Notes to and forming part of the financial statements

For the year ended 31 December 2015

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements and notes represent those of the AMA and its controlled entities.

The separate financial statements of the parent entity, Australian Medical Association Limited, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The AMA is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were approved by the Board on 21st April 2016.

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Australian Medical Association Limited at the end of the reporting period. A controlled entity is any entity over which Australian Medical Association Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(b) Functional and presentation currency

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

(c) Use of estimates and judgements

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

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

Key estimates and judgements

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

(d) Revenue recognition

Goods sold

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

Commissions

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

Membership subscriptions and other services

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

Rental income

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Finance income and expenses

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

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

(f) Tax consolidation

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

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

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

(g) Goods and services tax

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

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

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Non-derivative financial instruments

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

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

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

Loans and receivables

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

Available for sale financial assets

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

Financial liabilities

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Cash and cash equivalents

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

(j) Trade and other receivables

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

(k) Trade and other payables

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

(l) Borrowing costs

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

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

(m) Inventories

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

(n) Property, plant and equipment

Recognition and measurement

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

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Property, plant and equipment (continued)

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net, within profit or loss.

The revaluation reserve disclosed in prior year accounts consist mainly of a revaluation of AMA House and the leasehold land it stands on, performed in 1995. This revaluation was booked prior to the change in accounting standards that require a revaluation policy be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The cost base of AMA House is taken to include this valuation. In the 2015 financial year, asset revaluation reserves have been re-classified to retained earnings.

Depreciation

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

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

	2015	2014
Buildings	2.5% - 4%	2.5% - 4%
Office Furniture	5% - 25%	5% - 25%
Office Equipment	10% - 50%	10% - 50%
Fixture and Fittings	5%	5%
Motor Vehicles	12.5%	12.5%
Personal Computer Network	20% - 27%	20% - 27%
Computer Hardware	20% - 33.33%	20% - 33.33%
Computer Software	25%	25%
Items less than $300	100%	100%

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

	2015	2014
Membership Database	20%	20%
IT Project Development Costs	20% – 33.33%	20% – 33.33%
Website	20% – 33.33%	20% – 33.33%

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

(p) Investment properties

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

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

	2015	2014
Buildings	2.5% – 4%	2.5% – 4%

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Leased assets

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

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

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

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

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

(r) Impairment

Financial assets

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

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

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

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

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Impairment (continued)

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

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

(s) Employee Benefits

Short-term benefits

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

Other long-term employee benefits

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

(t) Grants

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

(u) Parent entity financial information

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

Investments in controlled entities

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

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Reference	Title	Summary	Application date (financial years beginning)	Expected Impact
AASB 2015-3	*Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality*	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	No expected impact
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements*	This amending standard allows entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 January 2016	Minimal Impact
AASB 9	*Financial Instruments*	This Standard supersedes both AASB 9 (December 2010) and AASB 9 (December 2009) when applied. It introduces a "fair value through other comprehensive income" category for debt instruments, contains requirements for impairment of financial assets, etc.	1 January 2018	Minimal impact expected
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*	Consequential amendments arising from the issuance of AASB 9.	1 January 2018	Minimal impact expected

Notes to and forming part of the financial statements

For the year ended 31 December 2015

		CONSOLIDATED	
		2015 $	2014 $
NOTE 2	REVENUE AND EXPENSES		
	Revenue		
	Subscription income	12,435,894	12,065,838
	Sales revenue	5,108,041	5,492,765
	Commission	1,096,502	1,144,530
	Service fee	59,091	50,000
	Rent	1,115,175	1,108,515
	Advertising - *Australian Medicine*	55,655	94,036
	Sponsorship	220,872	145,779
	Interest	87,751	152,717
	Medical fees list revenue	66,813	66,058
	AMA House conference facility	3,100	2,700
	Dividend income (Note 22)	129	173
	Other income		
	Gain on disposal of property	-	3,569,392
	Other revenue including recoveries	444,973	252,607
		20,693,996	24,145,110
	Expenses		
	Contributions to employee superannuation plans	916,275	883,550
	Rental expense on operating leases	-	19,131
	Other expenses		
	Direct operating expenses of investment properties (Note 11)	67,869	116,235
	Repairs and maintenance	485,632	538,933
	Merchant fees	171,522	188,935
	Licences and fees	141,769	129,965
	Legal fees	75,586	60,222
	Other	2,517,239	1,791,683
		3,459,618	2,825,973
NOTE 3	AUDITORS' REMUNERATION		
	Audit services		
	Auditors of the Group		
	RSM Australia Partners		
	- Audit of financial report	59,695	57,910
	Other services		
	Auditors of the Group		
	RSM Australia Pty Ltd		
	- Taxation services	61,430	29,996
	- Consulting services	38,375	48,120
		159,500	136,026

		CONSOLIDATED	
		2015 $	2014 $
NOTE 4	INCOME TAX		
	Current tax expense		
	Current year provision for income tax	-	(786,914)
	Franking credits	-	*187*
	Prior year adjustments	331,426	-
		331,426	(786,727)
	Deferred tax expense		
	Origination and reversal of temporary difference	353,405	130,595
	Adjustments for prior years	73,463	(177,655)
		426,868	(47,060)
	Total income tax expense in income statement	758,294	(833,787)
	Loss/(Profit) before income tax	408,287	(4,122,385)
	Income tax using the domestic corporation tax rate of 30% (2014: 30%)	122,486	(1,236,716)
	Increase in income tax expense due to:		
	Mutual expenditure	(4,048,272)	(3,678,274)
	Non-deductible expenses	(7,736)	(22,145)
	Sundry	(44,710)	(38,435)
		(4,100,718)	(3,738,854)
	Decrease in income tax expense due to:		
	Mutual income	4,286,265	4,231,523
	Fully franked dividends	-	187
	Intercompany transactions	(1,020)	1,020
	Profit on sale of property - non assessable	-	86,672
	Sundry	46,392	36
		4,331,637	4,319,438
		353,405	(656,132)
	Over/(under) provision for prior year - current tax expense	331,426	-
	Over/(under) provision for prior year - deferred tax expense	73,463	(177,655)
	Income tax expense	758,294	(833,787)
	Attributable to:		
	Continuing operations	758,294	(833,787)

			CONSOLIDATED	
			2015 $	2014 $
NOTE 5	**CASH AND CASH EQUIVALENTS**	**Note**		
	Cash at bank	18	8,784,884	4,344,145
	Cash on hand		2,007	1,760
	Total Cash and cash equivalents		8,786,891	4,345,905

Included in the cash and cash equivalents for 2014 is $534,003 which the AMA, as one of multiple stakeholders, managed on behalf of the stakeholders of the Private Mental Health Alliance, Centralised Data Management Service, Private Mental Health Consumer Carer Network (Australia) and Private Mental Health Alliance Quality Improvement Project. In 2015, new adminstrative arrangements have been implemented for these 3 activities.

Whilst the AMA still manages the cash and cash equivalents of these 3 activities, cash held no longer forms part of the AMA's cash assets. Under these new administrative arrangements consolidation and separate disclosure of these cash assets is no longer required.

Accordingly the AMA's cash and cash equivalents no longer include cash held by the PMHA, CDMS or the Network.

NOTE 6	**TRADE AND OTHER RECEIVABLES**		
	Current		
	Trade receivables	1,349,615	555,349
	Impairment losses	(10,879)	-
		1,338,736	555,349
	Sale - AMPCo House	-	8,387,500
	Other receivables	670,851	941,340
	Total Trade and other receivables	2,009,587	9,884,189

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

Balance at 1 January	-	72,433
Impairment loss recognised	(10,879)	(72,433)
Balance at 31 December	(10,879)	-

NOTE 7	**INVENTORIES**		
	Finished goods	33,930	42,928
	Total inventories	33,930	42,928

		CONSOLIDATED	
		2015 $	2014 $
NOTE 8	**PREPAYMENTS**		
	Prepayments	474,577	571,112
	Total Prepayments	474,577	571,112
NOTE 9	**OTHER INVESTMENTS**		
	Available for sale financial assets		
	Shares in AMA Member Services Pty Ltd	1	1
	Total Other investments	1	1

The changes in the fair value of the available for sale financial asset has not been accounted for as it is insignificant to the Group.

NOTE 10	**INTANGIBLE ASSETS**		
	Membership database - at cost	733,325	733,325
	Less accumulated amortisation	(728,935)	(720,083)
		4,390	13,242
	Website - at cost	55,943	55,943
	Less accumulated amortisation	(45,556)	(39,490)
		10,387	16,453
	IT Project development - at cost	41,023	20,523
	Less accumulated amortisation	-	-
		41,023	20,523
	Total Intangible assets	55,800	50,218

	CONSOLIDATED	
	2015 $	2014 $

NOTE 10 INTANGIBLE ASSETS (continued)

Movement in carrying amounts:

Consolidated	Membership database	Website	IT Projects	Total
31 December 2014	$	$	$	$
Opening written down value	30,245	16,968	4,991	52,204
Additions	-	-	20,523	20,523
Disposals	-	-	(4,991)	(4,991)
Amortisation	(17,003)	(515)	-	(17,518)
Closing written down value	13,242	16,453	20,523	50,218
31 December 2015				
Opening written down value	13,242	16,453	20,523	50,218
Additions	-	-	20,500	20,500
Disposals	-	-	-	-
Amortisation	(8,852)	(6,066)	-	(14,918)
Closing written down value	4,390	10,387	41,023	55,800

NOTE 11 INVESTMENT PROPERTIES	Note	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
Units 1 and 2 Tourism House – at cost		2,610,408	2,610,408
Add: Net capitalised lease costs		6,732	15,708
Less: Accumulated depreciation		(1,906,571)	(1,802,154)
Total investment property		710,569	823,962

Movement in carrying amounts:

Consolidated		Units 1 and 2 Tourism House	Total
31 December 2014		$	$
Opening written down value		937,353	937,353
Additions: Capital leased costs		-	-
Expensing of capitalised leased costs	22	(8,976)	(8,976)
Depreciation		(104,415)	(104,415)
Closing written down value		823,962	823,962
31 December 2015			
Opening written down value		823,962	823,962
Additions: Capital leased costs		-	-
Expensing of capitalised leased costs	22	(8,976)	(8,976)
Depreciation		(104,417)	(104,417)
Closing written down value		710,569	710,569

A valuation of units 1 and 2 of Tourism House was performed during February 2015. The valuation was prepared by Ms Sandra Howells AAPI, Certified Practising Valuer, of Egan National Valuers (ACT). As at 10 February 2015, Units 1 and 2 of Tourism House were valued at $3,640,000 ($4,935,000 at 13 January 2012). As this value is in excess of the written down values disclosed above, no adjustment is necessary nor has been made within the financial statements.

	CONSOLIDATED	
	2015 $	2014 $
NOTE 12 PROPERTY, PLANT AND EQUIPMENT		
Leasehold land, AMA House - at cost	1,600,000	1,600,000
Buildings, AMA House - at cost	9,449,482	9,449,482
Add: Net capitalised lease expenditure	123,274	-
Less: Accumulated depreciation	(4,724,741)	(4,488,504)
	4,848,015	4,960,978
Property, Parap Rd, Parap - at cost	381,397	381,397
Less: Accumulated depreciation	(44,216)	(35,221)
	337,181	346,176
Office furniture - at cost	2,872,910	2,667,478
Less: Accumulated depreciation	(2,631,144)	(2,572,551)
	241,766	94,927
Office equipment - at cost	266,142	229,165
Less: Accumulated depreciation	(179,960)	(153,618)
	86,182	75,547
Fixtures and fittings - at cost	6,422,607	6,182,543
Less: Accumulated depreciation	(2,681,980)	(3,499,371)
	3,740,627	2,683,172
Motor vehicles - at cost	-	-
Less: Accumulated depreciation	-	-
	-	-
Computer hardware - at cost	358,057	305,764
Less: Accumulated depreciation	(258,770)	(215,468)
	99,287	90,296
Computer software - at cost	205,334	194,532
Less: Accumulated depreciation	(159,840)	(140,654)
	45,494	53,878

	CONSOLIDATED	
	2015 $	2014 $
NOTE 12 PROPERTY, PLANT AND EQUIPMENT (continued)		
Assets less than $300 - at cost	67,759	68,032
Less: Accumulated depreciation	(67,759)	(68,032)
	-	-
Personal computer network - at cost	119,687	119,688
Less: Accumulated depreciation	(115,845)	(109,632)
	3,842	10,056
Total Property, plant and equipment	11,002,394	9,915,030

A valuation of AMA House and the leasehold land on which it stands was performed during February 2016. The valuation was prepared by Ms Sandra Howells AAPI, Certified Practising Valuer, of Egan National Valuers (ACT). As at 10 February 2015 AMA House and the leasehold land on which it stands were valued at $13,500,000 ($17,885,000 at 6 February 2012). Because these values are in excess of the written down values disclosed in the financial statements, no adjustment is necessary nor has been made within the financial statements.

On the 13 November 2014, AMPCo exchanged contracts for the sale of its property, AMPCo House. The property was sold for $7,625,000 (excluding GST). Settlement occurred on 8 December 2015. AMPCo paid its bank loan in full with the proceeds from this sale.

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

NOTE 12 PROPERTY, PLANT AND EQUIPMENT (continued)

Movement in carrying amounts:

Consolidated	Opening written down value	Additions	Disposals	Depreciation	Capitalised lease costs	(Note 22) Capitalised lease costs expensed	Work in Progress	Closing witten down value
31 December 2014	$	$	$	$	$	$	$	$
Property, Clarence St Sydney	4,056,943	-	(3,920,018)	(136,925)		-		-
Leasehold land, AMA House	1,600,000	-	-	-		-		1,600,000
Buildings, AMA House	5,202,786	-	-	(236,237)		(5,571)		4,960,978
Property, Parap Rd Parap	355,173	-	-	(8,996)		-		346,177
Office furniture	146,113	26,208	-	(77,397)		-		94,924
Office equipment	72,624	55,252	(34,661)	(17,667)		-		75,548
Fixture and fittings	597,039	2,156,967	-	(70,834)		-		2,683,172
Motor vehicles	14,913	-	(13,784)	(1,129)		-		-
Computer hardware	62,814	53,507	(368)	(25,655)		-		90,298
Computer software	35,354	30,794	-	(12,270)		-		53,878
Assets < $300	-	14,056	-	(14,056)		-		-
Personal computer network	19,599	546	(875)	(9,215)		-		10,055
	12,163,358	2,337,330	3,969,706	610,381		5,571		9,915,030
31 December 2015								
Leasehold land, AMA House	1,600,000	-	-	-	-	-	-	1,600,000
Buildings, AMA House	4,960,978	-	-	(236,237)	142,919	(19,645)	-	4,848,015
Property, Parap Rd Parap	346,177	-	-	(8,996)	-	-	-	337,181
Office furniture	94,924	205,433	-	(58,592)	-	-	-	241,765
Office equipment	75,548	36,977	-	(26,343)	-	-	-	86,182
Fixture and fittings	2,683,172	1,288,236	(451,223)	(209,014)	-	-	429,455	3,740,627
Motor vehicles	-	-	-	-	-	-	-	-
Computer hardware	90,298	52,293	-	(43,304)	-	-	-	99,287
Computer software	53,878	10,802	-	(19,186)	-	-	-	45,494
Assets < $300	-	-	-	-	-	-	-	-
Personal computer network	10,055	-	-	(6,213)	-	-	-	3,842
	9,915,030	1,593,741	(451,223)	(607,884)	142,919	(19,645)	429,455	11,002,394

NOTE 13 DEFERRED TAX ASSETS AND LIABILITIES

Consolidated	Deferred Tax Assets		Deferred Tax Liabilities		Total	
	2015	2014	2015	2014	2015	2014
	$	$	$	$	$	$
Property, plant and equipment	171,804	(61,713)	-	-	171,804	(61,713)
Accruals	90,599	41,551	-	-	90,599	41,551
Employee benefits	121,430	154,613	-	-	121,430	154,613
Impairment losses on receivables	3,571	-	-	-	3,571	-
Other	(250)	(250)	-	-	(250)	(250)
Carried forward losses	173,915	-	-	-	173,915	-
Total Deferred tax assets/(liabilities)	561,069	134,201	-	-	561,069	134,201

Movement in temporary differences:

Consolidated	Property, plant and equipment	Accruals	Employee benefits	Ipairment losses on receivables	Other	Carried forward losses	Total
	$	$	$	$	$	$	$
31 December 2014							
Opening written down value	(6,300)	14,329	151,592	21,730	(90)	-	181,261
Recognised in income statement	(55,413)	27,222	3,021	(21,730)	(160)	-	(47,060)
Recognised in equity	-	-	-	-	-	-	-
Closing written down value	(61,713)	41,551	154,613	-	(250)	-	134,201
31 December 2015							
Opening written down value	(61,713)	41,551	154,613	-	(250)	-	134,201
Recognised in income statement	233,517	49,048	(33,183)		3,571	173,915	426,868
Closing written down value	171,804	90,599	121,430	-	3,321	173,915	561,069

			CONSOLIDATED	
			2015 $	2014 $
NOTE 14	**TRADE AND OTHER PAYABLES**	**Note**		
	Trade creditors		477,584	592,390
	Other creditors and accruals		2,442,494	2,321,976
	Income in advance		513,421	559,691
	Total Trade and other payables	18	3,433,499	3,474,057

NOTE 15	**INTEREST BEARING LOANS AND BORROWINGS**			
	Current			
	Bill facility - secured (Note 17)		-	1,013,000
	Total Interest bearing loans and borrowings	18	-	1,013,000

The loans and borrowings were secured by registered first mortgage over land and buildings located at 277 Clarence Street, Sydney NSW 2000 and a registered equitable mortgage over the whole of its assets and undertakings including uncalled capital. The mortgages were discharged and paid out upon settlement of the contract for sale of the property.

NOTE 16	**EMPLOYEE BENEFITS**		
	Current		
	Liability for long service leave	671,118	632,624
	Liability for annual leave	469,452	725,585
		1,140,570	1,358,209
	Non-current		
	Liability for long service leave	63,264	103,884
	Total employee benefits	1,203,834	1,462,093

NOTE 17	**INCOME TAX PAYABLE**		
	Income tax payable	-	246,745
	Total Income tax payable	-	246,745

The income tax payable for the Group represents the amount of income taxes payable in respect of current and prior periods.

NOTE 18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Risk management

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

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

(a) Credit risk

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

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

		CONSOLIDATED	
	Note	2015 $	2014 $
Cash and cash equivalents	5	8,786,891	4,345,905
Trade and other receivables	6	2,009,587	9,884,189
Available for sale financial assets	9	1	1
		10,796,479	14,230,095

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

(b) Market risk

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

NOTE 18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(b) Market risk (continued)

(i) Interest risk

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

	Note	CONSOLIDATED CARRYING AMOUNT 2015 $	2014 $
Fixed rate instruments			
Financial liabilities			
Interest bearing loans and borrowings	15	-	(1,013,000)
		-	(1,013,000)
Variable rate instruments			
Financial assets			
Cash at bank		8,784,884	4,344,145
	5	8,784,884	4,344,145

Fair value sensitivity analysis for fixed rate instruments

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

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by $0 (2014: $10,130).

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates would have increased or decreased the Group's equity by $87,849 (2014: $43,441). This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2014.

(ii) Currency risk

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

(iii) Equity risk

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

NOTE 18 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

(c) Liquidity risk

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

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

Consolidated	Note	Carrying amount $	Contractual cash flows $	6 months or less $	6-12 months $	1-2 years $	2-5 years $	More than 5 years $
Non-derivative financial liabilities								
31 December 2014								
Trade and other payables	14	3,474,057	(3,474,057)	(3,474,057)	-	-	-	-
Bill facility - secured, fixed at 7.25%	15	1,013,000	(1,021,026)	(185,887)	(185,277)	(372,025)	(277,837)	-
		4,487,057	(4,495,083)	(3,659,944)	(185,277)	(372,025)	(277,837)	-
31 December 2015								
Trade and other payables	14	3,433,499	3,433,499	3,433,499	-	-	-	-
Bill facility - secured, fixed at 7.25%	15	-	-	-	-	-	-	-
		3,433,499	3,433,499	3,433,499	-	-	-	-

(d) Fair values versus carrying amount

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

		31 December 2015		31 December 2014	
Consolidated	Note	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Liabilities carried at amortised cost					
Bill facility - secured, fixed at 7.25%	14	-	-	(1,013,000)	(1,029,473)
		-	-	(1,013,000)	(1,029,473)

(e) Capital management

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

	CONSOLIDATED	
	2015 $	2014 $
NOTE 19 OPERATING LEASES		
Leases as lessee: Non-cancellable operating lease rentals are payable as follows:		
Not later than 1 year	-	19,131
Later than 1 year but not later than 5 years	-	-
	-	19,131
Leases as lessor: The Group leases out its investment property under operating leases (see Note 11). The future minimum rent receivable under non-cancellable leases are as follows:		
Investment property:		
Not later than 1 year	381,316	498,458
Later than 1 year but not later than 5 years	-	373,268
	381,316	871,726
Other Property:		
Not later than 1 year	509,642	498,458
Later than 1 year but not later than 5 years	1,987,773	373,268
	2,497,415	871,726
Total:		
Not later than 1 year	890,958	905,683
Later than 1 year but not later than 5 years	1,987,773	1,023,197
	2,878,731	1,928,880

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

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

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

NOTE 19 OPERATING LEASES (continued)

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

During the year ended 31 December 2015, $1,115,175 was recognised as rental income in the Statement of Comprehensive Income (2014: $1,108,515). Direct operating expenses recognised in the Statement of Comprehensive Income relating to property was $1,229,231 (2014: $1,193,434).

	CONSOLIDATED	
	2015 $	2014 $
NOTE 20 COMMITMENTS		
Expenditure commitment:		
Not later than 1 year	678,098	23,270
Later than 1 year but not later than 5 years	2,697,364	12,725
	3,375,462	35,995
Commitments receivable		
Not later than 1 year	34,472	-
Later than 1 year but not later than 5 years	69,699	-
	104,171	-

NOTE 21 CONTROLLED ENTITIES

Parent entity		
Australian Medical Association Limited	n/a	n/a
Controlled entities		
Australasian Medical Publishing Company Proprietary Limited	1	1
AMA Pty Limited	2	2
AMA Commercial Pty Ltd	2	2
AMA NT Pty Ltd	1	1
Actraint No. 110 Pty Limited	2	2
Doctors Health Services Pty Ltd	1	-
	9	8

The controlled entities, Australasian Medical Publishing Company Proprietary Limited, AMA Pty Limited, AMA Commercial Pty Ltd, AMA NT Pty Ltd and Actraint No. 110 Pty Limited, and Doctors Health Services Pty Ltd, are incorporated in Australia and are 100% controlled by the Australian Medical Association Limited.

AMA Pty Limited acts as trustee for the AMA Property Trust. Actraint No. 110 Pty Limited acts as trustee for the AMA Investment Trust.

The Australian Medical Association Limited owns 100% of units in the AMA Investment Trust. The AMA Investment Trust owns 100% of units in the AMA Property Trust.

	Note	CONSOLIDATED 2015 $	2014 $
NOTE 22 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit for the year		(408,287)	3,288,598
Less items classified as investing activities:			
Dividends received	2	(129)	(173)
Receipts from investment		(24,000)	(24,000)
Add/(less) non-cash items:			
Depreciation and amortisation		727,219	732,314
Bad debt expense		10,879	-
Net profit on sale of non-current assets		-	3,664,250
Expensed of capitalised leased costs	11, 12	28,621	14,547
Net movement in provision for employee entitlements		(258,259)	111,384
		76,044	7,786,920
Changes in operating assets and liabilities:			
Decrease/(Increase) - Trade and other receivables		335,260	(8,186,920)
Decrease/(Increase) - Inventories		8,998	(7,843)
(Decrease)/Increase - Trade and other payables		(296,696)	1,434,640
(Decrease)/Increase - Provision for tax liabilities		(1,339,528)	906,438
Net cash flow from operating activities		(457,628)	1,933,235

NOTE 23 DIRECTOR AND EXECUTIVE DISCLOSURE

Transactions with Directors and Key Management Personnel

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

In addition to remuneration paid to the President and Vice President, the Group also provides remuneration in the form of Directors' fees to Directors.

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

	CONSOLIDATED	
	2015 $	2014 $

NOTE 23 DIRECTOR AND EXECUTIVE DISCLOSURE (continued)

The Directors and Key Management Personnel compensations are as follows:

Short-term employee benefits	2,501,051	3,498,179
Termination benefits	-	65,233
	2,501,051	3,563,412

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

NOTE 24 TRUST FUNDS

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

	2015 $	2014 $
The Mervyn Archdall Medical Monograph Fund	23,194	28,387
The Federal Medical War Relief Fund	7,822	13,373
The Federal Independence Fund	4,776	4,658
	35,792	46,418

AMA Pty Limited acts as trustee for The Indigenous Peoples' Medical Scholarship Trust Fund. The net value of the assets of the Trust at 31 December 2015 is $157,647 (2014: $172,976).

NOTE 25 SUBSEQUENT EVENTS

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

NOTE 26 COMPANY DETAILS

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

- Australasian Medical Publishing Company Proprietary Limited;
- AMA Pty Limited;
- AMA Commercial Pty Ltd;
- AMA NT Pty Ltd;
- Actraint No.110 Pty Limited; and
- Doctors Health Services Pty Ltd.

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

Australasian Medical Publishing Company Proprietary Limited is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is Level 19, Town Hall House, 456 Kent Street, Sydney NSW 2000. This company publishes the highly recognised and peer reviewed general medical journal, *Medical Journal of Australia* and maintains and operates a comprehensive database containing both member and non-member information.

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

Doctors Health Service Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The registered office of this company is 4th floor, 42 Macquarie Street, Barton ACT 2600. This company manages the national delivery of a health service for medical practitioners and medical students.

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

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

NOTE 27 PARENT ENTITY

As at, and throughout the financial year ended 31 December 2015, the parent company of the Group was the Australian Medical Association Limited. The following information has been extracted from the books and records of the parent and has been prepared in accordance with the accounting standards.

	2015 $	2014 $
(a) Financial information		
Profit for the year	3,584,509	19,751
Total comprehensive income	3,584,509	19,751

The 2015 profit for the year includes a dividend of $3,920,016 from the Australasian Medical Publishing Company Proprietary Limited.

Statement of financial position		
Assets		
Current assets	6,668,357	2,239,363
Non-current assets	10,511,675	9,918,759
Total assets	17,180,032	12,158,122
Liabilities		
Current liabilities	1,950,430	1,035,502
Non-current liabilities	14,976	21,710
Total liabilities	1,965,406	1,057,212
Equity		
Retained earnings	15,214,626	11,100,910
Total equity	15,214,626	11,100,910

(b) Guarantees

A guarantee provided by the Australian Medical Association Limited in favour of The Council of the City of Sydney exists for the rent of Australasian Medical Publishing Company Pty Ltd premises at Town Hall House.

(c) Other commitments

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

(d) Contingent liabilities

There are no contingent liabilities at the reporting date.

NOTE 28 RELATED PARTY TRANSACTIONS

Parent entities

The wholly owned group consists of Australian Medical Association Limited and its controlled entities. These entities are Australasian Medical Publishing Company Proprietary Limited, AMA Pty Limited, AMA Commercial Pty Ltd, AMA NT Pty Limited, Actraint No 110 Pty Limited and Doctors Health Services Pty Ltd.

The following transactions occurred with related parties:

Parent entity

The parent entity of the wholly owned group is Australian Medical Association Limited.

Ownership interest in related parties

Interests held in related parties are as follows:

Name of entity	Class of shares	2015	2014
		%	%
Australasian Medical Publishing Company Proprietary Limited	Ordinary	100	100
AMA Pty Limited	Ordinary	100	100
AMA Commercial Pty Ltd	Ordinary	100	100
AMA NT Pty Ltd	Ordinary	100	100
Actraint No 110 Pty Ltd	Ordinary	100	100
Doctors Health Services Pty Ltd	Ordinary	100	-

Directors' Declaration

In the Directors' opinion:

1) the financial statements and notes, set out on pages 31 to 64 are in accordance with the *Corporations Act 2001*, and

   i) comply with Australian Accounting Standards; and

   ii) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date, of the AMA and consolidated Group.

2) there are reasonable grounds to believe that the AMA will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors dated this 21st day of April 2016.

Prof Brian Owler
Director
Australian Medical Association Limited

Dr Elizabeth Feeney
Director
Australian Medical Association Limited

RSM

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Medical Association Limited and its Controlled Entities for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM Australia Partners

RSM Australia Partners

Canberra, Australian National Territory
Dated: 27th April 2016

R MILLER
Partner

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