THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA

ABN 52 000 173 231

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2018

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THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA
ABN 52 000 173 231

DIRECTORS' REPORT

Your directors present their report together with the consolidated financial statements of the Royal College of Pathologists of Australasia, (the College) and its controlled entity (the group) for the year ended 30 June 2018.

DIRECTORS' DETAILS

The names of the directors of the company in office at any time during or since the end of the financial year are:

Dr Lawrence Bott
Prof John Burnett (appointed Nov 2017)
A/Prof Merrole Cole-Sinclair
Dr Michael Dray
Dr Michael Harrison (resigned Nov 2017)
A/Prof Christine Hemmings (resigned Nov 2017)
Dr Jan Kencian
Dr Nicole Kramer (appointed Nov 2017)
Prof Anthony Landgren
Dr Bruce Latham
Prof Roger Wilson

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

INFORMATION ON DIRECTORS
Dr Bruce Latham
President
BMed Sci (Hons), MBBS, FRCPA

Bruce Latham is a graduate of the University of Western Australia. He carried out his Anatomical Pathology training predominantly at Royal Perth Hospital and was admitted to Fellowship in 1995. Bruce has worked as an Anatomical Pathologist in both the public and private sector, and is currently an Anatomical Pathologist with PathWest at Fiona Stanley Hospital where he has a diagnostic and research interest in breast and pulmonary pathology. He is the Chair of the RCPAQAP Anatomical Pathology General Module Committee and is an Adjunct Associate Professor at Notre Dame University. He was previously the RCPA State Councillor for Western Australia and a member of the Anatomical Pathology Advisory Committee.

Dr Michael Dray
Vice President
MBChB (Otago), DCH, Dip Obst, FRCPA

Dr Michael Dray is a Consultant Histopathologist based at Waikato Hospital. He gained his medical degree from the University of Otago. His initial medical career saw him in General Practice for several years prior to training in Anatomical Pathology in Sydney, NSW for 5 years before returning to New Zealand in 2006. He spent 6 years working at Middlemore Hospital, South Auckland, before moving to his current position. He is also Chair of the NZ Committee of Pathologists, a Senior Lecturer at the University of Auckland being an active member of the Bone & Joint Research Group, Secretary of the NZ Society of Pathologists, a Coronial Pathologist and member of the IANZ Medical Testing Professional Advisory Committee.

Dr Nicole Kramer
Vice President, New Zealand
MBChB FRCPA

Nicole Kramer is a Consultant Anatomic Pathologist at Labpus, Auckland City Hospital. She graduated from the University of Auckland and completed her Pathology Fellowship in 2011, training in in Auckland and the Waikato. She has been a member of the National Bowel Cancer Working Group and the Lead Pathologist for the National Bowel Screening Pilot. She is current Chair of the RCPA NZ Committee of Pathologist, a member of the National Bowel Screening and Auckland Regional Tissue Bank Scientific Advisory Groups and is an active member of the NZ Neuroendrocrine Tumour Research Group.

Dr Jan Kencian
Secretary/Treasurer
BMed (Hons) FRCPA

Dr Jan Kencian has held the role of supervising pathologist for Sullivan Nicolaides in Cairns, Queensland since 2004. In 2003 she worked at the Brisbane laboratory and prior to that at laboratories in Cairns. Her resident training was at Royal Newcastle and Gosford Hospitals and she undertook anatomical pathology as a registrar at Royal North Shore Hospital, St Leonards NSW achieving FRCPA in 1988. Jan has held several roles over the years with IAP and was Treasurer of IAP Australasian Division for 3 years and a Board member for 5 years. Over the years she has represented Far North Queensland on many groups including Queensland Breast Screen and Queensland State Cervical Cytology Register Working Group. She was elected as RCPA Secretary/Treasurer in November 2013, the first person to hold the new dual role.

Dr Tony Landgren
Chairman, Board of Education and Assessment
MBBS LLB FRCPA FACLM Barrister & Solicitor Supreme Court of Victoria.

Tony Landgren is a graduate in Medicine and Law from the University of Melbourne. He trained in Anatomical and Forensic Pathology in Victoria and was admitted to Fellowship in 1990. Tony has worked as a pathologist and administrator in private and public practice in Australia, New Zealand, Malaysia, Singapore and the United States. He is Chair of the Department of Anatomical Pathology at the Royal Melbourne Hospital and Medical Director/Chief Pathologist at Australian Clinical Labs. His legal practice specialises in Commercial and Biotechnology Law. He holds academic appointments at the University of Melbourne. He is a Director of RCPA Quality Assurance Programs Pty Ltd, Chair of the RCPA Board of Education and Assessment, a Director of NATA and Chair of the Victorian Cancer Biobank.

Dr Lawrence Bott
Chairman, Board of Professional Practice and Quality
MBBS (Hons), FRCPA

Lawrie graduated from the University of Sydney and trained in pathology at Concord Hospital in Sydney. Since obtaining Fellowship (1989), he has worked as a General Pathologist in private practice in NSW, country Victoria, and Tasmania. He joined Barratt & Smith Pathology in 1990 and was made CEO in 1995. More recently Lawrie was CEO of two divisions of Sonic Healthcare - Diagnostic Services and Southern IML Pathology and in 2016 was appointed Chief Medical Officer Australian Pathology for Sonic. Lawrie served as RCPA Honorary Secretary (2000-2004), Chair of the Overseeing Committee for Pathology Update 2001 to 2004, NSW State Councillor (2005-2007), Member, Deputy Chair and Chair of PPAC from 2004 and now Chair of BPPQ. He is also a Director of RCPA Quality Assurance

Programs (QAP) Pty Ltd (2000 to present), was Councillor for Tasmania (2011-2013). He holds a RCPA Meritorious Service Award received in 2013.

Professor Roger Wilson
Representative for States and Regions
MBChB, FRCPA, FRACMA, Dip Microbiol, Grad Dip Health Law (with Distinction)

Roger graduated from Otago University in 1977 and rotated through each discipline of pathology at Dunedin Hospital before completing training in microbiology at Royal North Shore Hospital Sydney and being admitted to Fellowship (1985). He was a consultant Clinical Microbiologist at Royal Perth Hospital from 1986 and moved to the Nepean & Blue Mountains Pathology Service in 1996 as Director of Pathology. Appointed Executive Director of South Eastern Area Laboratory Services (SEALS) in 2001 he remained there until appointed as inaugural Chief Pathologist of 'NSW Health Pathology' in April 2013. Roger is a Fellow of RACMA, holds an appointment as Conjoint Professor at UNSW, was President of NCOPP (2006-2010), has represented NSW Health on NPAAC since 2007 and was recently Chair of NPAAC Strategy and Risk Committee in 2016. Roger was elected Councillor for NSW/ACT in 2012 and in November 2013 appointed to the Board of Directors by the Council Committee representing State and Regional Councillors.

Associate Professor Merrole Cole-Sinclair
Representative, Advisory Committees
BSc (Hons) MBBS FRCPA FRACP FFSc

A graduate in Medicine and Science from the University of Melbourne, Merrole trained in laboratory and clinical haematology through the Joint Specialist Advisory Committee [JSAC, RCPA and RACP] and has been a staff specialist in the Victorian public hospital sector since returning to Australia in 1993 after a Clinical Research Fellowship in London. She is currently Director, Laboratory Haematology at St Vincent's Health Melbourne and holds an Honorary Academic Appointment with the Department of Pathology at the University of Melbourne. Merrole has an interest in diagnostic haematology and transfusion medicine and since 2008 has chaired the Transfusion Outcomes Research Collaborative, an ARCBS and Monash University partnership.
She served as RCPA Chief Examiner in Haematology (2007-2012) and Chair of JCTC for Haematology and currently chairs the RCPA Haematology Advisory Committee. Council appointed her in November 2014 to the Board of Directors as the discipline advisory committee representative.

Prof John Burnett
Council Representative, General
MB ChB MD PhD FRCPA FFSc FACB FAHA FCSANZ

Dr Burnett received his undergraduate medical education at the University of Otago and was admitted to Fellowship of the Royal College of Pathologists of Australasia (Chemical Pathology) in 1992. He was a Fellow in Medical Biochemistry at the Robarts Research Institute and University of Western Ontario and recipient of a Heart and Stroke Foundation of Canada Research Fellowship. Dr Burnett was awarded a PhD in Biochemistry from the University of Western Ontario in 1998 and the higher degree of MD from the University of Otago in 2004. He moved to Australia in 1999 and is currently Consultant Chemical Pathologist in the Department of Clinical Biochemistry at PathWest Royal Perth Hospital and Fiona Stanley Hospital Network, and Clinical Professor in the School of Medicine at the University of Western Australia. Dr Burnett is an Associate Editor of Pathology, has been a member of the WA State Committee since 2000 and was WA Councillor from 2006-2010. On the first Committee of and an Examiner for Faculty of Science, he is currently Chair of the Chemical Pathology Advisory Committee.

MEETINGS OF THE BOARD OF DIRECTORS

Alphabetical list of Directors	**Directors Meetings**	
	Eligible to attend	Number attended
Dr Lawrence Bott	12	10
Prof John Burnett	7	6
A/Prof Merrole Cole-Sinclair	12	11
Dr Michael Dray	12	10
Dr Michael Harrison	5	5
Dr Janet Kencian	12	12
Dr Nicole Kramer	7	6
Prof Anthony Landgren	12	10
Dr Bruce Latham	12	12
A/Prof Christine Hemmings	5	2
Prof Roger Wilson	12	11

PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Principal activities include promotion of the study of the sciences and practice of pathology in relation to medicine, the consideration of all questions affecting the interests of College Fellows, the provision of quality assurance services to pathology laboratories, as well as the encouragement of research in pathology and ancillary sciences.

No significant changes in the state of affairs of the group occurred during the financial year.

OPERATING RESULTS

The profit of the group for the financial period after providing for income tax amounted to $3,702,557 (2017: $2,558,365).

DIVIDENDS

The College is a Not for Profit organisation and as such does not pay dividends.

FUTURE DEVELOPMENTS

In 2017 – 2018 a formal workforce survey was undertaken to determine the future demand for Pathologists and senior scientists. Overall the survey found that there will be a shortfall in most pathology streams and efforts to increase the number of Fellows, and thus trainees, needs to continue.

The engagement with the Medical Boards of Australia and New Zealand continues on matters related to continuing professional development for members.

The College's accreditation was renewed in 2016 be the Australian Medical Council (AMC). Following the submission of the 2017 Annual Progress Report, the AMC responded that 'overall the College has made extremely good progress in the first year since their accreditation assessment. In August 2018, the College report to the AMC will state that all conditions are being met within, and in many cases substantially in advance of, the required timeframes.

RCPA Quality Assurance Programs have embarked on an extensive project to develop new software supporting results collections from participating laboratories and the dissemination of test results and other material. This will greatly improve the "user" experience.

ENVIRONMENTAL ISSUES

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

DIRECTORS BENEFITS

No director of the College has, since the end of the previous financial year, received or become entitled to receive a benefit either by way of a fixed salary as a full-time employee of the company or of related corporations by reason of a contract made by the company or a related corporation
with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

MEMBER CONTRIBUTION

Fellows of the College, Honorary Fellows of the College and Fellows of College Faculties would contribute up to $20 each in the event of winding up.

DIRECTORS AND AUDITORS INDEMNIFICATION

The group companies have not, during the financial period, in respect of any person who is or has been an officer or auditor of the group:

Indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or paid or agreed to pay a premium in respect of a contract ensuring against a liability incurred as an officer for the costs or expenses to defending legal proceedings.

PROCEEDINGS ON BEHALF OF GROUP

No person has applied for leave of Court to bring proceedings on behalf of the group companies or intervene in any proceedings to which the group companies are a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings. The group companies were not a party to any such proceedings during the financial year.

SUBSEQUENT EVENTS

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration is included on page 9.

For and on behalf of the Board of Directors in accordance with a resolution pursuant to section 298(2)(a) of the Corporations Act 2001 dated 14th November 2018.

Bruce Latham
President

Jan Kencian
Treasurer

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Australia

DECLARATION OF INDEPENDENCE BY GILLIAN SHEA TO THE DIRECTORS OF THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA

As lead auditor of The Royal College of Pathologists of Australasia for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of The Royal College of Pathologists of Australasia and the entities it controlled during the period.

Gillian Shea
Partner

BDO East Coast Partnership

Sydney, 14 November 2018

THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA
ABN 52 000 173 231

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIALYEAR ENDED 30 JUNE 2018

	Note	2018 $	2017 $
Subscription and training revenue	4	7,040,894	7,008,993
Quality assurance program enrolment revenue		17,414,492	17,198,478
Grant revenue	6(b)	13,967,583	14,005,493
Other revenue	5	2,766,687	1,503,671
Gain/(loss) on financial assets held at fair value through profit or loss		151,083	358,997
Employee benefits expense		(10,561,367)	(10,241,045)
Cost of goods sold		(4,765,693)	(4,627,921)
Depreciation and amortisation expense	6(a)	(826,923)	(857,100)
Conferencing/education expense		(1,518,264)	(1,376,998)
Professional fee expense		(1,321,058)	(1,285,051)
Premises expense		(996,003)	(1,157,547)
Travel and accommodation expense		(1,113,593)	(1,117,124)
Grant expenses	6(b)	(13,967,583)	(13,969,371)
Other expenses		(1,951,121)	(1,958,207)
Finance and investment costs		(201,074)	(360,468)
Profit before income tax		4,118,060	3,124,800
Income tax expense	7	(415,503)	(566,435)
Profit after income tax		3,702,557	2,558,365
Other comprehensive income:			
Other comprehensive income for the year net of income tax		-	-
Total comprehensive income for the year		3,702,557	2,558,365

THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA

ABN 52 000 173 231

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	2018 $	2017 $
CURRENT ASSETS			
Cash and cash equivalents	8	8,638,826	7,778,033
Trade and other receivables	9	4,945,938	4,070,763
Other current assets	10	3,082,881	2,445,601
Financial assets	11	21,152,802	19,066,588
TOTAL CURRENT ASSETS		37,820,447	33,360,985
NON-CURRENT ASSETS			
Deferred tax assets		497,629	533,004
Financial assets	11	7,107	7,107
Property, plant and equipment	12	8,685,287	8,109,991
Intangible assets	13	1,823,396	538,243
TOTAL NON-CURRENT ASSETS		11,013,419	9,188,345
TOTAL ASSETS		48,833,866	42,549,330
CURRENT LIABILITIES			
Trade and other payables	14	4,103,306	2,953,193
Borrowings	17	18,712	18,712
Provisions	15	1,395,587	1,315,427
Other current liabilities	14	18,551,769	17,153,327
TOTAL CURRENT LIABILITIES		24,069,374	21,440,659
NON-CURRENT LIABILITIES			
Deferred tax liabilities		64,005	67,771
Borrowings	17	21,830	38,982
Provisions	15	630,067	655,885
TOTAL NON-CURRENT LIABILITIES		715,902	762,638
TOTAL LIABILITIES		24,785,276	22,203,297
NET ASSETS		24,048,590	20,346,033
EQUITY			
Retained earnings		24,048,590	20,346,033
TOTAL EQUITY		24,048,590	20,346,033

THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA

ABN 52 000 173 231

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

	Contributed Equity $	Retained Earnings $	Total $
Balance at 1 July 2016	-	17,787,668	17,787,668
Net profit after tax for the year	-	2,558,365	2,558,365
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2,558,365	2,558,365
Balance at 30 June 2017	-	20,346,033	20,346,033
Balance at 1 July 2017	-	20,346,033	20,346,033
Net profit after tax for the year	-	3,702,557	3,738,680
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	24,048,590	24,084,713
Dividends paid	-	-	-
Balance at 30 June 2018	-	24,048,590	24,084,713

THE ROYAL COLLEGE OF PATHOLOGISTS OF AUSTRALASIA
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR 30 JUNE 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		28,625,749	28,374,317
Payments to suppliers and employees (inclusive of GST)		(38,801,380)	(38,461,578)
Interest received		455,029	362,521
Grants received		16,324,331	13,717,424
Interest paid		-	-
Donations received		306,641	196,947
Income tax paid		(1,383,439)	(483,315)
Net cash provided by operating activities	**18**	5,526,931	3,706,316
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,303,841)	(1,296,597)
Payments for intangible assets		(1,410,014)	(438,120)
Payments for investments		(1,935,131)	(6,973,282)
Net cash used in investing activities		(4,648,986)	(8,707,999)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in borrowings		(17,152)	(18,712)
Net cash used in financing activities		(17,152)	(18,712)
Net increase / (decrease) in cash and cash equivalents		860,793	(5,020,395)
Cash and cash equivalents at the beginning of the financial year		7,778,033	12,798,428
Cash and cash equivalents at the end of the financial year	**8**	8,638,826	7,778,033

1. Nature of operations

The Royal College of Pathologists of Australasia and subsidiaries' ('the Group') principal activities include promotion of the study of the sciences and practice of pathology in relation to medicine, the consideration of all questions affecting the interests of College Fellows, the provision of quality assurance services to pathology laboratories, as well as the encouragement of research in pathology and ancillary sciences. These activities are grouped into the following service lines:

- Training and education: focused on managing training and assessment for aspiring Pathologists and providing professional development activities for members.
- Research: provides grants to support research into the study of science and pathology.
- Quality assurance: involved in providing comprehensive quality assurance programs for pathology laboratories in Australia and overseas.

2. General information and statement of compliance

The consolidated financial report of The Royal College of Pathologists of Australasia for the financial year ended 30 June 2018 was authorised for issue in accordance with a resolution of Directors, dated 14th November 2018.

The Royal College of Pathologists of Australasia is a company limited by guarantee.

The consolidated general purpose financial statements of the Group have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Royal College of Pathologists of Australasia has adopted the reduced disclose requirements as it is a not-for-profit entity for the purpose of preparing the financial statements. The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements are in Australian Dollars which is the College's functional and presentational currency and have been rounded to the nearest dollar. The financial report has been prepared on a going concern basis.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

3. Significant Accounting Policies

(a) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and its subsidiary as of 30 June 2018. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The subsidiary has a reporting date of 30 June.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

(b) Business combination

A business combination involving entities under common control is accounted for under the pooling of interest method since the combining businesses are ultimately controlled by the same party, both before and after the business combination. The assets and liabilities of the combining entities are reflected at their carrying amounts and no adjustments are made to reflect fair values at the date of combination. Goodwill is not recognised as a result of the combination. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are also restated as there has been effectively no change in control. Any difference between the consideration paid and the equity acquired is reflected within equity.

(c) Income Tax

The College is classified as a scientific and educational institution by the Australian Taxation Office and therefore, in accordance with section 50-5 of the Income Tax Assessment Act 1997, is exempt from paying income tax.

The other member of the group applies the following policy;

The income tax expense for the period comprises current income tax expense and deferred tax expense.

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense is charged or credited directly to equity instead of profit or loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Income Tax (continued)

With respect to land and buildings measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Deferred Expenditure

Items of expenditure having a benefit or relating to more than one accounting period are amortised over the periods to which they relate. The deferred expenditure comprises consumable materials and operating costs. These costs pertain to programs to be conducted during the following financial year and accordingly will be matched against the revenue earned in that year. Deferred expenditure has been included within prepayments in the Consolidated Statement of Financial Position.

(e) Revenue and Unearned Revenue

Membership fees, training fees and quality assurance subscriptions
Revenue from the rendering of the service is recognised upon the delivery of the service to the customers.

The unearned revenue shown in the financial statements will be brought to account in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the following year. These amounts comprise subscriptions received in advance for programs to be conducted in the following financial year.

Royalties, interest and other income
Revenue is assigned to the time period to which it relates and recognised in that period.

Donations
Revenue is recognised at the time the donation is received.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Grants

The group receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the group to treat grant monies as deferred grant income in the Consolidated Statement of Financial Position where the group is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(g) Property, Plant & Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining the recoverable amount. All items of plant and equipment are depreciated using the straight-line method.

Costs related to fixed assets under development are measured at cost. Depreciation is charged from the date the development of the asset is complete and the asset is judged to be capable of operating in the manner intended by management.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10%
Leasehold Improvements	10 – 20%
Leased Plant & Equipment	20%

(h) Intangibles

Software and website development costs are capitalised where it is probable that sufficient future benefits will be derived so as to recover those costs. Costs related to software under development are measured at cost. Amortisation is charged when the software has been tested and is judged to be capable of operating in the manner intended by management.

Software and website development costs are amortised at a rate of 40% per annum on a straight line basis over the period during which the related benefits are expected to be realised.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The cash flows disclosed on the Consolidated Statement of Cash Flows are presented on a gross basis.

(j) Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation for the current financial period.

(k) Foreign Currency

Transaction and Balances

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at the reporting date are converted at the rates of exchange ruling at that date.

The gains and losses from conversions of assets and liabilities, whether realised or unrealised are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as they arise.

(l) Financial Instruments

Financial instruments are initially measured at fair value on trade date which includes transaction costs when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Financial Assets at Fair Value Through Profit or Loss

A financial asset is classified in this category if acquired principally for the purposes of selling in the short-term or it so designated by management and within the requirement of AASB 139: Financial Instruments: Recognition & Measurement. Realised and unrealised gains and losses arising from changes in fair value of these assets are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective rate of interest method.

Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost using the effective rate of interest method, comprising original debt less principal payments and amortisation.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Financial Instruments (continued)

Investments

Investments in securities are measured on a cost basis. The carrying amount of investments is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value of the securities. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

(m) Employee Benefits

Annual leave

Non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with the above policy.

The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the non-current 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.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(n) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Provision for impairment of receivables

The provision for impairment of receivables assessment (note 9) requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Critical Accounting Estimates and Judgements (continued)

Estimation of useful lives of assets

The group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Restoration of leased premises

A make good provision (note 16) has been made for the present value of the anticipated costs for future restoration of leased premises. As the restoration costs will be incurred in relation to fit outs installed by the company the costs are capitalised over the lease term and depreciated on a straight line basis.

Income tax

One group company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will be reflected in the current tax provisions in the period in which such determination is made.

Long service leave provision

As discussed in Note 3(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(o) Capital Management

The capital structure of the group primarily consists of trading assets and liabilities including cash and cash equivalents, trade and other receivables and trade and other payables. The company does not utilise any form of third party debt and given the strong cash position this has not changed during the financial year and is not anticipated to change going forward.

The capital resources are primarily used for carrying out day to day operations.

Although the group does not have a documented policy to manage the levels and types of risks it is exposed to, the Directors consider that minimising exposure to equity markets adequately addresses the company's exposure to such risks.

NOTE 3: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Cash and Cash Equivalents

For the purpose of the Consolidated Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

(q) Current and Non-current Classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(r) New, revised or amending Accounting Standards and Interpretations Adopted

The group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current accounting period.

As at the date of this report there are a number of new Australian Accounting Standards that have been issued but are not yet effective. The group has yet to fully assess the impact of the new Australian Accounting Standards.

	Note	2018 $	2017 $
Note 4. Subscription and training revenue			
Membership subscriptions		4,125,518	3,957,782
Training registration fees		898,982	791,927
Examination fees		971,860	1,011,533
Pathology update conference and other training events		1,044,534	1,247,751
		7,040,894	7,008,993
Note 5. Other revenue			
Earnings from cash holdings and managed funds			
- Dividends received		1,199,229	211,045
- Interest		455,029	362,521
Donations received – RCPA Foundation		306,640	196,947
Royalties & editorial support for "Pathology" journal		332,196	295,332
Cost recovery from managing grants and projects		132,780	33,175
Revenue from other activities		340,812	404,651
		2,766,686	1,503,671
Note 6. (a) Revenue and expenses			
Depreciation of non-current owned assets		683,371	768,689
Depreciation of non-current leased assets		18,691	18,691
Amortisation of intangibles		124,861	69,720
Remuneration of auditor:			
- audit of financial statements		96,258	103,160
- tax and other services		-	59,515
Impairment of trade receivables		104,878	36,739
Bad debts		-	-
Rental expenses on operating leases		595,355	757,154
Superannuation guarantee contributions		883,685	809,875
Loss on disposal of property, plant and equipment		27,739	369,233
Finance and investment costs:			
- Merchant charges for credit card facility		104,548	102,823
- Investment charges		207,072	115,527
- Bank fees and charges		17,337	18,742
-Unrealised foreign exchange (gain) / loss on foreign currency bank balances		(130,600)	121,405
- Lease finance charges		2,454	-
- Other fees		263	1,971
		201,074	360,468

Note 6. Revenue and expenditure (continued)

(b) Significant Revenues and Expenses

The following revenue and expenses are relevant in explaining the financial performance of the Group:

Included in revenue and other expenses per the Consolidated Statement of Profit or Loss and Other Comprehensive Income are the following revenues and expenses resulting from specific grants received by the Group. Grant revenue is recognised as expenses are incurred, any excess of Grant receipts over Grant expenses is recognised in the Consolidated Statement of Financial Position as Deferred Grant Income. Unexpended Grant income is returned to the Grant provider.

	2018 $	2017 $
Grant - Standardisation of Pathology Information Terminology and Units Part 1, 2 and 3		
Revenues	275	622,903
Expenses	275	586,781
Deferred Grant Income	256,125	12,997
Grant – Pathology Workforce Change - National Cervical Screening Program		
Revenues	230,772	350,543
Expenses	230,772	350,543
Deferred Grant Income	18,882	112,154
Grant – World Health Organisation - Arboviruses		
Revenues	30,567	-
Expenses	30,567	-
Deferred Grant income	132,477	-
Grant - Electronic Decision Support - Pathology Requesting		
Revenues	-	-
Expenses	-	-
Deferred Grant Income	-	23,915
Grant - Common Sense Pathology		
Revenues	-	-
Expenses	-	-
Deferred Grant Income	262,960	-
Grant – Structured Reporting of Cancer funding for an additional protocol		
Revenues	-	134,310
Expenses	-	134,310
Deferred Grant income	2,565	2,565
Other Grants		
Revenues	-	19,691
Expenses	-	19,691
Deferred Grant Income	-	19,742

Note 6. Revenue and expenditure (continued)	2018 $	2017 $
(b) Significant Revenues and Expenses (continued)		
Grant – Structural Pathology Reporting of Cancer 2016		
Revenue	174,732	5,752
Expenses	174,732	5,752
Deferred Grant Income	256,423	281,699
Grant – Specialist Training Program 2018		
Revenues	4,793,453	-
Expenses	4,793,453	-
Deferred Grant Income	1,991,702	-
Grant – Specialist Training Program - Tasmania		
Revenue	789,195	551,962
Expenses	789,195	551,962
Deferred Grant Income	198,611	474,383
Grant - Specialist Training Program		
Revenues	6,635,330	11,049,174
Expenses	6,635,330	11,049,174
Deferred Grant Income	153,636	1,370,948
Grant – Health Genomics Stage 1 and 2		
Revenues	153,676	4,868
Expenses	153,676	4,868
Deferred Grant Income	26,937	23,196
Grant – Molecular Genetics		
Revenue	264,173	(3,828)
Expense	264,173	(3,828)
Deferred Grant Income	256,742	340,334
Grant – Quality Assurance for the AMS		
Revenues	207,363	432,980
Expenses	207,363	432,980
Deferred Grant Income	31,678	-
Grant - Biological Sensitive QAP		
Revenues	688,047	762,166
Expenses	688,047	762,166
Deferred Grant Income	30,473	-
Grant – World Health Organisation – Chikungunya, Dengue& Zika PTP		
Revenues	-	74,972
Expenses	-	74,972
Deferred Grant Income	-	84,559
Total Grant Revenues	13,967,583	14,005,494
Total Grant Expenses	13,967,583	13,969,371
Total Deferred Grant Income	3,619,211	2,746,493

	2018 $	2017 $

Note 7: Income tax

	2018 $	2017 $
Income tax expense		
Current tax	371,120	801,870
Adjustment recognised for prior years	44,383	(235,238)
Income tax expense	415,503	566,435
The prima facie tax on profit is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit before income tax at 27.5% (2017: 30%)	911,332	937,440
Add/(less) tax effect of:		
- income tax exempt items	23,923	(94,358)
- research and development claim	(564,135)	(41,409)
- over provision from prior year	44,383	(235,238)
Income tax (benefit)/expense	415,503	566,435
Deferred tax included in income tax expense comprises:		
(Decrease) / Increase in deferred tax assets	(35,375)	3,231
Decrease in deferred tax liabilities	3,766	10,462
Deferred tax – origination and reversal of temporary differences	31,609	13,693

Franking credits

	2018 $	2017 $
Balance of franking account at year end adjusted for franking credits arising from payment of current tax liability.	2,691,689	3,181,168

Note 8. Cash and cash equivalents

	2018 $	2017 $
Cash at bank	8,638,826	7,778,033
	8,638,826	7,778,033

Note 9. Trade and other receivables

	2018 $	2017 $
Current		
Trade receivables	5,316,924	4,454,187
Other receivables	185,950	85,969
Less: provision for impairment	(556,936)	(469,393)
	4,945,938	4,070,763

	2018 $	2017 $

Note 10. Other current assets

	2018 $	2017 $
Prepayments	2,925,557	2,280,628
Cash held on behalf of State Committees	157,324	164,973
	3,082,881	2,445,601

The Cash held on behalf of State Committees, its ultimate ownership rests with the College. State Committees have discretion over the use of this cash.

Note 11. Financial Assets

	2018 $	2017 $
Current		
Term deposits	242,000	319,988
Managed Investments at fair value through profit or loss		
- Cash Management	1,521,243	2,718,481
- Fixed Interest – securities	11,044,766	13,422,382
- Equity investments	2,575,094	2,001,578
- Alternative investments	5,769,699	604,159
	21,152,802	19,066,588
Non-Current		
Shares in listed corporations		
- At cost	7,107	7,107
	7,107	7,107

Note 12. Property plant and equipment

	2018 $	2017 $
Plant and equipment at cost	3,724,007	2,927,685
Less: Accumulated depreciation	(1,986,126)	(1,731,158)
Assets under development	214,116	-
Total plant and equipment	1,951,997	1,196,527
Leasehold improvements at cost	3,502,168	3,472,794
Less Accumulated depreciation	(1,256,354)	(1,020,383)
Total leasehold improvements	2,245,814	2,452,411
Land and building improvements	182,951	178,898
Less: Accumulated depreciation	(81,747)	(63,534)
Land and buildings – at cost [refer note 12 (b)]	4,301,113	4,240,084
Assets under development	2,116	50,742
Less: impairment	(148,185)	(148,185)
Total property	4,256,248	4,258,005
Computer equipment at cost	1,937,550	1,897,195
Less: Accumulated depreciation	(1,748,467)	(1,754,983)
Total Computer equipment	189,083	142,212
Leased assets at cost	93,558	93,558
Less: Accumulated depreciation	(51,413)	(32,722)
Total Leased assets	42,145	60,836
Total Property, Plant & Equipment	8,685,287	8,109,991

12. Property, Plant and Equipment (continued)

(a) Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current year are as follows:

	Land and Buildings $	Computer Equipment & Software $	Plant, Equipment & Furniture $	Leasehold Improve-ments $	Work in progress $	Leased Assets $	Total $
Balance at beginning of year	4,207,263	142,212	1,196,527	2,452,411	50,742	60,836	8,109,991
Additions	65,084	136,032	910,962	29,375	216,232	-	1,357,685
Disposals, write-downs and transfers	-	-	(29,585)	-	(50,742)	-	(80,327)
Depreciation expense	(18,215)	(89,161)	(340,023)	(235,972)	-	(18,691)	(702,062)
Carrying amount at the end of year	4,254,132	189,083	1,737,881	2,245,814	216,232	42,145	8,685,287

((b) Recoverable amount of land and buildings

Land and buildings at cost represent the cost paid for land and building assets, less impairment charges.

The Directors obtained professional advice from an insurance valuer to ascertain the insurance replacement value of the freehold property owned by the College at 203-205 Albion Street, Surry Hills. The advice received was dated May 2017. Based on the valuation provided, the property has a current replacement value of $3.275 million. This valuation takes into account the age and condition of the property, recent comparable sales and the fact that the property is heritage listed. In addition, the Directors obtained a financial valuation for the property. In a report dated 1 April 2017 the “as is” value of the property was found to be $3.5 million. However, in the Directors opinion, an independent market valuation obtained in 2016 of $2.8 million best reflects current market conditions and the recoverable amount of the property. An impairment charge of $148,185 was recorded in 2016. The carrying value of the property remains at $2.8 million as at 30 June 2018.

The Directors considered the valuation of the property owned by the College at 207 Albion Street, Surry Hills and obtained professional advice from an insurance valuer to ascertain the insurance replacement value. The advice received was a formal valuation and was dated May 2013. Based on the valuation provided, the property has a current replacement value of $2.78 million. This valuation takes into account the age and condition of the property, recent comparable sales and the fact that it is heritage listed. The above value does not include costs of realisation, estimated to be in the range of 3% to 4%. In the Directors opinion, this valuation and current market conditions continue to support that the carrying value of the property of $1.35 million, is not in excess of its recoverable amount.

Note 13. Intangibles

	2018 $	2017 $
Software and website development:		
At cost	796,234	441,725
Less: Accumulated amortisation	(292,990)	(168,128)
Software under development	1,320,152	264,646
	1,823,396	538,243
Movements in carrying amounts:		
Balance at the beginning of the year	538,243	439,386
Additions	1,410,014	438,121
Write-downs	-	(269,544)
Amortisation	(124,861)	(69,720)
Carrying value at the end of the year	1,823,396	538,243

Note 14. Trade and Other Payables

	2018 $	2017 $
Current (unsecured)		
Trade creditors	1,261,198	937,941
Accruals	2,504,866	406,897
Income tax (refund)/payable	(205,102)	794,443
Deferred lease incentive	30,699	37,784
Other current payables	511,645	776,128
Total trade and other payables	4,103,306	2,953,193
Other Current Liabilities (unsecured)		
Grant income deferred	3,619,211	2,746,493
Funds committed for special purpose projects	1,126,778	1,000,421
Revenue received in advance	13,805,780	13,406,413
Total other liabilities	18,551,769	17,153,327

Note 15. Borrowings

	2018 $	2017 $
Current (secured)		
Lease liability (Note 14)	18,712	18,712
Non Current (secured)		
Lease liability (Note 14)	21,830	38,982
Total current and non current secured liabilities	40,542	57,694

	2018 $	2017 $
Note 16. Provisions		
Current		
Employee benefits:		
Annual leave	944,842	963,469
Long service leave	450,745	351,958
Total current provisions	1,395,587	1,315,427
Non Current		
Employee benefits:		
Long service leave	400,067	425,885
Provision for make good - Refer to note 3(n)	230,000	230,000
Total non current provisions	630,067	655,885

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 3 of this financial report.

A make good provision has been made for the present value of the anticipated costs for future restoration of leased premises. As the restoration costs will be incurred in relation to fit outs installed by the company the costs are capitalised over the lease term and depreciated on a straight line basis.

Note 17. Capital and Lease Commitments

	2018 $	2017 $
(a) Finance Lease Commitments Payable:		
- Not later than one year	18,712	18,712
- Later than one year but not later than five years	21,830	38,982
Minimum lease payments	40,542	57,694
Less future finance charges		
Total lease liability	40,542	57,694

The finance lease on office plant and equipment, which commenced in September 2015, is a 5-year lease. The lease payments are paid monthly in advance. The security for this lease is the asset being leased under this arrangement.

(b) Operating Lease Commitments Payable:

	2018 $	2017 $
Non-cancellable operating leases contracted for but not capitalised in the consolidated financial statements.		
- No later than one year	666,730	683,573
- Later than two years but no later than five years	2,821,793	2,851,171
- Greater than five years	-	255,023
Total operating lease commitments	3,488,523	3,789,767

(c) Capital Expenditure

The Group has no commitments for capital expenditure at the date of this report

Note 18. Cash Flow Information

Reconciliation of Profit after Income Tax to Net Cash from Operating Activities

	2018 $	2017 $
Profit after income tax	3,702,557	2,558,365
Non-cash flows in profit		
Depreciation	826,923	857,100
Movement in bad debt provision	87,543	(25,886)
Fair value loss on financial assets through to profit or loss	(151,083)	(358,997)
Loss on disposal of fixed assets	26,483	369,233
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(962,718)	399,435
(Increase)/decrease in prepayments and other current assets	(637,280)	5,261
Decrease in deferred tax assets	31,609	7,233
(Decrease)/Increase in tax payable	(999,545)	75,887
Increase in creditors and accruals	2,675,382	1,378,584
Increase/(Decrease) in provisions	54,342	(24,793)
(Decrease) in other unearned revenue	(872,718)	(1,535,106)
Cash flows provided by operating activities	5,526,931	3,706,316

Note 19. Interests in Subsidiary

	Proportion of Ownership interests	
	30 June 2018	30 June 2017
RCPA Quality Assurance Programs Pty Ltd The company is incorporated in Australia and provides quality assurance services for pathology laboratories.	100%	100%

Note 20. Related Party Transactions

	2018 $	2017 $
During the year the College entered into the following transactions with the following entities.		
Cost recovery from ICCR	77,898	69,888
Amount owed by ICCR at balance date	2,556	9,788

Term of payment for ICCR is 30 days from the date of invoice.

ICCR, full name International Collaboration for Cancer Reporting Limited, was established as a company limited by guarantee in 2014. The College is a founding member of ICCR and has permanent representation on the board of directors.

Note 21. Remuneration of Directors

The Directors of the College received no remuneration or benefits during the financial year (2016: $Nil).

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Dr Roger Wilson
Dr Michael Dray
Dr Lawrence Bott
Dr Bruce Latham
Dr Christine Hemmings (resigned in Nov. 2017)
Prof. John Burnett (appointed in Nov. 2017)
Prof Anthony Landgren
Dr Michael Harrison (resigned in Nov. 2017)
Dr Merrole Cole-Sinclair
Dr Janet Kencian
Dr Nicole Kramer (appointed in Nov 2017)

Note 22. Key Management Personnel Remuneration

The total compensation of key management personnel is as follows:

	2018 $	2017 $
Salaries, bonuses and superannuation contributions	961,066	970,723

Note 23. Contingent Liabilities

The Directors of the College are not aware of any contingent liabilities for the consolidated entity as at 30 June 2018 (2017 $Nil).

Note 24. Events Subsequent to Reporting Date

No matters or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 25. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2018 **$**	**2017** **$**
Profit after income tax	3,340,248	488,405
Total comprehensive income	3,340,248	488,405

Statement of financial position

	Parent	
	2018 **$**	**2017** **$**
Total current assets	23,034,907	16,397,114
Total assets	27,904,982	21,295,775
Total current liabilities	13,207,381	9,923,716
Total liabilities	13,416,837	10,147,878
Equity		
Retained earnings	14,488,145	11,147,897
Total equity	14,488,145	11,147,897

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity has not entered inter any guarantees in relation to the debts of its subsidiaries.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 3.

Directors' Declaration

In the opinion of the Directors of the Royal College of Pathologists of Australasia:

1. The consolidated financial statements and notes of the Royal College of Pathologists of Australasia are in accordance with the Corporations Act 2001, including:

   - Giving a true and fair view of its financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and

   - Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that the Royal College of Pathologists of Australasia will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001 dated 14th November 2018.

Bruce Latham
President

Jan Kencian
Treasurer

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of The Royal College of Pathologists of Australasia

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Royal College of Pathologists of Australasia (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

BDO

Gillian Shea
Director/Partner

Sydney, 14 November 2018