



AOA

AUSTRALIAN
ORTHOPAEDIC
ASSOCIATION

2009–2010
Annual
Report





OBJECTIVES OF THE AUSTRALIAN **ORTHOPAEDIC** ASSOCIATION

- To foster and maintain the highest standard of surgical practice and ethics in orthopaedic surgery
- To advance the practice of orthopaedic surgery
- To promote research into musculoskeletal conditions
- To provide postgraduate education in orthopaedic surgery and, as necessary, accreditation in orthopaedic surgery
- To support orthopaedic humanitarian initiatives in Australia and overseas
- To foster scientific interchange between orthopaedic surgeons
- To act as an authority and adviser in relation to musculoskeletal conditions and orthopaedic surgery

AUSTRALIAN ORTHOPAEDIC ASSOCIATION LIMITED

ABN 45 000 759 795





AOA

AUSTRALIAN
ORTHOPAEDIC
ASSOCIATION

ANNUAL Report

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2009–2010

The Australian Orthopaedic Association (AOA) is the peak professional body for orthopaedic surgeons in Australia. AOA provides high-quality specialist education, training and continuing professional development. AOA is committed to ensuring the highest possible standard of orthopaedic care and is the leading authority in the provision of orthopaedic information to the community. AOA actively supports scientific research and orthopaedic humanitarian initiatives, in Australia and overseas.

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REPORT to Members

President and Chairman of Board of Directors

Ian C Dickinson

I am pleased to present the President's Annual Report of the Australian Orthopaedic Association (AOA) for 2009–2010.

AOA has continued to perform well across all its fields of endeavour, as outlined in its Constitution and Strategic Plan.

First, I pay tribute to Ian Burgess, our recently departed Chief Executive Officer, who performed excellently in his role in taking AOA forward. We welcome Adrian Cosenza to the role and know he will do a similarly excellent job, having already shown evidence of this in the short time he has been with us.

AOA's Charter

As outlined in the Constitution, AOA's objects are, among others, to advance the practice of orthopaedic surgery; to act as an authority and adviser in relation to musculo-skeletal conditions and orthopaedic surgery; to foster and maintain the highest standards of surgical practice and ethics in orthopaedic surgery; and to provide postgraduate education in orthopaedic surgery and, as necessary, accreditation in orthopaedic surgery.

As outlined in its Strategic Plan, AOA has primary roles in educating orthopaedic surgeons both in their training as well as in practising life, and to facilitate the provision of quality orthopaedic services. It also has a charter to enhance its profile and branding, as well as to consolidate and expand its funding.

Education and Training

Our education and training program continues to prove second to none in the surgical disciplines in Australia. The enhancement of the curriculum, particularly with the rollout of an e-learning platform, maintains AOA at the forefront of surgical education. The advent of early entry into the Surgical Education and Training (SET) Program has elicited some concerns but, in general, the move to a competency-based training program means that those who can perform well at an earlier age are given the opportunity to do so, while still catering for others who may need more time to reach the appropriate standard.

Further developments will be necessary over the coming years to enhance not only the teaching program but also the assessment program prior to sitting the Fellowship examination. Ongoing performance assessment and, if necessary, potential remediation for those in training are essential to our aims.

Continuing Professional Development

The introduction of National Registration has led to a number of changes that will be felt throughout the medical college and association sphere. The first is that registration of Continuing Professional Development (CPD) must be affirmed annually. Orthopaedic surgeons will need to report that they have performed CPD at the standard set by AOA (and the Royal Australasian College of Surgeons). AOA's new online program facilitates the registering of CPD activities.

The most difficult—and also the most important—part of credentialling is that orthopaedic surgeons participate in an audit of their work. This helps to maintain appropriate standards. Participating in audited peer review as part of professional life remains a critical goal for our Association and its members.

National Joint Replacement Registry

Our National Joint Replacement Registry continues to provide clear guidelines on implant selection and world leadership in joint replacement. The community has benefited enormously in improved clinical outcomes and significant cost savings.

Subspecialty Societies

A close liaison with the subspecialty societies has been established, with a tri-annual meeting of the chairmen and presidents of the societies. This will enhance teaching and education programs for all orthopaedic surgeons. As well, some of the subspecialties are availing themselves of the opportunity to have their membership services run from within AOA Head Office.

Provision of Orthopaedic Services

AOA has continued to advocate for better access to elective and emergency care. Workforce

assessments demonstrate we are educating appropriate numbers of orthopaedic surgeons for the Australian community, but a problem of mal-distribution remains. The assimilation of international medical graduates who have been brought in to fill areas of need remains difficult. The provision of adequate access to public hospitals is inadequate in many areas of the country and in many aspects of practice.

However, we have strongly argued against inappropriate declaration of State-declared areas of need, where Australian orthopaedic surgeons are available to provide service. It has also become evident that there is highly inappropriate use of the Commonwealth Department of Health and Ageing's 'District of Workforce Shortage' provisions, such that an orthopaedic surgeon who still is under a moratorium in an area of need may take up a position in an area where many orthopaedic surgeons are already in practice. This provision has been used even when a surgeon has not completed his or her requirements for specialist registration. This matter is highly contentious and is being pursued rigorously.

Standards

Revisions to AOA's Code of Conduct have been finalised. The Code of Conduct and Position Statement on Interaction with Medical Industry are powerful statements of professional behaviour.

AOA has now commenced a program of developing clinical guidelines within critical areas of care.

The Fellowships Committee continues to oversee post-fellowship education, to ensure and maintain standards as orthopaedic surgeons seek further specialised education and training. The Committee has applied an appropriate diligence to the task of approving fellowship programs, as is obligatory in our role of setting and maintaining standards.

There has been considerable disappointment in the RACS approval of a Neurosurgical Association post-fellowship education and training program (PFET) in spine that demonstrated a lack of appropriate standards setting. Strong representations were made at all levels of RACS (including Council) about the inappropriateness of this program, but to no avail.

Advocacy

AOA has been very active in advocating against the potential for podiatrists to perform surgery under the new National Registration program. Little traction has been gained, as all boards of the various health professions (in this case, the Podiatry Board), can accredit programs within their own profession.

AOA has provided a concerted effort to improve the processes of digital imaging. Following excellent work by members of our Digital Imaging Committee, there is potential for roll out of the RACS guidelines which were created as a result, across all jurisdictions and also internationally.

Considerable input has been provided into the national health technology review process, primarily related to joint arthroplasty.

The State Chairmen continue to exercise great influence over matters within their jurisdictions and have served the community well by providing strong advocacy, particularly at the State government level.

Future Developments and Governance

In recent months, the Board has been investigating the possibility that AOA will form its own college for the purposes of education and training of orthopaedic surgeons, as well as the setting of standards.

A rigorous due diligence program is under way, and the Board is keen to

see the results of this before making any further decisions. Consultation with members has already been undertaken at a number of forums, and will continue.

Potential benefits and risks will be carefully analysed. From the point of view of the natural progression of AOA, in seeking more autonomy, it is clear that with our organisation's development at this stage we are well placed to seek accreditation from the Australian Medical Council.


However, there will be many points of view around this matter and we await the results of the investigations.

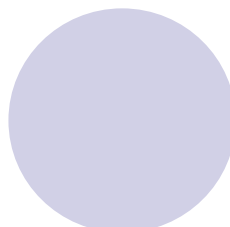
Conclusion

AOA continues to develop and evolve. The peak professional body representing orthopaedic surgeons and orthopaedic surgery, it continues to provide high-quality orthopaedic education and training both at pre- and post-fellowship level. It is the established authority on provision of orthopaedic care for the Australian community.

The Board has performed exceptionally well over the last year, and I am grateful to all the Board members who have supported me strongly and whose wisdom is deserving of the greatest respect. All of the staff have contributed diligently to our progress and I thank them also.

AOA was left in great shape by our former president, John Batten, and I pass on the reins to Bill Cumberland and wish him well for his term.

Finally, I wish to thank all of the AOA members who contribute in many ways large and small to the success of this organisation. It has been a pleasure to serve in my role as President. 





CEO Report

Chief Executive Officer

Adrian R Cosenza

The adoption of a refreshed and expanded Strategic Plan for 2010–2012 has affirmed the positive progress made by AOA in recent years in building the capabilities required to deliver improved services to members.

AOA continues to evolve and advance, and is at a pivotal moment in its history once again to consider establishing a college of orthopaedic surgeons, though much better placed than in the past.

Supporting Strategic Goals

The Board added two goals (to the existing three goals) as part of the refreshed strategic plan covering the period 2010–2012.

The first additional goal is to enhance AOA's continuing professional development program. During 2009–2010 AOA promoted continuing professional development to members with the launch of its web-based program *CPD Online*. Following an extensive education campaign, including one-on-one tutorials at various meetings, initial feedback from members has been overwhelmingly positive.

The second additional goal is for AOA to facilitate the provision of high-quality orthopaedic services. Comprehensive discussion and assessment regarding workforce planning has enabled more informed community debate on this important issue. Consistent also with the current goal of enhancing AOA's profile and branding, AOA has employed a Policy Manager, Kathy Hill, to help promote and advocate these (and other) matters amongst regulators, politicians and the wider community.

Improving Governance Practice

Complementing recent enhancements to AOA's Constitution, in 2009–2010 the Board implemented measures to further improve the effectiveness of the Board. These included a refreshed assessment and appointment of Board members to various committees (in line with the terms of reference for Board Committees revised in 2008–2009); continuing director education;

and discussion of a key revision of the duties of directors and officers. Experts in governance provided valuable guidance and advice.

The Annual General Meeting has been properly re-focused on business matters. The Board established the Members Forum to provide a conduit for greater communication and transparency of the Board's activities. The inaugural Members Forum in October 2009 proved to be a constructive and timely opportunity for discussion on key issues facing the profession. Discussion was open and transparent, with differing views, concerns and solutions being expressed in a collegiate debate. Such debate contributed to the Board's development of strategies to address these matters.

The Board approved a revised Position Statement on Interaction with Medical industry, as well as an enhanced AOA Code of Conduct for Members.

Membership

The number of new Associates for 2009–2010 was 57, compared with 104 for the previous financial year. Due to the success of the membership drive in 2008–2009, there were fewer outstanding candidates to 'chase' in 2009–2010.

The number of new Fellows in 2009–2010 greatly increased to 76 over the previous financial year when 36 new Fellows were accepted. This shows a renewed interest and understanding of the importance of full voting membership (Fellowship), and stems from a more rigorous membership invitation campaign.

AOA's Brand

AOA's new brand was implemented more widely throughout the Association, further emphasising our key values of professionalism, excellence and quality.

New branded stationery was provided to and welcomed by all State branches. New logos were designed for associated organisations, such as AOA Registrars and Orthopaedic Outreach, to

reflect their close relationship with AOA.

Increasingly AOA members have warmed to the Association's new look, appreciating its contemporary image combined with the organisation's history. This will continue with the opportunity for members of the Association to use a specially developed AOA Fellow's logo on their letterhead.

Communication with Members

The monthly eNewsletter continues to be a 'must-read' for members. Its role in regularly conveying AOA and related news in a concise, snapshot format is invaluable. Its function has also been successfully extended to the New South Wales and Victorian branches, which now distribute e-newsletters to their members.

The new-look *Bulletin* is well established, with a wide appreciation of both its content and appearance. It serves as a statement of record for AOA's important developments yet also provides more general reading on themes relevant to orthopaedic surgeons. In recognition of its appeal to members, the *Bulletin* also attracts increasing advertising revenue from medical industry.

Member usage of the AOA website

is increasing, particularly since the implementation of *CPD Online*. More members now pay their membership fees online, update their personal details in the membership database, and seek information from the site. A further upgrade of design and functionality is planned for 2010–2011, to enhance ease of use.

Jill Wayment, as Publishing Manager, continues to drive the greatly improved standards of AOA's branding and communications.

Training and Education

Following an 18-month review by the Federal Training Committee and Education Subcommittee, a formalised curriculum is nearing completion and is currently being trialled by trainees and supervisors on a new electronic learning platform (eLC). E-assessment tools are being gradually introduced to assist supervisors, trainees and administration staff in managing the necessary paperwork. The eLC is anticipated to grow exponentially in depth and scope over the next 12 months as learning opportunities are identified and validated.

AOA introduced an Education Sponsorship Fund, which facilitates the opportunity

for industry groups to invest in the SET program. Guidelines encourage active involvement and open communication on curriculum building, while upholding AOA's position on interaction with medical industry. This an exciting and innovative development for AOA with very keen interest already expressed by many industry participants.

Premises

Following an extensive review period, new premises have been secured for AOA Head Office in Sydney. After some fit-out works, the new premises at 45 Clarence Street, Sydney, are expected to be ready for occupation towards the end of the calendar 2010 year.

AOA Team

Together with and also on behalf of my predecessor Ian Burgess, I acknowledge the outstanding contribution of AOA staff towards AOA's progress over the past year. As a newcomer to AOA, I observe an association that continues to mature and grow in many ways. I look forward to working constructively with the Board, staff and members of AOA in leading the Association in its next phase of growth and development. 





Education and Training Report

Chairman of Education and Training

Peter F M Choong

Regional Training Committees

The regional training committees (RTCs) have played a strong part in ensuring the success of our national training scheme. Input from all RTCs has been pivotal for dictating the position of AOA in terms of developing, maintaining and delivering a robust training program.

Training and practice are inextricably linked by standards that are set by the craft group and our RTCs have been committed to ensuring these standards are met. Each RTC Chair has represented the opinions of their relevant constituencies well, with spirited and robust discussions leading the way to consensus. David Wood and Gary Nielsen have stepped down from their positions as Western Australian and Queensland RTC Chairs, respectively. Both have been strong contributors to committee debate and their wisdom will be remembered. The Federal Training Committee (FTC) wishes to express its gratitude to these members who have served so diligently over the last number of years. We welcome their replacements: Omar Khorshid (WA) and Mark Maroney (QLD).

National Education Manager

Annie Gibbins has worked extremely hard with the RTCs, subspecialty groups and the curriculum committee to refine our education structure. This includes a more structured approach to the course curriculum, development of modules of assessment that are linked with competency, and a more robust system of ensuring that trainees, trainers and supervisors are supported in their respective tasks. Together with the Training team in the AOA head office, Annie's role has improved the efficiency and transparency of our training program.

AOA Registrars

The AOA Registrars representatives, Nicole

Walsh (2009) and Paul McEniery (2010) have provided the FTC with an invaluable perspective of training which has contributed significantly to the conduct of our training program. Specifically, registrar issues in relation to selection, safe working hours, in-training assessment and training post feedback have assisted the FTC to ensure that these important facets of our program are optimised.

New Zealand Orthopaedic Association

Kevin Karpic, Chair of the NZOA Education Committee, and the NZOA National Education Manager, Claire Nicoll, have been regular attendees at the BSET orthopaedic meetings. The New Zealand perspective has helped to shape many of our responses to local issues as we strive for commonality in many areas of training. The bi-national trans-Tasman relationship has fostered a stronger alliance between the New Zealand and Australian Training Committees as our training program moves towards a uniquely orthopaedic focus.

Selection

The 2010 selection process was undertaken with little angst. Central coordination of the process and the use of internet-based facilities has helped to streamline and improve the efficiency of selection. The numbers of candidates that were interviewed this year were fewer than last year because of methodology stipulated by BSET. The structure of the referee reports (IDRs) allowed for more input from surgeons and the interviews were structured to include a greater level of assessment of prior experience. These changes have allowed for greater satisfaction amongst the RTCs that registrars were being selected who matched merit with trainability.

The FTC has recognised that anatomy knowledge is central to orthopaedic training and will be emphasising this as a major selection criteria in future selections.

The Director of Education and Training, and the Director of the Orthopaedic Services Committee will continue to strongly represent the interests of the orthopaedic craft group of Australia and New Zealand, and much of the refinement of the selection process has been through the input of orthopaedic surgery.

Website/IT Review

The internet as a platform for improving the logistics of running a training program has been highlighted for some time. Under the previous CEO, work had been undertaken to develop an IT structure around the curriculum and assessment. Input from trainees, trainers and supervisors has been sought to refine the IT package before deployment.

Future

With the changing paradigm of community expectations, resource availability in public hospitals, undergraduate surgical education and subspecialty training, there will be a need for an ongoing review of what is required to train orthopaedic surgeons of the future.

The FTC will continue to examine the nature of core knowledge and skills that will be required of surgeons of the future and, to this end, will seek to strengthen the dialogue between subspecialty groups and the FTC. Methods of assessing competency and capability will also be high on the agenda and the FTC will continue to seek the support of members as trainers, assessors and supervisors.

As the peak body for orthopaedics, AOA through the FTC is committed to establishing and maintaining the standards for orthopaedic practice for the benefit of the community. [AOA](#)

Scientific Secretary's Report

David A F Morgan, OAM



The 12 calendar months spanning the second half of 2009 and the first half of 2010 have been just as exciting, rewarding and stimulating as the preceding year.

The Scientific Committee of the Board comprises members who work tirelessly, contribute positively and achieve at the highest levels. This Committee includes representatives from the Annual Scientific Meeting Organising Group, the Continuing Orthopaedic Education Committee, the Outreach Board and members from the AOA Research Foundation. The Chairman of the Continuing Professional Development Committee also sits with us.

Annual Scientific Meeting

The 2009 Annual Scientific Meeting, held in Cairns, continued the tradition of record attendances with scientific fare of the highest standard. National speakers were complemented by an excellent international faculty and the plenary sessions continued to evoke

much comment. A special session was devoted to 'The Fraudulent Use of CMBS Item Numbers'. At least one of the speakers provoked audible cremasteric contractions. The theme of Rural Orthopaedic Surgeons—Our True Super Specialists was made all the more topical by our tropical location.

Looking forward to the 2010 Annual Scientific Meeting in Adelaide, the theme will be Orthopaedic Surgeons in Modern Society. Provocative questions such as whether orthopaedic surgeons are better or just better off will be posed. Special sessions have been designed to explore the talents of our younger members, the intricacies of medical indemnity insurance and orthopaedics through the eyes of some of our international medical graduates.

Continuing Orthopaedic Education

The April 2010 COE Meeting was held in Sydney and masterfully constructed by Michael Neil. The topics revolved around total knee arthroplasty surgery and the full

spectrum of the topic was canvassed. The outstanding attendance continued right through to the very last session.

The July 2010 COE meeting was held in Melbourne. The theme, Orthopaedic Surgery—This Is Your Life, was also popularly received. Sharp focus shifted seamlessly from establishing an orthopaedic practice through to ultimate retirement. Matters financial, relationships with industry and the place of AOA within the Royal Australasian College of Surgeons were all explored in depth.

Symbiotic Relationships

Our strong bonds continue with Orthopaedic Outreach, the AOA Research Foundation and the Continuing Professional Development Committee. Regular attendance by the Chairmen of these Board affiliates adds to the impetus maintained by the science within our association.

It has been a pleasure to work with the Committee and to further the goals of education, training and clinical excellence within AOA. [AOA](#)

Continuing Professional Development Report

Chairman, CPD Committee

Scott A Fletcher



In 2010, the new AOA online CPD application was introduced. Early feedback has been positive. Members like the ease of use and the flexibility to be able to include all aspects of their own CPD participation.

The main AOA CPD key performance indicator is 90 per cent member compliance in an approved CPD program by the completion of 2010. Hopefully, the majority of members will use the AOA program.

Kerri Clarke, CPD Officer at AOA Head Office, has been busy helping those members who need assistance at 'start up'. Please contact AOA Head Office if you have any concerns regarding web access or in relation to CPD queries. The CPD site will also provide useful information on frequently asked questions.

Members are reminded of the convenience of the verification form found in Section 1: Surgical Audit and Peer Review. Every

year, the AOA will audit 3.5 per cent of its membership for compliance and the completion of this simple verification form will provide sufficient evidence for verification.

I would like to thank those members who have embraced the new CPD program. CPD compliance has been mandated by the Australian Medical Board, and the AOA program has been authorised for this purpose. For those who have yet to make a start...take the step. It is easier than you think! [AOA](#)





Professional Development and Standards Report

Chairman of Professional Development and Standards

Andreas H I Loeffler


This is the first report of a Chairman of Professional Development and Standards in our Association.

In this capacity I have attended all AOA Board meetings and Executive Committee meetings throughout 2009–2010.

A number of matters in regard to advertising by members have been brought to my attention during this year. While it is difficult to resolve all issues to everyone's satisfaction, I have communicated with the

parties concerned.

I have represented AOA on the Professional Development and Standards Board of the Royal Australasian College of Surgeons, attending the Board's meeting in Melbourne in June 2010. I have also participated in the RACS Code of Conduct Review Working Party.

With the assistance of AOA Head Office, a number of membership enquiries are ongoing. 



AOA Research Foundation

The AOA Research Foundation Limited is the research arm of AOA. It promotes and supports important research into musculoskeletal disorders by raising, managing and distributing funding for research.

Donations to the Foundation are tax-deductible and the Foundation accepts donations from AOA members and the general public. Importantly, all donations go


entirely toward research and are not used to administer the Foundation.

Although it is a separate legal entity, the Foundation has a formal Deed of Cooperation with AOA, with six of the eight directors of the Foundation being appointed by AOA.

Over the last decade, the Foundation has given over \$600,000 to support 70 research projects. In 2009–2010 the

Foundation provided \$250,000 to support five excellent projects.

AOA provides more than \$100,000 each year to support the Foundation's funding of research.

The Foundation receives essential financial sponsorship from the following companies: Stryker, DePuy, Zimmer and Smith & Nephew. 



ORTHOPAEDIC
OUTREACH

Orthopaedic Outreach

The Orthopaedic Outreach Fund Incorporated is the humanitarian outreach arm of AOA. Its principal goal is to provide surgical training and services to the underdeveloped countries of our region.

AOA and Outreach cooperate in the delivery of orthopaedic humanitarian initiatives, which is one of AOA's key objectives.

AOA provides more than \$100,000 each

year to support a range of orthopaedic humanitarian activities. AOA nominates three members to the Outreach Management Committee.

As an indication of this close relationship, in late 2009 Outreach redesigned its brand (logo, design and colours) to be more consistent with AOA's brand image.

Outreach enjoys deductible gift recipient status and is funded by donations from

AOA, the corporate world, Rotary and surgeons themselves.

During 2009–2010, AOA funded a range of humanitarian activities, including volunteer work by member surgeons of AOA, and the provision of surgical equipment in West Timor, Somalia, Cambodia, Fiji, Tonga, Vietnam and East Timor. 

NEW FELLOWS 2009–2010

ALLEN, Benjamin D	SA	DAMIANI, Maurizio	ACT	HUANG, Ke	NSW	PETANCESKI, Robert	WA
AMMON, Peter	WA	DAYANANDA, M W 'Neelika'	VIC	HUANG, Kevin J X	QLD	RIMMINGTON, Dale P	QLD
ASHTON, L Andrew	NSW	DONALD, Geoffrey R	QLD	HUSSAINI, Ishfaq A	VIC	ROONEY, John N	NSW
BALOGH, Zsolt	NSW	EDIS, David N	TAS	HUTABARAT, Simon R	NSW	SCOTT, John	QLD
BANSI, Pritpal	QLD	ERAK, Sani	WA	JANSEN, Stuart G	NSW	SEETO, Bradley G	NSW
BARWOOD, Shane A	VIC	FORSTER, Benjamin T	QLD	JARRETT, Paul M	WA	SEW HOY, Robert P	NSW
BAUZE, Adrian J	SA	FREIHAUT, Richard B	NSW	JHAMB, Alok K	QLD	STACKPOOL, Gregory J	NSW
BEAMOND, Ben	SA	FURZER, Russell I	TAS	JOHNSON, Michael B	VIC	TAMBA-LEBBIE, Bernard	QLD
BEGG, Malcolm J W	SA	GATEHOUSE, Simon C	QLD	JOVANOVIC, Alex	NSW	TAN, Simon D	NSW
BOECKSTEINER, Anita S	VIC	GINSBERG, Julien	NSW	KHAN, Riaz	WA	TETSWORTH, Kevin D	QLD
BOWYER, David J	VIC	HARBURY, Richard M C	NSW	KJAR, Richard	VIC	TONG, Michael F	QLD
BUELOW, Jens-Ulrich	WA	HARDIDGE, Andrew J	VIC	KLAR, Brendan P	ACT	VAN ESSEN, Gerrit J	SA
BURNS, Alexander W R	ACT	HARVEY, Gregory D	TAS	LAWSON, Richard D	NSW	VERTZYS, Nickolas D	NSW
CASS, Benjamin	NSW	HATFIELD, Angela	NSW	LEEKES, Nicole J	WA	WALKER, Peter M	NSW
CHEN, Darren B	NSW	HAU, Raphael C Y	VIC	LENNOX, Haig	QLD	WALLWORK, Nicholas A	SA
CHEW, David K	VIC	HENRY, Siobhan A	NSW	MACKIE, Scott	TAS	WEINRAUCH, Patrick	QLD
CRAWFORD, Scott A	QLD	HEWITT, Benjamin J	WA	McCLOSKEY, Eamonn	WA	WITTE, Benjamin J	WA
CUTBUSH, Ken	QLD	HOGAN, Gregory P	WA	NUSEM, Iulian	QLD	ZANDI, Homan	WA
DALTON, Philip A	QLD	HOLLAND, Simon A	VIC	PANOZZO, Albert A	USA/ACT	ZELLWEGER, René	WA

NEW ASSOCIATES 2009–2010

BAIRD, Robert	SA	HARTLEY, Matthew K	NSW	NG, De Juan	VIC	THORVALDSON, K 'Tom'	NSW
BRUÉRE, Willem F J	WA	HOPE, Benjamin R	QLD	NIHAL, Aneel	QLD	TRAN, Phong	VIC
BRUNELLO, Rohan A	QLD	JAARSMA, Ruurd	SA	NOUH, Fred	NSW	TUNGGAL, James A W	NSW
CABOT, Jonathan P	SA	JACKSON, Brett	VIC	PIPER, Kalman J	NSW	UNNI, Raghavan	VIC
CHIA, Andrew C M	VIC	JONES, Christopher T M	VIC	PRETORIUS, Willem J	QLD	VAN DER WESTHUIZEN, Jacob	QLD
CHIN, Raymond K K	NSW	JONES, Evan E	NSW	QURASHI, Suleman	NSW	WALLACE, Robert B	SA
CLARK, Gavin W	WA	KALAMARAS, Michaele	QLD	RAU, H Matthias	QLD	WARD, Jason N	SA
COLLINS, Brett	QLD	KEELEY, Anthony	NSW	ROBIN, Daniel A	VIC	WATTS, Sarah E	QLD
DIN, Robert	NSW	KHOO, Paul	WA	SARAVANJA, Davor D	NSW	WILKINSON, Matthew P R	QLD
DWYER, Tim	QLD	KOLARIK, Milos	QLD	SHAMIMUDEEN, Abdullah N	SA	WOOD, Robert J	VIC
GAMBOA, Gaugin	QLD	KULISIEWICZ, Gawel	NSW	SHOOTER, David R	QLD	YATES, Piers J	WA
GILL, David R M	NSW	LEONG, Anthony K L	NSW	SOLAIMAN, Rabi F	NSW	YEOH, Kwan M	NSW
GOEBEL, Sven P	WA	LYONS, Matthew C	NSW	TAWFIK, John	NSW		
GOMES, Bruno S	NSW	MILLER, Benjamin G	VIC	TAY, Guan H	VIC		
GRAY, Hamish S	QLD	MOURAD, Mohamad S	NSW	THOMAS, Bijoy	NSW		

DECEASED MEMBERS 2009–2010

Peter C Anderson, RFD	WA	Graham N Lewis	SA	Don Webb, AM	WA
Michael J Gallagher	QLD	James N Royle	NSW		

Board Committees as at 30 June 2010

Executive Committee
Academic Surgeons Committee
Advocacy Committee
Asia-Pacific Committee
Constitution and Regulations Review Committee
Continuing Professional Development Committee
Education and Training Committee
Regional Training Committees

Fellowships Committee
ABC Travelling Fellowship Committee
Finance and Investment Committee
Honours and Nominations Committee
Membership Committee
National Joint Replacement Registry Committee
NJRR Advisory Committee
Orthopaedic Services Committee
Professional Conduct and Standards Committee
Rural Surgeons Committee
Scientific Committee
Continuing Orthopaedic Education Committee
Subspecialty Presidents Committee

Chairman

I C Dickinson
D H Sonnabend
P E Viiret
J Bartlett
G E Mercer
S A Fletcher
P F M Choong
V J Mamo (NSW)
G V L Nielsen (QLD)
P D Brook (SA)
A B Weber (VIC/TAS)
D J Wood (WA)
K A Gordiev
R P Williams
G E Mercer
I C Dickinson
A H I Loeffler
G E Mercer
N R Bergman
G E Witherow
A H I Loeffler
V J Mamo
D A F Morgan, OAM
A W Wang
R P L Carey

Ad Hoc Committees and Working Groups

Code of Conduct Review Committee H W B Cumberland
Digital Imaging Committee J C Batten
Intergovernmental Agreement Committee I W Incoll
(National Registration)
Post-Fellowship Education and Training Working Group J B North
Relationships with ASOS, RACS and AMA Working Group H W B Cumberland

Honours & Awards 2009-2010

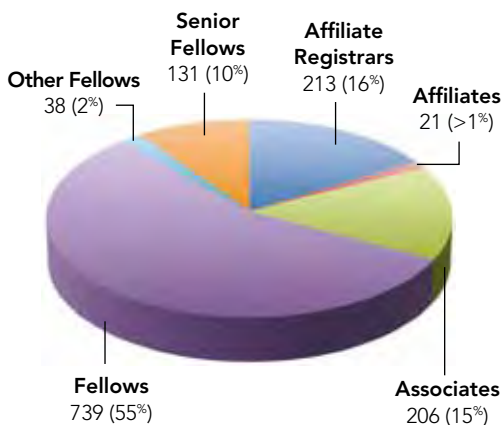
Awarded to
L O Betts Memorial Medal D M McNicol
Life Fellow J E Harris
W L Thomas
Medal for Meritorious Service J B North
W L Thomas
Award for Service to Orthopaedic Education R L Boulton
Award for Orthopaedic Research G I Bain
President's Award for Services to Orthopaedics in a Regional Area C Barnes

Annual Scientific Meeting Awards 2009

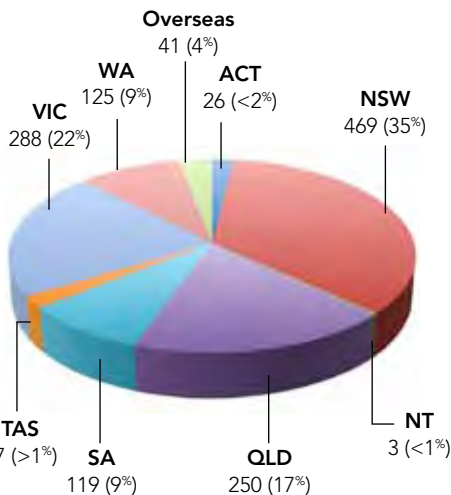
Evelyn Hamilton Award G I Bain
Gordon Kerridge Award M Wyatt

Member Types

Total membership as at 30 June 2010: 1,348

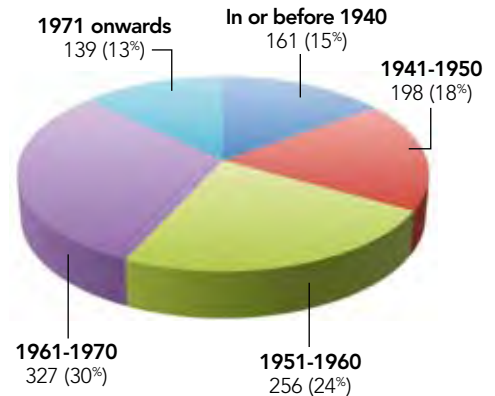


Members by State



Age Range of Practising AOA Members

Dates of birth by decade



Treasurer's Report

Graham E Mercer



As the economy emerged from the Global Financial Crisis this year, AOA posted a strong result compared to the previous year.

Total revenue for the year increased by 15 per cent and expenses by 13 per cent, resulting in a surplus for the year of \$640,276 compared to \$461,030 in 2008–2009.

Finance revenue declined from \$694,941 in 2008–2009 to \$614,192 in 2009–2010, due mainly to lower interest rates experienced in the current year because of the Global Financial Crisis. However, there was an unrealised gain of \$20,210 on managed funds in 2009–2010 compared to an unrealised loss in 2008–2009 of \$177,895. The overall result for finance revenue, therefore, was a net increase in 2009–2010 of \$109,680 compared to 2008–2009 after allowing for finance costs.

Continuing growth in member numbers

combined with an increase in subscription fee levels in line with the Consumer Price Index resulted in revenue from membership subscriptions growing by 16 per cent in the year. It is pleasing to see that the increased take-up of Associate membership by recently completed trainees observed in the 2008–2009 year continued in 2009–2010. Membership subscriptions as a proportion of total revenue increased slightly from 14.3 per cent in 2008–2009 to 14.5 per cent in 2009–2010.


Scientific meetings held during the 2009–2010 year were well attended, and revenue increased by 13 per cent on 2008–2009.

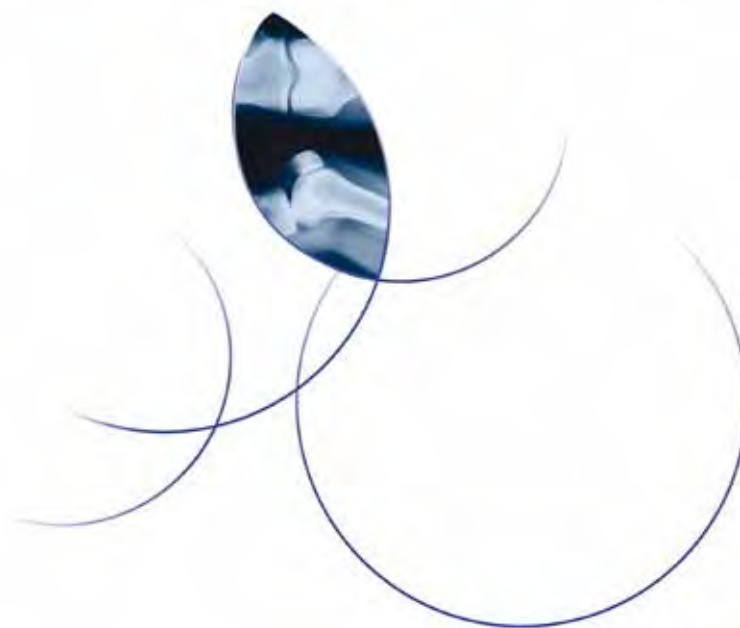
Accounting for all State Branches was transferred to AOA's Head Office during 2009–2010, and the surplus for the year includes \$75,941 from the Branches. The total surplus of \$640,276 for the year represents an increase over the previous year of 39 per cent, adjusted to 22 per cent compared to the previous year when the

Branch surpluses are excluded.

AOA's total assets increased 11 per cent to \$15,100,373 during the year, and Members' funds increased by 9 per cent to \$14,187,907.

The conservative investment policy adopted by AOA in previous years continued during the year under review, and current assets plus financial assets continue to comprise 93 per cent of total assets, as was the case in 2008–2009. Some respected economic commentators believe that a second wave of the Global Financial Crisis is likely, and AOA has formed the view that its cautious policy should be maintained for the time being. Managed funds at 30 June 2010 were \$9,344,029 compared to \$8,971,206 at 30 June 2009.

During year ended 30 June 2010 \$260,715 of grants were provided to the AOA Research Foundation, Orthopaedic Outreach and subspecialty societies. 



Directors' Report for the Year Ended 30 June 2010

Your directors present this report on the Australian Orthopaedic Association Limited for the financial year ended 30 June 2010.

Directors

The Directors in office at any time during the 2009–2010 financial year and until the date of this report were:

Director	Title *	Appointed/Resigned
J C Batten	President	Resigned 14/10/2009
I C Dickinson	President	Appointed 12/10/2007
H W B Cumberland	First Vice-President	Appointed 15/10/2008
G E Mercer	Second Vice-President/Treasurer	Appointed 24/04/2007
P W Brazel	Branch Director, QLD	Resigned 14/10/2009
R P Carey	General Director	Appointed 13/10/2006
P F M Choong	Chairman of Education and Training	Appointed 26/10/2004
S A Fletcher	Branch Director, TAS	Appointed 13/10/2006
K A Gordiev	Branch Director, ACT	Appointed 19/07/2008
I W Incoll	Branch Director, NSW	Appointed 21/02/2009
M A Johnson	Branch Director, VIC	Appointed 14/10/2009
A H Loeffler	Chairman of Professional Development and Standards	Appointed 19/05/2008
D A F Morgan	Scientific Secretary	Appointed 12/10/2007
P B Steadman	General Director	Appointed 23/02/2008
P E Viiret	Branch Director, SA	Appointed 15/10/2008
R P Williams	Branch Director, QLD	Appointed 14/10/2009
G E Witherow	Chairman of Orthopaedic Services and Branch Director, WA	Appointed 15/10/2008
R V Wuttke	Branch Director, VIC	Resigned 14/10/2009

* Title as at 30 June 2010 or upon resignation

Each Director is an orthopaedic surgeon.

Chief Executive and Company Secretary

A R Cosenza BCom, MCom, MBA (IMD), FCPA, FAICD, FFinsia (appointed 22 July 2010)

Directors as at 30 June 2010



Ian Dickinson



Bill Cumberland



Graham Mercer



Roy Carey



Peter Choong



Scott Fletcher



Katherine Gordiev



Ian Incoll



Michael Johnson



Andreas Loeffler



David Morgan



Peter Steadman



Peter Viiret



Richard Williams



Greg Witherow

Principal Activities

The principal activities of the Association during the year were to:

- (a) advance the practice of orthopaedic surgery
- (b) promote research into musculoskeletal conditions
- (c) foster scientific interchange between orthopaedic surgeons
- (d) act as an authority and adviser in relation to musculoskeletal conditions and orthopaedic surgery
- (e) foster and maintain the highest standard of surgical practice and ethics in orthopaedic surgery
- (f) provide postgraduate education in orthopaedic surgery and, as necessary, accreditation in orthopaedic surgery
- (g) support orthopaedic humanitarian initiatives in Australia and overseas.

No significant change in the nature of these activities occurred during the financial year.

Operating Results

The surplus of the Association amounted to \$640,276 (2008-2009 \$461,030).

Review of Operations

The operations of the Association are in accordance with the resolutions of the Board of Directors.

Significant Changes in State of Affairs

No significant changes in the Association's state of affairs occurred during the financial year.

After Balance Date Events

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

Future Developments

The Association expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Environmental Issues

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Meeting Attendances

During the financial year nine meetings of directors were held. Attendances by each director were as follows:

Director	Number eligible to attend	Number attended
J C Batten	3	3
I C Dickinson	9	9
H W B Cumberland	9	9
G E Mercer	9	9
P W Brazel	3	1
R P Carey	9	5
P F M Choong	9	5
S A Fletcher	9	7
K A Gordiev	9	6
I W Incoll	9	8
M A Johnson	6	3

A H Loeffler	9	9
D A F Morgan	9	7
P B Steadman	9	5
P E Viiret	9	9
R P Williams	6	3
G E Witherow	9	6
R V Wuttke	3	2

Indemnifying Officers or Auditor

No indemnity has been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an auditor of the Association. During or since the end of the financial year the Association has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for all of the Board of Directors, employees and officeholders against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity as a member of the Board of Directors or in their everyday duties, other than conduct involving a wilful breach of duty in relation to the Association. The contract of insurance prohibits the disclosure of the nature of the liability, the indemnity limit and the amount of premium paid.



Proceedings on Behalf of the Association

No person has applied for leave of a Court to bring proceedings on behalf of the Association or to intervene in any proceedings to which the Association is a party for the purposes of taking responsibility on behalf of the Association for all or any part of those proceedings. The Association was not a party to any such proceedings during the financial year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2010 can be found following this directors' report.

Signed in accordance with a resolution of the Board of Directors:

 
 I C Dickinson G E Mercer
 President and Chairman Honorary Treasurer
 Dated this sixth day of September 2010

Directors' Declaration



The directors have determined that the company is not a reporting entity and that these special purpose financial statements should be prepared in accordance with the accounting policies described in Note 1 of the financial statements.

A The financial statements and notes, as set out below this statement and on the following pages, are in accordance with the Corporations Act 2001 and:

- (i) comply with Australian Accounting Standards; and
- (ii) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date in accordance with the accounting policy described in Note 1 of the financial statements.

B In the directors' 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.

The directors of the company declare that: This declaration is made in accordance with a resolution of the Board of Directors.

 
 I C Dickinson G E Mercer
 President and Chairman Honorary Treasurer
 Dated this sixth day of September 2010



Auditor's Independence Declaration under Section 307c of the Corporations Act 2001 to the Members of Australian Orthopaedic Association Limited

I declare to the best of my knowledge and belief that during the year ended 30 June 2010 there have been:

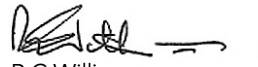
(i) No contraventions of the auditor independence requirements as set out in

the *Corporations Act 2001* in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in relation to the audit.

Stirling International

Chartered Accountants



R C Williams

Signed at Sydney this 30th day of August 2010



Auditor's Report to the Members of Australian Orthopaedic

We have audited the accompanying financial report, being a special purpose financial report, of Australian Orthopaedic Association Limited (the company), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. The directors' responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the

accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report

or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

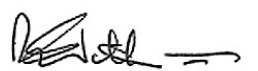
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Australian Orthopaedic Association Limited on 30 August 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of Australian Orthopaedic Association Limited as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with the *Corporations Act 2001* and the Australian Accounting Standards (including Australian Accounting Interpretations) to the extent described in Note 1.

Stirling International

Chartered Accountants



R C Williams

Sydney

Dated this seventh day of September 2010

Statement of Comprehensive Income for the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue			
Revenue from ordinary activities -			
Members' subscriptions		998,418	855,388
Training activities		867,467	717,950
Grants and donations		76,580	33,837
Scientific meetings and conferences		2,034,111	1,801,997
Project funding - National Joint Replacement Registry		1,650,000	1,468,004
Other	2(a)	129,479	67,105
Total revenue from ordinary activities		<u>5,756,055</u>	<u>4,944,281</u>
Expenses			
Employment		1,074,259	1,011,237
Scientific meetings and conferences		1,707,062	1,467,591
Administration		333,399	226,593
Advertising and promotion		44,869	26,714
Depreciation and amortisation	3(a)	63,295	66,921
Grants	3(b)	260,715	312,107
Occupancy		128,034	87,848
Prizes, fellowships and awards		81,159	47,323
Professional services	3(c)	111,313	98,778
Project expenditures - National Joint Replacement Registry		1,521,582	1,270,362
Travel		343,401	314,823
Other	3(d)	59,515	56,098
Total expenses		<u>5,728,603</u>	<u>4,986,395</u>
Operating result before finance revenue		27,452	(42,114)
Finance revenue	2(b)	614,192	694,941
Unrealised gain/(loss) on marketable securities		20,210	(177,895)
Finance costs		(21,578)	(13,902)
Net finance revenue		612,824	503,144
Surplus before income tax		640,276	461,030
Income tax expense		-	-
Surplus/(Deficit) for the year		640,276	461,030
Other comprehensive income for the year, net of tax		579,434	297,947
Total Other comprehensive income		579,434	297,947
Total comprehensive income attributable to members of the Association		1,219,710	758,977

The accompanying Notes form part of these financial statements

Statement of Changes in Equity for the Year Ended 30 June 2010

	\$
Balance at 1 July 2008	12,209,220
Profit attributable to the entity	461,030
Other comprehensive income	297,947
Balance at 30 June 2009	<u>12,968,197</u>
Profit attributable to the entity	640,276
Other comprehensive income	579,434
Balance at 30 June 2010	<u>14,187,907</u>

The accompanying Notes form part of these financial statements

Statement of Financial Position at 30 June 2010

	Note	2010	2009
		\$	\$
Current assets			
Cash and cash equivalents	4	5,134,143	3,205,025
Trade and other receivables	5	225,736	126,911
Prepayments and deposits	6	<u>250,280</u>	<u>320,634</u>
Total current assets		<u>5,610,159</u>	<u>3,652,570</u>
Non current assets			
Financial assets	7	8,444,029	8,971,206
Property, plant and equipment	8	<u>1,046,185</u>	<u>1,004,058</u>
Total non current assets		<u>9,490,214</u>	<u>9,975,264</u>
Total assets		<u>15,100,373</u>	<u>13,627,834</u>
Current liabilities			
Trade and other payables	9	745,101	618,837
Provisions	10	<u>167,365</u>	<u>40,800</u>
Total current liabilities		<u>912,466</u>	<u>659,637</u>
Total liabilities		<u>912,466</u>	<u>659,637</u>
Net assets		<u>14,187,907</u>	<u>12,968,197</u>
Members' funds			
Retained earnings	11	<u>14,187,907</u>	<u>12,968,197</u>
Total members' funds		<u>14,187,907</u>	<u>12,968,197</u>

The accompanying Notes form part of these financial statements

Statement of Cash Flows for the Year Ended 30 June 2010

	Note	2010	2009
		\$	\$
Cash flow from operating activities			
Members subscriptions		977,640	883,608
Training activities		872,447	717,980
Grants and donations		95,221	24,746
Scientific meetings and conferences		2,035,591	1,768,264
Project funding		1,642,850	1,467,179
Rental income		92,235	90,627
Investment income		483,623	923,193
Other		111,103	69,587
Payment to suppliers and employees		<u>(5,402,991)</u>	<u>(5,318,136)</u>
Net cash provided by operating activities	12 (a)	<u>907,719</u>	<u>627,048</u>
Cash flows from investing activities			
Payments for plant and equipment		(105,423)	(148,859)
Investment in managed funds		<u>547,388</u>	<u>(6,733,463)</u>
Net cash provided by/(used in) investing activities		<u>441,965</u>	<u>(6,882,322)</u>
Net increase/(decrease) in cash held		<u>1,349,684</u>	<u>(6,255,274)</u>
Cash and cash equivalents at the beginning of the financial year		3,205,025	9,162,351
Opening cash balances of Funds Administered not included in last year's financial statements		<u>579,434</u>	<u>297,948</u>
Cash and cash equivalents at the end of the financial year	12 (b)	<u>5,134,143</u>	<u>3,205,025</u>

The accompanying Notes form part of these financial statements

Notes to the Financial Statements for the Year Ended 30 June 2010

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general purpose financial reports. These financial statements are therefore a special purpose financial report that has been prepared in order to meet the requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of this report are as follows:

Accounting Policies

a. Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair values as indicated, less, where applicable, accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset Depreciation	Rate
Furniture, fixtures and fittings	20-40%
Plant and equipment	20-40%
Library	20-25%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount.

These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

c. Financial Instruments

Initial recognition and measurement

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in

an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

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

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

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.) If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

Fair Value

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

Impairment

At the end of each reporting period, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

d. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

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

Where it is not possible to estimate the recoverable amount of a class of asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

e. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities

of three months or less and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

g. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a net basis, including the GST component of investing and financing activities, which are disclosed as operating cash flows.

h. Income Tax

No provision for income tax has been raised, as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

i. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

j. Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

k. Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

l. Key Estimates

(a) Impairment

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

(b) Inventories

No donated inventory was carried at the end of the reporting period.

m. Economic Dependence

The Australian Orthopaedic Association Limited is not dependent on external agencies or government departments for the majority of its revenue used to operate the business.

n. Adoption of New and Revised Accounting Standards

During the current year the company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its

operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Australian Orthopaedic Association Limited.

AASB 101: Presentation of Financial Statements

In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the company's financial statements.

Disclosure impact

Terminology changes - The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity - The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income.

The previous version of AASB 101 required that owner changes in equity and other comprehensive income be presented in the statement of changes in equity.

Statement of comprehensive income - The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The company's financial statements now contain a statement of comprehensive income.

Other comprehensive income - The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises of income and expenses that are not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. Entities are required to disclose the income tax relating to each component of other comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

o. New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Association has decided that these standards will not affect the reporting requirements of the Association.

	2010 \$	2009 \$
Note 2 REVENUE		
a) Other Income		
Accredited fellowships	13,141	13,100
Administration and secretarial fees	59,736	23,636
Advertising	2,841	1,882
Royalties	10,324	9,841
Ad hoc reports - NJRR	37,828	17,250
Merchandise sales	5,558	0
Miscellaneous	51	1,396
	129,479	67,105
b) Finance Revenue		
Interest received-bank	155,408	325,934
Interest received-managed funds	175,225	136,107
Income distributions-managed funds	176,725	121,488
Dividends received-managed funds	14,599	20,785
Property rental	92,235	90,627
	614,192	694,941
Note 3 EXPENSES		
a) Depreciation		
Building improvements	12,740	14,861
Computer equipment	45,357	45,022
Furniture and fittings	1,408	1,705
Plant and equipment	3,546	4,937
Website and library	244	396
	63,295	66,921
b) Grants		
AOA Research Foundation Ltd	100,000	100,000
AOA Specialty Societies and humanitarian grants	160,715	198,471
The Spine Society of Australia	-	13,636
	260,715	312,107
c) Professional Services		
Remuneration of auditors		
for auditing services	10,000	34,000
for services other than auditing	-	-
Consulting fees	56,237	2,814
Legal fees	45,076	61,964
	111,313	98,778
d) Other Expenses		
Bone school costs	32,923	31,358
Catering	22,292	19,540
Miscellaneous	4,300	5,200
	59,515	56,098
Note 4 CASH AND CASH EQUIVALENTS		
Cash	300	200
Cheque accounts	2,603,295	2,220,985
Term deposits	2,530,548	983,840
	5,134,143	3,205,025
Note 5 TRADE AND OTHER RECEIVABLES		
Trade receivables	173,179	100,002
Receivables from associated entities	9,653	2,281
Interest receivable	39,241	22,485
Goods and services tax refundable	3,663	2,143
	225,736	126,911

	2010	2009
	\$	\$
Note 6 PREPAYMENTS AND DEPOSITS		
Prepaid expenses	73,438	205,206
Deposits paid for scientific meetings	176,842	115,428
	250,280	320,634
Note 7 FINANCIAL ASSETS		
Investment in managed funds (at market value)	7,544,029	8,071,206
Term deposit - Westpac Bank	900,000	900,000
	8,444,029	8,971,206
Note 8 PROPERTY, PLANT AND EQUIPMENT		
Buildings - Macquarie Street (at cost)	477,000	477,000
Improvements - Macquarie Street (at cost)	410,690	410,690
Less accumulated depreciation	(121,327)	(108,587)
	289,363	302,103
Furniture, fixtures and fittings (at cost)	244,376	244,376
Less accumulated depreciation	(234,911)	(233,503)
	9,465	10,873
Plant and equipment (at cost)	474,103	371,063
Less accumulated depreciation	(206,304)	(157,624)
	267,799	213,439
Library (at cost)	6,592	6,592
Less accumulated depreciation	(6,521)	(6,497)
	71	95
Website (at cost)	29,155	29,155
Less accumulated depreciation	(28,827)	(28,607)
	328	548
Computer Equipment-WA Branch (at cost)	2,382	-
Less accumulated depreciation	(223)	-
	2,159	-
Total property, plant and equipment (at cost)	1,644,298	1,538,876
Less accumulated depreciation	(598,113)	(534,818)
	1,046,185	1,004,058
Note 9 TRADE AND OTHER PAYABLES		
Trade payables and accruals	387,708	302,691
Deferred revenue - scientific meetings	323,564	282,916
Goods and services tax payable	8,403	4,608
Payroll payables	25,326	27,860
Payables to associated entities	100	762
	745,101	618,837
Note 10 PROVISIONS		
Employee annual leave	61,529	34,276
Employee long service leave	5,836	6,524
Provision for Due Diligence Analysis	50,000	-
Provision for Relocation/Renovation Costs	50,000	-
	167,365	40,800

	2010	2009
	\$	\$
Note 11 EQUITY		
Retained earnings at 30 June 2009	12,968,197	12,209,219
Retained earnings at 30 June 2009 of Branches included in financial statements for first time	579,434	297,948
	<u>13,547,631</u>	<u>12,507,167</u>
Profit attributable to members	640,276	461,030
Retained earnings at 30 June 2010	<u>14,187,907</u>	<u>12,968,197</u>

Note 12 (a) RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT

Profit attributable to members for the year	640,276	461,030
Non cash flows in profit -		
Depreciation	63,295	66,921
Provision for employee leave entitlements	26,565	11,128
Provision for Due Diligence Analysis	50,000	-
Provision for Relocation/Renovation Costs	50,000	-
Unrealised (gain)loss in managed funds	(20,210)	177,895
Changes in assets and liabilities		
(Increase)/Decrease in receivables	(98,825)	396,566
(Increase)/Decrease in prepayments and deposits	70,354	(178,928)
Increase/(Decrease) in payables	126,264	(307,564)
Cash provided by operating activities	<u>907,719</u>	<u>627,048</u>

Note 12 (b) RECONCILIATION OF CASH

Cash on hand	300	200
Cash at bank	2,603,295	2,220,985
Cash on deposit	2,530,548	983,840
	<u>5,134,143</u>	<u>3,205,025</u>

Note 13 ASSOCIATION DETAILS

The principal place of business of the Australian Orthopaedic Association Limited is Ground Floor, 229 Macquarie Street, Sydney, NSW 2000

Note 14 MEMBERS' GUARANTEE

The company is limited by guarantee. In the event of the winding up of the company the Constitution requires that each member contribute a maximum of \$10 towards meeting any outstanding obligations of the company. At 30 June 2010 the number of members was 1348 (30 June 2009 - 1301 members).

Note 15 OPERATING RESULTS OF DIVISIONS

	National Joint Replacement Registry	World Orthopaedic Concern	Medico- Legal Society	Ian Stratton Trust	AOA Registrars	Branches	Total
	Year Ended 30 June 2010						
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Members' subscriptions			18,500			88,963	107,463
Grants and donations		23,360					23,360
Scientific meetings and conferences			29,822		147,772	39,538	217,132
Project funding	1,600,000						1,600,000
Other	37,827						37,827
Finance Revenue	13,416	6,879	11	6,348	12	25,912	52,578
Total revenue	<u>1,651,243</u>	<u>30,239</u>	<u>48,333</u>	<u>6,348</u>	<u>147,784</u>	<u>154,413</u>	<u>2,038,360</u>
Expenses							
Scientific meetings and awards	1,510	11,889	25,250	827	161,402	61,214	262,092
Employment and administration	81,959	-	3,368	-	-	17,035	102,362
Depreciation	1,255	-	-	-	-	223	1,478
Project expenditures	1,438,113	-	-	-	-	-	1,438,113
Total Expenses	<u>1,522,837</u>	<u>11,889</u>	<u>28,618</u>	<u>827</u>	<u>161,402</u>	<u>78,472</u>	<u>1,804,045</u>
Surplus/(Deficit)	<u>128,406</u>	<u>18,350</u>	<u>19,715</u>	<u>5,521</u>	<u>(13,618)</u>	<u>75,941</u>	<u>234,315</u>



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2009–2010 ANNUAL REPORT

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