



The Royal Australasian
College of Physicians

The Royal Australasian College of Physicians

Annual Report 2011

Contents

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President's Message

Dear Fellows,

I am pleased to present The Royal Australasian College of Physicians' (RACP) Annual Report for 2011. The financial results and progress towards strategic objectives demonstrate the hard work and efforts of many, including the many hundreds of Fellows and trainees who make such a valuable contribution to the ongoing success of the organisation and the RACP staff who work with and support the Fellowship.

Fellows and trainees contribute to the College in many and varied ways including senior leadership positions, committee membership, supervision of trainees. To those already involved, "thank you", and I hope you will continue your engagement. For those not currently involved I encourage you to consider the possibility as I think you would find it fulfilling and rewarding.

I acknowledge and commend the sound and responsible management of the organisation exhibited by the CEO, Dr Jennifer Alexander, and the College's Senior Leadership Group, in achieving the 2011 results.

In steering an organisation of this size, the RACP Board seeks to represent the views of the Fellowship. To this end, the Board has outlined a six-point Statement of Strategic Intent for 2012–2015 which reflects not only a commitment to the core operational areas and focus on Fellows, but stronger emphasis on engagement of Fellows and trainees, government relations and research.

The Board has asked management to deliver results in four key areas:

- Strategy
- Education Standards and Research
- Stakeholders, Reputation and Culture
- Governance, Financial Management and Performance.

In setting the strategic objectives for 2012, the Board identified in excess of 15 major projects required to be undertaken in order for the College to achieve its overall vision. The Board views these projects as vital to build the foundations for the College of the future.

Much has been achieved this past year, including the ongoing development and implementation of the College's education and training programs, along with significant and wide-ranging reviews into College governance, and the review of the policy and advocacy area. The last two were major tasks, involving Board input and critical analysis from Fellows and staff alike. More importantly, these are but two examples of the many projects, initiatives and activities that are taking place right across the College, the outcomes of which will help to set and or shape the direction of the College into the future. I am particularly delighted with the launch of SPPP (Supporting Physicians' Professionalism and Performance) being a further College initiative in relation to professional qualities.

While the two major scopes of work outlined above focused on core operational areas – education and policy and advocacy – this in no way diminishes the continued focus on supporting our Fellows and improving overall engagement with our Fellowship.

In 2011 the College commenced work on the RACP Segmentation Study. This is designed to help us better understand the needs of the Fellowship and how these needs can best be met. Regardless of the outcomes of the study, it is apparent that Fellows expect the College to demonstrate relevance at the individual level. This will require significant work over a number of years by Fellows and staff to develop the services that will ultimately meet the needs of the Fellowship.

In reflecting on the work made by so many to date, and the work still to be done to maintain the College's success, I am particularly cognisant of the contributions made by those who held this position before me, of the support of the RACP Board, and of the current President-Elect and future President, Dr Leslie Bolitho.

It has been an honour to have played a part in this journey, and it will be my privilege to support future College leaders as they continue to steer the RACP on its course of remaining truly relevant to Fellows.



Professor John Kolbe

President

CEO Report

Dear Fellows,

While the Annual Report to Fellows fulfils a statutory obligation, it is also an opportunity to reflect on what has been achieved during the previous year as well as to foreshadow the challenges that are ahead. It goes without saying that the College's achievements throughout 2011 were due in no small part to the contributions of many, including Fellows and trainees, who contributed their time and expertise to assist the College to achieve its goals. These contributions were many and varied. They included designing, implementing and delivering education and training initiatives, participating on committees, contributing to strategic reviews, and developing new policies. These activities are vital if the College is to realise its vision of being the preferred education provider and assurer of physician performance.

Much was achieved during 2011. In many instances, this was the result of the work of previous years coming to fruition. Progress was most evident in the areas of education and financial management. It was especially pleasing that the College was awarded full accreditation by the Australian Medical Council until 2014. The educational resources strategy approved by the Board during the year has, as its focus, the development of a wider range of educational learning tools that will be available to both Fellows and trainees. In 2011 we began the development of resources and materials to support Fellows as supervisors, and providing resources and support for supervisors will be a key College priority for 2012 and beyond. To assist in raising the profile of the role played by supervisors, and to enable a better understanding of the concept of supervision, the College will announce "The Year of the Supervisor" at the RACP Future Directions in Health Congress 2012, in Brisbane during May. Another key initiative for 2011 was the *Supporting Physicians' Professionalism and Performance (SPPP) Guide* project, which will also be showcased at the 2012 annual congress.

The report of the Honorary Treasurer covers the many improvements in the area of financial governance and I would like to acknowledge the contribution that the Director of Finance & Support Services, Mr Walter Edgar, has made to this progress. Among the many achievements in that area, has been the revision of the investment policy and the appointment of UBS as the financial advisor to the College. One of the key undertakings in 2011 in the Support Services area was the scoping and evaluation work for a College New Administration System, the implementation of which will commence in 2012. This will bring together several databases to enable us to better meet the needs of our Fellows now and in the future, by investing in systems to support employees, improve processes and workflow.

Much was also achieved in 2011 in the key area of Policy and Advocacy. Staffing of this area was strengthened and the Board initiated a review of the governance of Policy and Advocacy, the results of which will come to fruition in 2012. The College's Reconciliation Action Plan was approved during the year. In February 2011, I appeared before the House of Representatives Inquiry into Registration Processes and Support for Overseas Trained Doctors, and it was pleasing that the College submission to that Inquiry was well received, with a number of the College recommendations finding their way into the final recommendations of that Committee. The College's media profile was enhanced and there was an increase in the number of submissions to key national, state and territory governments. I acknowledge the hard work and contribution that the Director of Professional Affairs, HR & Advocacy, Mr Sasha Grebe, and his team have made to College affairs in 2011.

As the College continues to grow in complexity and size and the regulatory requirements that govern the education of physicians and trainees increase, it is essential that the College has up-to-date governance and management practices. Progress has been made on many fronts including the review of educational governance, the review and updating of the many by-laws that govern the operations of committees and other College bodies, the introduction of the Board Charter and a risk management framework, and improved annual business planning and staff performance processes. During the year, most of the Board directors completed the five-day Australian Institute of Company Directors (AICD) governance course. A Board induction program, and finance and governance training have been developed ready for the incoming Board in mid-2012.

The review of the strategic direction of the RACP Foundation, now celebrating 21 years of operation, has resulted in a renewed focus on research. We will see further strengthening of this area in 2012, including a wider range of scholarships offered. Fellow support for research is evident from the growing annual financial contributions that Fellows are making across the College.

Another key change in the governance area has been the growing contribution that community members are making to the College. In recent years, two community members have joined the College Board, and there is no doubt that the progress that has been made in the area of improved financial governance is in no small part due to the contribution of the community members who serve on the Finance Committee, bringing significant technical and business expertise to College operations. The RACP Foundation, the Board Appeals Committee and the recently introduced College Standards Committee are also areas where the College has been able to draw on the expertise of community members, who willingly serve in a pro bono capacity.

It is also important that the College has a highly skilled multidisciplinary professional workforce to complement and support the almost entirely pro bono contribution of Fellows. I would like to take this opportunity to acknowledge the ongoing contribution by College employees across Australia and in New Zealand and to thank them for their dedication and focus on serving the needs of current and future Fellows. Notwithstanding its rather sedate "old stone terrace building in Macquarie Street" image, the College is a very busy and challenging place to work. There are always more things to be done than hours in the day. The employee engagement survey, conducted during the second half of 2011, will give us valuable insights into how to improve the 'College experience' for employees.

I would particularly like to express my appreciation for the support and guidance of the members of the Senior Leadership Group (SLG). I value their advice and wise counsel and appreciate their hard work. Three members of the SLG started with the College during 2011: Dr Marie-Louise Stokes, Director of Education, Professor Richard Doherty, Dean, and Mr Michael Smith, Company Secretary. In late 2011 Ms Linda Smith was engaged as a contractor into the role of Director of Fellowship Relations, and was confirmed in that role in early 2012. I would also like to acknowledge the quiet achievers in the Office of President and CEO (OPCEO), whose unfailing support for the President, the President-Elect and to me does not go unnoticed, including by the many Fellows with whom they interact.

During the year, the Board approved the RACP Organisational Values of Professionalism, Excellence, Advocacy and Collaboration. It is already evident that RACP employees demonstrate these values in the work they do, and the way they interact with and support our Fellows and trainees. I have every confidence that the future success of the College will owe much to the adoption of these values by our Fellows, trainees and employees.

Among key activities that were planned in 2011 and which will be rolled out in 2012 is the RACP Segmentation Study. The aim of this study is to better understand the needs of the RACP Fellowship, acknowledging that Fellows will differ in what they want from the College and what they think that the College can do to enhance Fellow engagement. Early results from the pilot work indicate that the diversity of needs, perceptions and opinions of Fellows will require a multi-faceted approach by the College in delivering a wider range of offerings to them. It is pleasing that the new Fellows' Room, opened on the ground floor of the Macquarie Street building in early 2011, has been well received by the many Fellows who regularly visit the College.

I remain honoured and privileged to serve as the CEO of the College now moving into its 75th year. The coming year offers exciting opportunities which will allow us to build on the College's past successes. The clarity that has been brought to the governance and management of the College by the strategy and new policy work that has been led by the Board over recent years has been important. It will take ongoing collaboration of Fellows, trainees, employees and the College's community members to realise these strategic objectives and deliver better outcomes for our Fellows, trainees, their patients and communities.

Finally I would like to express my appreciation to the outgoing College President, Professor John Kolbe, and to thank him for his support and hard work. It would come as a surprise to very few within the College that, at times, the College President and CEO are presented with some difficult questions and tricky situations. Working through these, and the many other daily challenges has been made a great deal easier by my working relationship with John Kolbe. I wish him well as he concludes his term as the 36th President of the RACP and I look forward to working with the incoming President Dr Leslie Bolitho and the new President-Elect, Professor Nicholas Talley.



Dr Jennifer Alexander

CEO

Honorary Treasurer's Report

2011 was another stable financial year for the College, with the net surplus of \$6.1 million similar to 2010 (\$6.2 million).

Fellows may question this level of surplus, viewing it as excessive on the basis of the College being a not-for-profit organisation. This is a valid and appropriate question and indeed one that I have asked myself several times in the past. However, I am satisfied that the current financial management of the College, overseen by the Finance Committee, has taken this concern of Fellows on board and has sought to ensure through sound financial management the future financial sustainability of the College, especially in this time of global financial unrest.

The net surplus of \$6.1 million is due to a significant increase in College revenue but will be offset by increased expenditure as the College provides an enhanced service to Fellows and trainees.

Revenue for the year was \$42 million, an increase of \$7.04 million on the 2010 figure. This increase was a result of improving the subscription and training revenue collection process, a one-off investment benefit due to the restructuring of the investment portfolio (to be elaborated on later) and the receipt of a full year's income from the Specialist Training Program (STP), which is managed by the College on behalf of the Department of Health and Ageing (DoHA).

Expenditure of \$36 million for the year was an increase of \$7.1 million on the 2010 figure. The increase in expenditure is an investment in the future of the College. A number of key staff appointments were made during the year to improve the professional standard of service delivered to Fellows and trainees. Added to this was an increase in professional development for all staff to ensure they had the appropriate values, behaviours and competencies to assist in moving the College forward.

Further expenditure was incurred on a belated refurbishment of the property owned by the College at 145 and 147 Macquarie Street, Sydney. A number of issues were addressed to make the property more secure and watertight, a better place to work for staff, and to improve the ambience of the building for visiting Fellows. The College chose to write off this expenditure in the year it was occurred rather than artificially increasing the net value of the College. In 2012 the College buildings will be further enhanced with the implementation in Quarter 2 of a stable Wi-Fi environment.

I mentioned earlier that I would elaborate on the College investment portfolio. College cash and investments amount to \$73.4 million, of which \$36.2 million is ring-fenced for the RACP Foundation (previously called the Research and Education Foundation or REF) and \$5.6 million relates to externally funded contracts. In view of the global financial instability over the last couple of years and the opinion of many financial experts and commentators that there is no end in sight of this volatility, the Finance Committee decided to review the performance of both the investment portfolio itself and the external investment managers used by the College. After an extensive evaluation and due diligence process, the Finance Committee recommended to the Board that the locally based arm of UBS Wealth Management be appointed as Investment Managers and that the new investment strategy developed by the Finance Committee be adopted. The Board agreed to these two recommendations and UBS Wealth Management was appointed in early 2011, with instructions to implement the new investment strategy. They accomplished this, and as a consequence of restructuring the portfolio a gain of \$1.4 million was realised and recognised as revenue.

2012 will be a very busy and challenging year, as described in the President and CEO's annual reports. This will undoubtedly have a financial impact on the College and it is recognised that the net result for 2012 may well be considerably lower than that achieved in 2010 and 2011. However, with the prudent and professional financial management which is in place, I am confident that 2012 will continue to be a successful year for the College.

The Annual General Meeting will be held at the College on 25 May 2012, at which time you can address any questions on the College finances for 2011 to the Board and the College's external auditor, BDO Audit (NSW-VIC) Pty Limited.



Michael J Hooper

Honorary Treasurer

Directors' Report

The Directors present their report, together with the Financial Report to the Fellows of The Royal Australasian College of Physicians (the College) for the year ended 31 December 2011.

Directors

The following persons were Directors of the College during the whole of the financial year and up to the date of this report:

Professor John Kolbe (President)	Dr Kathleen McCarthy
Dr Leslie Bolitho (President-Elect)	Dr Alasdair MacDonald
Dr Gervase Chaney	Associate Professor Julie McGaughran
Dr Robin Chase	Associate Professor Susan Moloney
Dr Joshua Francis	Dr Johan Morreau
Associate Professor Leena Gupta	Dr John O'Donnell
Clinical Associate Professor Michael Hooper (Honorary Treasurer)	Professor Ron Paterson
Dr Amy Keir	Professor John Wilson
Mr Geoffrey Laurence	Dr Catherine Yelland.

Short and long term objectives and strategy

The College currently has 8 objects as detailed in its Constitution:

- i) Promote the highest quality medical care and patient safety through education, training and assessment;
- ii) Educate and train the next generation of physicians;
- iii) Maintain professional standards and ethics among physicians through continuing professional development and other activities;
- iv) Promote the study of the science and art of medicine;
- v) Bring together physicians for their common benefit and for scientific discussions;
- vi) Increase the evidence and knowledge on which the practice of physicians is based through research and dissemination of new knowledge and innovation to the profession and the community;
- vii) Seek improved health for all people by developing and advocating health and social policy in partnership with health consumers and jurisdictions;
- viii) Support and develop physicians as clinicians, public health practitioners, teachers and researchers.

In support of the attainment of these objects the College's Board has approved the following 6 strategic goals, with related performance targets, for the next 3 years, as detailed in the Statement of Strategic Intent 2012 – 2015 ("SOSI"). The SOSI is available on the College's website.

Strategic Goals

1. RACP is the preferred educator and assurer of physician performance
2. RACP shapes the medical workforce agenda – particularly for physicians
3. RACP is a respected supporter of research
4. RACP supports its Fellows
5. RACP is shaping health policy
6. RACP is a robust and effective College

Each strategic goal is supported by a number of supporting strategies.

Performance measures

The College has established performance targets for each strategic goal. These targets focus the efforts of the Board, Management and Staff and help us measure success in achieving the strategic goals stated above.

Principal activities

The College's principal activities during the year were unchanged from the previous year and included training, educating and representing physicians in Australia and New Zealand, and promoting the study of science and art of medicine as well as clinical and scientific research.

Information on Directors

The members of the Board, their qualifications, experience and special responsibilities are set out below:

Professor John Kolbe		President
Qualifications	MBBS, FRACP	
Experience	Professor Kolbe is currently a Respiratory Physician at Auckland City Hospital/ Greenlane Clinical Centre and Professor of Medicine and Head, Department of Medicine, Faculty of Medical and Health Services, University of Auckland.	
Special responsibilities	President of the RACP (2010–2012), RACP Board (2008–2012), Chair, RACP Board Executive (2010–2012)	
Dr Leslie Bolitho		President-Elect
Qualifications	MBBS, FRACP, FACRRM Member of the Order Of Australia	
Experience	Dr Bolitho, AM is a Consultant Physician in Internal Medicine practising in Wangaratta, North East Victoria.	
Special responsibilities	President-Elect of the RACP (2010–2012), Member, RACP Board (2010–2012), Member, RACP Board Executive (2010–2012), Chair of the College Policy and Advocacy Committee (2010–2012).	
Dr Gervase Chaney		
Qualifications	MBBS, FRACP	
Experience	Dr Chaney is a General Paediatrician at Princess Margaret Hospital for Children in Perth, Western Australia.	
Special responsibilities	President, Paediatrics and Child Health Division of the RACP (2010–2012), Member, RACP Board (2008–2012), Member, RACP Board Executive (2010–2012).	
Dr Robin Chase		
Qualifications	MBBS, DPH (Diploma of Public Health) FAFOEM RACP, FFOM RCP Ireland (Hon)	
Experience	Dr Chase is in Private Practice in South Australia.	
Special responsibilities	President, Australasian Faculty of Occupational and Environmental Medicine, Member, RACP Board (2010–2012), Member of the Risk Management Steering Committee (2011–2012).	
Associate Professor Leena Gupta		
Qualifications	MBBS, MPH, FAFPHM, GAICD	
Experience	Associate Professor Gupta is a Senior Staff Specialist, Public Health, South Western Sydney and Sydney Local Health District Public Health Unit.	
Special responsibilities	President, Australasian Faculty of Public Health Medicine (2010–2012), Member, RACP Board (2010–2012).	
Clinical Associate Professor Michael Hooper		Honorary Treasurer
Qualifications	MBBS, FRACP	
Experience	Clinical Associate Professor Hooper is in the Department of Medicine at the University of Sydney and an Endocrinologist in Private Practice.	
Special responsibilities	Honorary Treasurer of the RACP, Chair of the Finance Committee, Member, RACP Board (2008–2012).	
Dr Joshua Francis		
Qualifications	B.AppSci (MedSci) and MBBS	
Experience	Dr Francis is an advanced trainee in Paediatrics.	
Special responsibilities	Chair, College Trainees' Committee (2010–2012), Member, RACP Board (2010–2012).	

Dr Amy Keir	
Qualifications	MBBS
Experience	Dr Keir is an advanced trainee in Neonatal/Perinatal Medicine.
Special responsibilities	Member, RACP Board (2010–2012), Member, College Trainees' Committee (2009–2012).
Mr Geoffrey Laurence	
Qualifications	B Tech Hons, BBS, CA
Experience	Mr Laurence is a non-Fellow Board Member and Member of the Finance Committee. He brings to these positions 30 years of business, funds management and not-for-profit experience. Mr Laurence's term concludes in 2013.
Special responsibilities	Member of the Finance Committee, Member, RACP Board (2009–2013).
Dr Alasdair MacDonald	
Qualifications	MBBS, FRACP
Experience	Dr MacDonald is a Hospital Specialist with a Private Practice in Tasmania.
Special responsibilities	President-Elect, Adult Medicine Division (2010–2012), Member, RACP Board (2010–2012), Chair, International Committee (2011–2012), Member, College Policy and Advocacy Committee (2010–2012).
Dr Kathleen McCarthy	
Qualifications	MBBS, Dip MSK, MScSoc, FAFRM
Experience	Dr McCarthy is a Rehabilitation Physician at the Westmead Hospital Brain Injury Unit in Sydney.
Special responsibilities	President, Australasian Faculty of Rehabilitation Medicine (2010–2012), Member, RACP Board (2010–2012), Member RACP Board Executive (2010–2012).
Associate Professor Julie McGaughan	
Qualifications	BSc (Hons), MB ChB (Hons), MD, FRCP (UK), FRACP, AFRACMA, MAICD
Experience	Associate Professor McGaughan is a Clinical Geneticist. She is the Director of Genetic Health Queensland and immediate past president of the Human Genetics Society of Australasia.
Special responsibilities	Member, Adult Medicine Division Council (2008–2012), Member, Adult Medicine Division Executive (2010–2012), Member, RACP Board (2010–2012), Member, International Committee (2011–2012), Member, Communication Committee (2010–2012).
Associate Professor Susan Moloney	
Qualifications	MBBS, FRACP
Experience	Associate Professor Moloney is a General Paediatrician and currently the Director of Paediatrics at the Gold Coast Hospital.
Special responsibilities	President-Elect, Paediatrics and Child Health Division (2010–2012), Member, RACP Board (2010–2012), Chair of the College Education Committee (2010–2012).
Dr Johan Morreau	
Qualifications	BSc, MBChB, FRACP, MNZM
Experience	Dr Morreau is a General and Community Paediatrician from Rotorua Hospital, Lakes District Health Board, New Zealand.
Special responsibilities	New Zealand President (2010–2012), Member, RACP Board (2009–2012), Member, RACP Board Executive (2010–2012), Chair, New Zealand Committee (2010–2012), Member, International Committee (2011–2012).

Dr John O'Donnell	
Qualifications	MBChB, FRACP, FRCPA
Experience	Dr O'Donnell is a Clinical and Laboratory Immunologist and General Physician with the Canterbury District Health Board (New Zealand).
Special responsibilities	President-Elect, New Zealand (2010–2012), Member, RACP Board (2010–2012), Member, College Finance Committee (2010–2012), Member, Risk Management Steering Committee (2011–2012), Member, New Zealand Committee (2010–2012).
Professor Ronald Paterson	
Qualifications	LLB (Hons), BCL
Experience	Professor Paterson is Chair in Law at the University of Auckland.
Special responsibilities	Member, RACP Board (2010–2013). Professor Paterson's term concludes in 2013.
Professor John Wilson	
Qualifications	BSc (Hons), MBBS, PhD, FRACP
Experience	Professor Wilson is the Director of Physician Training at the Alfred Hospital, Melbourne and was formerly Chair, Victorian State Committee.
Special responsibilities	Member, RACP Board (2010–2012), Chair of the College Risk Management Steering Committee (2011–2012). Member, Adult Medicine Division Council (2010–2012), Member, Adult Medicine Division Executive (2010–2012).
Dr Catherine Yelland	
Qualifications	MBBS, FRACP
Experience	Dr Yelland is a Geriatrician and General Physician in full-time practice at Redcliffe Hospital, Brisbane.
Special responsibilities	President, Adult Medicine Division (2010–2012), Member, RACP Board (2009–2012), Member, RACP Board Executive (2010–2012).
Mr Michael Smith Company Secretary	
Qualifications	BA, FAICD, FCIS
Experience	Michael Smith was appointed Company Secretary of the College in October 2011. Prior to this appointment, he has been Company Secretary for a number of major Australian listed public companies including Mirvac Group, Promina Group Limited, Australand Group, National Foods Limited and Macquarie Bank Limited. He has extensive experience in legal, risk management and insurance, corporate governance, compliance, capital raisings and M&A work, and company secretarial practice for over 25 years.

Meetings of Directors

The number of meetings of the College's Board of Directors and of each Board Committee held during the year ended 31 December 2011, and the number of meetings attended by each Director are detailed on page 11.

Finance Committee

The Finance Committee is made up of Board members, non-Board Fellow members and non-Fellow members. The non-Director members of the Finance Committee are listed on page 9.

Dr Ross Boswell	
Experience	Dr Ross Boswell is Chemical Pathologist and General Physician at Middlemore Hospital. He is a former Councillor of the RCPA and former Treasurer and Chairman of the NZ Medical Association.
Dr Stephen Chung	
Experience	Dr Stephen Chung is Consultant Physician in Rehabilitation Medicine, Staff Specialist, Central Coast Local Health Network, and former Honorary Secretary of NSW & ACT Branch of AFRM.
Ms Loretta Di Mento	
Experience	Loretta Di Mento is an audit partner of Ernst & Young in Sydney, with 20 years' experience in audit across a range of organisations including health, aged care and not-for-profit entities.
Mr Tony Fitzgerald	
Experience	Tony Fitzgerald has over 37 years' experience in the financial services sector, both in banking and asset management. He is a board director of Teachers Mutual Bank, and a member of the Investment Committee of UniSuper. He is also a member of the Investment Advisory Committee of Altius Asset Management and is currently the non-executive Chairman of Colonial First State Global Asset Management's Credit Committee, the asset management division of the Commonwealth Bank of Australia. Tony has extensive international experience having held senior roles in Australia, Europe, Asia and the US.
Ms Karen Phin	
Experience	Karen Phin is Managing Director, Head of Capital Management Advisory, Citigroup and has over 17 years' investment banking experience.

Remuneration Committee

The Remuneration Committee was formed in July 2011 as a subcommittee of the Finance Committee. Michael Hooper, Honorary Treasurer, chairs the committee with Loretta Di Mento, Partner, Assurance, Ernst & Young and Geoffrey Laurence, a Board Director, being the other members. Michael Smith, the Company Secretary is the secretary of the Remuneration Committee. The Committee has established a Charter and Terms of Reference. A key role for the committee is the review of the employment contracts of the Chief Executive Officer, Chief Financial Officer, Senior Leadership Group and the President.

Key Personnel

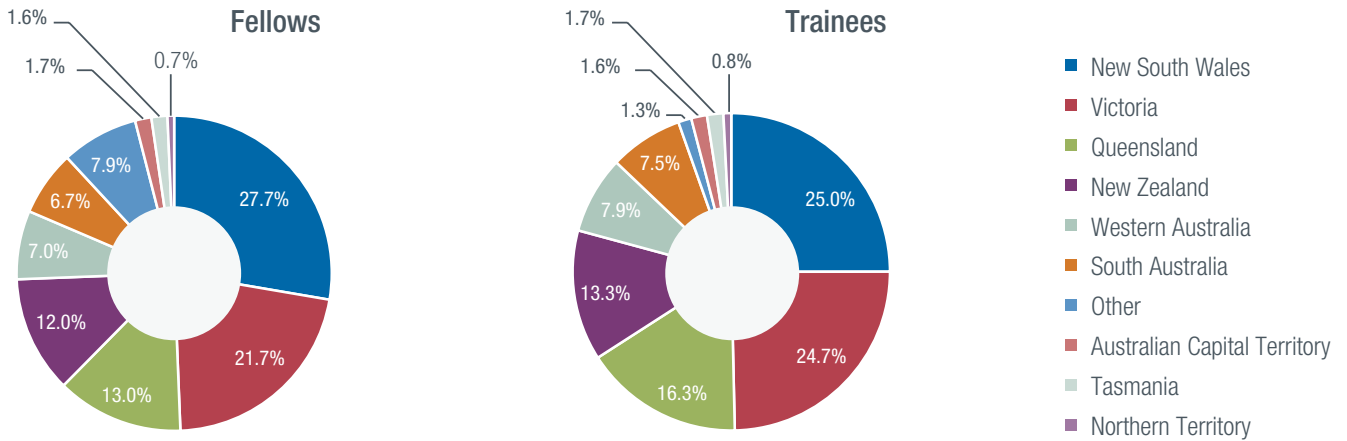
Those persons having authority and responsibility for planning, directing and controlling the activities of the College, directly or indirectly, during 2011 and in office at balance date were:

Dr Jennifer Alexander, Chief Executive Officer	Mr Walter Edgar, Director, Finance and Support Services
Professor Richard Doherty, Dean (Appointed 7/03/2011)	Mr Sasha Grebe, Director, Professional Affairs, HR & Advocacy
Dr Marie-Louise Stokes, Director of Education (Appointed 7/2/2011)	Dr Ruth Anderson, Director, Fellowship Relations (Resigned 9/12/2011)

Member Liability

The College is incorporated under the *Corporations Act 2001* as a company limited by guarantee. If the College is wound up, the Constitution provides that each member is required to contribute to a maximum of \$50.00 each towards meeting any outstanding debts and obligations of the College. As at 31 December 2011, the number of Fellows was 13,062.

Distribution of Fellows and Trainees by location



Insurance of Directors and Officers

During the financial year, the College paid a premium for an insurance policy insuring any past, present or future Director, Secretary or Executive Officer of the College against certain liabilities. In accordance with commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities insured against and the amount of the premium.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers, as officers of the College, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else, or to cause detriment to the College.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration required under section 307C of the *Corporations Act 2001* is set out on page 12 of this Annual Report.

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

Michael J Hooper

Director

Sydney, 18 April 2012

Director	Current Term Began	Board		Board Executive		Education Committee ¹		Finance Committee ¹		Policy and Advocacy Committee ¹	
		A	B	A	B	A	B	A	B	A	B
Professor John Kolbe ²	13.07.2007	5	5	5	5	-	-	8	9	-	-
Dr Leslie Bolitho	21.05.2010	5	5	5	5	-	-	-	-	3	3
Dr Gervase Chaney	19.06.2010	5	5	4	5	-	-	-	-	-	-
Dr Robin Chase	21.04.2010	5	5	-	-	-	-	-	-	-	-
Dr Joshua Francis	21.05.2010	4	5	-	-	-	-	-	-	-	-
Associate Professor Leena Gupta	21.05.2010	5	5	-	-	-	-	-	-	-	-
Clinical Associate Professor Michael Hooper	19.06.2008	5	5	-	-	-	-	9	9	-	-
Dr Amy Keir	10.12.2010	5	5	-	-	-	-	-	-	-	-
Mr Geoffrey Laurence	27.07.2009	5	5	-	-	-	-	7	9	-	-
Dr Kathleen McCarthy	21.05.2010	5	5	4	5	-	-	-	-	-	-
Dr Alasdair MacDonald	21.05.2010	5	5	-	-	-	-	-	-	3	3
Associate Professor Julie McGaughran	21.05.2010	5	5	-	-	-	-	-	-	-	-
Associate Professor Susan Moloney	21.05.2010	5	5	-	-	4	4	-	-	-	-
Dr Johan Morreau	27.07.2009	5	5	3	5	-	-	-	-	-	-
Dr John O'Donnell	21.05.2010	3	5	-	-	-	-	8	9	-	-
Professor Ron Paterson	30.07.2010	5	5	-	-	-	-	-	-	-	-
Professor John Wilson	21.05.2010	5	5	-	-	-	-	-	-	-	-
Dr Catherine Yelland	27.07.2009	5	5	5	5	-	-	-	-	-	-

Non-Directors	Finance Committee ¹	
	A	B
Dr Ross Boswell	7	8
Dr Stephen Chung	7	8
Ms Loretta Di Mento	9	9
Mr Tony Fitzgerald	9	9
Ms Karen Phin	9	9

A - Indicates the number of meetings attended during the period the Director was a member of the Board or Committee.

B – Indicates the number of meetings held during the period the director was a member of the Board or Committee.

¹ Each of these Committees contains members who are not Directors of the College.

² Professor Kolbe is an ex-officio member of the Finance Committee.

Auditor's Declaration of Independence



Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

THE ROYAL AUSTRALASIAN COLLEGE OF PHYSICIANS ("THE COLLEGE")

As lead auditor of The Royal Australasian College of Physicians for the year ended 31 December 2011, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2011 there have been no contraventions of:

- The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

James Winter
Director

BDO Audit (NSW-VIC) Pty Ltd
Sydney, 18 April 2012

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Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 \$	2010 \$
General fund			
Revenue			
Subscriptions & other Fellow receipts	3(a)	12,990,246	12,442,539
Admissions, training and examination fees	3(b)	17,428,385	15,022,449
Other	3	8,299,147	5,563,340
Total revenue		38,717,778	33,028,328
Expenditure			
Employee benefits		18,760,985	14,260,307
Travel, accommodation & meetings		5,005,507	4,273,667
Impairment loss on investments		-	12,221
Bad and doubtful debt provision	4(a)	194,849	310,684
Other	4	10,194,416	8,250,681
Total expenditure		34,155,757	27,107,560
General fund surplus		4,562,021	5,920,768
Endowment fund			
Revenue			
Interest & dividend income		1,761,950	1,212,645
Donations from Fellows and other grants		600,788	735,074
Gain on disposal of financial assets		993,039	10,649
Total revenue		3,355,777	1,958,368
Expenditure			
Grants paid or payable		1,656,398	1,576,140
Impairment loss on investments		-	43,254
Other		122,143	59,387
Total expenditure		1,778,541	1,678,781
Endowment fund surplus		1,577,236	279,587
Total surplus		6,139,257	6,200,355

The statement of comprehensive income is to be read in conjunction with the attached notes.

Statement of Comprehensive Income

For the year ended 31 December 2011

	2011	2010
	\$	\$
Surplus/(deficit) for the year	6,139,257	6,200,355
Other comprehensive income:		
Net gain (loss) on revaluation of financial assets	(2,451,628)	(640,018)
Foreign currency translation (loss)	(56,419)	(242,325)
Total comprehensive income for the year	3,631,210	5,318,012

The statement of comprehensive income is to be read in conjunction with the attached notes.

Statement of Financial Position

As at 31 December 2011

	Note	2011 \$	2010 \$
Assets			
Current assets			
Cash & cash equivalents	6	19,361,582	25,198,474
Trade & other receivables	7	2,690,703	2,128,651
Other current assets	8	317,828	249,381
Other financial assets	9	27,718,776	26,732,448
Total current assets		50,088,889	54,308,954
Non-current assets			
Other financial assets	9	28,421,241	28,638,376
Property, plant & equipment	10	9,259,781	6,919,389
Other non-current assets	11	1,337,524	1,337,524
Total non-current assets		39,018,546	36,895,289
Total assets		89,107,435	91,204,243
Liabilities			
Current liabilities			
Trade & other payables	12	20,514,535	26,164,724
Provisions	13	1,206,412	1,099,313
Total current liabilities		21,720,947	27,264,037
Non-current liabilities			
Provisions	13	176,403	361,331
Total non-current liabilities		176,403	361,331
Total liabilities		21,897,350	27,625,368
Net assets		67,210,085	63,578,875
Members' funds			
Retained Surplus			
General		35,375,535	30,813,514
Endowment		32,013,123	30,435,887
Reserves		(178,573)	2,329,474
Total members' funds		67,210,085	63,578,875

The statement of financial position is to be read in conjunction with the attached notes.

Statement of Changes in Equity

For the year ended 31 December 2011

	2011	2010
	\$	\$
Retained surplus		
Balance, 1 January	61,249,401	55,049,046
General fund surplus	4,562,021	5,920,768
Endowment fund surplus	1,577,236	279,587
Balance, 31 December	67,388,658	61,249,401
Available for sale reserve		
Balance, 1 January	2,249,914	2,889,932
Movement in available for sale financial assets	(2,451,628)	(640,018)
Balance, 31 December	(201,714)	2,249,914
Foreign currency translation reserve		
Balance, 1 January	79,560	321,885
Foreign currency translation (loss)	(56,419)	(242,325)
Balance, 31 December	23,141	79,560
Total members' funds	67,210,085	63,578,875

Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 \$	2010 \$
Cash flow from operating activities			
Cash receipts from operations		29,563,480	36,820,816
Cash payments applied in operations		(31,654,111)	(27,613,606)
Payments to STP posts		(15,663,589)	-
Interest received		2,771,765	1,098,922
Proceeds from government grants		13,781,785	14,475,436
Net cash provided by (used) in operating activities	14	(1,200,672)	24,781,568
Cash flow from investing activities			
Payments for property, plant and equipment		(3,045,156)	(1,540,950)
Payments for investments		(3,429,943)	(20,494,547)
Proceeds from disposal of property, plant and equipment		2,888	24,382
Proceeds from investments		1,861,935	13,687,330
Net cash provided by (used) in investing activities		(4,610,276)	(8,323,785)
Net increase/(decrease) in cash		(5,810,948)	16,457,783
Cash at the beginning of the year		25,198,474	8,974,759
Effects of exchange rate fluctuations on the balance of cash held in denominated foreign currencies		(25,944)	(234,068)
Cash at the end of the year	6	19,361,582	25,198,474

The statement of cash flows is to be read in conjunction with the attached notes.

Notes to the Financial Statements

For the year ended 31 December 2011

1. Corporate information

The College is a medical college that provides training and education and represents physicians in Australia and New Zealand. The College is an Australian company limited by guarantee registered under the *Corporations Act 2001* and domiciled in Australia.

The financial report of the College for the year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 18 April 2012.

2. Statement of accounting policies for the year ended 31 December 2011

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements, and other authoritative pronouncements of the Australian Accounting Standards Board.

The directors have elected under Section 334(5) of the *Corporations Act 2001* to apply the following Accounting Standards in advance of their effective dates:

AASB 1053 Application of Tiers of Australian Accounting Standards; and

AASB 2010–2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

These Accounting Standards are not required to be applied until annual reporting periods beginning on or after 1 July 2013.

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements:

Tier 1 – Australian Accounting Standards

Tier 2 – Australian Accounting Standards – Reduced Disclosure Requirements.

AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by Tier 2 entities or inserting RDR paragraphs requiring simplified disclosures for Tier 2 entities.

The company complies with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board.

The adoption of these Standards has resulted in significantly reduced disclosures in respect of related parties and financial instruments. There was no other impact on the current or prior year financial statements.

b. Statement of compliance

The financial report complies with Australian Accounting Standards. Some of these standards contain requirements specific to not-for-profit entities that are inconsistent with the requirements of International Financial Reporting Standards (IFRS) requirements. The following Australian Accounting Standards include not-for-profit specific requirements which have been applied in preparing this financial report:

AASB 116: Property, Plant and Equipment

AASB 136: Impairment of Assets

AASB 1004: Contributions.

c. Significant accounting judgments, estimates and assumptions

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring the substance of the underlying transaction and other events is reported.

In the application of Australian Accounting Standards, management is required to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgments

The College has entered into leases of premises and office equipment as disclosed in Note 15 (a). Management has determined that all of the risks and rewards of ownership of these premises and equipment remain with the lessor and has therefore classified the leases as operating leases.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 2 (o). The amount of these provisions would change should any of these factors change in the next 12 months.

d. Revenue

Revenue is recognised when the College is legally entitled to the income and the amount can be quantified with reasonable accuracy. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Trainee fees

Revenue from trainee fees is recognised when the service is provided.

Membership fees

The College recognises membership subscription fees as revenue over the period of the membership, or where members have not notified the College that they have ceased to be members and not paid the subscription, the amount for which they are deemed to be liable.

Externally funded grant income

Grant income is recognised when there is reasonable assurance that the grant will be received and all attaching conditions complied with. When the grant relates to an expense item, it is recognised as income over the period on a systematic basis to the costs that it is intended to compensate.

Investment income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. Dividends and trust distributions from listed entities are recognised when the right to receive a dividend or distribution has been established.

Asset sales

The gain or loss on disposal of all non-current assets is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

e. Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category they have been allocated to activities on a basis consistent with use of the resources. Support costs are those costs incurred directly in support of expenditure on the objects of the College. Management and administration costs are those incurred in connection with administration of the College and compliance with constitutional and statutory requirements.

f. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

g. Trade and other receivables

Trade receivables, which comprise amounts due from provision of services are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. Normal terms of settlement are thirty (30) days. The notional amount of the receivable is deemed to reflect fair value.

An allowance for doubtful debts is made when there is objective evidence that the College will not be able to collect the debts. Bad debts are written off when identified.

h. Property, plant and equipment

Property, plant and equipment including land and buildings is shown at cost, less accumulated depreciation and impairment losses.

Any property, plant and equipment donated to the College are recognised at fair value at the date the company obtains control of the assets.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the College and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the income statement. When revalued assets are sold, the amounts included in asset revaluation reserves, in respect of those assets, are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings and strata title building units	40 years	(2.5%)
Plant & equipment	10 years	(10%)
Furniture & fittings	10 years	(10%)
Computer equipment & software	3 years	(33.3%)
Equipment held under finance lease	life of lease	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

Impairment exists when the carrying value of an asset exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the income statement.

i. Library and College collection

The library and College collection consists of items of historical, scientific and artistic nature which appreciate in value, therefore no provision for depreciation is required. The College library was valued in 1979 by the library committee in conjunction with the College insurers on the basis of minimum resale value. Acquisitions since then in the case of donated volumes have been valued by the library committee on the same basis, and purchases at cost. Paintings, antiques and historical objects were independently valued on 30 June 1985 by a licensed valuer and were recorded in the books. Paintings, antiques, historical objects and the library were independently valued in 2009 for insurance purposes by the College's insurers but the changes were not brought to account in accordance with College policy.

j. Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at cost, including transaction costs.

After initial recognition, the College measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the income statement.

k. Financial assets

The College classifies its financial assets into the following four categories:

1. financial assets at fair value through profit or loss,
2. loans and receivables,
3. held-to-maturity investments, and,
4. available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which the College commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the College has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used is the current bid price.

The four categories of financial assets are:

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the Statement of Financial Position date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the income statement.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the College has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the income statement.

Available-for-sale financial assets

Financial assets at fair value through equity are those that are designated as available-for-sale financial assets or are not classified in any of the other categories above.

This category encompasses investments that the College intends to hold long-term but which may be realised before maturity. After initial recognition these investments are measured at their fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the income statement.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the income statement.

I. Impairment of financial assets

At each balance date the College assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the income statement.

m. Trade creditors and other payables

Trade creditors and other payables represent liabilities for goods and services provided to the College prior to the end of the financial year that are unpaid. These amounts are usually settled in thirty (30) days. The notional amount of the creditors and payables is deemed to reflect fair value.

n. Unexpended funds

The liability for unexpended funds is the unutilised amounts of government grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the government grant.

o. Employee benefits

Employee benefits comprise wages and salaries, annual, long service and accumulating but non-vesting sick leave, and contributions to superannuation plans.

Liabilities for wages and salaries expected to be settled within 12 months of balance date are recognised in other payables in respect of employees' services up to the reporting date. Liabilities for annual leave in respect of employees' services up to the reporting date which are expected to be settled within 12 months of the balance date are recognised in the provision for annual leave. Both liabilities are measured at

the amounts expected to be paid when the liabilities are settled. Liabilities for accumulating but non-vesting sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

The College pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the income statement when they are due. The College has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

p. Provisions

The College recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

q. Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowing costs are recognised as an expense in the period in which they are incurred.

r. Taxation

Income tax

The College is exempt from income tax in both Australia and New Zealand. Accordingly there is no accounting for income tax or the application of tax effect accounting.

Goods and services tax (GST)

All items in the financial report are stated exclusive of GST, except for receivables and payables which are stated on a GST inclusive basis. Where GST is not recoverable as input tax it is recognised as part of the related asset or expense.

The net amount of GST recoverable or payable is included as part of receivables or payables in the Statement of Financial Position.

s. Leases

Finance lease

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the College recognises finance leases as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased items or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life.

Operating lease

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

t. Equity

Equity is the Fellows' interest in the College and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

Retained surplus

Available for sale reserves

Foreign exchange translation reserves.

u. Foreign currency

All foreign currency transactions are shown in Australian dollars.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in functional currency at the exchange rates ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at balance date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rate prevailing at the date the fair value was determined.

Exchange differences are recognised in profit and loss in the period they occur.

Foreign currency operations

The assets and liabilities of the College's New Zealand operations are translated at the exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising, if any, are recognised in the foreign currency translation reserve.

3. Revenue

	2011	2010
	\$	\$
General fund		
Externally funded grants	4,673,518	1,942,435
Registration and workshop fees	627,090	875,992
Interest & dividend income	1,936,900	1,599,326
Gain/(loss) on disposal of financial assets	307,302	2,534
Advertising & publication income	271,968	146,614
Event management	83,074	156,752
Administrative fees & recoveries	234,002	298,986
Commissions received	130,063	119,278
State offices income	1,404	45,493
Others	33,826	375,930
Total other revenue (General fund)	8,299,147	5,563,340

3 (a) Revenue (Subscriptions)

The College recognises membership subscriptions as revenue over the period of the membership. The College has recognised these unpaid amounts totalling \$88,359 in 2011 (2010 – \$341,218) as revenue as the College has a right to enforce the payment and intends to pursue the debt.

3 (b) Revenue (Training fees)

The College recognises training fees as revenue over the period of the training. The College has recognised these unpaid amounts totalling \$261,626 in 2011 (2010 – \$246,650) as revenue as the College has a right to enforce the payment and intends to pursue the debt.

4. Expenses

	2011	2010
	\$	\$
General fund		
Rent & outgoing/occupancy cost	1,581,984	1,422,105
Repairs & maintenance	1,329,296	286,653
Depreciation & amortisation	1,128,723	862,368
Printing, publication & postage	1,877,860	1,571,254
Contract, professional & consulting fees	2,099,236	1,844,029
Bank & investment management fees	430,919	492,655
Web hosting and information technology consumables	232,030	350,577
Insurance expense	158,702	131,665
General office stationery	208,000	239,443
Telephone	275,925	179,733
Other expenses	871,741	870,199
Total other expenditure (General fund)	10,194,416	8,250,681

4 (a) Bad and doubtful debt provision

Opening balance as at 1 January 2011	473,207
Less	
Prior year debts collected	(194,102)
Debts written off against provision	(205,185)
Add provision for 2011 outstanding debts	388,950
	462,870

5. Auditors' remuneration

	2011	2010
	\$	\$
Amounts paid to auditors for:		
The audit of the financial report		
Australia	45,000	48,180
New Zealand	7,563	13,794
	52,563	61,974
Other audit services		
Australia	14,050	17,930
New Zealand	-	-
	14,050	17,930

The auditor in 2011 is BDO and in 2010 was Pitcher Partners. The other services for both 2010 and 2011 were provided by Pitcher Partners.

6. Cash and cash equivalents

	2011	2010
	\$	\$
Cash at bank and on hand	9,154,181	16,095,072
Short-term deposits with financial institutions	10,207,401	9,103,402
	19,361,582	25,198,474

Restricted funds

Cash includes \$5,080,040 (2010 – \$12,859,910) held by the College for distribution to third parties or for a specific purpose under contractual arrangements with government departments. These funds are not available for general working capital requirements. Unexpended funding at year-end is disclosed in Note 12.

7. Trade and other receivables

Trade & other debtors	2,567,189	1,156,749
Less: Allowance for doubtful debts	(462,870)	(473,207)
Other accrued income	586,384	1,445,109
	2,690,703	2,128,651

8. Other current assets

Prepaid expenses	317,828	249,381
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9. Other financial assets

Current

Bank bills & term investments	27,718,776	26,732,448
	27,718,776	26,732,448

Non-current

Available for sale financial assets	28,421,241	28,638,376
	28,421,241	28,638,376

Restricted funds

Bank bills and term investments include \$500,000 held by the College for distribution to third parties or for a specific purpose under contractual arrangements with government departments. These funds are not available for general working capital requirements. Unexpended funding at year-end is disclosed in Note 12.

Also at balance date, the College had in its non-current available for sale of financial assets \$512,527 (2010 – \$475,111) relating to funds the College manages on behalf of 2 separate entities. A corresponding liability is also shown in the accounts in Note 12.

10. Property, plant and equipment

	Land & Building	Leasehold Improvements	Furniture, Fixture & Fittings	Plant & Equipment	IT Hardware	IT Software	Total
Cost	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2010	5,632,949	1,586,536	1,659,216	878,680	1,088,264	591,253	11,436,898
Additions and reclassifications	-	86,160	424,026	49,760	570,348	919,970	2,050,264
Disposals	-	-	-	(2,248)	(65,401)	-	(67,649)
Balance at 31 December 2011	5,632,949	1,672,696	2,083,242	926,192	1,593,211	1,511,223	13,419,513
Accumulated depreciation							
Balance at 31 December 2010	1,962,482	1,066,109	469,450	417,844	738,798	406,961	5,061,644
Depreciation expense	140,338	230,139	174,464	85,230	219,239	279,313	1,128,723
Disposals	-	-	-	(675)	(63,507)	-	(64,182)
Forex translation	(1,495)	-	(14,772)	12,807	(328)	-	(3,788)
Balance at 31 December 2011	2,101,325	1,296,248	629,142	515,206	894,202	686,274	6,122,397
Net carrying amount							
at 31 December 2010	3,670,467	520,427	1,189,766	460,836	349,466	184,292	6,375,254
2010 Fixed Assets under construction							544,135
							6,919,389
at 31 December 2011	3,531,624	376,448	1,454,100	410,986	699,009	824,949	7,297,116
2011 Fixed Assets under construction							1,962,665
							9,259,781

11. Other non-current assets

	2011	2010
	\$	\$
Library		
At cost	973,452	973,452
Paintings, antiques and historical objects		
At cost	364,072	364,072
Total other non-current assets	1,337,524	1,337,524

12. Trade and other payables

	2011	2010
	\$	\$
Trade creditors & other payables	2,632,781	1,318,318
Accruals	3,497,948	2,858,531
Income received in advance for subscriptions and exam fees	7,685,728	9,476,675
Unexpended funds	6,698,078	12,511,200
	20,514,535	26,164,724

13. Provisions

Current

Employee entitlements	1,206,412	1,099,313
Total current provisions	1,206,412	1,099,313

Non-current

Employee entitlements	176,403	361,331
Total non-current provisions	176,403	361,331

	1,382,815	1,460,644
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14. Reconciliation of cash

Net surplus for the year	6,139,257	6,200,355
Add/(subtract) non-cash items		
Depreciation of property, plant & equipment	1,128,723	862,368
Impairment on financial asset	-	12,221
Add/(subtract) investing activities		
(Profit)/loss on disposal of property, plant & equipment	580	105,983
(Profit)/loss on sale of investments	(30,498)	-
Investment distributions reinvested	(1,672,626)	(1,309,118)
Changes in assets and liabilities		
(Increase)/decrease in trade and other debtors	(690,199)	1,165,669
Increase/(decrease) in trade and other creditors and accruals	(5,997,984)	17,570,785
Increase/(decrease) in provisions	(77,925)	173,305
Net cash provided by/(used) in operating activities	(1,200,672)	24,781,568

The reduction in the "Net cash provided by/(used) in operating activities" is due to the timing of cash receipts and payments and relates to the following:

(a) The College received funds from the Department of Health and Ageing in December 2010 of \$12,446,032 for payment to STP posts in 2011.

(b) The cash receipts from training fees, membership and operations were higher in 2010 as the subscription renewals for 2010 and 2011 were sent out in February 2010 and November 2010. Therefore the cash balance at the end of 2010 contained the receipts for 2010 membership subscriptions plus the 2011 membership subscriptions that were received before the end of 2010.

15. Commitments and contingencies

a. Operating leases

The College has entered into commercial leases of buildings and office equipment. These leases have an average life of between three and five years with some having a renewal option included in the contracts. There are no restrictions placed upon the lessee upon entering into these leases.

	2011	2010
	\$	\$
Lease expenditure commitments		
Operating leases (non-cancellable)		
Not later than one (1) year	983,037	1,023,622
Later than one (1) year & not later than two (2) years	745,546	983,037
Later than two (2) years & not later than five (5) years	652,670	1,398,215
	2,381,253	3,404,874

b. Capital expenditure commitments

Capital expenditure contracted for at balance date but not yet incurred for refurbishment of the College office in Wellington, New Zealand

	-	265,720
	-	265,720

c. Contingencies

There are no known contingencies.

d. Events after the balance date

There have been no significant events after balance date.

16. Related parties and related party transactions

a. Directors

Directors of the College in office during the year are disclosed in the Directors' Report that accompanies these financial statements.

b. Directors' compensation

The Directors act in an honorary capacity and receive no compensation for their services. During the year travel expenses incurred by the Directors in fulfilling their role were reimbursed to the Directors if not paid direct by the College.

c. Related party transactions

During the year there were no payments to any related entities of the Directors. There are no amounts payable to or receivable from Directors or Director-related entities at the reporting date. The RACP has a contract with the University of Auckland to reimburse them for 2 sessions per week relating to the time the President, Professor John Kolbe, is not available to the University.

Professor John Wilson, a Director of the College, was also a director and shareholder of an entity holding shares in Attend Anywhere Pty Ltd, a company of which the College has 10 per cent shareholding. The College's investment in Attend Anywhere Pty Ltd was written down to nil in 2009.

The College provides services and accommodation to a number of Specialty Societies and some provide services back to the College and members of the College may be members of these Societies. There is no charge for the services provided between the College and the Societies. During 2011, Associate Professor Julie McGaughran was the President of Human Genetics Society of Australasia, a Specialty Society, and also a Director of the College. Dr Johan Morreau was a Council Member of the Paediatric Society of New Zealand during 2011, and a Director of the College.

d. Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College, directly or indirectly, including any Director (whether executive or otherwise) of the College.

The aggregate compensation made to key personnel is set out below. This compensation does not include any non-salary benefits such as travel to home state or accommodation costs while staff were working in Sydney.

	2011	2010
	\$	\$
Total compensation	1,742,386	1,948,114

17. Details of funds

General funds

The amounts held in the general funds are used to finance the operations of the College.

Endowment

The amounts held in the endowment funds are used to finance awards and grants in research activities in Australia and New Zealand.

Reserve

The amounts in the reserve represent the unrealised gains resulting from movements in the fair value of the investment portfolio of the General funds and Endowment funds, and movements in foreign currency translation.

18. Limitation of Fellows' liability

The College is a company limited by guarantee, in accordance with the Constitution. The liability of Fellows in the event of the College being wound up would not exceed \$50.

19. Other information

The registered office and principal place of business is:

145 Macquarie Street

Sydney NSW 2000

Directors' Declaration

The Directors of The Royal Australasian College of Physicians declare that:

- a.) the financial statements for the year ended 31 December 2011 and notes thereto comply with the Australian Accounting Standards; and
- b.) the financial statements and notes thereto give a true and fair view of the financial position and performance of the College for the year ended 31 December 2011;
- c.) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*; and
- d.) in the directors' opinion, there are reasonable grounds to believe that The Royal Australasian College of Physicians will be able to pay its debts as and when they become due and payable.

Signed in accordance with the resolution of the Board of The Royal Australasian College of Physicians

For and on behalf of the Board



Michael J Hooper

Director

Sydney, 18 April 2012

Declaration by Responsible Member of the Governing Body

I, Jennifer Alexander, the Chief Executive Officer of The Royal Australasian College of Physicians (the College) declare that in my opinion:

- a) The financial statements and notes thereto for the year ended 31 December 2011 give a true and fair view of all income and expenditure of the College with respect to fundraising appeals;
- b) The Statement of Financial Position as at 31 December 2011 gives a true and fair view of the state of affairs with respect to fundraising appeals;
- c) The provisions of the *Charitable Fundraising Act 1991* and the regulations under that Act and the conditions attached to the authority have been complied with; and
- d) The internal controls exercised by the College are appropriate and effective in accounting for all income received.



Sydney 18th day of April 2012

Independent Audit Report to the Fellows of The Royal Australasian College of Physicians



Tel: +61 2 9286 5555
Fax: +61 2 9286 5599
www.bdo.com.au

Level 19, 2 Market St
Sydney NSW 2000
GPO Box 2551 Sydney NSW 2001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The Royal Australasian College of Physicians ("the College")

We have audited the accompanying financial report of The Royal Australasian College of Physicians, which comprises the statements of financial position as at 31 December 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the College are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Royal Australasian College of Physicians, would be in the same terms if given to the directors as at the time of this auditor's report.

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Opinion

In our opinion the financial report of The Royal Australasian College of Physicians is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the College's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'BDO'.

BDO Audit (NSW-VIC) Pty Ltd

A handwritten signature in black ink that reads 'James Winter'.

James Winter
Director

Sydney, 18 April 2012

About The Royal Australasian College of Physicians (RACP):

The RACP trains, educates and advocates on behalf of more than 13,500 physicians – often referred to as medical specialists – and 5,000 trainees, across Australia and New Zealand. The College represents more than 32 medical specialties including paediatrics and child health, cardiology, respiratory medicine, neurology, oncology and public health medicine, occupational and environmental medicine, palliative medicine, sexual health medicine, rehabilitation medicine, geriatric medicine and addiction medicine. Beyond the drive for medical excellence, the RACP is committed to developing health and social policies which bring vital improvements to the wellbeing of patients.

www.racp.edu.au