

2013 The RACP Annual Report



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MOTTO

Hominum servire salutis – to serve the health of our people

VISION

Striving for excellence in health and medical care through lifelong learning, quality performance and advocacy

VALUES

Professionalism, Excellence, Advocacy, Collaboration

PRESIDENT'S MESSAGE

Associate Professor
Leslie E Bolitho AM



Welcome to The Royal Australasian College of Physicians' (RACP) 2013 Annual Report.

A STRONG AND HEALTHY COLLEGE

I would like to begin this year's report by briefly reviewing the membership of the College, as I believe this provides an insight into the depth and breadth of the work we do.

The RACP, as Australasia's largest specialist medical college, now trains, educates and advocates on behalf of more than 14,806 Fellows and 6,082 Trainee Members across Australia and New Zealand, with a total of 20,888 members. In 2013, the College also welcomed 474 new Australian Fellows and 52 New Zealand Fellows – numbers that represent a healthy, strong and growing organisation.

The College is composed of Fellows and Trainee Members across the medical specialty spectrum. There are many similarities in our approach as physicians to patient-centred care – and likewise there are many differences in our approach to the delivery of our care in our specialty interest areas. This depth of expertise and diversity within our College membership also means that the collective impact of our members to improve the health and wellbeing of communities across Australasia is significant.

YEAR IN REVIEW

There have been many changes over the past year. In the 2012 Annual Report I highlighted that the College was in the process of considering significant changes in governance so that we remain a robust and effective College.

In 2013, we began implementing many of those changes to ensure our members are well supported in education, training and professional practice for today's environment and also positioned well for the demands, challenges and opportunities of the future.



L to R Assoc Professor Leslie E Bolitho AM, Professor Colleen Hayward, His Excellency Malcolm McCusker AC CVO QC, Governor of Western Australia, Professor Nicholas Talley, Professor John Wilson and Dr Charles Guest at the RACP Congress, Perth, May.

PRESIDENT'S MESSAGE

Much of this work to update the College structures is set to continue with the progressive introduction and integration of new systems and processes in 2014 and beyond.

In 2013, in response to feedback from the 2012 RACP Member Research Survey, the College strengthened its policy and advocacy work, seen by our members to be critically important. Research was one of the key areas upon which our College was founded and the ongoing support of donors and the work of the RACP Foundation meant that in 2013 we were able to continue funding many ongoing as well as new research scholarships.

In 2013, we continued to provide excellence in education and supervision for our future physicians – our ongoing dedication to educating and supporting our physicians of the future will ensure a strong physician workforce that meets Australia and New Zealand's future health needs.

Two thousand and thirteen also saw a focus on stronger engagement with Fellows, with the College continuing to work to improve member engagement and interaction.

Two thousand and thirteen was a year of many changes but also one of many achievements. I encourage you to reflect on these highlights which are captured in the CEO's Report.

75 YEARS STRIVING FOR EXCELLENCE

In 2013, the College celebrated 75 Years Striving for Excellence, a significant milestone for our growing membership.

I would like to thank every one of our Fellows and Trainee Members for their support of the College and for the contributions they make to our committees and through the professional roles and activities undertaken in medical practices, institutions and communities.

KEY FACTORS OF SUCCESS: 2014–2016

The College's vision is to strive for excellence in health and medical care through lifelong learning, quality performance and advocacy. To achieve this vision the College will continue

to focus on our six strategic goals as well as five key measures of success, as highlighted in the 2013 RACP's Statement of Strategic Directions:

1. Ongoing reform of the governance and business operations of the College;
2. Building staff capability;
3. Supporting Fellows in their efforts to provide outstanding supervision and training as part of the College workforce and delivery;
4. Continuing to influence a changing health agenda; and
5. Building and selling College knowledge and intellectual property.

Finally, I would like to take this opportunity to wish Professor Nicholas Talley every success as the 39th President of the College and to affirm my support and encouragement to Professor Talley, to Dr Catherine Yelland, President-Elect, and to the new Board members in leading and managing the College through the next stage of the progressive changes taking place.

I would also like to express my sincere thanks to my fellow Board members, CEO Dr Jennifer Alexander, the College's Senior Leadership Group and the RACP staff for their tireless commitment and enthusiasm towards realising the College's strategic goals and vision.

Associate Professor Leslie E Bolitho AM
President



Assoc Professor Leslie E Bolitho AM presents Dr Catherine Yelland with the John Sands College Medal at the RACP Congress, Perth, May

CEO REPORT

| Dr Jennifer Alexander



Dear Members,

Two thousand and thirteen has been a challenging and productive year for the College. The Annual Report provides an opportunity to reflect on some of the challenges, highlight the activities and initiatives and acknowledge the contributions of our Fellow and Trainee Members (members) and professional staff over the past 12 months.

During 2013 the Board was focused on progressing the College's six strategic goals as outlined in the Statement of Strategic Directions, namely:

1. that the RACP is the preferred educator and assessor of physician performance;
2. that the RACP shapes the medical workforce strategy;
3. that the RACP is a respected supporter of research;
4. that the RACP provides value for members;
5. that the RACP is able to shape the health policy agenda; and
6. that the RACP is a robust and effective College.

EDUCATION AND TRAINING

The College was commended by the Australian Medical Council (AMC) and Medical Council of New Zealand (MCNZ) for demonstrating considerable progress on the Councils' previous recommendations, and for delivering benefits to College members through the implementation of a range of strategies designed to improve College education programs.

In 2010, the College was pleased to receive accreditation for four years as an acknowledgement of the improvements achieved since the "must do better notice" issued

in 2004. The AMC will again visit the College in September 2014 as part of the next extensive reaccreditation review and the College is working hard to achieve the maximum accreditation period of six years. Much of the preparatory work required has been done and I believe that we are well placed for the 2014 reaccreditation review.

Work on the implementation of the Education Governance Review, approved by the Board in 2012, is ongoing and is being led by Professor John Wilson as Chair of the College Education Committee (CEC). Professor Wilson has provided wise and skilful counsel in steering the adoption of the changes required. One of the changes is that education staff from the three Faculties and those based in New Zealand, will progressively report to the Education Services unit under the leadership of Dr Marie-Louise Stokes, Director of Education.

WORKFORCE

This year, the College continued its commitment to building capacity to address workforce issues. This work will be supported by the recently established Workforce Working Party, which will enable the College to better understand workforce supply issues and provide a sound platform for the College to provide advice to the various health workforce agencies and governments in Australia and New Zealand. The working party is preparing a discussion paper to outline the College's workforce strategy and activities going forward.

RESEARCH

The Board recognised in 2011–2012 that there was a need for a College Research Committee (CRC) to sit alongside the RACP Foundation and other Board committees to assist in the development of a research strategy. At its inaugural meeting in July, the CRC identified a number of key areas of strategic focus.

CEO REPORT

These included:

- Support for clinical research
- Support for early career clinician researchers
- Health service/systems research.

The CRC is considering the recommendations of the 2012–2013 McKeon Review in Australia and a smaller, but significant review by the New Zealand Health Research Council. The CRC is also considering the preparation of various position papers addressing pathways for implementation of the broad strategies recommended in these two reviews.

MEMBER ENGAGEMENT

Two thousand and thirteen was a year to celebrate. At the RACP Future Directions in Health Congress held in Perth in May, the College launched its 75th Anniversary Program, themed 'Striving for Excellence'. This significant and important milestone prompted reflection on our history and development as well as providing an opportunity to acknowledge the valuable contribution of Fellows and trainees over many decades. It was also an important opportunity to focus on our future direction and the College's



RACP Congress Graduation Ceremony rehearsals, Perth, May. L to R Dr Charles Guest, Assoc Professor Susan Moloney, Dr Alasdair MacDonald, Professor Nicholas Talley, Dr Jennifer Alexander



International Congress of Pediatrics (ICP), August. L to R Dr Jennifer Alexander, Victorian Health Minister The Hon. David Davis MLC, Assoc Professor Leslie E Bolitho AM, Assoc Professor Susan Moloney, Professor Jill Sewell

CEO REPORT



continued commitment to serve the health of our people in Australia and New Zealand.

The College has continued to implement strategies to provide greater value to members and to respond to feedback from the 2012 RACP Member Research Study. To further discuss and communicate the results of the study and the College's response to the issues raised by members, a series of Question and Answer sessions were hosted by Board Directors in Sydney, Canberra and Auckland. Mrs Linda Smith, Director of Fellowship Relations, has continued to work with Associate Professor Chris Poulos and members of the College Fellowship Committee to enhance our member services and a number of exciting changes will be implemented throughout 2014.

POLICY AND ADVOCACY

In 2013, the College focused on strengthening its policy and advocacy work, which was one of the four key pieces of feedback from the 2012 RACP Member Research Study. The College welcomed Ms Caroline Turnour to the role of Director Policy & Advocacy in the second half of the year and Caroline has already brought a new emphasis and energy to the College's contribution to the national health policy debate.

Key highlights of the College's policy and advocacy work in 2013 were the launch of the consensus statement, *Physical Punishment of Children*, which highlights the harmful effects of using physical punishment to discipline children and calls for law reform on the issue; and the launch of the Australasian Faculty of Occupational & Environmental Medicine's position statements, *What is good work?* and *Improving Workforce Health and Workplace Productivity*, highlighting health and productivity in New Zealand workplaces.



Inaugural Advanced Training Forum, Sydney, December. L to R Dr Anna Hume, Dr Jennifer Alexander, Dr Amin Sheikh, Clare Le Roy, Dr Jonathan Christiansen and Assoc Professor Mitra Guha

CEO REPORT

The first half of the year also saw the RACP Physicians Telehealth Support Project team conclude its telehealth member awareness initiatives and support program. Funded by the Australian Government, the College's telehealth project provided practical support and guidance to more than 1,000 members and their support staff.

A ROBUST AND EFFECTIVE COLLEGE

During the year the Board reviewed various aspects of governance to ensure College structures remained efficient, responsive and cost effective in the delivery of services to members. A Governance Reform Working Party was established in December to develop a consensus model for reform of the Board and related College structures. This working party will oversee and manage an extensive consultation process with all members throughout 2014–2015 providing an opportunity for members to express their views on the governance of the College.

COLLEGIALITY

I would like to take this opportunity to formally acknowledge members and to thank RACP staff for their efforts during the year. The commitment of members in providing their

time and expertise is highly valued by the College and is fundamental to the achievement of our vision and goals. I would like to thank the members of the Senior Leadership Group – Professor Richard Doherty, Dean; Mr Walter Edgar, Director Business IT & Finance; Ms Caroline Turnour, Director Policy & Advocacy; Dr Marie-Louise Stokes, Director of Education; Mrs Linda Smith, Director Fellowship Relations; and Mr Michael Smith, Company Secretary – for their support and hard work during the year. This is a great team of colleagues to work with and a great team to be part of. College staff have worked energetically and can list many accomplishments this year of which they can be proud. The continued enthusiasm and professionalism of members and RACP staff in working together in a positive and collaborative environment provides a solid foundation for the College's future.

As we look towards another productive year, I am delighted to also share the following key milestones and highlights of 2013 which capture the very essence of our 75th Anniversary year theme, 'Striving for Excellence'.

Dr Jennifer Alexander
Chief Executive Officer



RACP, Royal Australasian College of Surgeons and Royal College of Physicians and Surgeons of Canada Tripartite Alliance Meeting, Sydney, March

EDUCATION SERVICES

Dr Marie-Louise Stokes
Director, Education Services

Education Services is responsible for the administration of physician training and supervision programs, the development of curriculum and associated learning resources and the development and administration of the Specialist Training Program. Underpinning all of the department's education activities is the adherence to high standards, and the use of digital environments to link and support the College's Fellow and Trainee Members.



Advanced Training Forum, December, Sydney
Dr Jonathan Christiansen and Professor Alan Barber.



The Education Services department achieved the following key milestones in 2013.

EDUCATION DEVELOPMENT, RESEARCH AND EVALUATION (EDRE)

- 16 new online modules were developed and 10 existing online modules were refreshed.
- New Advanced Training and Faculty online formative assessment tools were launched including Professional Qualities Reflection (PQR), Direct Observation of Professional Practical Skills (DOPPS) and Direct Observation of Field Skills (DOFS).
- Two of three Supervisor Professional Development Program workshops were facilitated, with 782 participants in local training settings and Annual Scientific Meetings across Australia and New Zealand.
- 38 web and mobile-ready 2013 editions of the PREP Program Requirement Handbook and a further 38 editions of the 2014 handbook were released.
- EDRE unit worked with 38 Fellows and trainees from across the Divisions, Faculties and Chapters to develop new and revise College-wide education policies.

ACCREDITATION, EXAMINATIONS AND TRAINING SUPPORT (AETS)

- The Divisional Examinations in 2013 set new records for candidate numbers: across Australia and New Zealand, 1,105 candidates presented for the Written Examinations and 1,087 candidates presented for the Clinical Examinations.
- Candidates for the Clinical Examinations, and their Directors of Physician Education (DPEs), appreciated receiving their results from the College in 2013 via personalised secure email.

EDUCATION SERVICES

- A collaborative College-jurisdiction relationship was established with the South Metropolitan Health Service in Western Australia to facilitate the systematic collection of clinical and training data to support the objective of conditional accreditation for training settings affected by the progressive commissioning of the new Fiona Stanley Hospital.

TRAINEE EDUCATION PROGRAMS (TEP)

Advanced Training

- Inaugural Advanced Training Forum was held on 9 December 2013 bringing together all Chairs of RACP Advanced Training Committees including New Zealand with the primary aim of gaining a broad overview of current and planned College Education initiatives.
- Orange/Dubbo Dual Training Pilot Project was developed in collaboration with NSW Health, which resulted in the creation of two dual training positions.

Basic Training

- Collaboration between RACP and Health Education & Training Institute (HETI), including the oversight of Basic Physician/Paediatric trainees and co-hosting the inaugural Educational Supervisors workshop to train and recruit new supervisors for first year trainees.
- A record number of Basic Trainees registered with the College were supported - a 6% increase from 3,029 trainees in 2012 to 3,220 in 2013.



Supervisor Professional Development Program Workshop 2 – Teaching and Learning in Healthcare Settings film shoot, Royal Brisbane and Women's Hospital, March.
L to R Assoc Professor Victoria Brazil, Dr Alison Mudge, "Mrs Jones" - patient, Dr Spencer Toombes, Dr Viet Tran, Dr Ben Volger

SPECIALIST TRAINING PROGRAM (STP)

- The College was awarded 71 additional STP posts following the 2014 application round. The College is now administering 356 STP training positions throughout expanded settings outside teaching hospitals in Australia. The RACP STP contract is worth almost \$200 million over five years.
- A new program, Training More Specialist Doctors in Tasmania, commenced, with funding from the Department of Health. This program aims to address health workforce issues in Tasmania and the RACP will be managing 9 training positions under this program from 2014, rising to 14 in 2016. Management of this program falls under STP administration.
- STP funding has been used to create educational resources to support supervisors and/or trainees.
- STP supervisor surveys were conducted for the first time and will become annual surveys going forward.

Dr Marie-Louise Stokes
Director, Education Services



RACP Congress delegates at the Practical Skills for Supervisors Workshop, Perth, May.

FELLOWSHIP RELATIONS

Mrs Linda Smith
Director, Fellowship Relations



Fellowship Relations supports the College's Fellowship, Trainee and Library Committees, Divisions, Faculties, Chapters, State, Territory and New Zealand Offices and the activities of the Media & Communications unit. Central to its role is the development and support of positive relationships between the College and the Fellowship across Australia and New Zealand. It is a goal of Fellowship Relations to nurture these relationships and deliver targeted, high-level services to meet the needs of members. Fellowship Relations seeks to achieve this by enhancing the value of membership and identifying and assisting the College to grow and support the best interests of its members.



NZ Committee President Dr John O'Donnell (right) talking with attendees at the Q&A Forum in Auckland, October

Fellowship Relations achieved the following important milestones in 2013.

MEMBER ENGAGEMENT

- A focus on stronger engagement with College members saw a series of Question and Answer forums held in Australia and New Zealand for the first time. These forums provided members an opportunity to hear about the Board's vision for the future structure and functioning of the College and initiatives to address responses to the 2012 Member Research Study.
- The establishment of stronger working relationships with both domestic and overseas counterparts, including signing a Memorandum of Understanding with 16 Specialty Societies as well as with the Indonesian College of Paediatrics.
- The College's 75th Anniversary was launched at the 2013 RACP Congress Gala Dinner in Perth, with further activities in each State to mark the milestone through early 2014 and celebrations culminating in New Zealand at the 2014 RACP Congress Gala Dinner in Auckland in May 2014.

SOCIAL MEDIA AND COMMUNICATIONS

- The College enhanced its digital communications with the launch of the first podcast to support the Supporting Physicians' Professionalism and Performance (SPPP) framework and the transition of publications such as AFRM newsletter *Rhāia* from hard copy to electronic format.
- The College established its social media presence following the commencement of the RACP Twitter channel at the 2013 RACP Congress in Perth.
- Congress also saw the inaugural launch of an 'App' to enhance the Congress experience for delegates.

FELLOWSHIP RELATIONS

- The College is using You Tube to communicate with members and other stakeholders and will continue to build on the College's social and digital media presence in 2014.

FELLOWSHIP COMMITTEE

- The Fellowship Committee was established in 2012 and has continued to work on improving member engagement and interaction with members of the College. The Fellowship Committee responsibilities include:
 - o developing generic rules and guidelines for College elections as considered appropriate
 - o developing Expressions of Interest that are not College body specific
 - o member services
 - o pastoral care needs of Fellows
 - o communication with Fellows including via College-wide publications, such as *RACP News*, and the College website
 - o Fellows' engagement surveys
 - o College Library
 - o Annual College Congress and Ceremony, as well as any College-wide celebrations and events
 - o College awards and recognition of Fellows' pro bono work
 - o Honorary Fellowships.

OTHER MILESTONES

- Continuing to support the Fellowship Committee by approving a two-year engagement plan in October 2013.
- Reviewing the subscription process with the aim over time to simplify the procedure.
- Renegotiating a member benefits package with Member Advantage.
- Developing and approving the Regional Resourcing Strategy.
- Developing a Social Media Strategy.
- Supporting the development of Events, Meetings and Gifts policies.
- Simplifying the Admission to Fellowship process.

Mrs Linda Smith
Director, Fellowship Relations

Professor Colleen Hayward delivering the Welcome to Country Address at the RACP Congress 2013, Perth May



Keynote speaker, Dr Mark Graber MD, FACP giving the Priscilla Kincaid-Smith Oration at the RACP Congress 2013 Perth, May



Maori Children's Choir entertain delegates at the International Congress of Pediatrics Closing Ceremony, Melbourne, August ©International Pediatric Association (IPA). Photography by Larry Pitt.



RACP Congress 2013 75th Anniversary Gala Dinner celebrations, Perth, May

OFFICE OF THE DEAN

Professor Richard Doherty
Dean

The Office of the Dean is key to RACP's strategic planning process and implementation, including external interactions and Fellow and trainee support and engagement. It is responsible for the development of College strategic policy on workforce, research, professionalism and the professional life of Fellows. This also includes the development and oversight of the Continuing Professional Development (CPD) and Overseas Trained Physicians (OTP) assessment programs.



SPPP video filming at Westmead Hospital, Sydney. L to R Dr Mandy Fletcher, Dr Sarah Dalton and film crew



The Office of the Dean achieved the following important milestones in 2013.

REVALIDATION WORKING PARTY

- The Revalidation Working Party continued the process of preparing the College for regulatory changes in both New Zealand and (in the future) Australia, which will require physicians to undergo periodic demonstration that they are performing at an appropriate standard in their specific area of practice.
- The working party reported formally to the Board with advice on the strategies that might be appropriate for the RACP in handling the issue between Colleges, in interactions with the regulators and in discussions with members.
- The working party identified key risks and challenges associated with the proposed introduction of this process and is working to define the role for Colleges as clearly as possible.
- Revalidation will continue to be an important issue for the College for a considerable time yet.

WORKFORCE WORKING PARTY

- The Workforce Working Party began the process of preparing a major discussion paper for members. Although the College has conducted workforce surveys in the past, it is now clear that we need a better understanding of the physician workforce in order to be able to work with key health workforce agencies in Australia and New Zealand and to be able to give relevant advice to governments.
- The working party and staff supporting the group are working towards collecting common core information relevant to workforce from all Fellows so that we can develop a more accurate understanding of workforce supply.
- At the same time, the College is well represented in key national discussions on workforce and training in Australia through membership of the National Medical Training Advisory Network Executive Committee, which will convene in early 2014.

OFFICE OF THE DEAN

SUPPORTING PHYSICIANS' PROFESSIONALISM AND PERFORMANCE (SPPP)

- The SPPP Working Group continued to support Fellows in the areas of professionalism via the production of online resources and presentations throughout the year. Most noteworthy was the video, "SPPP – Making it real for Fellows and Trainees", launched at the RACP Future Directions in Health Congress 2013. The video provides stories and experiences from Fellows and trainees that use the SPPP framework in their practice. SPPP also worked towards the development of an online professionalism pilot program in collaboration with The University of Sydney, to take place in early 2014. Other professionalism resources will be further investigated in 2014 to assist College members' life long learning.
- The SPPP Working Group provided feedback to the draft College-wide standards framework in late 2013 and looks forward to further supporting the continuous practice improvement of College members in 2014.

CONTINUING PROFESSIONAL DEVELOPMENT (CPD)

- The Continuing Professional Development (CPD) unit published the first ever analysis of the CPD activities and preferences of Fellows, based on a random sample of the CPD records of 500 Fellows plus data collected from 648 respondents to a voluntary survey.



Supporting Physicians' Professionalism and Performance Framework

- The CPD unit established new directions in supporting CPD, guided by a joint report of the RACP, Royal Australasian College of Surgeons and Royal College of Physicians and Surgeons of Canada: 'Lifelong Learning for Physicians and Surgeons'. The new directions include a commitment to the use of technology to enhance and extend learning opportunities for Fellows.
- Upgrades to the MyCPD program have simplified use of the program and reduced the number of steps required to record CPD activities. Support requests from Fellows using MyCPD were 27 per cent lower in 2013 than in 2012, and staff time spent on support requests reduced by 38 per cent.

OVERSEAS TRAINED PHYSICIANS

- In 2013, the RACP admitted 112 Overseas Trained Physicians as new Fellows of the College (84 in Australia and 28 in New Zealand) and received 179 new requests to assess Overseas Trained Physicians for registration (109 in Australia and 70 in New Zealand).

Professor Richard Doherty
Dean



Professor Richard Doherty speaks to professionalism at the Conjoint Medical Education Seminar, Sydney, March.

POLICY & ADVOCACY

Ms Caroline Turnour
Director, Policy & Advocacy



The policy and advocacy activities of the RACP support the leadership role of physicians, both collectively and individually, in influencing the social, environmental, biological and political factors that impact upon health and wellbeing of patients and the broader community, and the healthcare that they receive.

Advocacy in this regard can be viewed as everything that physicians can and should do to improve both the quality and safety of care for patients. In formulating RACP policies on various health issues and in contributing to the wider health policy formulation, the College is able to draw upon the perspectives, concerns, expertise and preferred solutions of its members.



RACP Aboriginal and Torres Strait Islander Health Advisory Committee Meeting, Sydney, March. L to R Dr Tamara Mackean, Emily Ofner, Dr Ray Warner, Professor Kate Conigrave

The Policy & Advocacy department achieved the following important milestones in 2013.

COLLEGE POLICY AND ADVOCACY COMMITTEE (CPAC)

- Chaired by President-Elect, Professor Nicholas Talley, CPAC undertook a review and piloted new governance arrangements delivering streamlined decision-making processes and allowing over 100 Fellow-led policy outputs to be released.
- Two AFOEM position papers were released through CPAC in 2013: 'What is Good Work?' and 'Improving Workplace Health and Workplace Productivity'. The papers were the latest contributions to AFOEM's substantial Realising the Health Benefits of Work portfolio.
- CPAC established and continued working with a number of working parties in 2013 undertaking projects of Fellowship importance.
- The Alcohol Working Party was established to develop and articulate an RACP position on alcohol policy, and the Ethical Guidelines Working Party was reconstituted from an expert advisory group to a working party, to revise the RACP Guidelines for Ethical Relationships between Physicians and Industry.
- CPAC and the Board approved the establishment of the End of Life Working Party to determine the RACP's approach to promoting end of life care in Australia and New Zealand.
- The Asylum Seekers and Refugees Working Party also developed a position and advocacy strategy relating to the health of asylum seekers and refugees.
- CPAC and the Policy & Advocacy department continued to work with the Aboriginal and Torres Strait Islander Health Advocacy Committee.

POLICY & ADVOCACY

ETHICS REVIEW

- Policy & Advocacy supported the independent expert review of the RACP's approach to ethics and ethical issues being undertaken by Canadian physician and ethicist, Dr Jeff Blackmer. The purpose of the review is to identify options for how the College approaches ethics and ethical issues in an integrated manner.
- During his initial consultations Dr Blackmer met with over 70 people across the RACP in 25 separate meetings and consultation sessions, including over 40 Fellows and trainees from across the College.
- A final report and recommendations will be presented to the May 2014 Board meeting to be held in Auckland.

PHYSICIANS TELEHEALTH SUPPORT PROJECT

- The Department of Health and Ageing (DoHA) contracted the College in 2012 to deliver the 'Physicians Telehealth Support Project: Promoting, Developing and Supporting the Implementation of Telehealth by Physicians'.
- The initiative aims to enable Australians in rural, remote and outer metropolitan areas to have better access to specialist care.
- The project directly interacted with over 1,000 participants, reaching physicians, health professionals, support staff and patients (current and future) through awareness raising activities and other communication outputs.

ADVOCACY

- The Policy & Advocacy department advocated for various matters on behalf of members throughout 2013, including asylum seeker and refugee advocacy work.
- Advocating for alcohol reforms was also a priority, resulting in many media opportunities.
- Various policy and advocacy initiatives were identified by State Committees, including lobbying against the closure of the Biala Sexual Health Clinic in Biala, NSW, and several state-based inquiries related to advance care planning, as

well as providing a submission to the Federal Government's Personally Controlled Electronic Health Record (PCEHR) Review and Medicare Locals Review.

- The NT government announced in October 2013, a year-long open speed trial commencing 1 February 2014. The College publicly opposed the trial, and in partnership with other Colleges, is campaigning for it to be abandoned.
- The Policy & Advocacy department also established the Policy Reference Group, a vehicle to allow for the wider inclusion of the College membership's expertise in forming policy positions.

Ms Caroline Turnour
Director, Policy & Advocacy



Professor Stephen Leeder, Chair NSW State Committee, presenting at the NSW telehealth roadshow event, Sydney, May



Emeritus Professor Kim Oates and Assoc Professor Susan Moloney addressing the media at the launch of the, Sydney, July

RACP FOUNDATION

The RACP Foundation promotes positive health outcomes through medical research and education. Therefore, the organisation has a history of donating vital funds to exceptional physicians for innovative medical research, work that is key to addressing challenges facing the healthcare landscape. As the philanthropic arm of the RACP, the Foundation is dedicated to recognising and supporting talented Fellows and trainees, by providing a wide range of awards for research and education initiatives.

Two thousand and thirteen was a productive year for the RACP Foundation. A new awards strategy was launched for the 2014 awards, designed and structured to provide support at specific career stages:

- Research Entry Scholarships, which are intended to encourage Fellows and trainees who are commencing careers in medical research, and are targeted at those undertaking a research higher degree;
- Research Establishment Fellowships for those who have completed a research higher degree and wish to establish a career involving research; and
- Career Development Fellowships for more established researchers.

The College also offers, through the RACP Foundation, Travel and Education awards and prizes, which recognise the outstanding contributions or achievements of Fellows and trainees.

As part of a shared commitment to nurture the next generation of medical researchers, the RACP, in collaboration with the National Health and Medical Research Council (NHMRC), launched the Awards for Excellence in 2013. These awards support top young clinical researchers by providing 'top-up' scholarships to RACP members on NHMRC postgraduate scholarships.

The RACP Foundation also introduced International Grants in 2013, which provide funding for international medical graduates or specialists who are intending to further their knowledge in the fields of medical education and research.

The College, through the RACP Foundation, provided funding via an International Grant to support an international medical graduate, Dr Manen Gorkhaly, to visit Australia.



L to R Assoc Professor Roger Bartrop, Dr Helen Rhodes, Laina De Winne, Dr Malcolm Lawrie at the RACP Foundation Donor Recognition reception, Sydney, December

RACP FOUNDATION

Dr Gorkhaly was sponsored by Dr John Ferguson, who spent three months in 2011, whilst on long service leave, teaching in Kathmandu. Dr Ferguson has been collaborating with the National Academy of Medical Sciences since then, assisting with plans to develop further capacity in Nepal.

INVESTING IN THE RACP FOUNDATION

This year, donations received from more than 4,000 members with their 2013 subscriptions totalled over \$417,000. Thank you to members for your continued support and generosity.

The RACP is also grateful to ongoing corporate and individual donors who gave over \$300,000 in 2013 to support specific awards, or made major contributions to the endowment funds. In addition, the RACP received a bequest from Dr John Tweed who died in February 2013, which has been incorporated into the New Zealand endowment funds to be used to support Fellows and trainees with research and education initiatives.

In 2013, the College appointed a Director of Development to develop the fundraising base for the RACP. A Tax Year-End Appeal was undertaken in Australia in June raising a further \$55,000, and a Pre-Christmas Appeal was also sent out, the results of which are yet to be determined.

RACP FOUNDATION STRATEGIC PLAN

The Board approved the RACP Foundation Strategic Plan, to be implemented early in 2014. The strategic objective of the RACP Foundation is to grow the investment corpus so that it can provide additional funds in order to award additional grants. The strategic objective requires that the RACP move into the fundraising arena, in which the College hasn't operated in recent years. To help achieve this objective, the Director of Development has been testing the fundraising market in Australia and New Zealand through a Tax Year-End Appeal and a Pre-Christmas Appeal. A Tax Year-End appeal is scheduled for New Zealand in early 2014. The purpose of the appeals is to achieve a greater understanding of the possible fundraising audience for the RACP Foundation and

through these pilots to have a greater understanding of where to focus our resources.

2013 RACP FOUNDATION AWARDS

In 2013, the RACP Foundation awarded funding of over \$1.6 million to 39 recipients. These funds were used to support research and education in the following award categories:

TYPE OF AWARD	NO. OF RECIPIENTS
Research Entry Scholarships	15
PhD & Open Fellowships	15
Travel Grants	5
Study Grants	4

Over 200 applications were received from across the Divisions, Faculties and Chapters and from Fellows and trainees. A breakdown of recipients is given below:

DIVISION, FACULTY AND CHAPTER	NO. OF RECIPIENTS	
	TRAINEES	FELLOWS
AChSHM		1
AFOEM	1	1
AFRM	2	3
AChPM	1	
Adult Medicine Division	22	7
Paediatric & Child Health Division	9	2

HONORARY TREASURER'S REPORT

Clinical Associate Professor Michael J Hooper
Honorary Treasurer



Dear Colleagues,

I am pleased to report that the College has had a positive financial year with a surplus for the operations of the College of \$2.90 million and a surplus for the RACP Foundation of \$2.07 million. Overall, the consolidated surplus was \$4.97 million against a budgeted surplus of \$1.075 million.

CONSOLIDATED RESULT

The College made a surplus of \$2,906,000 for the operations of the College in 2013. The surplus compares with the surplus achieved in 2012 of \$1,950,000.

The surplus is available to pay for new activities and the development of infrastructure and to provide reserves to fund activities in the future. Whilst we are in 'good shape', there are factors that may impact adversely on the College's finances in the near future. Such an impact would be the discontinuation of the administration contract with DoHA for the Specialist Training Program (STP), which is currently funded by the Australian Government's Department of Health until the end of 2015.

Staff costs continue to form a large percentage of the total costs for the College. Staff costs in 2013 were \$27 million, compared to \$24.6 million in 2012, but otherwise College

costs have not changed significantly from 2012. As in 2012, the College continued to respond to members' requests for support, improvements and risk mitigation in training, examinations, fellowship learning, CPD, member services and governance, necessitating increased staff numbers and upgrading the skills of established staff. The increasing number of trainees who undertake the College examinations continues to create a major logistical challenge for College staff, for Fellows who are examiners and for the trainees themselves despite improvements in the organisation and delivery of both Written and Clinical Examinations.

The development of the Trans-Tasman administration system (OSCAR – Online System for College Administration & Reporting), with its automatic workflow, will, when implemented, make College processes simpler, faster and smarter and replace the manual and complex current systems, processes and practices. As is often seen in projects of this type, delays have occurred in the initial work on this project.

FINANCIAL STRENGTH OF THE COLLEGE AT 31 DECEMBER 2013

The Balance Sheet included in the Statutory Financial Statements shows that, at the end of 2013, the consolidated financial position of the College remains strong.

HONORARY TREASURER'S REPORT

UBS Wealth Management continues to successfully manage College investments, with its performance being regularly reviewed by the Finance Committee.

The continuing strength of the College's Balance Sheet is that it does not carry any debt and has few long-term liabilities. As in 2012, the College has sufficient liquid reserves, which ensures that if the College, for some reason, was unable to obtain funds, the College could continue to operate at its current level for at least seven months.

As the College is tax exempt with regard to Income Tax and Payroll Tax due to its Charitable Not for Profit nature, the Balance Sheet does not contain any taxation provisions.

The strength of the RACP Foundation continues to grow and funds offered by the College via the RACP Foundation for awards (Prizes, scholarships, fellowships and grants) were over \$2 million in 2013. The RACP Foundation Balance Sheet contains cash, near cash and investments that cover its liabilities many times over, with the major liability the commitment to the following year's grants and awards.

APPRECIATION

I am coming to the end of my tenure as Honorary Treasurer. Having served three consecutive two-year terms on the College Board, I am ineligible for reappointment and will complete my term of office in May 2014.

I am indebted to and appreciative of the work of the Finance Committee, the pro bono contribution of four dedicated community members with specialist knowledge of financial matters, Loretta Di Mento, Karen Phin, Tony Fitzgerald and Geoffrey Laurence, the Fellow committee members John O'Donnell, the Assistant Treasurer, Ross Boswell, Charles Guest, Stephen Inns and Jim Newcombe, and the excellent Finance staff of the College, especially the CFO, Walter Edgar, in ensuring that the financial processes, practices and governance of members' money are professionally managed.

But that was not always so. When I joined the Board in 2008 the Honorary Treasurer's position was vacant and there were no Board subcommittees overseeing finance, audit and risk. Having been appointed by the Board as Honorary Treasurer that year, I remember sitting down with Geoff Laurence 'with a blank sheet of paper' to discuss the re-establishment of those important subcommittees. I am indebted to the current CEO, CFO and Company Secretary's work with the Finance Committee in establishing our current strong financial governance.

The work of the Finance Committee is significant both in volume and importance to the College. The Board delegates to the Finance Committee matters related to subscriptions and fees, authorisation of expenditure outside that delegated to staff and office bearers, investment decisions including those related to the RACP Foundation, by-law development related to staff and member travel, and oversight of conference and many other types of expenditure. Some of these responsibilities are handled by subcommittees of the Finance Committee, including the Remuneration Committee and the Prices Working Group.

As Honorary Treasurer, I am confident that the finances of the College are in excellent shape and that the College is in a robust position with seven months of reserves. I have every confidence that this picture will continue for years to come.

The Annual General Meeting will be held during the College Congress in Auckland on Monday, 19 May 2014, at which time you can address any questions on the College finances for 2013 to the Board.

Clinical Associate Professor Michael J Hooper
Honorary Treasurer

DIRECTORS' REPORT

The Directors present their report, together with the Financial Report to the Members of The Royal Australasian College of Physicians (the College) for the year ended 31 December 2013.

DIRECTORS

The following persons were Directors of the College during the 2013 financial year and up to the date of this report as indicated:

OUTGOING	ONGOING (Remained in office for the whole of the Financial Year)	INCOMING (Appointed unless indicated otherwise)
<i>Professor Ron Paterson (retired 31/5/13)</i>	<i>Associate Professor Leslie E Bolitho AM (President 2012-2014)</i>	<i>Nil</i>
<i>Mr Geoffrey Laurence (retired 31/5/13)</i>	<i>Professor Nicholas Talley (President-Elect 2012-2014)</i>	
<i>Professor Shane (Edward) Houston (resigned 10/1/14)</i>	<i>Dr Alasdair MacDonald</i>	
	<i>Professor John Wilson</i>	
	<i>Associate Professor Grant Phelps</i>	
	<i>Dr Helen Rhodes</i>	
	<i>Associate Professor Susan Moloney</i>	
	<i>Dr Nicola Murdock</i>	
	<i>Associate Professor James Ross</i>	
	<i>Dr Charles Guest</i>	
	<i>Associate Professor Christopher Poulos</i>	
	<i>Dr Simone Ryan</i>	
	<i>Dr James Newcombe</i>	
	<i>Dr John O'Donnell</i>	
	<i>Associate Professor Mark Lane</i>	
	<i>Clinical Associate Professor Michael Hooper</i>	

DIRECTORS' REPORT

SHORT-TERM AND LONG-TERM OBJECTIVES AND STRATEGY

The College currently has 8 objectives 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 document 'RACP Strategic Directions 2012-2015'. This document is available on the College's website.

STRATEGIC GOALS

1. RACP is the preferred educator and assessor of physician performance
2. RACP shapes the medical workforce agenda
3. RACP is a respected supporter of research
4. RACP provides value for members
5. RACP is able to shape the health policy agenda
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 to 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 the science and art of medicine as well as clinical and scientific research.

INFORMATION ON DIRECTORS

The Members of the Board in office as at the date of this Report, their qualifications, experience and special responsibilities are set out below:

ASSOCIATE PROFESSOR LESLIE E BOLITHO AM, PRESIDENT



<i>Qualifications</i>	MBBS, FRACP, FACRRM, <i>Member of the Order of Australia</i>
<i>Experience</i>	Associate Professor Bolitho AM is a Consultant Physician in Internal Medicine in Wangaratta, North East Victoria.
<i>Special responsibilities</i>	President of the RACP (2012-2014), Chair, RACP Board (2012-2014), Chair, RACP Board Executive (2012-2014), Ex-Officio Member, Finance Committee.

PROFESSOR NICHOLAS TALLEY, PRESIDENT-ELECT



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Professor Talley is Pro Vice-Chancellor of the Faculty of Health at the University of Newcastle.
<i>Special responsibilities</i>	President-Elect, RACP (2012-2014), Member, RACP Board (2012-2014), Member, RACP Board Executive (2012-2014), Chair of the College Policy and Advocacy Committee (2012-2014).

DR CHARLES GUEST



<i>Qualifications</i>	MBBS, BA, MPH, PhD, FAFPHM
<i>Experience</i>	Dr Guest is a Senior Specialist, Population Health Division, ACT Government Health Directorate; and Adjunct Professor in the College of Medicine, Biology and Environment, Australian National University
<i>Special responsibilities</i>	President, Australasian Faculty of Public Health Medicine (2012-2014), Member, RACP Board (2012-2014), Member, RACP Board Executive (2012-2014).

CLINICAL ASSOCIATE PROFESSOR MICHAEL HOOPER, HONORARY TREASURER



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Clinical Associate Professor Hooper is in the Department of Medicine at the University of Sydney and an Endocrinologist in Private Practice.
<i>Special responsibilities</i>	Honorary Treasurer of the RACP, Chair of the Finance Committee, Member, RACP Board (2008-2014), Chair, RACP Remuneration Committee (2012-2014).

ASSOCIATE PROFESSOR MARK LANE



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Associate Professor Lane is currently a senior medical officer in the Department of Gastroenterology and Hepatology at Auckland Hospital. He was Clinical Director of this Department for 17 years before stepping down from the role in 2008.
<i>Special responsibilities</i>	President-Elect, New Zealand (2012-2014), Member, RACP Board (2012-2014), Member, New Zealand Committee, Member, Fellowship Committee.

DR ALASDAIR MACDONALD



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Dr Macdonald is a Hospital Specialist with a Private Practice in Tasmania.
<i>Special responsibilities</i>	President, Adult Medicine Division (2012-2014), Member, RACP Board (2012-2014), Chair, International Committee (2011-2012), Member, RACP Board Executive (2012-2014).

ASSOCIATE PROFESSOR SUSAN MOLONEY



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Associate Professor Moloney is a General Paediatrician and currently the Director of Paediatrics at the Gold Coast Hospital.
<i>Special responsibilities</i>	President, Paediatrics & Child Health Division (2012-2014), Member, RACP Board (2012-2014) Member, RACP Board Executive (2012-2014).

DR NICOLA MURDOCK



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Dr Murdock is an assessor for the Postgraduate Medical Council of Queensland and sits on the Australian Medical Board, Queensland Committee.
<i>Special responsibilities</i>	President-Elect, Paediatrics & Child Health Division (2012-2014), Member, RACP Board (2012-2014), Chair, RACP Risk Management Committee, Member, Fellowship Committee.

DR JAMES NEWCOMBE



<i>Qualifications</i>	BMedSci(Hons), MPH(Hons), MBBS
<i>Experience</i>	Dr Newcombe is a dual Advanced Trainee in Paediatric Infectious Diseases and Microbiology.
<i>Special responsibilities</i>	Member, RACP Board (2012-2014), Deputy Chair, College Trainees' Committee.

INFORMATION ON DIRECTORS

DR JOHN O'DONNELL



<i>Qualifications</i>	MBChB, Dip Obstet, FRACP, FRCPA, GAICD
<i>Experience</i>	Dr O'Donnell is a Clinical and Laboratory Immunologist and General Physician with the Canterbury District Health Board (New Zealand).
<i>Special responsibilities</i>	President, New Zealand (2012-2014), Member, RACP Board (2010-2014), Member, College Finance Committee, Member, New Zealand Committee, Member, RACP Board Executive (2012-2014).

ASSOCIATE PROFESSOR GRANT PHELPS



<i>Qualifications</i>	MBA, FRACP, FRACMA, GAICD, FAIM
<i>Experience</i>	Associate Professor Phelps is Director of Service Quality and Improvement for the Tasmanian Department of Health and Human Services and Associate Professor of Clinical Leadership at Deakin University.
<i>Special responsibilities</i>	Member, RACP Board (2012-2014), Deputy Chair, College Committee and Chair, Quality & Safety Working Party

ASSOCIATE PROFESSOR CHRISTOPHER POULOS



<i>Qualifications</i>	MBBS (Hons), MSc, PhD, FAFRM (RACP)
<i>Experience</i>	Associate Professor Poulos is a Consultant Physician in Rehabilitation Medicine and Hammond Chair of Positive Ageing and Care, University of NSW.
<i>Special responsibilities</i>	President, Australasian Faculty of Rehabilitation Medicine (2012-2014), Member, RACP Board (2012-2014), Chair, Fellowship Committee.

DR HELEN RHODES



<i>Qualifications</i>	MBBS, FRACP
<i>Experience</i>	Dr Rhodes is a Renal Physician at Fremantle Hospital and for the past three years has also been Director of Physician Training at the hospital.
<i>Special responsibilities</i>	Member, RACP Board (2012-2014).

ASSOCIATE PROFESSOR JAMES ROSS



<i>Qualifications</i>	MBBS, MPH, MMED (Sports Med), GCert ehealth, AFACHSM, FAsMA, FAFPHM, FAFOEM, GAICD
<i>Experience</i>	Associate Professor Ross is in private practice in Canberra as the Medical Director of a private health services company.
<i>Special responsibilities</i>	President, Australasian Faculty of Occupational and Environmental Medicine (2012-2014), Member, RACP Board (2012-2014), Member, Risk Management Committee.

DR SIMONE RYAN



<i>Qualifications</i>	MBBS, FAFOEM, GradDipOccEnvMed, GradDipPubHlth
<i>Experience</i>	Dr Ryan is currently a Consultant Occupational Physician for IBM as well as Founding Medical Director of 'One Life. Live It.', a company specialising in corporate health and occupational medicine.
<i>Special responsibilities</i>	Member, RACP Board (2012-2014), Chair, College Trainees Committee, Member, Fellowship Committee, Member, Risk Management Committee.

PROFESSOR JOHN WILSON



<i>Qualifications</i>	BSc (Hons), MBBS, PhD, FRACP
<i>Experience</i>	Professor Wilson is the Director of Physician Training at the Alfred Hospital, Melbourne.
<i>Special responsibilities</i>	Member, RACP Board (2012-2014), President-Elect, Adult Medicine Division Council (2012-2014), Chair, College Education Committee, Member, Fellowship Committee.

MR MICHAEL SMITH, COMPANY SECRETARY



<i>Qualifications</i>	BA, FAICD, FCIS
<i>Experience</i>	Michael Smith was appointed Company Secretary of the College in October 2011. Prior to this appointment, he was 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. He also leads the College's Governance Unit.

INFORMATION ON RETIRED DIRECTORS

The Members of the Board who retired during the year, their qualifications, experience and special responsibilities are set out below:

PROFESSOR RONALD PATERSON Community (Non-Fellow) Director	
<i>Qualifications</i>	LLB (Hons), BCL
<i>Experience</i>	Professor Paterson was Chair in Law at the University of Auckland
<i>Special responsibilities</i>	Member, RACP Board (2010 – 2013), Member, New Zealand Committee. Professor Paterson's term concluded in May 2013.
MR GEOFFREY LAURENCE Community (Non-Fellow) Director	
<i>Qualifications</i>	B Tech Hons, BBS, CA
<i>Experience</i>	Mr Laurence is a non-Fellow Board Member and Member of the Finance Committee. He brought to these positions 30 years of financial, commercial, funds management and not-for-profit experience.
<i>Special responsibilities</i>	Member, RACP Board (2009 – 2013), Member, RACP Finance Committee, Member, Remuneration Committee, Member, New Zealand Committee. Mr Laurence retired from the RACP Board in May 2013 but remains a member of the Finance Committee and Remuneration Committee.
PROFESSOR SHANE HOUSTON Community (Non-Fellow) Director	
<i>Qualifications</i>	PhD
<i>Experience</i>	Professor Houston is Deputy Vice-Chancellor of the Indigenous Strategy and Services Department at the University of Sydney.
<i>Special responsibilities</i>	Member, RACP Board (2012-2014). Professor Houston resigned from the RACP Board in January 2014.

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 2013, and the numbers of meetings attended by each Director are detailed on pages 32 and 33.

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 below.

DR ROSS BOSWELL	
<i>Qualifications</i>	Dr Boswell is Chemical Pathologist and General Physician at Middlemore Hospital, New Zealand. He is a former Councillor of the Royal College of Pathologists of Australasia and former Treasurer and Chairman of the New Zealand Medical Association.
MS LORETTA DI MENTO	
<i>Qualifications</i>	Ms Di Mento is an audit partner of Ernst & Young in Sydney, with 22 years' experience in audit across a range of organisations including health, aged care and not-for-profit entities.
MR TONY FITZGERALD	
<i>Qualifications</i>	Mr Fitzgerald has over 39 years' experience in the financial services sector, both in banking and asset management. He is a member of the Investment Committee of UniSuper and also a member of the Investment Advisory Committee of Altius Asset Management. Mr Fitzgerald has extensive international experience having held senior roles in Australia, Europe, Asia and the US.
MS KAREN PHIN	
<i>Qualifications</i>	Ms Phin is Managing Director, Head of Capital Management Advisory, Citigroup and has over 19 years' investment banking experience.
DR STEPHEN INNS	
<i>Qualifications</i>	Dr Stephen Inns is a Gastroenterologist and General Physician at Hutt Hospital and Boulcott Hospital, Lower Hutt, New Zealand. He is the Honorary Treasurer for New Zealand and sits on the NZ Committee and the NZ Examinations Committee. He is a former co-chair of the interim NZ Trainees Committee.
MR GEOFFREY LAURENCE	
<i>Qualifications</i>	Mr Laurence was a Board Director, RACP Board (2009 – 2013), Member, RACP Finance Committee, Member, Remuneration Committee, Member, New Zealand Committee. Mr Laurence retired from the RACP Board in May 2013 but remains a member of the Finance Committee and Remuneration Committee. He brought to these positions 30 years' financial, commercial, funds management and not-for-profit experience.

REMUNERATION COMMITTEE

The Remuneration Committee was formed in July 2011 as a subcommittee of the Finance Committee. The Remuneration Committee comprises Michael Hooper (Chair), Loretta Di Mento and Geoffrey Laurence. Michael Smith is the secretary of the Remuneration Committee. The Committee operates under a Board approved Terms of Reference. A key role for the Committee is the review of the remuneration and employment contracts of the Chief Executive Officer, Senior Leadership Group and the President.

KEY PERSONNEL

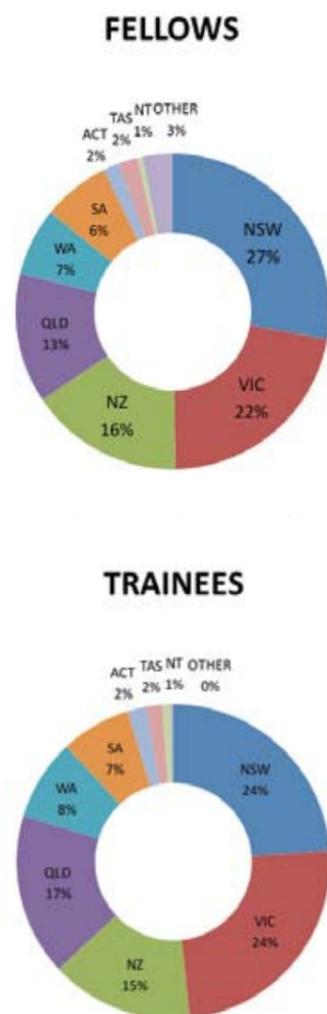
Those persons having authority and responsibility for planning, directing and controlling the activities of the College, directly or indirectly, during 2013 and in office at balance date were:

- Dr Jennifer Alexander, Chief Executive Officer
- Professor Richard Doherty, Dean
- Mr Walter Edgar, Director, Business, IT & Finance
- Mr Sasha Grebe, Director, Professional Affairs, Human Resources and Advocacy (resigned February 2013)
- Mrs Linda Smith, Director, Fellowship Relations
- Mr Michael Smith, Director of Governance & Human Resources, Company Secretary
- Dr Marie-Louise Stokes, Director of Education
- Ms Caroline Turnour, Director, Policy & Advocacy (appointed 26 August 2013)

MEMBER LIABILITY

The College was incorporated under the NSW Companies Act 1936 on 1 April 1938 as a company limited by guarantee. The College retains that status under the current Australian Corporations Legislation. 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 2013, the number of members was 20,888 comprising 14,806 Fellows and 6,082 trainees.

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 34 of this Annual Report.

**INFORMATION ON DIRECTORS'
MEETING ATTENDANCE 2013**

	BOARD MEETINGS		BOARD EXECUTIVE		RISK MANAGEMENT ¹		EDUCATION COMMITTEE ¹		FELLOWSHIP COMMITTEE ¹		FINANCE COMMITTEE ¹		POLICY & ADVOCACY ¹	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Associate Professor Leslie Bolitho ²	5	5	5	5	-	-	-	-	-	-	7	8	-	-
Professor Nicholas Talley	5	5	4	5	-	-	-	-	-	-	-	-	3	3
Dr Alasdair MacDonald	5	5	5	5	-	-	-	-	-	-	-	-	-	-
Professor John Wilson	5	5	-	-	-	-	5	6	1	4	-	-	1	3
Associate Professor Grant Phelps	5	5	-	-	-	-	-	-	-	-	-	-	3	3
Dr Helen Rhodes	5	5	-	-	-	-	-	-	-	-	-	-	-	-
Associate Professor Susan Moloney	5	5	5	5	-	-	-	-	-	-	-	-	-	-
Dr Nicola Murdock	5	5	-	-	4	4	-	-	3	4	-	-	-	-
Associate Professor James Ross	5	5	-	-	3	4	-	-	-	-	-	-	-	-
Dr Charles Guest	5	5	4	5	-	-	-	-	-	-	4	5	-	-
Associate Professor Christopher Poulos	5	5	-	-	-	-	-	-	4	4	-	-	-	-
Dr Simone Ryan	5	5	-	-	4	4	-	-	3	4	-	-	-	-
Dr Jim Newcombe	4	5	-	-	-	-	-	-	-	-	5	5	-	-
Dr John O'Donnell	4	5	4	5	-	-	-	-	-	-	8	8	-	-
Associate Professor Mark Lane	5	5	-	-	-	-	-	-	3	4	-	-	-	-
Clinical Associate Professor Michael Hooper	5	5	-	-	-	-	-	-	-	-	7	8	-	-
Professor Shane (Edward) Houston	2	5	-	-	-	-	-	-	-	-	-	-	-	-
Mr Geoffrey Laurence	1	2	-	-	-	-	-	-	-	-	7	8	-	-
Professor Ronald Paterson	2	2	-	-	-	-	-	-	-	-	-	-	-	-

- 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 The President of the College is an ex-officio Member of the Finance Committee.

**INFORMATION ON NON-DIRECTORS'
MEETING ATTENDANCE 2013**

NON-DIRECTOR MEMBER	FINANCE COMMITTEE	
	A	B
Dr Ross Boswell	8	8
Dr Stephen Inns	6	8
Ms Loretta Di Mento	8	8
Mr Tony Fitzgerald	7	8
Ms Karen Phin	8	8
Mr Geoffrey Laurence	7	8

- A – Indicates the number of meetings attended during the period the non-Director was a member of the Committee.
 B – Indicates the number of meetings held during the period the non-Director was a member of the Committee.

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



Michael J Hooper
 Director
 Sydney, 4 April 2014

FINANCIAL REPORTS

AUDITOR'S DECLARATION OF INDEPENDENCE



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Auditor's Independence Declaration To the Directors of The Royal Australasian College of Physicians

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of The Royal Australasian College of Physicians for the year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

James Winter
Partner - Audit & Assurance

Sydney, 4 April 2014

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Liability limited by a scheme approved under Professional Standards Legislation. Liability is limited in those States where a current scheme applies.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

General fund		2013	2012
Revenue		\$	\$
	Note		
Subscriptions & other Fellow receipts	3(a)	16,020,953	14,168,227
Admissions, training and examination fees	3(b)	23,526,220	19,394,842
Other	3	7,238,113	8,021,919
Total Revenue		46,785,286	41,584,988
Expenditure			
Employee benefits		26,825,106	24,589,876
Travel, accommodation & meetings		4,808,736	4,740,734
Bad and doubtful debt provision	4(a)	493,190	252,111
Other	4	11,751,868	10,051,565
Total Expenditure		43,878,900	39,634,286
General fund surplus		2,906,386	1,950,702
RACP Foundation fund			
Revenue			
Interest & dividend income		2,251,353	2,007,013
Donations from Fellows and other grants		1,699,725	1,004,562
Gain on disposal of financial assets		352,133	502,971
Other		285,859	326,948
Total Revenue		4,589,070	3,841,494
Expenditure			
Grants paid or payable		2,022,273	1,698,174
Other		496,805	432,594
Total expenditure		2,519,078	2,130,768
RACP Foundation fund surplus		2,069,992	1,710,726
Total surplus		4,976,378	3,661,428

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	\$	\$
Surplus for the year	4,976,378	3,661,428
Other comprehensive income:		
Net gain on revaluation of financial assets	319,827	1,659,336
Foreign currency translation gain	1,399,206	262,379
Total comprehensive income for the year	6,695,411	5,583,143

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

Assets		2013	2012
Current Assets	Note	\$	\$
Cash & cash equivalents	6	14,277,856	13,623,219
Trade & other receivables	7	2,277,374	2,332,158
Other current assets	8	493,232	308,509
Other financial assets	9	4,078,500	1,099,628
Total Current Assets		21,126,962	17,363,514
Non Current Assets			
Other financial assets	9	69,064,971	62,267,164
Property, plant & equipment	10	8,000,665	8,621,501
Other non-current assets	11	1,444,880	1,430,156
Total Non Current Assets		78,510,516	72,318,821
Total Assets		99,637,478	89,682,335
Liabilities			
Current Liabilities			
Trade & other payables	12	18,377,002	15,353,360
Provisions	13	1,446,620	1,289,442
Total Current Liabilities		19,823,622	16,642,802
Non Current Liabilities			
Provisions	13	325,217	246,305
Total Non-Current Liabilities		325,217	246,305
Total Liabilities		20,148,839	16,889,107
Net Assets		79,488,639	72,793,228
Funds			
General funds	17	35,016,097	32,109,711
RACP Foundation funds	17	41,010,367	38,940,375
Reserves	17	3,462,175	1,743,142
Total Funds		79,488,639	72,793,228

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 2013

	2013	2012
	\$	\$
General and Foundation funds		
Balance, 1 January	71,050,086	67,388,658
General fund surplus	2,906,386	1,950,702
RACP Foundation fund surplus	2,069,992	1,710,726
Balance, 31 December	76,026,464	71,050,086
Available for sale reserve		
Balance, 1 January	1,457,622	(201,714)
Movement in available for sale financial assets	319,827	1,659,336
Balance, 31 December	1,777,449	1,457,622
Foreign currency translation reserve		
Balance, 1 January	285,520	23,141
Foreign currency translation gain	1,399,206	262,379
Balance, 31 December	1,684,726	285,520
Total funds	79,488,639	72,793,228

STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

		2013 \$	2012 \$
Cash flow from operating activities	Note		
Cash receipts from training fees, memberships and operations		43,128,823	30,762,570
Cash payments applied in operations		(42,534,146)	(41,248,629)
Payments to Specialist Training Program posts		(28,192,977)	(25,681,602)
Proceeds from Government for Specialist Training Program posts		33,126,814	28,008,113
Interest received		471,527	1,662,542
Proceeds from Government grants	14	1,060,376	5,400,939
Net cash provided by/(used in) operating activities		7,060,417	(1,096,067)
Cash flow from investing activities			
Payments for property, plant and equipment		(1,313,872)	(1,302,892)
Payments for investments		(9,350,525)	(32,254,318)
Proceeds from disposal of property, plant and equipment		2,859	-
Proceeds from investments		3,693,095	28,944,336
Net cash used in investing activities		(6,968,443)	(4,612,874)
Net increase/(decrease) in Cash & cash equivalents		91,974	(5,708,941)
Cash & cash equivalents at the beginning of the year		13,623,219	19,361,582
Effects of exchange rate fluctuations on the balance of Cash held in denominated foreign currencies		562,663	(29,422)
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	6	14,277,856	13,623,219

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

41 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

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 2013 was authorised for issue in accordance with a resolution of the Directors on 4 April 2014.

2. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31 DECEMBER 2013

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, 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.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected assets.

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 (n). 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 and the Inland Revenue Department in New Zealand.

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.

Donations

Donations are recognised as revenue when the company gains control, economic benefits are probable and the amount of the donation can be measured reliably.

In-kind contributions

The College receives contributions from members and Specialty Societies in the form of the provision of extensive voluntary services to the College. These amounts are not brought to account in the financial statements as the fair value of such contributions could not be reliably measured.

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, and other short-term highly liquid investments with 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 uncollectible 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.

Software

Costs incurred in developing IT products or systems are capitalised and included in as an asset when it is probable the development project will be successfully completed, the College will be able to use the assets as part of its operations, there is a continuing intention to complete the development project and the costs can be reliably measured. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Acquired software is also capitalised.

Amortisation of software is calculated on a straight line basis over periods generally ranging from 3 to 5 years.

At the end of each reporting period the College assesses whether there is any indication that a software asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In respect of not-for-profit entities such as the College, value in use is the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits. Depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

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:

<i>Buildings and strata title building units</i>	<i>40 years (2.5%)</i>
<i>Plant & equipment</i>	<i>10 years (10%)</i>
<i>Furniture & fittings</i>	<i>10 years (10%)</i>
<i>Computer equipment & software -</i>	
<i>3 years – 5 years</i>	<i>(20%–33.3%)</i>
<i>Equipment held under finance lease</i>	<i>life of lease</i>

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 the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. Depreciated replacement cost is used to determine value in use. Depreciated replacement cost is the current replacement cost of an item of property, plant and equipment less, where applicable, accumulated depreciation to date, calculated on the basis of such cost.

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. In 2012, the New Zealand library collection was independently valued and recorded in the books at deemed cost.

j. 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 available-for-sale financial investments are measured at fair value with gains or losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired, being either a significant or prolonged decline in value below cost, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to the statement of profit or loss and other comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date.

k. 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.

l. 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.

m. 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.

n. 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 superannuation funds. Contributions are recognised in the income statement when they are due.

o. 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.

p. 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.

q. 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.

r. 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.

46 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

s. Funds

Funds are disaggregated and classified into a number of reserves. The components of funds are:

General Funds
RACP Foundation funds
Available for sale reserves
Foreign exchange translation reserves

t. 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	2013 \$	2012 \$
<i>General fund</i>		
Externally funded grants	4,082,028	4,570,326
Registration and workshop fees	932,316	1,104,536
Interest & dividend income	1,721,588	1,706,668
(Loss)/Gain on disposal of financial assets	(6,970)	15,361
Advertising & publication income	263,279	324,120
Event management	7,531	12,786
Administrative fees & recoveries	220,332	186,247
Other	18,009	101,875
TOTAL OTHER REVENUE (GENERAL FUND)	7,238,113	8,021,919

47 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

3 (a) Revenue (Subscriptions)

The College recognises membership subscriptions as revenue over the period of the membership. The College has recognised unpaid amounts totalling \$392,768 in 2013 (2012 – \$189,280) as revenue as the College has a right to enforce the payment and intends to pursue the debt.

The increase in outstanding sub scriptions is due to an increase in the number of Fellows from 121 to 235 (2% of eligible Fellows in 2013) choosing not to pay the 2013 fees by 31 December 2013. These Fellows have been contacted and some have subsequently paid. Those who have not paid by April 2014 will have their Fellowship terminated as per clause 4.1.1(d) of the Constitution.

3 (b) Revenue (Training fees)

The College recognises training fees as revenue over the period of the training. The College has recognised unpaid amounts totalling \$597,775 in 2013 (2012 – \$486,933) as revenue as the College has a right to enforce the payment and intends to pursue the debt.

The proportion of training fees outstanding in relation to total training revenue remains at similar levels to 2012 (2013 – 3.47%; 2012 – 3.49%).

4. EXPENSES	2013 \$	2012 \$
<i>General fund</i>		
Rent & outgoing/occupancy cost	2,127,533	2,038,924
Repairs & maintenance	125,403	242,562
Depreciation & amortisation	2,030,932	2,002,217
Printing, publication & postage	1,794,006	1,603,894
Contract, professional & consulting fees	1,210,229	772,616
Bank & investment management fees	722,304	432,978
Web hosting and information technology consumables	394,667	367,641
Insurance expense	151,424	158,275
General office stationery	301,858	214,353
Telephone	283,667	305,532
Training tools, development & delivery	1,180,995	641,670
IT hardware & software maintenance and support	600,935	581,474
Hospital assessment costs (Clinical exams)	443,766	369,771
OTP interview fees paid to Fellows	109,818	103,431
Other expenses	274,331	216,227
TOTAL OTHER EXPENDITURE (GENERAL FUND)	11,751,868	10,051,565

4 (a) Bad and doubtful debt provision

Opening balance as at 1 January 2013	696,006
Less	
Prior year debts collected	(509,621)
Debts written off against provision	(56,068)
Add provision for 2013 outstanding debts	1,002,811
	1,133,128

5. AUDITORS' REMUNERATION

	2013 \$	2012 \$
Amounts paid to auditors for:		
<i>The audit of the financial report</i>		
Australia (Grant Thornton)	44,360	48,160
New Zealand (BDO 2012)	8,008	7,813
	52,368	55,973
<i>Other audit services</i>		
Australia (Pitcher Partners)	21,375	13,500
	21,375	13,500

6. CASH AND CASH EQUIVALENTS

	2013 \$	2012 \$
<i>Cash at bank and on hand</i>	6,150,846	3,984,402
<i>Short term deposits with financial institutions</i>	8,127,010	9,638,817
	14,277,856	13,623,219

Restricted funds

Cash and cash equivalents includes \$10,507,300 (2012 – \$8,388,801) 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 included in the balance is RACP Foundation funds of \$2,152,100 (2012 – \$3,017,261) which is not available for general working capital requirements.

7. TRADE AND OTHER RECEIVABLES

	2013 \$	2012 \$
<i>Trade & other debtors</i>	2,310,264	2,379,921
<i>Less: Allowance for doubtful debts</i>	(1,133,128)	(696,006)
<i>Other accrued income</i>	1,100,238	648,243
	2,277,374	2,332,158

8. OTHER CURRENT ASSETS

<i>Prepaid expenses</i>	493,232	308,509
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9. OTHER FINANCIAL ASSETS

<i>Current</i>		
<i>Bank bills & term investments</i>	2,416,770	1,099,628
<i>Available-for-sale financial assets</i>	1,661,730	-
	4,078,500	1,099,628
<i>Non-current</i>		
<i>Available-for-sale financial assets</i>	69,064,971	62,267,164
	69,064,971	62,267,164

Restricted funds

Bank bills and term investments include \$68,900 (2012 nil) for the RACP Foundation. These funds are not available for general working capital requirements. Also included in the balance is funds held by the College for distribution to third parties or for a specific purpose under contractual arrangements with government departments which is nil for 2013 (2012 – \$500,000) and is not available for general working requirements. Unexpended funding at year end is disclosed in Note 12.

The current available-for-sale financial assets includes funds for RACP Foundation \$163,226 (2012 nil) and is not available for general working requirements.

In the non-current available-for-sale of financial assets \$204,924 (2012 – \$192,727) relates to funds the College manages on behalf of a separate entity. A corresponding Liability is also shown in the accounts in Note 12.

The non-current available-for-sale financial assets also includes funds for RACP Foundation \$41,545,900 (2012 – \$37,932,573). These funds are not available for general working capital requirements.

50 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

10. PROPERTY, PLANT AND EQUIPMENT

	Land & Building	Leasehold Improvements	Furniture, Fixtures & Fittings	Plant & Equipment	IT Hardware	IT Software	Total
COST	\$	\$	\$	\$	\$	\$	\$
Balance at 31 December 2012	5,632,949	1,672,696	2,281,822	1,026,137	3,145,952	2,500,917	16,260,473
Additions	-	124,010	64,407	2,725	551,088	54,851	797,081
Disposals	-	(153,578)	(406,504)	(94,131)	(480,538)	(153,270)	(1,288,021)
Balance at 31 December 2013	5,632,949	1,643,128	1,939,725	934,731	3,216,502	2,402,498	15,769,533
Accumulated depreciation							
Balance at 31 December 2012	2,393,372	1,499,704	806,930	595,630	1,630,716	1,110,285	8,036,637
Depreciation expense	117,783	114,614	224,940	86,971	827,887	659,943	2,032,138
Disposals	-	(152,539)	(299,850)	(84,159)	(478,819)	(153,270)	(1,168,637)
Forex translation	(96,501)	-	(102,510)	(16,568)	(1,173)	(62)	(216,814)
Balance at 31 December 2013	2,414,654	1,461,779	629,510	581,874	1,978,611	1,616,896	8,683,324
Net carrying amount							
at 31 December 2012	3,239,577	172,992	1,474,892	430,507	1,515,236	1,390,632	8,223,836
2012 Fixed Assets under construction							397,665
							8,621,501
at 31 December 2013	3,218,295	181,349	1,310,215	352,857	1,237,891	785,602	7,086,209
2013 Fixed Assets under construction							914,456
							8,000,665

11. OTHER NON-CURRENT ASSETS

	2013 \$	2012 \$
Library At cost	1,080,808	1,066,084
Paintings, antiques and historical objects At cost	364,072	364,072
	1,444,880	1,430,156

51 NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

12. TRADE AND OTHER PAYABLES

	2013 \$	2012 \$
Trade creditors & other payables	1,310,413	868,106
Accruals	3,884,761	3,586,073
Income received in advance for subscriptions and exam fees	2,747,480	1,557,946
Unexpended funds	10,434,348	9,341,235
	18,377,002	15,353,360

13. PROVISIONS

Current		
Employee entitlements	1,446,620	1,289,442
Non-current		
Employee entitlements	325,217	246,305
	1,771,837	1,535,747

14. RECONCILIATION OF CASH

Net surplus for the year	4,976,378	3,661,428
Add/(subtract) non-cash items		
Depreciation of property, plant and equipment	2,032,138	2,002,217
Effect of exchange rate differences	(11,191)	-
Add/(subtract) investing activities		
(Profit)/loss on disposal of property, plant and equipment	116,352	-
(Profit)/loss on sale of investments	19,096	(8,248)
Investment distributions re-invested	(3,282,267)	(2,106,793)
Changes in assets and liabilities		
(Increase)/decrease in trade and other debtors	6,871	435,292
Increase/(decrease) in trade and other creditors and accruals	2,976,812	(5,230,762)
Increase/(decrease) in provisions	226,228	150,799
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	7,060,417	(1,096,067)

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. The College has provided financial guarantees in respect of leased premises amounting to \$567,357 (2012 – \$567,357) secured by lease deposits.

LEASE EXPENDITURE COMMITMENTS	2013 \$	2012 \$
<i>Operating leases (non-cancellable)</i>		
<i>Not later than one (1) year</i>	1,538,869	1,123,539
<i>Later than one (1) year & not later than two (2) years</i>	1,137,645	845,531
<i>Later than two (2) years & not later than five (5) years</i>	2,364,591	669,057
<i>Later than five (5) years</i>	401,402	548,278
	5,442,507	3,186,405

b. Capital expenditure commitments

There is no known capital commitment.

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 as Directors. During the year travel expenses incurred by the Directors in fulfilling their role were reimbursed to the Directors if not paid directly by the College.

c. Related party transactions

The President, Associate Professor Leslie E Bolitho, is reimbursed for services that Associate Professor Bolitho has performed as the President. During the year the College paid Associate Professor Bolitho \$50,000.

The College administers the Specialist Training Program funded by the Department of Health. The program subsidises the salary for trainees in expanded training settings and the Federal Department of Health approved a trainee position to be subsidised in a private practice of which Associate Professor Leslie E Bolitho is a partner. The practice received a payment of \$50,000.

There are no other amounts payable to or receivable from Directors or Director-related entities at the reporting date.

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. During the year the College received \$167,533 for rent and outgoings from the Specialty Societies.

Members of the Board are Fellows of the College and may be members of Specialty Societies. All transactions of Board members as individual Fellows are on terms applicable to all members of the College. Transactions with Specialty Societies are referred to above.

In-kind services and contributions provided by all members and Specialty Societies, including Board members, are not brought to account in the financial statements as the fair value of such contributions could not be reliably measured.

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.

	2013 \$	2012 \$
TOTAL COMPENSATION	2,371,471	2,361,527
17. DETAILS OF FUNDS		
General funds		
The amounts held in the general funds are used to finance the operations of the College.		
<i>General Funds</i>		
<i>Balance, 1 January</i>	32,109,711	31,712,481
<i>General Fund surplus</i>	2,906,386	1,950,702
<i>Allocation to RACP Foundation Funds</i>	-	(1,553,472)
BALANCE, 31 DECEMBER	35,016,097	32,109,711

54 **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2013

RACP Foundation funds

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

	2013 \$	2012 \$
<i>RACP Foundation Funds</i>		
<i>Balance, 1 January</i>	38,940,375	35,676,177
<i>RACP Foundation Fund surplus</i>	2,069,992	1,710,726
<i>Alocation from General Funds</i>	-	1,553,472
BALANCE, 31 DECEMBER	41,010,367	38,940,375

Reserves

The amounts in the reserves represent the unrealised gains resulting from movements in the fair value of the investment portfolio of the General funds and RACP Foundation funds, and movements in exchange rates.

18. LIMITATION OF FELLOWS' LIABILITY

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

19. FUNDRAISING

The College undertook fundraising appeals throughout the year and holds an authority to fundraise under the *Charitable Fundraising Act 1991 (NSW)*. The College has disclosed the fundraising income statement below in respect of fundraising activity conducted with non-members. Proceeds from members are not considered to be fundraising activity in accordance with the *Charitable Fundraising Act 1991 (NSW)* and therefore are not included in the information below.

(a) Details of aggregate fundraising income and expense from fundraising appeals (from non-members)

	2013 \$
<i>Gross Income from Fundraising</i>	13,771
<i>Total Cost of Fundraising</i>	45,837
NET DEFICIT FROM FUNDRAISING	(32,066)

The College did not carry out any fundraising activities in 2012

55 **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2013

(b) Accounting Principles and Methods adopted in fundraising accounts

The fundraising financial statements have been prepared on an accrual basis and in accordance with Australian Accounting Standards as per Note 2.

(c) Information on fundraising activities

The College has included in the total cost of fundraising the administration expenses of the Fundraising department. The fundraising income only includes contributions made by non-members and hence the expense is prorated between the contributions made by members and non-members. Two fundraising initiatives were carried out in Australia for 2013; "Tax appeal" and "X-mas appeal". Although a loss was made in the two fundraising appeals, the College is testing the propensity of the broader community to support the work of the RACP Foundation. These fundraising appeals are laying the foundation for a more extensive fundraising program.

20. 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:

- 1) the financial statements for the year ended 31 December 2013 and notes thereto comply with the Australian Accounting Standards; and
- 2) 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 2013;
- 3) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- 4) 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
4 April 2014

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 2013 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 2013 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 4th day of April 2014

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ROYAL AUSTRALASIAN COLLEGE OF PHYSICIANS



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Independent Auditor's Report To the Members of The Royal Australasian College of Physicians

We have audited the accompanying financial report of The Royal Australasian College of Physicians (the "College"), which comprises the statement of financial position as at 31 December 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company.

Directors' responsibility for the financial report

The Directors of the Company 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 the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulation 2008. The Directors' responsibility also includes 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 us to 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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.

Auditor's opinion

In our opinion:

- a) the financial report of The Royal Australasian College of Physicians is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the College's financial position as at 31 December 2013 and of its performance for the year ended on that date;
 - ii complying with Australian Accounting Standards- Reduced Disclosure Requirements and the Corporations Regulations 2001;
- b) the financial report agrees to the underlying records of The Royal Australasian College of Physicians, that have been maintained, in all material aspects, in accordance with the Charitable Fundraising Act 1991 and its Regulations for the year ended 31 December 2013; and
- c) monies received by The Royal Australasian College of Physicians, as a result of fundraising appeals conducted during the year ended 31 December 2013, have been accounted for and applied, in all material aspects, in accordance with the Charitable Fundraising Act 1991 and its Regulations.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

James Winter
Partner - Audit & Assurance

Sydney, 4 April 2014

About the Royal Australasian College Of Physicians (RACP):

The RACP trains, educates and advocates on behalf of more than 14,800 physicians – often referred to as medical specialists – and over 6,000 trainees, across Australia and New Zealand. The College represents more than 32 medical specialties including general medicine, 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