

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Revenue	2	1,828,220	1,772,451
Total income		1,828,220	1,772,451
sapmea contracting cost	17	(799,641)	(729,135)
Depreciation and amortisation expenses		(35,005)	(38,300)
Property expenses		(311,108)	(270,296)
Presidential allowance		(53,220)	(53,220)
Printing and stationery		(4,397)	(3,721)
Insurance		(10,603)	(9,948)
Membership, Functions & Associations		(39,529)	(44,432)
Postage		(2,369)	(2,533)
Repairs and maintenance		(9,869)	(13,389)
Telephone		(11,755)	(10,754)
Medical Revenue		(120,708)	(145,018)
Donation		(10,050)	(10,800)
Gala Dinner expense		(65,535)	(59,635)
AMA Skills Training		(130,638)	(113,882)
Other expenses from ordinary activities	3	(225,726)	(227,563)
Profit / (Loss) before income tax		(1,933)	39,825
Income tax (expense)	4	(13,220)	(35,974)
Profit / (Loss) for the year		(15,153)	3,851

The accompanying notes form part of this financial report

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	512,569	640,276
Trade and other receivables	7	85,363	93,884
Other current assets	8	12,972	7,930
Total Current Assets		<u>610,904</u>	<u>742,090</u>
Non-current assets			
Property, plant and equipment	9	1,334,889	1,367,886
Intangible assets	10	9,966	19,932
Investment Properties	11	4,120,000	4,120,000
Deferred tax assets	14	128,609	140,908
Total Non-Current Assets		<u>5,593,464</u>	<u>5,648,726</u>
TOTAL ASSETS		<u><u>6,204,368</u></u>	<u><u>6,390,816</u></u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	544,823	717,040
Borrowing	13	-	-
Total Current Liabilities		<u>544,823</u>	<u>717,040</u>
Non-current liabilities			
Deferred tax liabilities	14	307,996	307,075
Borrowing	13	1,200,000	1,200,000
Total Non-Current Liabilities		<u>1,507,996</u>	<u>1,507,075</u>
TOTAL LIABILITIES		<u><u>2,052,819</u></u>	<u><u>2,224,115</u></u>
NET ASSETS		<u><u>4,151,548</u></u>	<u><u>4,166,701</u></u>
EQUITY			
Reserves	16	993,319	993,319
Retained earnings		3,158,229	3,173,382
TOTAL EQUITY		<u><u>4,151,548</u></u>	<u><u>4,166,701</u></u>

The accompanying notes form part of this financial report

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 January 2017	3,169,531	989,905	4,159,436
Total comprehensive income for the year			
Profit attributable to members of the entity	3,851	-	3,851
Other comprehensive income for the year			
North Western Suburbs Medical Practitioners Association	-	3,414	3,414
Total other comprehensive income for the year	-	3,414	3,414
Total comprehensive income for the year	3,851	3,414	7,265
Balance at 31 December 2017	<u>3,173,382</u>	<u>993,319</u>	<u>4,166,701</u>
Balance at 1 January 2018	3,173,382	993,319	4,166,701
Total comprehensive income for the year			
(Loss) attributable to members of the entity	(15,153)	-	(15,153)
Total comprehensive income for the year	<u>(15,153)</u>	<u>-</u>	<u>(15,153)</u>
Balance at 31 December 2018	<u>3,158,229</u>	<u>993,319</u>	<u>4,151,548</u>

The accompanying notes form part of this financial report

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 \$	2017 \$
Cash flows from operating activities:			
Receipts from members, tenants and others		1,834,676	1,771,303
Payment to suppliers		(1,907,997)	(1,520,029)
Interest received		2,064	2,409
Finance costs		(51,944)	(51,240)
Net cash (used in) / provided by operating activities		<u>(123,201)</u>	<u>202,443</u>
Cash flow from investing activities:			
Purchase of plant and equipment		(6,087)	(70,103)
Proceeds from sale of plant and equipment		1,581	-
Net cash (used in) investing activities		<u>(4,506)</u>	<u>(70,103)</u>
Cash flow from financing activities:			
Proceeds (Repayment) from (of) borrowings		0	(205,000)
Net cash provided by / (used in) financing activities		<u>0</u>	<u>(205,000)</u>
Net (decrease) in cash		(127,707)	(72,660)
Cash and cash equivalents at the beginning of the financial year		<u>640,276</u>	<u>712,936</u>
Cash and cash equivalents at the end of the financial year	6	<u>512,569</u>	<u>640,276</u>

The accompanying notes form part of this financial report

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The financial report of Australian Medical Association (SA) Inc. [AMA(SA)] represents the association as an individual entity. AMA(SA) is an association incorporated in South Australia under the Associations Incorporation Act 1985.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

AMA(SA) has elected to early adopt the Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board and the Associations Incorporation Reform Act 2012. The association is a not-for profit entity for financial reporting purposed under Australian Accounting Standard.

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. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for the cash flow information 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 amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements for Australian Medical Association (SA) Inc. were authorised for issue on 11 April 2019.

Accounting Policies

(a) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(a) Income Tax (cont.)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the association will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Non-member income of the association is only assessable for tax, as member income is excluded under the principle of mutuality.

(b) Intangible assets - Website and database

Development cost of website and database are capitalised on the basis of the costs incurred to acquire and develop the specific website and database. All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date.

The amortisation rates used for each class of intangible asset are:

Class of Intangible Asset	Amortisation Rates
Website and database	33%

(c) Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

The carrying amount of plant and equipment is reviewed annually by the committee to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the association includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over their useful lives to the entity commencing from the time the asset is held ready for use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Plant and Equipment (cont.)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rates
Furniture and fittings	7.5-33.3%

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent professional valuers on a triennial basis and whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in the asset revaluation reserve, unless they offset previous decreases in the carrying amounts of the same asset, in which case, they are recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised against the asset revaluation reserve. All other decreases in carrying amounts are recognised as a loss in the statement of comprehensive income.

(e) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value based on valuations by independent valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued. Gains and losses arising from changes in the fair value of investment properties are recognised in profit or loss in the period in which they arise.

(f) Leases

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 the association, are classified as finance leases

Finance lease are capitalised by recognising an asset and a liability at the lower of the amount 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 their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Lease income from operating leases where AMA(SA) is the lessor is recognised in income on a straight-line basis over the lease term (refer Note 12). The respective leased assets are included in the statement of financial position based on their nature.

(g) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the association commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are recognised immediately as expenses in profit or loss

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (cont.)

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

The Association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Association's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the association sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(g) Financial Instruments (cont.)

(iv) Available-for-sale investment

Available-for-sale investment are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the association assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the association recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(i) sapmea contracting cost

All employees of AMA(SA) ceased employment from AMA(SA) in FY2014 and signed new contracts with sapmea. sapmea employs these staff and contracts them out to AMA(SA). The contracting arrangement with sapmeas ceased on 30 January 2019.

(j) 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.

(k) Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold 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.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(l) Revenue

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

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

(m) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office.

(o) Accounts Payable and Other Payables

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

(p) Critical Accounting Estimates and Judgements

Management evaluates estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within AMA(SA).

Key Estimates – Impairment

The Association assesses impairment at the end of each reporting period by evaluating conditions and events specific to AMA(SA) that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

NOTE 2 REVENUE	2018	2017
	\$	\$
Operating Revenue		
- Interest	2,064	2,409
- Commissions	10,331	17,453
- Business development	68,885	103,588
- Rent	347,930	359,126
- Advertising (medical review)	147,041	173,222
- Member subscriptions	680,132	667,763
- Membership, functions & associations	105,883	89,649
- AMA Skills Training	368,467	259,558
- Gala dinner income	71,186	73,282
- Return to Work SA	8,000	8,000
- Sundry revenue	18,301	18,401
Total revenue	1,828,220	1,772,451

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 3 OTHER EXPENSES FROM ORDINARY ACTIVITIES	2018	2017
	\$	\$
Accounting & audit fees	15,000	10,500
Finance costs	51,944	51,240
Council & sub committees	10,166	9,452
Computer costs	31,764	59,393
Sapmea - labour hire fee	18,000	18,000
Travel and accommodation	9,446	22,586
Industrial relations consultant fees	-	15,860
Service organisation fees - temporary staff	2,945	18,228
Strategic Planning / Governance Review	30,000	-
Loss on asset disposal	12,464	-
Promotions, Marketing & Public Relations	7,447	-
Staff education	16,305	5,524
Sundry	20,246	16,780
Total other expenses from ordinary activities	<u>225,726</u>	<u>227,563</u>

NOTE 4 INCOME TAX EXPENSE	2018	2017
	\$	\$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	13,220	46,824
Under / (Over) provision in prior years	0	(10,850)
	<u>13,220</u>	<u>35,974</u>
b. The prima facie tax on profit before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit before income tax at 27.5% (2017:27.5%)	(532)	10,952
Less:		
Tax effect of:		
- other non-temporary differences	13,752	35,872
- reduction in corporate tax rate	-	(10,850)
Income tax expense	<u>13,220</u>	<u>35,974</u>

NOTE 5 KEY MANAGEMENT PERSONNEL COMPENSATION	2018	2017
	\$	\$
The total of remuneration to key management personnel (KMP) of the association during the year are as follows:		
Key management personnel compensation	<u>316,994</u>	<u>291,720</u>

Other KMP transactions

For details of other transactions with KMP, refer to Note 17: Related Party Transactions.

NOTE 6 CASH AND CASH EQUIVALENTS	2018	2017
	\$	\$
Cash on hand	300	300
Cash at bank	512,269	639,976
	<u>512,569</u>	<u>640,276</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	<u>512,569</u>	<u>640,276</u>
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AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 7 TRADE AND OTHER RECEIVABLES

		2018	2017
		\$	\$
Trade receivables		52,566	72,776
Less: Provision for doubtful debts	7a	(500)	(500)
Other receivable from sapmea	17	24,879	20,000
Sundry debtors		8,418	1,608
		<u>85,363</u>	<u>93,884</u>

7a. Provision for doubtful debts

Movement in the provision for doubtful debts is as follows:

	Opening balance \$	Charge for the year \$	Amounts written off \$	Closing balance \$
	1 Jan 2017			31 Dec 2017
Current trade receivables	<u>500</u>		-	<u>500</u>

	Opening balance \$	Charge for the year \$	Amounts written off \$	Closing balance \$
	1 Jan 2018			31 Dec 2018
Current trade receivables	<u>500</u>	-	-	<u>500</u>

7b. Financial assets classified as loans and receivables

	2018	2017
	\$	\$
Trade and other receivables		
- Total current	85,363	93,884
- Total non-current	-	-
	<u>85,363</u>	<u>93,884</u>
Financial assets	<u>85,363</u>	<u>93,884</u>

NOTE 8 OTHER CURRENT ASSETS

	2018	2017
	\$	\$
Prepayments	12,971	7,930
	<u>12,971</u>	<u>7,930</u>

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 9 PROPERTY, PLANT AND EQUIPMENT	2018 \$	2017 \$
Land and Buildings		
Unit 7* - AMA House at Board valuation 2018**	1,200,000	1,200,000
*AMA(SA) currently occupies Unit 7	1,200,000	1,200,000
Total land and buildings	1,200,000	1,200,000
Furniture and Equipment		
Newland House - at cost	64,498	220,710
less: Accumulated Depreciation	(51,561)	(185,508)
	12,937	35,202
AMA House - at cost	109,669	78,365
less: Accumulated Depreciation	(51,446)	(9,410)
	58,223	68,955
Antiques and Paintings - At Valuation	64,539	64,539
less: Accumulated Depreciation	(810)	(810)
	63,729	63,729
Total Furniture and Equipment	134,889	167,886
Total Property, furniture & equipment	1,334,889	1,367,886

** The Board has resolved that the market value for 2018 is representative of its carrying value as at balance date.

(a) Movements in Carrying Amounts	Land and Buildings	Furniture and Equipment	Total
Balance at 1 January 2018	1,200,000	167,886	1,367,886
Additions	-	6,087	6,087
Disposals	-	(130,994)	(130,994)
Depreciation expense	-	(25,039)	(25,039)
Writeback on disposals	-	116,949	116,949
Carrying amount at 31 December 2018	1,200,000	134,889	1,334,889

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10 INTANGIBLE ASSETS

	2018	2017
Website and database		
At costs	29,898	29,898
less: Accumulated Amortisation	(19,932)	(9,966)
	<u>9,966</u>	<u>19,932</u>
 (a) Movements in Carrying Amounts		
	Website and database	Total
Balance at 1 January 2018	19,932	19,932
Additions	-	-
Amortisation expense	(9,966)	(9,966)
Carrying amount at 31 December 2018	<u>9,966</u>	<u>9,966</u>

NOTE 11 Investment Properties

	2018	2017
	\$	\$
Newland House		
Opening balance - 1 January	1,600,000	1,600,000
Gains/(losses) on fair value revaluations	-	-
Closing balance - Board valuation 2018**	<u>1,600,000</u>	<u>1,600,000</u>
 AMA House		
Opening balance - 1 January	2,520,000	2,520,000
Gains/(losses) on fair value revaluations	-	-
Closing balance - Board valuation 2018**	<u>2,520,000</u>	<u>2,520,000</u>
Total Investment Properties	<u>4,120,000</u>	<u>4,120,000</u>

Newland House is located at 80 Brougham Place North Adelaide and comprises predominantly leased medical and consulting offices.

AMA House is located at 161 Ward Street, North Adelaide and comprises predominantly leased medical and consulting offices.

** The Board has resolved that the market value for 2018 is representative of its carrying value as at balance date.

NOTE 12 TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
CURRENT		
Trade payables	44,857	34,093
Subscription in advance	422,370	469,320
Sundry creditors and accruals	4,353	14,594
Land tax payable	42,600	165,513
GST payable/(receivable)	30,643	33,520
	<u>544,823</u>	<u>717,040</u>

a. Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables		
- Total current	544,823	717,040
- Total non-current	-	-
	<u>544,823</u>	<u>717,040</u>
Less subscriptions in advance	(422,370)	(469,320)
Less land tax payable	(42,600)	(165,513)
Less GST payable/(receivables)	(30,643)	(33,520)
Financial liabilities as trade and other payables	<u>49,210</u>	<u>48,687</u>

Collateral pledged

No collateral has been pledged for any of the trade and other payable balances.

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13 BORROWING	2018	2017
	\$	\$
CURRENT	-	-
NON-CURRENT*	1,200,000	1,200,000
	<u>1,200,000</u>	<u>1,200,000</u>

*Security of the borrowings:

- 1st Registered Mortgage over Unit 3 & Unit 7, 161 Ward Street, North Adelaide, SA
- General Security Agreement (GSA) over the AMA(SA)
- Expiry / Renewal date for the facility with Westpac is on 31/3/2021

NOTE 14 TAX

	Opening Balance \$	Charge Directly to Equity \$	Recognised in Income \$	Closing Balance \$
NON-CURRENT				
Deferred tax liability				
Fair value gain	361,736	-	-	361,736
Building improvement	(12,465)	-	(42,196)	(54,661)
Prepayment	289	-	(289)	0
Balance at 31 December 2017	<u>349,560</u>	<u>-</u>	<u>(42,485)</u>	<u>307,075</u>
Fair value gain	361,736	-	-	361,736
Building improvement	(54,661)	-	613	(54,048)
Prepayment	0	-	308	308
Balance at 31 December 2018	<u>307,075</u>	<u>-</u>	<u>921</u>	<u>307,996</u>
Deferred tax assets				
Provisions	66	-	3	69
Deferred expenditure	325	-	(325)	0
Carried forward tax losses	218,976	-	(78,137)	140,839
Balance at 31 December 2017	<u>219,367</u>	<u>-</u>	<u>(78,459)</u>	<u>140,908</u>
Provisions	69	-	(4)	65
Deferred expenditure	0	-	-	-
Carried forward tax losses	140,839	-	(12,295)	128,544
Balance at 31 December 2018	<u>140,908</u>	<u>-</u>	<u>(12,299)</u>	<u>128,609</u>

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 15 OPERATING LEASE RECEIVABLES	2018	2017
	\$	\$
a. Operating Lease Receivables		
Leases as Lessor		
Minimum lease payments under non-cancellable operating leases of property held (see Note 10) not recognised in the financial statements are receivable as follows:		
within one year	295,516	325,780
between 1 and 5 years	246,477	701,013
above 5 years	5,454	38,179
	<u>547,447</u>	<u>1,064,973</u>

NOTE 16 RESERVES	2018	2017
	\$	\$
Asset Revaluation Reserve (a)	950,950	950,950
De Crespigny Memorial Fund (b)	3,068	3,068
Listerian Oration Fund (c)	3,662	3,662
Frank S Hone Memorial Fund (d)	12,516	12,516
Southern Suburbs Medical Association (e)	19,709	19,709
North Western Suburbs Medical Practitioners Associati (f)	3,414	3,414
	<u>993,319</u>	<u>993,319</u>
(a) Asset Revaluation Reserve		
Movements during the financial year:		
Opening balance	950,950	950,950
Revaluation of building	-	-
Closing Balance	<u>950,950</u>	<u>950,950</u>

The asset revaluation reserve records revaluations of non-current assets

(b) De Crespigny Memorial Fund		
Movements during the financial year:		
Opening balance	<u>3,068</u>	<u>3,068</u>
Closing Balance	<u>3,068</u>	<u>3,068</u>

The De Crespigny Memorial Fund records funds held for the annual provision of a prize award to the student at The University of Adelaide who, at the final examination for the degrees of Bachelor of Medicine and Bachelor of Surgery, gains the highest marks in the clinical section of the subject medicine.

(c) Listerian Oration Fund		
Movements during the financial year:		
Opening balance	<u>3,662</u>	<u>3,662</u>
Closing Balance	<u>3,662</u>	<u>3,662</u>

The Listerian Oration Fund records funds held for the Listerian Oration.

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 16 RESERVES (CONTINUED)

	2018	2017
	\$	\$
(d) Frank S Hone Memorial Fund		
Movements during the financial year:		
Opening balance	12,516	12,516
Closing Balance	<u>12,516</u>	<u>12,516</u>

The Frank S Hone Memorial Fund records funds held for the annual provision of a prize award to the candidate at The University of Adelaide who, in passing the final examination for the degrees of Bachelor of Medicine and Bachelor of Surgery, attains the highest marks in that section which relates to the subject Medicine.

(e)&(f) Association Reserve		
Movements during the financial year:		
Opening balance of:		
Southern Suburbs Medical Practitioners Association	19,709	19,709
North Western Suburbs Medical Practitioners Association	3,414	3,414
Closing Balance	<u>23,123</u>	<u>23,123</u>

Purpose: Funds specially set aside to assist other medical associations.

NOTE 17 RELATED PARTY TRANSACTIONS

	2018	2017
	\$	\$
During the financial year, the following related party transactions were in existence:		
The CEO of AMA(SA) is also the CEO of sapmea.		
AMA(SA) has an agreement with sapmea for the supply of labour hire services to AMA (SA).	(18,000)	(18,000)
Contracting costs paid by AMA(SA) to sapmea.	(799,641)	(729,135)
sapmea property lease commitment with AMA(SA) for three years from 6 February 2017 to 5 February 2020.	35,200	35,200
Other receivable from sapmea	24,879	20,000

Transactions between related parties are on normal commercial terms and conditions and no more favourable than those available to other parties unless otherwise stated. No interest is charged to or from related parties.

NOTE 18 FINANCIAL RISK MANAGEMENT

AMA(SA) financial instruments consist mainly of deposits with banks, local money market instruments and loans.

The Association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2018	2017
		\$	\$
Financial assets			
Cash and cash equivalents	6	512,569	640,276
Loans and receivables	7	85,363	93,884
Total financial assets		<u>597,932</u>	<u>734,160</u>
Financial liabilities			
Financial liabilities at amortised cost:			
– trade and other payables	12	49,210	48,687
– borrowings	13	1,200,000	1,200,000
Total financial liabilities		<u>1,249,210</u>	<u>1,248,687</u>

NOTE 19 EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations, or the state of affairs of the entity in future financial years.

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

NOTE 20 CONTINGENT LIABILITIES

There were no contingent liabilities for Australian Medical Association (SA) Inc. at balance date.

NOTE 21 ASSOCIATION DETAILS

The principal place of business is:
Australian Medical Association (SA) Inc.
Unit 7 AMA House
161 Ward Street
NORTH ADELAIDE SA 5006

AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.

REPORT OF THE COUNCILLORS

In accordance with section 35(5) of the Associations Incorporation Act, (SA) 1985, the Council of Australian Medical Association (SA) Inc hereby states that during the financial year ended 31 December 2018:

- (a) (1) no officer of Australian Medical Association (SA) Inc.
- (2) no firm of which an officer is a member; and
- (3) no body corporate in which an officer has a substantial financial interest,

has received or become entitled to receive a benefit as a result of a contract between the officer, firm or body corporate and Australian Medical Association (SA) Inc. except for the following:

- The CEO of The Australian Medical Association (SA) Inc. was also the CEO of SAPMEA and received a salary in accordance with his contractual terms and conditions. However, his role as CEO of AMA(SA) ended on 30 January 2019 when he did not accept an offer of employment by AMA(SA), made after SAPMEA ended its Labour Hire Services Agreement with AMA(SA).

- The President of the Australian Medical Association (SA) Inc, W Tam, received an allowance of \$53,220, in carrying out duties on behalf of the Association.

- The Australian Medical Association (SA) Inc. engaged Mr John McLaren on normal commercial terms and conditions during the year for \$3,500 for professional services relating to branding and communication strategy development. Mr John McLaren is a Board member of the Australian Medical Association (SA) Inc.

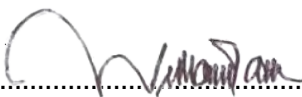
- (b) no officer of the Australian Medical Association (SA) Inc. has received directly or indirectly from the Association any payment or other benefit of a pecuniary value.

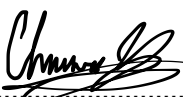
STATEMENT BY OFFICERS OF THE ASSOCIATION

In the opinion of the Councillors of the association the financial report as set out on pages 2 to 19:

- (a) Presents a true and fair view of the financial position of Australian Medical Association (SA) Inc. as at 31 December 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- (b) At the date of this statement there are reasonable grounds to believe that Australian Medical Association (SA) Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Council and is signed for and on behalf of the Council by:

President: 
William Tam

Board Member: 
Dr Christopher Moy

Dated this 11th day of April 2019



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
AUSTRALIAN MEDICAL ASSOCIATION (SA) INC.**

Report on the Financial Report

We have audited the accompanying financial report of Australian Medical Association (SA) Inc., which comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by officers of the association.

Council's Responsibility for the Financial Report

The Council of the association are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Associations Incorporation Act (SA) 1985 and for such internal control as the Council determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Opinion

In our opinion, the financial report of Australian Medical Association (SA) Inc. is in accordance with the Associations Incorporations Act (SA) 1985, including:

- a) giving a true and fair view of the association's financial position as at 31 December 2018 and of its performance for the period ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) and the Associations Incorporations Act (SA) 1985.

Pitcher Partners

JIM GOUSKOS
Principal
ADELAIDE

Dated, this 16th day of April 2019