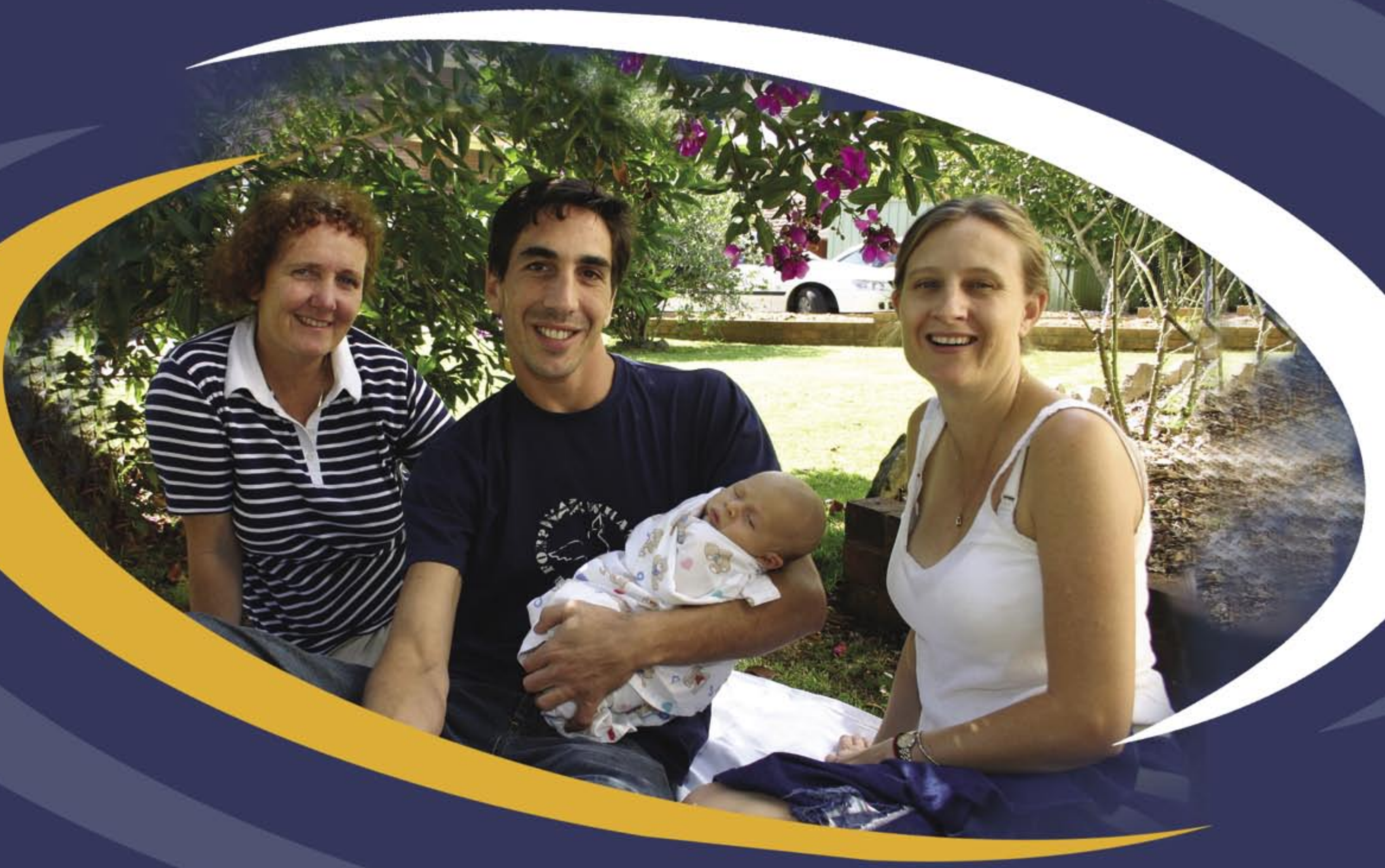
Australian Divisions of **General Practice**

Annual Report: **Financials** 2003 – **2004**



Financial report

Directors' report

The directors submit their report for the financial year ended 30 June 2004.

Directors

The names and details of the directors in office during the financial year and up to the date of this report are as follows.

Director	Experience
Dr Rob Walters B. Med Sc.; MBBS Chairman	Chairman since November 2002; Colonel Australian Army and consultant to the Surgeon General in General Practice for the Army, Navy and Air Force; Medical Director Tasmanian Work Cover; Secretary Medical Protection Society of Tasmania; immediate past Chair of the Cancer Council of Tasmania; GP for 23 years (solo and group Practice Principal).
Dr Ian Adair MBBS(Syd); MBA(MGSM); AFAIM; FAIDC	GP; Director, Hornsby Ku-ring-gai Ryde DGP (HKRDGP); CEO, Alliance of NSW Divisions Ltd.
Dr Magdalen Campbell MBBS(Syd)	Urban GP for 21 years; Practice Principle 15 years; Director of HKRDGP 10 years and Chair 3 years.
Dr Ralph Chapman MBBS; Dip RACOP; FACRRM; DRANZCOG	GP and Hospital VMO for 19 years; Practice Principal for 14 years; Currently Director of Health Services, Department of Justice WA. AGPAL Director; Chair AGPAL Finance & Audit Committee; Board Member GSDGP and GPDWA. (Past Chair of WARDCU 4 years, GSDGP 4 years, GPDWA 1 year, RDAWA 2.5 years, former ARD and DSG board member).
Dr Ken Conolly MBBS; FACRRM	Rural GP for 32 years; Significant experience in medical issues relating to Indigenous people.
Dr Peter Del Fante DipCompSc; MBBS (Hons); MSc (Public Health medicine); FAFPHM; FRACGP	Public Health Physician 8 years; GP Principal 10 years; Division Medical Director 6 years.
Dr Tony Hobbs MBBS (1st Hons), DRANCOG (Advanced), Dip.Child Health, Dip.Tropical Medicine & Hygiene, FACRRM.	Rural GP/Obstetrician for 15 years.
Dr Ann McBryde MBBS	27 years as a full time Practice Principal of an Urban General Practice. President of Brisbane North Division of General Practice 3.5 years.
Mr Russell McGowan BA Psychology and Politics	Vice Chair of the Consumers' Health Forum of Australia.
Dr Vlad Matic MBBS; FACRRM	Rural GP for 12 years; Hospital VMO for 8.5 years.

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Director	Experience
Dr Patrick O'Sullivan MB Bch [Ireland]; FRACGP	GP 23 yrs, in Canada, NZ & last 6 years in Australia.
Dr Chris Pearce MBBS; FRACGP; FACRRM MFM	Rural GP for 13 years; Currently in urban practice; Senior Lecturer in Rural General Practice – University of Melbourne.
Dr Penny Roberts-Thomson MBBS, FRACGP (DGO, Dip Anaes)	30 years in medical practice; 17 years as a GP Principal; 2 years with remote Aboriginal Health Service.
Dr Moira Sim MBBS; FRACGP; FAChAM; Postgraduate Diploma in Alcohol and Drug Abuse	GP for 13 years; Senior Medical Officer Drug and Alcohol Service for 8 years.
Dr Tuck Meng Soo MA(Cantab), MBBS Hons(LON), FRACGP, Grad Dip Pop Hlth.	11 years General Practice, 7 years as Practice Principal.
Dr Michael Taylor MBBS; Dip Child and Community Health; FRACGP	Rural GP Principle 17 years; Division Medical Director 2 years.
Dr Jenny Thomson MBBS FRACGP MBA	25 years clinical practice, past Chair and CEO of ACT Division of General Practice, 14 years in GP education and training.
Dr Julie Thompson MBBS; Graduate Diploma in Education	GP for 23 years; Principal in Practice; Hospital VMO for 14 years.
Dr Brenton Trezise MBBS; Graduate Diploma in Community Medicine; FRACGP; FRACRRM	Partner and GP for 27 years.
Dr Furio Virant MBBS; Diploma in Clinical Hypnosis	GP for 26 years; Principal in Practice.
Dr Willie Walker MBCHB; MRCGP; FRACGP; FACRRM	GP Obstetrician 26 years in Practice; 16+ years in Rural WA.
Dr Helena Williams MBBS; FRACGP	14 years GP Associate.

Company Secretary

Dr Steve Clark Chief Executive Officer	Previous Chair of the National Rural Health Alliance and Director of the North Queensland Rural Health Training Unit. Adjunct Associate Professor of Rural Health at James Cook University.

Directors' meetings

The following directors were in office during the financial year. Directors were in office for the entire period unless otherwise stated.

			Directors' meetings		Meetings of Committees: Rural		Finance & Audit[1]		Governance[2]	
	Appointed	Term expired or resigned	2003–2004	2002–2003	2003–2004	2002-2003	2003–2004	2002–2003	2003–2004	2002–2003
Meetings held			**14**	**16**	**2**	**5**	**8**	**3**	**3**	**-**
Meetings attended:										
Dr Rob Walters *Chair*			14	11	-	-	1[3]	-	1[3]	-
Dr Ian Adair	26/09/2003	01/10/2003	-	-	-	-	-	-	-	-
Dr Magdalen Campbell	13/01/2004	31/05/2004	3	-	-	-	-	-	-	-
Dr Ralph Chapman		30/11/2003	6	10	2	2	-	-	-	-
Dr Ken Conolly *Chair Gov. Comm.*	21/11/2003		7	-	-	-	-	-	3	-
Dr Peter Del Fante		21/11/2003	5	11	-	-	2	-	-	-
Dr Tony Hobbs	15/01/2004		6	-	-	-	-	-	-	-
Dr Ann McBryde		31/05/2004	11	8	-	-	1	1	2	-
Mr Russell McGowan[5]	01/07/2004		12	-	-	-	-	-	-	-
Dr Vlad Matic		12/09/2003	2	11	2	2	1[4]	-	-	-
Dr Patrick O'Sullivan		31/05/2004	12	8	2	1	-	-	-	-
Dr Chris Pearce *Chair F & A Comm.*			14	8	-	-	8	3	-	-
Dr Penny Roberts-Thomson			12	1	1	-	-	-	-	-
Dr Moira Sim		31/05/2004	8	11	-	-	-	-	-	-
Dr Tuck Meng Soo	01/07/2003	31/05/2004	11	-	-	-	-	-	-	-
Dr Michael Taylor *Chair Rural Comm.*			14	8	2	2	-	-	-	-
Dr Jenny Thomson	01/06/2004		2	-	-	-	-	-	1	-
Dr Julie Thompson		31/05/2004	11	9	2	1	-	-	-	-
Dr Brenton Trezise		21/11/2004	6	11	1	2	-	-	-	-
Dr Furio Virant		21/11/2004	4	11	-	-	4	2	-	-
Dr Willie Walker	01/12/2003		6	-	-	-	-	-	-	-
Dr Helena Williams	21/11/2003	31/05/2004	6	-	-	-	3	-	-	-

1 The Finance & Audit Committee was established in November 2002. Prior to that Dr Furio Virant held the office of Treasurer.

2 In 2002-2003 the board established a Governance taskforce which was reformed in 2003-2004 as the Governance Committee.

3 Dr Rob Walters attended 1 Finance & Audit Committee meeting and 1 Governance Committee meeting, ex-officio.

4 Dr Vlad Matic attended 1 Finance & Audit Committee meeting at the invitation of the Committee.

5 Russell McGowan attended directors' meetings until 31 May 2004 as the nominated consumer representative. He was renominated and appointed as a director on 1 July 2004 in accord with the requirements of the new constitution approved at the Annual General Meeting in November 2003.

Financial report

Corporate information

Corporate structure

Australian Divisions of General Practice Limited is a not for profit public company limited by guarantee that is incorporated and domiciled in Australia. No shares have been issued and at balance date there were 119 Member Divisions and eight Member SBOs guaranteeing to contribute up to $10 each to the property of the company in the event of it being wound up.

At report date one Division of General Practice who was eligible to be a Member Division had elected not to be a Member of the Australian Divisions of General Practice Limited.

Australian Divisions of General Practice Limited is the sole Member of Australian Divisions Member Services Limited.

Principal place of business

The registered office and principal place of business of the Australian Divisions of General Practice Limited is:
Ground Floor, Minter Ellison Building,
25 National Circuit, Forrest, ACT 2603

Nature of operations and principal activities

The Australian Divisions of General Practice Limited promotes the health and well-being of Australians through Divisions of General Practice, including by:

- strengthening the effectiveness and vitality of the general practice sector through support to Member Divisions and Member SBOs and advocacy and representation of Member Divisions and Member SBOs to the Australian Government, to other national organisations and to the Australian public
- contributing to the development of national health policy in collaboration with Member Divisions and Member SBOs
- promoting cooperation and communication with other national organisations in Australia with objects similar to these objects of the company
- providing national leadership in health system development.

Employees

The Australian Divisions of General Practice Limited employed 24 full time equivalent employees at 30 June 2004 (31 full time equivalent employees at 30 June 2003).

Review and results of operations

Overview

In addition to ADGP core activities outlined under the nature of operations and principal activities, separately funded programs were undertaken in the following areas during the financial year:

After hours

Improve access to quality primary medical care during out of hours.

Aged care

Coordinate the Aged Care GP Panels Initiative and a national workshop.

Medication Management Review

Coordinate a facilitator program in Divisions which assist GPs and pharmacists in the adoption and quality delivery of the Home Medicine Review service.

Enhanced Divisions Quality Use of Medicines

Coordinate a pilot program in 13 Divisions to improve quality prescribing practices in target drug groups.

Immunisation

Provide national representation, policy, advocacy and program support to further the objectives of the National Immunisation Program and GPII scheme.

Integrated Care Joint Venture

Improve the integration of electronic decision support tools to better manage chronic disease and improve the quality of patient care.

Mental health

Support the implementation of the Better Outcomes in Mental Health Care Initiative as well as the development of better links between mental health, drug and alcohol, suicide prevention and chronic disease management in primary care.

Mind Matters Plus GP

Coordinate links between secondary schools and 15 demonstration Divisions to provide referral pathways and networks of care for young people with mental health needs.

Nursing in general practice

Develop networks, expertise and resources and provide input to policy at the national level to build the capacity of Divisions to support nursing in general practice.

Rural palliative care

Coordinate the implementation of integrated, multi-disciplinary, high quality and responsive palliative services through Divisions to patients and carers in rural areas.

National Divisions Youth Alliance

Improve the health of young Australians through initiatives which help general practice better respond to youth health needs.

Operating results for the year

This financial year Australian Divisions of General Practice Limited experienced an increase in revenues of 7% and an increase in expenditures of 3% compared to the previous financial year.

The combined effect of these increases resulted in a deficit from ordinary activities of $72,300. This result is a $246,040 reduction in deficit from ordinary activities compared to the previous financial year.

Savings achieved through natural attrition of staff in core areas, restructuring and in some cases waiver of directors' fee entitlements, reductions in discretionary expenditures such as travel and accommodation, and the more accurate recovery of administrative costs from separately funded programs contributed to the improvement in the result.

One-off costs associated with the relocation of the registered office in the previous financial year influence the comparison of results between the financial years.

Review of financial condition

Capital structure

Members approved a new constitution at the 2003 Annual General Meeting however there was no change in the capital structure of the company during the financial year.

Cash from operations

Net cash flows from operating activities changed from a $1,253,206 out-flow in the previous financial year to a $233,558 in-flow in the current financial year. The increased in-flow of cash from operating activities was largely due to a decrease in accounts receivable, decrease in accounts payable and decrease in revenue in advance.

Liquidity and funding

Australian Divisions of General Practice Limited has no borrowings and has sufficient funds to maintain operations assuming appropriate core and program funding from the Australian Government continues in future years.

Financial report

Significant events after balance date

In the opinion of directors, there has not been any activity, transaction or event of a material or unusual nature, between 30 June 2004 and the date of this report, which significantly affects the operations of the company, the results of those operations, or the state of affairs of the company.

Likely developments and expected results

The directors foresee that the 2004–2005 financial year will be a period of continued focus on the delivery of benefits to members and stakeholders of the Australian Divisions of General Practice Limited.

The Australian Divisions of General Practice Limited will be entering into a new funding agreement with the Department of Health & Ageing for core services to support key priorities for the Divisions Network including national primary health care policy development, building divisional capacity and supporting quality governance and leadership.

The Australian Divisions of General Practice Limited will also continue to deliver a number of separately funded national programs such as practice nursing, mental health, aged care, and pursue new funding opportunities associated with emerging primary health care priorities.

In terms of governance the Australian Divisions of General Practice Limited will continue its progress in business improvement.

The Australian Divisions of General Practice Limited has budgeted a zero surplus/deficit from ordinary activities in the 2004–2005 financial year.

Indemnification and insurance of directors and officers

During the financial year, the Australian Divisions of General Practice Limited has paid premiums in respect of a contract insuring directors and officers of the Australian Divisions of General Practice Limited against costs incurred in defending proceedings for conduct involving:

(a) a wilful breach of duty; or

(b) a contravention of sections 182 or 183 of the Corporations Act 2001,

as permitted by section 199B of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid was $10,048 ($8,124 in 2003). This amount is not included as part of directors remuneration at Note 12.

Signed in accordance with a resolution of directors.

Dr Rob Walters
Director

Canberra,
21 August 2004

Dr Chris Pearce
Director

Canberra,
21 August 2004

Statement of Financial Performance

year ended 30 June 2004

	Notes	2004 $	2003 $
REVENUES FROM ORDINARY ACTIVITIES	2	7,606,243	7,102,484
LESS EXPENSES FROM ORDINARY ACTIVITIES			
Program expenditure		4,459,472	3,727,205
Core expenditure		3,219,071	3,693,619
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	3	7,678,543	7,420,824
DEFICIT FROM ORDINARY ACTIVITIES		(72,300)	(318,340)
NET DECREASE IN ACCUMULATED FUNDS	8	(72,300)	(318,340)

Financial report

Statement of Financial Position

as at 30 June 2004

	Notes	2004 $	2003 $
CURRENT ASSETS			
Cash assets	9(b)	1,494,869	1,275,794
Prepayments		96,220	32,667
Receivables	4	977,654	1,884,864
TOTAL CURRENT ASSETS		2,568,743	3,193,325
NON-CURRENT ASSETS			
Property, plant and equipment	5(a)	140,244	197,758
TOTAL NON-CURRENT ASSETS		140,244	197,758
TOTAL ASSETS		2,708,987	3,391,083
CURRENT LIABILITIES			
Revenue in advance		1,803,485	2,041,348
Payables	6	370,256	735,791
Employee leave entitlements provision	7	112,849	106,458
TOTAL CURRENT LIABILITIES		2,286,590	2,883,597
NON-CURRENT LIABILITIES			
Employee leave entitlements provision	7	10,719	23,508
TOTAL NON-CURRENT LIABILITIES		10,719	23,508
TOTAL LIABILITIES		2,297,309	2,907,105
NET ASSETS		411,678	483,978
EQUITY			
Retained Surplus	8	411,678	483,978
TOTAL EQUITY		411,678	483,978

Statement of Cash Flows

year ended 30 June 2004

	Notes	2004 $	2003 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Grants and fees for services		8,242,065	5,255,877
Other		720,568	885,857
Interest		63,214	59,252
Grants held in trust disbursed		(2,229,933)	(746,113)
Payments to suppliers and employees		(6,562,356)	(6,708,079)
NET CASH FLOWS FROM OPERATING ACTIVITIES	9(a)	233,558	(1,253,206)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(15,933)	(100,835)
Proceeds from disposal of property, plant and equipment		1,450	–
Loan to controlled entity		–	(60,000)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(14,483)	(160,835)
NET INCREASE/(DECREASE) IN CASH HELD		219,075	(1,414,041)
Cash at beginning of the financial year		1,275,794	2,689,835
CASH AT END OF THE FINANCIAL YEAR	9(b)	1,494,869	1,275,794

Financial report

Notes to the Financial Statements 30 June 2004

1. Summary of significant accounting policies

(a) Basis of accounting

The financial report is a general purpose report which has been prepared in accordance with the requirements of the *Corporations Act 2001* which includes applicable accounting standards.

Other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views have also been complied with.

The financial report covers the Australian Divisions of General Practice Limited as an individual entity. The financial report has been prepared in accordance with the historical cost convention.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

(c) Cash and cash equivalents

Cash on hand and in banks are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks.

(d) Receivables

Receivables are recognised and carried at the nominal amount due.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

(e) Property, plant and equipment

All classes of property, plant and equipment are measured at cost.

Depreciation is provided on a straight line basis.

The major depreciable asset lives for both 2003 and 2004 are:

Furniture and equipment	6.7 years
Computer equipment	3 years

(f) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where carrying values exceed the recoverable amount, assets are written down.

(g) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense in the period in which they are incurred.

Finance leases

Leases which effectively transfer all of the risks and benefits of ownership of the leased item to Australian Divisions of General Practice Limited are classified as finance leases.

Australian Divisions of General Practice Limited had no property, plant and equipment under finance lease during the financial year.

(h) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received, whether or not billed to Australian Divisions of General Practice Limited.

(i) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(j) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Grants for core activities

Revenue is recognised over the period to which the grant relates.

Grants for program activities

Revenue is recognised only to the extent that recoverable direct and indirect costs have been incurred. Revenue received where recoverable costs have not yet been incurred are disclosed as revenue in advance under current liabilities in the Statement of Financial Position.

Revenue from the national Divisions Forum registrations, sponsorships and trade displays

Registration, sponsorship and trade display revenues received during the financial year relating to a forum held in that year are disclosed as revenue from ordinary activities in the Statement of Financial Performance. Registration, sponsorship and trade display revenues received during the financial year relating to a forum not held in that financial year are disclosed as revenue in advance under current liabilities in the Statement of Financial Position.

(k) Taxes

Income tax

No provision has been made for income tax at balance date.

Under Item 1.1 in Subdivision 50-5 of the *Income Tax Assessment Act 1997*, as amended, the Australian Taxation Office has endorsed Australian Divisions of General Practice Limited as an income tax exempt charitable entity.

Goods and Services Tax (GST)

Revenues, expenses, assets and liabilities are recognised net of the amount of GST except for receivables and payables which are stated with the amount of GST included.

(l) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to balance date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, and annual leave expected to be settled within twelve months of report date are measured at their nominal amounts based on remuneration rates expected to be paid when the liability is settled.

Liabilities arising in respect of long service leave expected to be settled more than twelve months from report date are estimated based on remuneration rates current at the report date for all employees with more than three years of service. This measurement technique has been used because from experience this liability is not materially different from the estimate determined by using the present value basis of measurement.

Employee benefit expenses arising in respect of wages and salaries, non-monetary benefits, annual leave and long service leave are recognised against profits on a net basis in their respective categories.

(m) Comparatives

Where necessary, comparatives have been reclassified to ensure consistency with current financial year disclosures.

Financial report

Notes to the Financial Statements 30 June 2004

2. Revenue from ordinary activities

	Notes	2004 $	2003 $
Revenues from operating activities			
Grants and fees for service		6,964,995	6,251,725
Non-grant forum revenue		408,188	647,529
Other		169,846	143,978
Total revenues from operating activities		7,543,029	7,043,232
Revenues from non-operating activities			
Interest		63,214	59,252
Total revenues from ordinary activities		7,606,243	7,102,484

3. Expenses

	Notes	2004 $	2003 $
Total expenses from ordinary activities include:			
Bad or doubtful debts expense		36,598	63,737
Depreciation		71,831	73,740
Net loss on sale of property, plant and equipment		167	–
Operating lease rentals – minimum lease payments			
Computer equipment		48,385	48,385
Office accommodation		276,402	228,835

4. Receivables

	Notes	2004 $	2003 $
Current			
Trade debtors		917,654	1,888,601
Less: allowance for doubtful debts		–	(63,737)
Loan – controlled entity	13	60,000	60,000
Total current		977,654	1,884,864

5. Property, plant and equipment

	Notes	2004 $	2003 $
(a) Property, plant and equipment			
At cost		339,183	326,617
Accumulated depreciation		(198,939)	(128,859)
Total written down amount		140,244	197,758
(b) Reconciliation of the carrying amount of property, plant and equipment:			
Carrying amount at beginning of financial year		197,758	172,355
Additions		15,933	100,835
Disposals		(1,616)	(1,692)
Depreciation expense		(71,831)	(73,740)
Carrying amount at end of financial year		140,244	197,758

6. Payables

	Notes	2004 $	2003 $
Current			
Trade creditors	(a)	73,270	395,870
Employee benefits payable	7	122,747	182,500
Net Goods and Services Tax payable		174,239	157,421
Total current		370,256	735,791

(a) Trade creditors are unsecured.

7. Employee benefits

The aggregate employee benefit liability is comprised of:

		2004 $	2003 $
Current	**Payables**		
	Accrued wages, salaries and on-costs	35,297	38,580
	Superannuation payable	13,870	3,472
	Pay As You Go withholding tax	52,905	70,380
	Fringe Benefits Tax	20,675	70,068
	Total Payables	122,747	182,500
	Employee leave entitlements provision		
	Annual Leave provision	112,849	106,458
Total current		235,596	288,958
Non current	**Employee leave entitlements provision**		
	Long Service Leave provision	10,719	23,508
Aggregate employee benefits liability		246,315	312,466

Financial report

Notes to the Financial Statements 30 June 2004

8. Retained surplus

	Notes	2004 $	2003 $
Balance at beginning of the financial year		483,978	802,318
Net decrease in accumulated funds		(72,300)	(318,340)
Balance at end of the financial year		411,678	483,978
Accumulated funds attributable to the Australian Government	(a)	265,599	423,978

(a) Accumulated funds attributable to the Australian Government represent the accumulated surpluses under contracts for core activities with the Australian Government.

9. Statement of cash flows

(a) Reconciliation of the operating deficit to the cash flows from operations

	2004	2003
Deficit from ordinary activities	(72,300)	(318,340)
Non-Cash Items		
Depreciation of non-current assets	71,831	73,740
Loss on sale of assets	167	–
Write down of receivables	36,598	67,737
Changes in assets and liabilities		
Prepayments	(63,553)	(12,174)
Receivables	870,611	(885,335)
Payables	(365,535)	583,780
Revenue in advance	(237,863)	(776,143)
Employee leave entitlements provision	(6,398)	13,529
Net cash flow from operating activities	233,558	(1,253,206)

(b) Reconciliation of cash

	2004	2003
Cash balance comprises:		
Cash at bank – National Australia Bank	1,423,062	1,215,494
Cash held by Conference Manager	71,533	60,000
Petty cash	274	300
Closing cash balance	1,494,869	1,275,794

(c) Unused credit facilities

Australian Divisions of General Practice Limited has a Visa facility with the National Australia Bank with a limit of $26,000 of which $21,353 was unused at 30 June 2004.

10. Lease expenditure commitments

	Notes	2004 $	2003 $
Operating leases (non-cancellable)			
Minimum lease payments (exclusive of GST)			
Not later than one year		323,385	323,385
Later than one year and not later than five years		1,184,673	1,233,058
Later than five years		962,500	1,260,417
Aggregate lease expenditure contracted for at balance date		2,470,558	2,859,175

At report date operating lease commitments disclosed above consist of the following two leases:

Computer equipment (60 month term/33 months remaining)

Office accommodation (120 month term/102 months remaining)

The lease for office accommodation is subject to annual inflation adjustments which are not included in the amounts disclosed.

The lease for office accommodation has a termination clause available to Australian Divisions of General Practice which if exercised within the initial term of the lease requires payment of a pro-rata proportion of the costs of the fit out supplied by the Lessor. If the Australian Divisions of General Practice Limited had exercised this clause on 30 June 2004 the maximum liability applicable under this clause would have been $255,000.

11. Economic dependency

Australian Divisions of General Practice Limited relies on the Australian Government, through the Department of Health and Ageing, for a significant proportion of its revenue. Revenue received from the Australian Government is in the form of grants and service contracts for core and program activities.

Notes to the Financial Statements 30 June 2004

12. Directors' disclosures

(a) Names of directors

The names of the directors who held office at any time during the financial year are as follows:

Dr Rob Walters, Dr Ian Adair, Dr Magdalen Campbell, Dr Ralph Chapman, Dr Ken Conolly, Dr Peter Del Fante, Dr Tony Hobbs, Dr Ann McBryde, Dr Vlad Matic, Dr Patrick O'Sullivan, Dr Chris Pearce, Dr Penny Roberts-Thomson, Dr Moira Sim, Dr Tuck Meng Soo, Dr Michael Taylor, Dr Jenny Thomson, Dr Julie Thompson, Dr Brenton Trezise, Dr Furio Virant, Dr Willie Walker, Dr Helena Williams.

(b) Directors' remuneration

	Notes	2004 $	2003 $
The aggregate of income paid or payable, or otherwise made available, in respect of the financial year, to all directors of the company.		320,772	403,508

The number of directors whose income (including superannuation contributions) falls within the following bands is:

	2004	2003
$0–$9,999	13	10
$10,000–$19,999	7	6
$30,000–$39,999	–	1
$90,000–$99,999	–	1
$120,000–$129,999	–	1
$150,000–$159,999	1	–

(c) Additional disclosures

Included in directors' income above is the following annual directors fees paid to each director for their respective responsibilities as a director of the company :

	2004	2003
Director	12,500	8,000
Finance & Audit Committee member	16,000	8,000
Finance & Audit Committee Chair	18,000	10,000
Rural Committee Chair	12,500	13,000
Deputy Chair	–	20,000
Chairman	150,000	55,000

Annual directors' fees for the current financial year were approved by Members at the Annual General Meeting in November 2003.

During the year some directors elected in writing to waive all or part of their directors' fee.

Directors may also be paid fees for services as a representative of ADGP on committees. These amounts are included in the aggregate amounts disclosed above.

13. Related party disclosures

Receivables

At report date the following amount to related parties formed part of trade debtors:

Australian Divisions Member Services Limited $1,655

Loans

Australian Divisions of General Practice Limited has provided an interest free loan to Australian Divisions Member Services Limited totalling $60,000. The loan is repayable on demand or at any time Australian Divisions Member Services elects. No repayments were made during the year.

Further disclosures in relation to Australian Divisions Member Services Limited can be found at Note 14.

Revenues

Australian Divisions of General Practice Limited has included in its revenues the recovery of those costs incurred on behalf of Australian Divisions Member Services Limited.

14. Controlled entity

The financial results of Australian Divisions Member Services Limited since its formation are not material to the activities of the Australian Divisions of General Practice Limited and have therefore not been consolidated. If the financial results had been consolidated with those of the company, the assets, liabilities, revenues and expenses disclosed would be increased/(decreased) as follows:

	Notes	2004 $	2003 $
Assets		(22,723)	(593)
Liabilities		—	7,483
Revenues		(7,108)	328
Expenses		7,539	8,404

15. Auditors' remuneration

Amounts received by Ascent during the financial year for:

	2004 $	2003 $
— audit of financial report	14,320	6,555
— audit of programs	16,397	2,060
— accounting and other services	7,709	8,298
	38,426	16,913

The difference in amounts received by Ascent in each financial year disclosed above is predominantly due to the timing of work performed and payment of relevant invoices.

Notes to the Financial Statements 30 June 2004

16. Financial instruments

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial asset or liability will change due to interest rate fluctuations. The interest rate applicable to each class of financial asset and liability subject to interest rate risk are as follows:

Variable rate cash deposits totalling $1,494,595 at an average rate of 4% ($1,275,494 at an average rate of 3.49% in 2003).

(b) Credit risk

The company's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset is the carrying amount of those assets in the Statement of Financial Position. Credit risk in trade receivables is managed by implementing payment terms no greater than 30 days and ensuring that a risk assessment process is used prior to granting credit facilities.

(c) Fair values

All financial assets and liabilities have been recognised at the balance date at their fair value. The following methods and assumptions are used to determine the fair values of financial assets and liabilities:

(i) Cash and cash equivalents: the carrying amount approximates fair value due to their liquidity.

(ii) Trade receivables and trade creditors: the carrying amount approximates fair value.

17. Impact of adopting AASB to IASB standards

Australian Divisions of General Practice Limited has commenced analysis of the impact on its accounting policies and financial reporting as a result of the change from Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and undertaken specialised training in order to be able to isolate key areas that will be impacted by the transition to IFRS. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of the Australian Divisions of General Practice Limited. At this stage the company has not been able to quantify the impacts on the financial report.

Impairment of assets

Under the Australian equivalent to IAS 36 Impairment of Assets the recoverable amount of an asset is determined as the higher of net selling price and value in use. Under the new policy, impairment may be recognised at a different rate and therefore write-downs may change. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

Directors' declaration

In accordance with a resolution of the directors of the Australian Divisions of General Practice Limited, we state that:

In the opinion of the directors

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations regulations 2001; and

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

Signed on behalf of the board

Dr Rob Walters
Director

Canberra, 21 August 2004

Dr Chris Pearce
Director

Canberra, 21 August 2004

Independent audit report

INDEPENDENT AUDIT REPORT

ascent
1st Floor, 2 Napier Close
Deakin ACT 2600

To the Members
Australian Divisions of General Practice Limited
(ABN: 95 082 812 146)

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for the Australian Divisions of General Practice Limited (the company), for the year ended 30 June 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

ascent

1st Floor, 2 Napier Close
Deakin ACT 2600

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of the Australian Divisions of General Practice Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company 's financial position as at 30 June 2004 and of its performance for the year ended on that date, and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

ASCENT AUDIT
Chartered Accountants

Adrian Kelly
Partner
2004

Dated: 24 August

Australian Divisions of **General Practice** | ACN 062 812 146

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