Inventories	7	33,930	42,928
Prepayments	8	474,577	571,112
Income tax receivable		924,174	-
TOTAL CURRENT ASSETS		12,229,157	14,844,134
Non-current assets			
Other investments	9	1	1
Intangible assets	10	55,800	50,218
Investment properties	11	710,569	823,962
Property, plant and equipment	12	11,002,394	9,915,030
Deferred tax assets	13	561,069	134,201
TOTAL NON-CURRENT ASSETS		12,329,833	10,923,412
TOTAL ASSETS		24,558,990	25,767,546
Liabilities			
Current Liabilities			
Trade and other payables	14	3,433,499	3,474,057
Interest bearing loans and borrowings	15	-	1,013,000
Employee benefits	16	1,140,570	1,358,209
Income tax payable	17	-	246,745
TOTAL CURRENT LIABILITIES		4,574,068	6,092,011
Non-current liabilities			
Employee benefits	16	63,264	103,884
Total non-current liabilities		63,264	103,884
TOTAL LIABILITIES		4,637,332	6,195,895
Net assets		19,921,658	19,571,651
Equity			
Asset revaluation reserves		-	4,794,167
Retained earnings		19,921,658	14,777,484
TOTAL EQUITY		19,921,658	19,571,651

(Notes to and forming part of these financial statements are annexed)



Statement of changes in equity

For the year ended 31 December 2015

CONSOLIDATED	Attributed to equity holders of the parent		
	Retained Earnings \$	Asset Revaluation Reserves \$	Total Equity \$
At 1 January 2014	11,488,886	4,794,167	16,283,053
Profit/(loss) for the year	3,288,598	-	3,288,598
Other comprehensive income	-	-	-
At 31 December 2014	14,777,484	4,794,167	19,571,651
Profit/(loss) for the year	350,007	-	350,007
Changes due to reclassification	4,794,167	4,794,167	-
Other comprehensive income	-	-	-
At 31 December 2015	19,921,658	-	19,921,658

(Notes to and forming part of these financial statements are annexed)



Statement of cash flows

For the year ended 31 December 2015

	Note	CONSOLIDATED	
		2015 \$	2014 \$
Cash flow from operating activities			
Membership subscriptions received		13,108,247	12,649,304
Commissions received		1,160,953	1,155,248
Other receipts, including sales and subscriptions		9,830,047	8,331,945
Interest received		87,751	152,717
Interest paid		(88,724)	(81,243)
Income tax (paid)/received		(837,493)	72,651
Payment to suppliers and employees		(23,718,409)	(20,347,387)
Net cash (outflow)/inflow from operating activities	22	(457,628)	1,933,235
Cash flow from investing activities			
Payments for intangible assets	10	(20,500)	(20,523)
Payments for property, plant and equipment	12	(1,717,016)	(2,337,330)
Proceeds from property, plant and equipment		7,625,000	13,947
Proceeds from other investments	22	24,000	24,000
Dividends received	2, 22	129	173
Net cash inflow/(outflow) from investing activities		5,911,613	(2,319,733)
Cash flow from financing activities			
Repayment of bank borrowings		(1,013,000)	(293,000)
Net cash (outflows)/inflows from financing activities		(1,013,000)	(293,000)
Net increase/(decrease) in cash held		4,440,985	(679,498)
Cash and cash equivalents at the beginning of the year		4,345,905	5,025,403
Cash and cash equivalents at the end of the year		8,786,891	4,345,905

(Notes to and forming part of these financial statements are annexed)