

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 2006

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 2006**

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**GENERAL SURGEONS AUSTRALIA
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006**

Your Directors submit the following report for the financial year ended 31 December 2006.

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 to 18 May 2006)**

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. 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 2000-2004. Coopted GSA Queensland State Representative May 2000-2004. Member of Australian and New Zealand Audit of Surgical Mortality Steering Committee since 2005. Elected GSA Queensland State Representative since May 2004. GSA President 2004-2006. RACS Speciality Councillor for General Surgery since June 2004.

**Truskett, Mr Philip Gregory
(President from 25 July 2006
Vice President to 25 July 2006)**

MBBS, FRACS. General Surgeon with sub-specialist interests in Upper-Gastrointestinal, Hepatobiliary, and Trauma Surgery. Member of RACS Early Management of Severe Trauma Committee since 2001. Member of RACS Care of the Critically Ill Surgical Patient Committee since 2002. Member of RACS International Committee since 2006. Member of RACS Infection Control Committee since 2004. Ex-Officio member of RACS Board in General Surgery since 2004. Member of RACS Court of Examiners in General Surgery since 2004. Coopted GSA NSW State Representative May 2002-2004. Chairman, RACS NSW State Committee since 2006. Elected GSA New South Wales State Representative since May 2004. GSA Vice President 2004-2006. GSA President since July 2006.

**Campbell, Mr Graeme John
(Vice President: Appointed 25 July
2006)**

MBBS, FRACS. General Surgeon with sub-specialist interests in Rural Surgery, Breast Surgery, and Skin Melanoma. Member of RACS Board in General Surgery and RACS Victorian Board in General Surgery since 2005. Member of RACS Divisional Group of Rural Surgery (DGRS) Executive Committee since 2003. Member of RACS Rural Craft Group Audit Steering Committee since October 2006. Member of RACS Section of Breast Surgery and Victorian Hand Surgery Society. Secretary of RACS Victorian State Committee since July 2006. Coopted GSA DGRS Representative and GSA Victorian State Committee Representative since July 2006.

1. BOARD OF DIRECTORS (CONT'D)

**Pitcher, Ms Meron Edith
(Secretary/Treasurer)**

MBBS, FRACS. General Surgeon with sub-specialist interests in Breast Surgery and Surgical Oncology. 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 2002-2004. Member of Victorian Board in General Surgery since 2005. Member of Radiation Safety Guidelines Working Party since 2006. GSA Professional Development and Standards Board Representative since 2004. Coopted GSA Victorian State Representative May 2002-2004. Elected GSA Victorian State Representative since May 2004. GSA Secretary/Treasurer since July 2005.

**Cade, Mr Richard James
(Retired 2 June 2006)**

MBBS, FRACS. General Surgeon with sub-specialist interests in Upper Gastrointestinal and Hepatobiliary Surgery. Member of RACS Section of Upper GI/HPB Surgery, and RACS Endosurgery Group. Ex-Officio member of RACS Board in General Surgery 2003-2006. Member of RACS Court of Examiners in General Surgery 1997-2006. Senior Examiner, RACS Court of Examiners in General Surgery 2004-2006. GSA Court of Examiners Representative (Ex-officio) 2004-2006.

**Cox, Dr Michael Robert
(Appointed 1 January 2006)**

MBBS, MS, FRACS. General Surgeon with sub-specialist interests in Upper-Gastrointestinal, Hepatobiliary, and Obesity Surgery. Member of RACS Section of Upper GI/HPB Surgery. Member of Australian Medical Association. Member of RACS Surgical Education and Training Working Party since May 2006. Member of RACS Court of Examiners in General Surgery since 2004. Member of RACS Board of Specialist Surgical Training since 2005. Chairman, RACS Board of General Surgery since 2005. GSA Board in General Surgery Representative (Ex-officio) since January 2006.

Danne, Assoc Prof Peter David

MBBS, FACS, FRACGP, M.D., FACS, FRACS. General Surgeon with sub-specialist interests in Colorectal and Trauma 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 since 2001. Member of RACS Trauma-Education & Curriculum Development Sub-Committee, Trauma-Systems Performance Improvement & Registries Sub-Committee, and Trauma-Verification Sub-Committee since 2001. Member of RACS DSTC Course Ad Hoc Committee since 2001. Member of National Trauma Register Consortium since 2001. Member of Disaster Preparedness Working Party since 2005. Past Chairman and Member of RACS Victorian State Committee. Coopted GSA Trauma Group Representative since May 2002.

1. BOARD OF DIRECTORS (CONT'D)

- Foster, Mr Hamish Cromie McArthur** MBBS, B.Sc., MS, FRCS, FACS, FICS, 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. Past Director of General Surgery, Royal Darwin Hospital. Past Associate Professor of Surgery, NT Clinical School. Chairman, RACS Military Surgery Executive since 2005. Previous coopted GSA Queensland State Representative 2004, and Northern Territory Representative 2005. Coopted Military Surgery and Regional Surgery Representative since 2006.
- Gani, Mr Jonathan Stephen** M.B. CH.B, FRCS, FRACS, MD. General Surgeon with sub-specialist interests in Upper-Gastrointestinal, Hepatobiliary, and Colorectal Surgery. Member and Chairman of RACS Section of Upper GI/HPB Surgery since 2003. 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 Endosurgery Group. Member of RACS Access to Elective Surgical Care Working Party since 2004. Treasurer of RACS Divisional Group of Rural Surgery since 2001. 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 interests in Surgical Oncology, Breast Surgery, Skin Melanoma, Upper Gastrointestinal and Hepatobiliary Surgery. Member of RACS Section of Breast Surgery. Member of RACS Victorian Board in General Surgery since 2006. Chairman of RACS Surgical Oncology Group since 2004. Coopted GSA Surgical Oncology Group Representative since May 2004.
- Mosse, Mr Charles
(Retired 10 July 2006)** MBBS, FRACS. General Surgeon with sub-specialist interests in Upper Gastrointestinal and Hepatobiliary Surgery. Member of RACS Section of Upper GI/HPB Surgery. Member of RACS NSW Regional Board in General Surgery since 2003. Member of RACS ACT Regional Committee since 2006. Member of Fundamentals of Laparoscopic Surgery Advisory Group since 2006. Coopted GSA Younger Fellows Representative and GSA Australian Capital Territory Representative 2004-2006.
- Oliver, Mr David John
(Appointed 25 July 2006)** MBBS, FRACS. General Surgeon with sub-specialist interests in Breast and Endocrine Surgery. Member of RACS Section of Breast Surgery, and RACS Section of Endocrine Surgery. Member of Australian Medical Association. Member of National Breast Cancer Audit Clinical Advisory Committee since 2005. Chairman, RACS Section of Breast Surgery since 2005. Coopted GSA Section of Breast Surgery Representative since July 2006.
- Sayed-Hassen, Akhtar Hussein
(Appointed 25 July 2006)** M.B. CH.B, FRACS. General Surgeon with sub-specialist interest in Upper Gastrointestinal Surgery. Member of RACS Section of Upper GI/HPB Surgery. Member of RACS Victorian Board in General Surgery since 2005. Member of RACS Victorian State Committee since 2006. Coopted GSA ASC Hong Kong 2008 Representative since July 2006.

1. BOARD OF DIRECTORS (CONT'D)

Serpell, Prof Jonathan William
(Appointed 25 July 2006)

MBBS, FACS, FRACS. General Surgeon with sub-specialist interests in Endocrine and Breast Surgery and Skin Melanoma. Member of RACS Section of Endocrine Surgery, RACS Section of Breast Surgery, and RACS Section of Academic Surgery. Member of ANZ Chapter American College of Surgeons. Member RACS Court of Examiners in General Surgery since 2002. Chairman, RACS Section of Endocrine Surgery since 2006. Coopted GSA Section of Endocrine Surgery Representative since July 2006.

Shannon, Mr Kerwin Frank

MBBS, FRACS. General Surgeon with sub-specialist interests in Head & Neck, Trauma, and Endocrine Surgery, Skin Melanoma, and Surgical Oncology. Member of RACS SST Hospital Supervisors – General since 2001. Member of RACS NSW Regional Board in General Surgery since 2001. Coopted GSA Head & Neck Group Representative since June 2000.

Sweeney, Mr James Leslie
(Appointed 25 July 2006)

MBBS, FRACS. General Surgeon with sub-specialist interest in Colorectal Surgery. Previous Chairman, RACS Section of Colorectal Surgery. Coopted GSA Section of Colorectal Surgery Representative 2001-2002. Member of RACS Section of Colon and Rectal Surgery. Member of Australian Medical Association. Member of RACS South Australia Board in General Surgery since 2005. Ex-Officio member of RACS Board in General Surgery since 2006. Senior Examiner, RACS Court in General Surgery since 2006. GSA Court of Examiners Representative (Ex-officio) since July 2006.

Van Rij, Prof Adrianus (Andre) Marie

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, RACS Section of Academic Surgery, and RACS Division of Vascular Surgery. Member of RACS Surgical Audit Committee since 2001. Member of RACS Surgical Competence and Performance Working Party since 2005. Member of Rowan Nicks Committee since 2002. President of New Zealand Association of General Surgeons (NZAGS). Coopted GSA NZAGS Representative since March 2005.

Wall, Mr Daryl Robert

MBBS (First Class Honours), FRACS (74). General Surgeon with sub-specialist interest in Transplantation, Trauma, Upper Gastrointestinal, and Hepatobiliary 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 since 1999. Member of RACS Section of General Surgery. Member of DSTC Course Ad Hoc Committee since 2006. Chairman, RACS Trauma Regional Sub-Committee. Chairman, National Road Trauma Advisory Committee. Coopted Member of RACS Queensland State Committee since 2006. Australian Sports Medal. Coopted GSA Section of General Surgery Representative since May 2000.

1. BOARD OF DIRECTORS (CONT'D)

Wetzig, Mr Neil Robert
(Retired 17 May 2006)

MBBS, FRACS, FRCS (England). General Surgeon with sub-specialist interests 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. Past 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 2004-2006.

Wilson, Mr Thomas Graham

MBBS, FRACS. General Surgeon with sub-specialist interests in Upper Gastrointestinal, Hepatobiliary, and Obesity Surgery. Member of RACS Section of Upper GI/HPB Surgery, RACS Section of Transplantation Surgery, and RACS Endosurgery Group. Member of RACS Court of Examiners 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.

**GENERAL SURGEONS AUSTRALIA
DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2006**

2. 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.

3. RESULTS OF OPERATIONS

The net operating result for the year ended 31 December 2006 was a surplus of \$1,195 (2005: loss \$8,102).

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.

4. REVIEW OF OPERATIONS

In this financial year the company continued its strong involvement in promoting Continuing Professional Development opportunities for its members, including Risk Management workshops, Definitive Surgical Trauma Care (DSTC) courses, and Skills Workshops in surgical techniques such as Laparoscopic Antireflux Surgery, Microsurgical Vasectomy Reversal, Laparoscopic Inguinal Hernia Repair, Laparoscopic Suturing & Tissue Approximation Techniques, and Vascular Ultrasound. GSA also promoted other surgical education opportunities for its members, including the Colorectal Hand-Assisted Laparoscopic Surgery Workshop, the Head & Neck Surgery Cadaver Dissection Course, the 2nd International Laparoscopic Colorectal Workshop, the SWAN XIV Trauma Conference, and the Annual Scientific Meetings of both the New Zealand Association of General Surgeons (NZAGS) and the Association of Surgeons of Great Britain and Ireland (ASGBI).

Sponsorship was provided for the key-note speaker at the Provincial Surgeons Association Annual Scientific Meeting in Kalgoorlie in November. The company was also involved in promoting surgical research projects, including a DVD pilot project of General Surgery Techniques for surgical trainees. GSA continued to strengthen its relationship with both NZAGS and ASGBI, and continued to work with these groups to promote the interests of General Surgeons and surgical trainees. Operating costs were significantly reduced in this financial period. Revenue from subscriptions, tie sales, advertising, and interest income contributed towards the surplus 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 meet in early 2007 to develop a five-year Strategic Plan, with the view to assuming responsibility for the RACS surgical training program in General Surgery. Other initiatives will include developing a website for members, reviewing therapeutic procedures on the Medicare Benefits Schedule and advocating for increased remuneration for General Surgeons, and renegotiating a Service Agreement with RACS for the provision of services to all General Surgeons. Promotion of professional development activities for GSA members will also continue, and the company will begin planning for a stand-alone scientific meeting for its members in September 2008.

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 2006**

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 to 18 May 2006)	3	3
Truskett, P (President from 25 July 2006)	5	5
Campbell, G (Vice President; Appointed 25 July 2006)	4	4
Pitcher, M (Sec/Treasurer)	5	5
Cade, R (Retired 2 June 2006)	1	0
Cox, M (Appointed 1 January 2006)	3	1
Danne, P	5	4
Foster, H	3	0
Gani, J	3	1
Mackie, W	3	1
Mann, G B	3	1
Mosse, C (Retired 10 July 2006)	1	0
Oliver, D (Appointed 25 July 2006)	2	1
Sayed-Hassen, A (Appointed 25 July 2006)	2	1
Serpell, J (Appointed 25 July 2006)	2	1
Shannon, K	3	1
Sweeney, J (Appointed 25 July 2006)	2	0
Van Rij, A	3	2
Wall, D	3	1
Wetzig, N (Retired 17 May 2006)	1	1
Wilson, T	5	3

12. DIRECTORS' BENEFITS

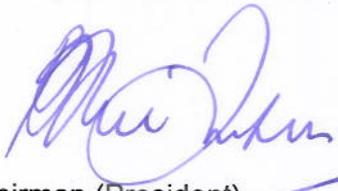
Since the end of the previous financial year no Director has received or become entitled to receive a benefit other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the accounts by reason of a contract made by the company or a related 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.

13. AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The Auditor's Independence Declaration is set out on page 25 and forms part of the Director's Report for the year ended 31 December 2006.

**GENERAL SURGEONS AUSTRALIA
DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 31 DECEMBER 2006**

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

A handwritten signature in blue ink, appearing to read 'Muir' followed by a surname that is partially obscured and difficult to decipher. The signature is written in a cursive style.

Chairman (President)
18 May 2007

**GENERAL SURGEONS AUSTRALIA
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 \$	2005 \$
Revenue			
Members' subscriptions		56,371	60,268
Sale of goods		140	70
Administration services income		-	1,250
Advertising income		64	55
Research Fund income		10,000	-
Cost of Sales - GSA Ties		(93)	(74)
		<u>66,482</u>	<u>61,569</u>
Other income	2	1,172	1,254
		<u>67,654</u>	<u>62,823</u>
Expenses from Commercial activities:			
RACS ASC 2006		(2,768)	-
RACS ASC 2005		-	(1,983)
ASGBI ASC Glasgow - April 2005		-	(10,609)
Executive Meeting Melbourne – November 2006		(2,459)	-
External professional services expense	10	(5,000)	(6,200)
Employee benefits expense		(35,765)	(34,033)
Administrative expense		(14,802)	(10,431)
Finance costs		(5,521)	(6,743)
Depreciation expense	3	(144)	(926)
		<u> </u>	<u> </u>
Profit (Loss) for the period	4	<u>1,195</u>	<u>(8,102)</u>

The accompanying notes form part of these financial statements.

**GENERAL SURGEONS AUSTRALIA
BALANCE SHEET
AS AT 31 DECEMBER 2006**

	Notes	2006 \$	2005 \$
CURRENT ASSETS			
Cash and cash equivalents	5	42,781	42,281
Trade and other receivables	6	4,164	4,199
Inventories	7	2,923	3,016
TOTAL CURRENT ASSETS		<u>49,868</u>	<u>49,496</u>
NON CURRENT ASSETS			
Plant and equipment	8	145	289
TOTAL NON CURRENT ASSETS		<u>145</u>	<u>289</u>
TOTAL ASSETS		<u>50,013</u>	<u>49,785</u>
CURRENT LIABILITIES			
Trade and other payables	9	8,455	9,422
TOTAL CURRENT LIABILITIES		<u>8,455</u>	<u>9,422</u>
TOTAL LIABILITIES		<u>8,455</u>	<u>9,422</u>
NET ASSETS		<u>41,558</u>	<u>40,363</u>
MEMBERS' FUNDS			
Accumulated surplus	4	41,558	40,363
TOTAL MEMBERS' FUNDS		<u>41,558</u>	<u>40,363</u>

The accompanying notes form part of these financial statements.

**GENERAL SURGEONS AUSTRALIA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Accumulated Surplus	Total Equity
	2006 \$	2006 \$
Balance at 1 January 2006	40,363	40,363
Net Surplus for the year	1,195	1,195
Balance at 31 December 2006	<u>41,558</u>	<u>41,558</u>

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

**GENERAL SURGEONS AUSTRALIA
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 Inflows/ (Outflows) \$	2005 Inflows/ (Outflows) \$
Cash flows from operating activities			
- Receipts from members and customers		66,610	60,954
- Payments to suppliers and employees		(61,761)	(69,123)
- Interest received		1,172	-
- Interest expense		(5,521)	-
Net cash provided (used in) by operating activities	12(b)	500	(8,169)
Cash flows from investing activities			
- Payment for plant and equipment		-	(433)
Net cash used in investing activities		-	(433)
Net increase/(decrease) in cash held		500	(8,602)
Cash and cash equivalents at the beginning of the year		42,281	50,883
Cash and cash equivalents at the end of the year	12(a)	42,781	42,281

The accompanying notes form part of these financial statements.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Surgeons Australia is a company limited by guarantee incorporated in Victoria, Australia. The registered office and principal place of business is c/- Royal Australasian College of Surgeons, 'College of Surgeons Gardens', Spring Street, Melbourne, Victoria. The principal activities of the company 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. The financial statements are presented in Australian dollars. The report was approved for issue by the Directors on the date the Declaration by Directors was signed.

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 Authoritative pronouncements of the Australian Standards Board, Urgent Issues Interpretations 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 do 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) Plant and equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

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.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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').

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories

Finished goods are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at reporting date using the Weighted Average Costs basis.

Cost comprises all costs of purchase.

(l) Impact of new or revised Australian Accounting Standards or Interpretation that are not yet effective

There have been a number of amendments made to Australian Accounting Standards which do not have application until future accounting periods.

It is not anticipated that the amendments will have a material impact on the financial reports in the periods of initial application.

AASB 7 "Financial Instruments : Disclosure" (and amendments made to other standards by AASB 2005-10) require more qualitative and quantitative information to be disclosed about risks arising from financial instruments. The new disclosures are to be made in financial reports for annual reporting periods commencing 1 January 2006. Application of AASB 7 will not result in changes to the amounts recognised in the financial report.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

	2006	2005
	\$	\$
2. OTHER INCOME		
Interest	1,172	1,254
	<u>1,172</u>	<u>1,254</u>
3. PROFIT/(LOSS) FROM OPERATIONS		
Surplus/(deficit) from operating activities includes the following specific expenses and losses/(gains):		
Expenses:		
Depreciation/amortisation - plant and equipment	144	926
	<u>144</u>	<u>926</u>
4. MEMBERS' FUNDS		
Accumulated Surplus		
Balance at beginning of the financial year	40,363	48,465
Total changes in funds	1,195	(8,102)
	<u>41,558</u>	<u>40,363</u>
5. CASH & CASH EQUIVALENTS		
Cash at bank	42,530	42,059
Cash on hand	251	222
	<u>42,781</u>	<u>42,281</u>
6. RECEIVABLES		
Trade debtors	3,850	4,081
Other receivables	314	118
	<u>4,164</u>	<u>4,199</u>
Trade debtors consist of invoices to Members prior to 31 December 2006 for Membership Subscriptions relating to the 2005/2006 financial year.		
7. INVENTORIES		
Ties – at cost	2,923	3,016
	<u>2,923</u>	<u>3,016</u>

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
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	2006 \$	2005 \$
8. PLANT AND EQUIPMENT		
Plant and equipment - at cost	3,365	3,365
Accumulated depreciation	(3,220)	(3,076)
	<u>145</u>	<u>289</u>
Total plant and equipment	<u><u>145</u></u>	<u><u>289</u></u>
Reconciliation of movements		
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	289	782
Additions	-	433
Depreciation	(144)	(926)
	<u>145</u>	<u>289</u>
Carrying amount at 31 December	<u><u>145</u></u>	<u><u>289</u></u>
9. PAYABLES		
Trade accounts payable	6,228	7,165
Other	2,227	2,257
	<u>8,455</u>	<u>9,422</u>
10. AUDITORS' REMUNERATION		
Amounts received or due and receivable by the auditors for:		
Auditing services	5,000	6,200
	<u>5,000</u>	<u>6,200</u>
11. REMUNERATION OF DIRECTORS		
Total income received or due and receivable by Directors	<u><u>-</u></u>	<u><u>-</u></u>

The non-executive Directors of the company serve voluntarily and do not receive any income for their services.

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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:

	2006 \$	2005 \$
Cash at Bank	42,530	42,059
Petty Cash	251	222
	<u>42,781</u>	<u>42,281</u>

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

Operating surplus/(deficit)	1,195	(8,102)
Depreciation	144	926
Changes in assets and liabilities:		
Decrease/(Increase) in trade debtors	35	(1,897)
Decrease in inventories	93	74
Decrease in other assets	-	28
(Decrease) in accounts payable	(967)	(13)
Increase in provision for employee entitlements	-	815
Net cash provided/(used in) by operating activities	<u>500</u>	<u>(8,169)</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 2006**

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:

2006	Non interest bearing \$	Floating interest rate \$	Fixed interest rate		Total \$
			1 year or less \$	1 to 5 years \$	
Financial assets:					
Cash	251	42,530	-	-	42,781
Receivables	3,850	-	-	-	3,850
	<u>4,101</u>	<u>42,530</u>	<u>-</u>	<u>-</u>	<u>46,631</u>
Interest rates	-	4.10%	-	-	
Financial liabilities:					
Creditors	6,228	-	-	-	6,228
	<u>6,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,228</u>
Interest rates	-	-	-	-	
Net financial assets	<u>(2,127)</u>	<u>42,530</u>	<u>-</u>	<u>-</u>	<u>40,403</u>
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>

**GENERAL SURGEONS AUSTRALIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**

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 LIABILITIES AND COMMITMENTS

There are no matters to report, relating to contingent assets or liabilities, or any capital commitments.

16. SUBSEQUENT EVENTS

There are no events subsequent to balance date that require disclosure in the financial report.

**GENERAL SURGEONS AUSTRALIA
DIRECTORS' DECLARATION**

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 11 to 22 are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2006 and of the performance for the financial year ended on that date of the company and the economic entity.
2. In the sole director's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable for the reasons set out in Note 1 to the financial statements.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'Paul Jones', is written over the text 'Signed in accordance with a resolution of the directors.'

Chairman (President)
18 May 2007

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 2006.

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 2006 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.



Chartered Accountants

A handwritten signature in black ink, appearing to read 'J Pasias', with a long horizontal line extending to the right.

J Pasias
Partner

18 May 2007
Melbourne

18 May 2007

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

Dear Sirs

INDEPENDENCE DECLARATION

As lead engagement partner for the audit of General Surgeons Australia and its controlled entities for the year ended 31 December 2006, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit of General Surgeons Australia; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



PKF
Chartered Accountants



J Pasias
Partner