

THE AUSTRALIAN SOCIETY OF SPECIALIST GENERAL SURGEONS

TRADING AS

GENERAL SURGEONS AUSTRALIA

(INCORPORATED IN VICTORIA - LIMITED BY GUARANTEE)

A.B.N 31 091 317 690

GENERAL PURPOSE FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2005

REGISTERED OFFICE

**Royal Australasian College of Surgeons
'College of Surgeons Gardens'
Spring Street
Melbourne Victoria 3000**

**GENERAL SURGEONS AUSTRALIA
GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

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**GENERAL SURGEONS AUSTRALIA
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2005**

Your Directors submit the following report for the financial year ended 31 December 2005.

1. BOARD OF DIRECTORS

The names, qualifications, special responsibilities and experience of the Directors in office at any time during the year and at the date of this report are:

**Maguire, Prof. Errol John
(President)**

AM, RFD, KCHS, MBBS (Queensland), FRCS (England), FRCS (Edinburgh), FRACS, FACTM, PhD (Stamford Hill, UK). Lt. Col. Army Reserve (retired). General Surgeon with sub-specialist interests in Breast, Endocrine, and Laparoscopic Surgery. Professor of Surgery, Bond University. Senior surgeon, The Townsville Hospital (retired 2005). Senior Staff Surgeon (part-time), Gold Coast Hospital since 2005. Immediate Past Chair RACS Queensland State Committee 2002-2004. Member of RACS Court in General Surgery 1995-2003. GSA Vice President and coopted GSA Queensland State Representative since May 2000. RACS Speciality Councillor since June 2004. Elected GSA Queensland State Representative since May 2004. GSA President since June 2004.

**Truskett, Mr Philip Gregory
(Vice President)**

MBBS, FRACS. General Surgeon with sub-specialist interest in Upper-Gastrointestinal Surgery. Honorary Secretary, RACS NSW State Committee. Member of RACS Early Management of Severe Trauma Committee since 2001. Member of RACS Care of the Critically Ill Surgical Patient Committee since 2002. Coopted GSA NSW State Representative since May 2002. Elected GSA New South Wales State Representative since May 2004. GSA Vice President since June 2004.

**Linacre, Mr Robert Nicholas
(Secretary/Treasurer)
(Retired 28 February 2005)**

MBBS, FRACS. General Surgeon with sub-specialist interest in Breast Surgery. Previous Chairman of RACS Project China. Previous Member of RACS Council, RACS Audit Committee, Board of Continuing Professional Development and Standards (CPDS), Board of CPDS - Competency Task Force, Governance Working Party, Heritage and Archives Policy Group, and Resources Committee. Coopted GSA Tasmanian State Representative 2001-2004. GSA Secretary/Treasurer 2001-2005. Elected GSA Tasmanian State Representative since 2004.

**Pitcher, Ms Meron Edith
(Secretary/Treasurer)
(Appointed 14 May 2002:
Secretary/Treasurer from 5 July 2005)**

MBBS, FRACS. General Surgeon with sub-specialist interest in Breast Surgery. Deputy Chair, Breast Study Committee, Cancer Council Victoria since 2001. Member of RACS Section of Breast Surgery. Member of RACS Court of Examiners in General Surgery since 2000. Member of RACS Victorian Skills Consortium. Member of RACS Victorian State Committee - Executive 1998-2002. Chairman, RACS Victorian State Committee since 2002. Coopted GSA Victorian State Representative since May 2002. Elected GSA Victorian State Representative since May 2004.

1. BOARD OF DIRECTORS (CONT'D)

- Cade, Mr Richard James** MBBS, FRACS. General Surgeon with sub-specialist interest in Upper GI/HPB Surgery. Member of RACS Section of Upper GI/HPB Surgery, and RACS Endosurgery Group. Senior Examiner, RACS Court in General Surgery. GSA Court of Examiners Representative (Ex-officio) since 2004.
- Christophi, Prof. Christopher
(Retired 22 October 2005)** MBBS, FACS, FRCS, FRACS. General Surgeon with sub-specialist interest in Hepato-Biliary Surgery. Member of ANZ Chapter American College of Surgeons. Chairman, RACS Board of General Surgery. Member of RACS Section of Upper GI/HPB Surgery. GSA Board in General Surgery Representative (Ex-officio) since October 2003.
- Danne, Assoc Prof Peter David** MBBS, FACS, FRACGP, M.D., FRACS. General Surgeon with sub-specialist interest in Colorectal Surgery. Inaugural Director of Trauma Services and Trauma Unit, Royal Melbourne Hospital 1998-2003. Member of the Ministerial Task Force on Trauma and Emergency Services 1997-1999. Chairman of RACS Main Trauma Committee 1999-2005, Trauma-Regional Chairmen Sub-Committee, and Trauma-Executive Sub-Committee. Member of RACS Trauma-Education & Curriculum Development Sub-Committee, Trauma-Systems Performance Improvement & Registries Sub-Committee, and Trauma-Verification Sub-Committee. Past Chairman and Member of RACS Victorian State Committee. Coopted GSA Trauma Group Representative since May 2002.
- Foster, Mr Hamish Cromie McArthur** MBBS, B.Sc., FRCS, FACS, FICS, M.S., FRACS. General Surgeon with sub-specialist interests in Head & Neck, Breast, Colorectal, and Trauma Surgery. Member of RACS Section of General Surgery, RACS Section of Upper GI/HPB Surgery, RACS Endosurgery Group, RACS Military Medicine Group, RACS Medico-Legal Group, and RACS Section of Breast Surgery. Director of General Surgery, Royal Darwin Hospital. Associate Professor of Surgery, NT Clinical School. Previous coopted GSA Queensland State Representative 2004. Coopted GSA Northern Territory Representative since 2005.
- Gani, Mr Jonathan Stephen** M.B. CH.B, FRCS, FRACS, MD. General Surgeon with sub-specialist interests in Upper GI/HPB and Colorectal Surgery. Member and Chairman of RACS Section of Upper GI/HPB Surgery. Coopted GSA Section of Upper GI/HPB Surgery Representative since May 2003.
- Mackie, Mr William Stewart** MBBS, FRACS. General Surgeon. Member of Australian Medical Association. Member of RACS Divisional Group of Rural Surgery and RACS Endosurgery Group. Chairman, RACS Rural Surgery Group. Coopted GSA Rural Surgery Group Representative since May 2002.
- Mann, Assoc Prof G Bruce** MBBS, PhD., FRACS. General Surgeon with sub-specialist interest in Surgical Oncology. Member of RACS Section of Breast Surgery. Member and Chairman of RACS Surgical Oncology Group. Coopted GSA Surgical Oncology Group Representative since May 2004.

1. BOARD OF DIRECTORS (CONT'D)

- Mosse, Mr Charles** MBBS, FRACS. General Surgeon. Member of RACS Section of Upper GI/HPB Surgery. Coopted GSA Younger Fellows Representative and GSA Australian Capital Territory Representative since May 2004.
- Sexton, Mr Michael Anthony
(Retired 12 March 2005)** M.B. CH.B, FRACS. General Surgeon with sub-specialist interest in Colorectal Surgery. Member of RACS Section of Colorectal Surgery and RACS Divisional Group of Rural Surgery (DGRS). Medico-legal advisor to the Medical Protection Society. President of New Zealand Association of General Surgeons 2003-2005. Coopted GSA NZAGS Representative since March 2003.
- Shannon, Mr Kerwin Frank** MBBS, FRACS. General Surgeon with sub-specialist interest in Head & Neck Surgery. Member of RACS AST Hospital Supervisors - General. Coopted GSA Head & Neck Group Representative since June 2000.
- Shedda, Dr Susan Michelle
(Retired 14 December 2005)** MBBS. Advanced Trainee in General Surgery with sub-specialist interest in Colorectal Surgery. Coopted ATGSA Representative since February 2003.
- Ung, A/Prof Owen Allan
(Retired 30 September 2005)** MBBS (Queensland), FRACS. General Surgeon with sub-specialist interests in Breast and Endocrine Surgery. Executive member and Immediate past Chair, RACS Section of Breast Surgery. Head of Surgery, NSW Breast Cancer Institute. Chair of Department of Surgery, and President of the Westmead Association at Westmead Hospital. Chair of Breast Group of the Clinical Oncology Society of Australia (COSA). Clinical Associate Professor (University of Sydney). Coopted GSA Section of Breast Surgery Representative since May 2002.
- Van Rij, Prof Adrianus (Andre) Marie
(Appointed 12 March 2005)** M.D., M.B. CH.B, B.Med.Sc., FRACS. General Surgeon with sub-specialist interest in Vascular Surgery. Member of New Zealand Medical Association, Australia & New Zealand Society of Vascular Surgery. Professor of Surgery, University of Otago. Associate Dean of Research, Dunedin School of Medicine. Past President, New Zealand Society of Vascular Surgery. RACS New Zealand Censor. Member of RACS Section of Upper GI/HPB Surgery, and RACS Division of Vascular Surgery. President of New Zealand Association of General Surgeons (NZAGS). Coopted GSA NZAGS Representative.
- Wall, Mr Daryl Robert** MBBS (First Class Honours), FRACS (74). General Surgeon with sub-specialist interest in Transplant Surgery. Director of Surgery, Princess Alexandra Hospital. Senior Liver Transplant Surgeon, Associate Professor of Surgery, Department of Surgery, University of Queensland. Member of RACS Court of Examiners in General Surgery and RACS Section of General Surgery. Chairman, RACS Trauma Regional Sub-Committee. Chairman, National Road Trauma Advisory Committee. Australian Sports Medal. Coopted GSA Section of General Surgery Representative since May 2000.

1. BOARD OF DIRECTORS (CONT'D)

Wetzig, Mr Neil Robert

MBBS, FRACS, FRCS (England). General Surgeon with sub-specialist interest in Breast and Endocrine Surgery. Senior VS / Unit Chairman Breast & Endocrine Unit, Princess Alexandra Hospital. Senior VS Breast Unit, Wesley Private Hospital and Mater Private Hospital. Member of Surgical Panel, Wesley Breast Clinic. VS / Designated Surgeon BreastScreen Brisbane South. Chairman, RACS Section of Endocrine Surgery. RACS Representative, Quality Management Committee, BreastScreen Queensland. Co-Chairman RACS SNAC Trial Management Committee. Past Chairman, RACS Section of Breast Surgery. Clinical Senior Lecturer, Department of Surgery (UQ). Chairman Queensland Co-operative Oncology Group. Executive Member Queensland Co-operative Oncology Group. Editorial Board World Journal of Surgery. Past GSA Section of Breast Surgery Representative. Coopted GSA Section of Endocrine Surgery Representative since May 2004.

Wilson, Mr Thomas Graham

MBBS, FRACS. General Surgeon with sub-specialist interests in Upper GI/HPB and Obesity Surgery. Member of RACS Section of Upper GI/HPB Surgery, RACS Section of Transplantation Surgery, and RACS Endosurgery Group. Member RACS Court in General Surgery since 2005. Past Chair RACS South Australian State Committee 2000-2002. Chairman of Conjoint Committee for Recognition of Training in Gastrointestinal Endoscopy. Head of Upper GI & HPB Surgical Unit, Flinders Medical Centre. Elected GSA South Australian State Representative since May 2004.

2. AUDITORS INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 22 of the financial report.

**GENERAL SURGEONS AUSTRALIA
DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2005**

3. PRINCIPAL ACTIVITIES

The principal activities of the company during the year were to promote and represent the interests of Specialist General Surgeons in Australia, including associated specialties. This included advising outside organisations and government bodies on all matters relating to General Surgery, as well as Continuing Professional Development (CPD) in all areas of General Surgery. There was no significant change in the nature of that activity during the year.

4. RESULTS AND REVIEW OF OPERATIONS

The net operating result for the year ended 31 December 2005 was a loss of \$8,102 (2004: loss \$17,245).

The company is exempt from income tax (Division 50 of the Income Tax Assessment Act 1997) and no provision for income tax is included in these accounts.

In this financial year the company continued its strong involvement in promoting Continuing Professional Development opportunities for members, including: Risk Management courses; Skills Workshops in surgical techniques such as Laparoscopic Suturing, Microsurgical Vasectomy Reversal, and Inguinal Hernia Repair; Definitive Surgical Trauma Care (DSTC) courses; Laparoscopic Colorectal Surgery Workshops; and, the Multidisciplinary Update on Thyroid Cancer for Surgeons. Sponsorship was provided for two key-note speakers at the Provincial Surgeons Association Annual Scientific Meeting in Shepparton in July, which was attended by over 100 Fellows and Trainees. The company was also involved in promoting surgical research projects, including a ureter injury study and a psychological research project exploring stress in surgeons and surgical trainees.

The relationship with The Association of Surgeons of Great Britain and Ireland (ASGBI) was strengthened in 2005, with the GSA Vice President attending the Annual Scientific Meeting in Glasgow in April. The ASGBI constitution was amended to allow for international surgical organisations to be recognised as having a mutually beneficial affiliation, and members at their Annual General Meeting were unanimous in recognising GSA as one of the first such 'Designated Societies'. GSA was also recognised by the RACS Education Policy Board as the group that represents General Surgery in Australia, and has been working with the College to develop an improved surgical training program in Australia and New Zealand.

Operating costs were significantly reduced in this financial period, however sponsorship of the PSA Meeting and expenses associated with the ASGBI Annual Scientific Meeting contributed towards the deficit for the year.

5. DETAILS OF SIGNIFICANT CHANGES IN STATE OF AFFAIRS

No significant change in the state of affairs of the company occurred during the year.

6. LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

The Board of Directors will continue to work with RACS in developing an integrated surgical training program for Australia and New Zealand. RACS Specialty Society meetings are scheduled for February, May, and August 2006. Negotiations will continue on the Service Agreement with RACS. Promotion of professional development activities for GSA members will also continue, such as the Risk Management courses, DSTC courses, and Skills Workshops.

7. DIVIDENDS

The company is limited by guarantee. The Memorandum of the Constitution precludes the payment of a dividend.

**GENERAL SURGEONS AUSTRALIA
DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2005**

8. SIGNIFICANT AFTER BALANCE DATE EVENTS

Since the end of the financial year the Directors are not aware of any matter or circumstances not otherwise dealt with in the report of accounts that has significantly affected or may significantly affect the operations of the company, the result of those operations or the state of affairs of the company in subsequent financial years.

9. ENVIRONMENTAL REGULATIONS

The company's operations are not subject to any significant environmental regulations under either Federal Government, State or Territory legislation.

10. INDEMNIFICATION OF DIRECTORS AND OFFICERS

By way of coverage for all Directors and officers of the company, the company has paid a premium in respect of a contract insuring those Directors and officers against liability. In accordance with normal practice, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of the premiums paid are confidential.

11. MEETINGS OF DIRECTORS

Name of Director	Number of meetings entitled to attend *	Number of meetings attended *
Maguire, E (President)	3	2
Truskett, P (Vice President)	3	1
Linacre, R (Sec/Treasurer) (Retired 28 February 2005)	0	0
Pitcher, M (Sec/Treasurer) (Appointed 5 July 2005)	3	1
Cade, R	3	1
Christophi, C (Retired 22 October 2005)	2	0
Danne, P	3	2
Foster, H	3	0
Gani, J	3	1
Mackie, W	3	1
Mann, G B	3	0
Mosse, C	3	0
Sexton, M (Retired 12 March 2005)	0	0
Shannon, K	3	2
Shedda, S (Retired 14 December 2005)	2	0
Ung, O (Retired 30 September 2005)	2	1
Van Rij, A (Appointed 12 March 2005)	3	1
Wall, D	3	2
Wetzig, N	3	1
Wilson, T	3	1

* Board Meeting on 8th May 2005 cancelled as per Section 50 of GSA Constitution. Quorum of four (4) directors for the meeting was not formed.

12. DIRECTORS' BENEFITS

Since the end of the previous financial year no Director has received or become entitled to receive a benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts by reason of a contract made by the company or a related corporation with a Director or with a firm of which he is a member, or with a company in which he has a substantial interest.

This report is made in accordance with a resolution of the Board of Directors.

Chairman (President)
3 April 2006

**GENERAL SURGEONS AUSTRALIA
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 \$	2004 \$
Revenue			
Continuing Operations			
Members' subscriptions		60,268	50,120
Sale of goods		70	35
Administration services income		1,250	700
Advertising income		55	218
GSA ASM 2003		-	636
Cost of Sales - GSA Ties		(74)	(37)
		<u>61,569</u>	<u>51,672</u>
Other income	2	<u>1,254</u>	<u>1,270</u>
		62,823	52,942
Expenses from Commercial activities:			
RACS ASC 2004		-	(24)
RACS ASC 2005		(1,983)	-
Board Meeting Melbourne - March 2004		-	(7,313)
ASGBI ASC UK - April 2004		-	(5,765)
ASGBI ASC Glasgow - April 2005		(10,609)	-
External professional services expense	10	(6,200)	(6,200)
Employee benefits expense		(34,033)	(33,738)
Administrative expense		(10,431)	(9,488)
Finance costs		(6,743)	(6,740)
Depreciation expense	3	(926)	(919)
Profit (Loss) for the period	4	<u>(8,102)</u>	<u>(17,245)</u>

The accompanying notes form part of these financial statements.

**GENERAL SURGEONS AUSTRALIA
BALANCE SHEET
AS AT 31 DECEMBER 2005**

	Notes	2005 \$	2004 \$
CURRENT ASSETS			
Cash and cash equivalents	5	42,281	50,883
Trade and other receivables	6	4,199	2,331
Inventories	7	3,016	3,090
TOTAL CURRENT ASSETS		<u>49,496</u>	<u>56,304</u>
NON CURRENT ASSETS			
Plant and equipment	8	289	782
TOTAL NON CURRENT ASSETS		<u>289</u>	<u>782</u>
TOTAL ASSETS		<u>49,785</u>	<u>57,086</u>
CURRENT LIABILITIES			
Trade and other payables	9	9,422	8,621
TOTAL CURRENT LIABILITIES		<u>9,422</u>	<u>8,621</u>
TOTAL LIABILITIES		<u>9,422</u>	<u>8,621</u>
NET ASSETS		<u>40,363</u>	<u>48,465</u>
MEMBERS' FUNDS			
Accumulated surplus	4	40,363	48,465
TOTAL MEMBERS' FUNDS		<u>40,363</u>	<u>48,465</u>

The accompanying notes form part of these financial statements.

**GENERAL SURGEONS AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Accumulated Surplus	Total Equity
	2005	2005
	\$	\$
Balance at 1 January 2005	48,465	48,465
Net Loss for the year	(8,102)	(8,102)
	<u>40,363</u>	<u>40,363</u>
Balance at 31 December 2005	<u><u>40,363</u></u>	<u><u>40,363</u></u>

	Accumulated Surplus	Total Equity
	2004	2004
	\$	\$
Balance at 1 January 2004	65,710	65,710
Net Loss for the year	(17,245)	(17,245)
	<u>48,465</u>	<u>48,465</u>
Balance at 31 December 2004	<u><u>48,465</u></u>	<u><u>48,465</u></u>

**GENERAL SURGEONS AUSTRALIA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	Notes	2005 Inflows/ (Outflows) \$	2004 Inflows/ (Outflows) \$
Cash flows from operating activities			
- Receipts from members and customers		60,954	66,842
- Payments to suppliers and employees		(69,123)	(70,127)
Net cash (used in)/provided by operating activities	12(b)	<u>(8,169)</u>	<u>(3,285)</u>
Cash flows from investing activities			
- Payment for plant and equipment		(433)	-
Net cash (used in) investing activities		<u>(433)</u>	<u>-</u>
Cash flows from financing activities		-	-
Net cash (used in) financing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash held		(8,602)	(3,285)
Cash and cash equivalents at the beginning of the year		<u>50,883</u>	<u>54,168</u>
Cash and cash equivalents at the end of the year	12(a)	<u><u>42,281</u></u>	<u><u>50,883</u></u>

The accompanying notes form part of these financial statements.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by General Surgeons Australia are stated to assist in a general understanding of these financial statements. These policies have been consistently applied except as otherwise indicated.

The financial report constitutes a general purpose financial report which has been drawn up in accordance with Accounting Standards and other authorities pronouncements of the Australian Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

(a) Basis of Accounting

The financial report has been prepared on the historical cost basis and except where stated, does not take into account current valuations of non-current assets.

The carrying amounts of non-current assets does not exceed the net amounts that are expected to be recovered through cash inflows and outflows arising from their continued use and subsequent disposal. The expected net cash flows included in determining the recoverable amounts have not been discounted to their present values.

(b) Depreciation of Plant and Equipment

Depreciation is provided on the straight-line basis, at rates which will fully depreciate assets over their estimated useful lives to the company. Profits and losses on disposal of plant and equipment are taken into account in determining the result for the year.

<u>Class of Asset</u>	<u>Rate of Depreciation</u>
Computer hardware/software	25% - 33%

(c) Income Tax

The company is not liable for income tax as it is a non-profit organisation within the meaning of Division 50 of the Income Tax Assessment Act 1997.

(d) Limited by Guarantee

General Surgeons Australia is a company limited by guarantee. The amount of capital which is capable of being called up in the event of and for the purpose of the winding up of the company is limited to \$1.00 per member.

(e) Accounts Receivable

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(f) Accounts Payable

Accounts payable represent the principal amounts outstanding at balance date plus, where applicable, any accrued interest.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue Recognition

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

Membership subscriptions

Membership subscriptions are brought to account when invoiced on an annual basis throughout the membership period.

Meetings/Workshops

Meeting & Workshop revenue is not recognised until the meeting or workshop has been held.

(h) Conferences/Seminars

Conferences/seminars are an outsourced activity. Net income/expense has been recognised in the current financial year.

(i) Cash and Cash Equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consists of cash and cash equivalents as defined above.

(j) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first financial report prepared based on AIFRS. After consideration of the requirements of AIFRS, no restatement of comparative balances as at 31 December 2004 is deemed necessary.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
2. OTHER INCOME		
Interest	1,254	1,270
	<u>1,254</u>	<u>1,270</u>
	<u><u>1,254</u></u>	<u><u>1,270</u></u>
3. EXPENSES AND LOSSES/(GAINS)		
Surplus/(deficit) from ordinary activities includes the following specific expenses and losses/(gains):		
Expenses:		
Depreciation/amortisation - plant and equipment	926	919
	<u>926</u>	<u>919</u>
4. MEMBERS' FUNDS		
Accumulated Surplus		
Balance at beginning of the financial year	48,465	65,710
Total changes in funds	(8,102)	(17,245)
	<u>40,363</u>	<u>48,465</u>
	<u><u>40,363</u></u>	<u><u>48,465</u></u>
5. CASH & CASH EQUIVALENTS		
Cash at bank	42,059	50,883
Cash on hand	222	-
	<u>42,281</u>	<u>50,883</u>
	<u><u>42,281</u></u>	<u><u>50,883</u></u>
6. RECEIVABLES		
Trade debtors	4,081	2,184
Other receivables	118	147
	<u>4,199</u>	<u>2,331</u>
	<u><u>4,199</u></u>	<u><u>2,331</u></u>
Trade debtors consist of invoices to Members prior to 31 December 2005 for Membership Subscriptions relating to the 2004/2005 financial year.		
7. INVENTORIES		
Ties – at cost	3,016	3,090
	<u>3,016</u>	<u>3,090</u>
	<u><u>3,016</u></u>	<u><u>3,090</u></u>

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005	2004
	\$	\$
8. PLANT AND EQUIPMENT		
Plant and equipment - at cost	3,365	2,932
Accumulated depreciation	(3,076)	(2,150)
	<u>289</u>	<u>782</u>
Total plant and equipment	<u><u>289</u></u>	<u><u>782</u></u>

Reconciliations

Reconciliations of the carrying amount of plant and equipment at the beginning and end of the current financial year is set out below:

Plant and Equipment at cost

Carrying amount at 1 January	782	1,701
Additions	433	-
Depreciation	(926)	(919)
	<u>289</u>	<u>782</u>
Carrying amount at 31 December	<u><u>289</u></u>	<u><u>782</u></u>

9. PAYABLES

Trade accounts payable	7,165	7,178
Other	2,257	1,443
	<u>9,422</u>	<u>8,621</u>

10. AUDITORS' REMUNERATION

Amounts received or due and receivable by the auditors for:

Auditing services	6,200	6,200
	<u>6,200</u>	<u>6,200</u>

11. REMUNERATION OF DIRECTORS

Total income received or due and receivable by Directors	<u>-</u>	<u>-</u>
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The non-executive Directors of the company serve voluntarily and do not receive any income for their services.

Average number of employees during the financial year	1	1
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**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

12. STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2005	2004
	\$	\$
Cash at Bank	42,059	50,883
Petty Cash	222	-
	<u>42,281</u>	<u>50,883</u>

(b) Reconciliation of net cash provided/(used in) operating activities to operating surplus

Operating deficit	(8,102)	(17,245)
Depreciation	926	919
Changes in assets and liabilities:		
(Increase)/decrease in trade debtors	(1,897)	13,655
(Increase)/decrease in inventories	74	37
(Increase)/decrease in other assets	28	244
Increase/(decrease) in accounts payable	(13)	95
Increase/(decrease) in provision for employee entitlements	815	(990)
Net cash (used in)/provided by operating activities	<u>(8,169)</u>	<u>(3,285)</u>

13. SEGMENT INFORMATION

General Surgeons Australia is involved in the promoting of the interests of General Surgeons predominantly in Australia.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

14. FINANCIAL INSTRUMENTS

Interest rate risk

The entity's exposure to interest rate risk and the weighted average interest rate for classes of financial assets and liabilities is set out below:

2005	Non interest bearing \$	Floating interest rate \$	Fixed interest rate		Total \$
			1 year or less \$	1 to 5 years \$	
Financial assets:					
Cash	222	42,059	-	-	42,281
Receivables	4,081	-	-	-	4,081
	<u>4,303</u>	<u>42,059</u>	<u>-</u>	<u>-</u>	<u>46,362</u>
Interest rates	-	3.35%	-	-	
Financial liabilities:					
Creditors	7,165	-	-	-	7,165
	<u>7,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,165</u>
Interest rates	-	-	-	-	
Net financial assets	<u>(2,862)</u>	<u>42,059</u>	<u>-</u>	<u>-</u>	<u>39,197</u>
2004	Non interest bearing \$	Floating interest rate \$	Fixed interest rate		Total \$
			1 year or less \$	1 to 5 years \$	
Financial assets:					
Cash	-	50,883	-	-	50,883
Receivables	2,184	-	-	-	2,184
	<u>2,184</u>	<u>50,883</u>	<u>-</u>	<u>-</u>	<u>53,067</u>
Interest rates	-	3.1%	-	-	
Financial liabilities:					
Creditors	7,178	-	-	-	7,178
	<u>7,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,178</u>
Interest rates	-	-	-	-	
Net financial assets	<u>(4,994)</u>	<u>50,883</u>	<u>-</u>	<u>-</u>	<u>45,889</u>

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

14. FINANCIAL INSTRUMENTS (CONTINUED)

Credit Risk Exposure

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

Financial Instruments on Statement of Financial Position

The credit risk on financial assets, excluding investments of the entity which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The entity is not materially exposed to any individual debtor.

Net Fair Values of Financial Assets and Liabilities

The carrying amounts of bank accounts, term deposits, bank bills, accounts receivables and payables, funds held in trust all approximate net fair value.

15. CONTINGENT MATTERS SUBSEQUENT TO BALANCE DATE

There are no contingent matters to report.

16. TRANSITION TO AIFRS

For all periods until 31 December 2004, General Surgeons Australia prepared its financial statements in accordance with Australian generally accepted accounting practice (AGAAP). These financial statements for the year ended 31 December 2005 are the first the entity is required to prepare in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS).

Accordingly, the entity has prepared financial statements that comply with AIFRS applicable for the periods beginning on or after 1 January 2005 and the significant accounting policies meeting those requirements are described in note 1. In preparing these financial statements, the Group has started from an opening balance sheet as at 1 January 2005 which was that date of the entity's transition to AIFRS.

There were no adjustments or restatements required to the AGAAP balance sheet as at 1 January 2005 as a result of the transition to AIFRS.

**GENERAL SURGEONS AUSTRALIA
DIRECTORS' DECLARATION**

In the opinion of the Directors of General Surgeons Australia:

- (a) the accompanying financial report and notes are in accordance with the Corporations Act 2001, comply with the Accounting Standards and give a true and fair view of the Company's financial position as at 31 December 2005, and of its performance for year ended on that date; and
- (b) at the date of this declaration, 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 in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Shaw', written over a horizontal line.

Chairman (President)
3 April 2006

**INDEPENDENT AUDIT REPORT TO MEMBERS OF
GENERAL SURGEONS AUSTRALIA**

Scope

The Financial Report and Directors' Responsibility

The financial report comprises the statement of changes in equity, income statement, balance sheet, cash flow statement and accompanying notes to the financial statements, and the director's declaration for General Surgeons Australia, for the year ended 31 December 2005.

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 have conducted an independent audit in order to express an opinion to the members of General Surgeons Australia. 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.

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 for General Surgeons Australia is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of General Surgeons Australia's financial position as at 31 December 2005 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.

PKF
Chartered Accountants

26 April 2006
Melbourne

J. Pasiak
Partner

26 April 2006

The Directors
General Surgeons Australia
Royal Australasian College of Surgeons
Spring Street
MELBOURNE VIC 3000

Dear Directors

INDEPENDENCE DECLARATION

As lead audit partner for the audit of the financial report of General Surgeons Australia for the financial year ended 31 December 2006 and in accordance with section 307C of the Corporations Act 2001, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

PKF



J A Pasias
Partner