



**AUSTRALIAN & NEW ZEALAND COLLEGE OF
ANAESTHETISTS**

(ABN 82 055 042 852)

ANNUAL REPORT

For the year ended 31 December 2018

Annual Report 2018

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Directors Report

The Council of the Australian and New Zealand College of Anaesthetists submit herewith the financial report for the financial year ended 31 December 2018. The College maintained its primary objective for the period under review.

The Directors submit their report for the year ended 31 December 2018 as follows:

The names and particulars of the Directors during or since the end of the financial year are:

President Dr R G Mitchell	FANZCA 2004; FAICD; Queen Elizabeth & Lyell McEwin Hospitals, SA
Vice-President Dr V S Beavis	FANZCA 1999; FFA (SA) 1992; GAICD; Auckland City Hospital, NZ
Honorary Treasurer Dr R J Waldron	FANZCA 1993; MAICD; The Hobart Anaesthetic Group, TAS

Directors of the college

Dr C J Cokis	FANZCA 1997, MBBS, Fiona Stanley Hospital, WA
Dr M Craigie (Appointed 10 May 2018)	FANZCA 1992, FFPMANZCA 2001 CALHN Pain Management Unit, Queen Elizabeth Hospital, SA
Dr P T Farrell	FANZCA 1992; (FFARACS) 1986; GAICD; John Hunter Hospital, NSW
Dr G A Goulding	FANZCA 1992; (FFARACS 1986); FAICD; Royal Brisbane and Women's Hospital, QLD
Dr C Hayes (Resigned 10 May 2018)	FANZCA 1995, FFPMANZCA 1999; Hunter Integrated Pain Service, John Hunter Hospital, NSW
Dr S A Jenkins	FANZCA 2002; Lyell McEwin Hospital, SA
Dr M R R Jones	FANZCA 1992; (FFARACS 1991); Royal Prince Alfred Hospital, NSW
Dr S C Y Ma (Resigned 10 May 2018)	FANZCA 2013; AFRACMA 2016; BMBS 2005; BMedSc 2002; GAICD; Women's and Children's Hospital, Flinders Medical Centre, SA
Dr M S McManus	FANZCA 2003; Cairns Hospital, QLD
Dr N N Robertson	FANZCA 1992 (FFARACS 1990), Auckland City Hospital, NZ
Professor D A Scott	FANZCA 1992; (FFARACS 1986); FFPMANZCA 2005; MBBS (Hons) (Monash) 1979; PhD (University Melb) 2004; St Vincent's Hospital, Melbourne Vic
Dr R D Thomas	FANZCA 1992; (FFARACS 1991); MPH (Monash) 2003; GC Health Informatics (Monash) 2005; MBBS (Monash) 1982; MAICD; St Vincent's Hospital, Vic
Dr C Vien (Appointed 10 May 2018)	FANZCA 2017, MBBS St Vincent's Hospital, Vic

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Information on Directors

Name	Dr V S Beavis
Qualifications	FANZCA 1999; FFA (SA) 1992; MB BCh 1982
Experience	Member of Council since May 2012; Fellow of ANZCA for 19 years
Special Responsibilities	Council Member and Vice President

Name	Dr C J Cokis
Qualifications	FANZCA 1997, MBBS
Experience	Member of Council since May 2016; Fellow of ANZCA for 21 years
Special Responsibilities	Council Member

Name	Dr M Craigie
Qualifications	FANZCA 1992, FFPANZCA 2001, MBBS, B Med Sc, MM(PM), GAICD
Experience	Member of Council since May 2018; Fellow of ANZCA for 26 years
Special Responsibilities	FPM Dean and Council Member

Name	Dr P T Farrell
Qualifications	FANZCA 1992; (FFARACS 1986); FFARCS 1984; FRCA 1992; MBBS (UNSW) 1979
Experience	Member of Council since 2009; Fellow of ANZCA/FARACS for 32 years
Special Responsibilities	Council Member

Name	Dr G A Goulding
Qualifications	FANZCA 1992; (FFARACS 1986); MBBS (UNSW) 1979; FAICD
Experience	Member of Council since 2007; Fellow of ANZCA/FARACS for 32 years
Special Responsibilities	Council Member

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Name	Dr C Hayes (Resigned 10 May 2018)
Qualifications	FANZCA 1995, FFPMANZCA 1999
Experience	Member of Council since May 2016; Fellow of ANZCA for 23 years
Special Responsibilities	FPM Dean, Council Member

Name	Dr S A Jenkins
Qualifications	FANZCA 2002
Experience	Member of Council since May 2014; Fellow of ANZCA 16 years
Special Responsibilities	Council Member

Name	Dr M R R Jones
Qualifications	FANZCA 1992, FFARACS 1991
Experience	Member of Council since November 2014; Fellow of ANZCA/FARACS for 27 years
Special Responsibilities	Council Member

Name	Dr S C Y Ma (Resigned 10 May 2018)
Qualifications	FANZCA 2013; AFRACMA 2016; BMBS 2005; BMedSc 2002; GAICD
Experience	Member of Council since March 2015 to May 2018; Fellow of ANZCA 6 years
Special Responsibilities	Council Member to May 2018

Name	Dr M S McManus
Qualifications	FANZCA 2003
Experience	Member of Council since May 2014; Fellow of ANZCA for 15 years
Special Responsibilities	Council Member

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Name	Dr R G Mitchell
Qualifications	FANZCA 2004; BMBS 1988; DA (UK) 1991; DRACOG 1992; FRACGP 1995; FAICD 2015
Experience	Member of Council since 2009; Fellow of ANZCA for 14 years
Special Responsibilities	Council Member and President

Name	Dr N N Robertson
Qualifications	FANZCA 1992 (FFARACS 1990)
Experience	Member of Council since May 2016; Fellow of ANZCA for 28 years
Special Responsibilities	Council Member

Name	Professor D A Scott
Qualifications	FANZCA 1992; (FFARACS 1986); FFPMANZCA 2005; MBBS (Hons) (Monash) 1979; PhD (University Melb) 2004
Experience	Member of Council since 2008; Fellow of ANZCA/FARACS for 32 years
Special Responsibilities	Council member

Name	Dr R D Thomas
Qualifications	FANZCA 1992; FFARACS 1991; MPH (Monash) 2003; GC Health Informatics (Monash) 2005; MBBS (Monash) 1982; AAICD
Experience	Member of Council from May 2014; Fellow of ANZCA for 27 years
Special Responsibilities	Council Member

Name	Dr C Vien (Appointed 10 May 2018)
Qualifications	FANZCA 2017, MBBS
Experience	Member of Council from 2018 onwards; Fellow of ANZCA for 1 year
Special Responsibilities	Council Member

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Name	Dr R J Waldron
Qualifications	FANZCA 1993; MBBS (Uni of Melbourne) 1982; MAICD
Experience	Member of Council from 2006 to September 2009 and May 2013 onwards; Fellow of ANZCA for 25 years
Special Responsibilities	Council Member; Honorary Treasurer

Company Secretary

The Company Secretary for the Australian and New Zealand College of Anaesthetists for the financial year ended 31 December 2018 was:

- J Ilott BBus 1974; FCPA 1985; MA 2009; GAICD 2014

Principal activities

During the year the principal continuing activities of the College consisted of:

- a) Promoting the study of anaesthesia and pain medicine practice;
- b) Promoting continuing medical education;
- c) Promoting quality and safety of patients via standards setting; and
- d) Promoting clinical and scientific research.

These activities ensured the College's focus on the core objectives that are guided by the College's Mission and Vision statements, strategic priorities and effective deployment of resources.

Review of operations

The College has recorded total revenue of \$38.717m for 2018 (2017: \$37.757m). Income has increased across all categories within the college except for Specialist Training Program (STP). Whilst the STP provides significant revenue for the College, this is primarily pass through revenue, with a small administrative charge retained by the College.

The College recorded a deficit for the 2018 financial year of \$1.396m (2017: surplus \$774K). This deficit was budgeted and can be primarily attributed to the \$1.474m spend on Training Portfolio System (TPS) being expensed and loss in value of the investment portfolio by \$1.328m. The College measures its performance against a set of critical financial and non-financial key success factors to ensure its objectives are met.

In 2018, the College has successfully completed the enhancements to the TPS within budget, scope, and timeframe which was well received by trainees. The project was completed at a total costs of \$1.914m of which \$440k was incurred in 2017. The enhancements were treated as an operational project which the College has expensed all the costs in the year it was incurred.

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The investment portfolio has generated income of \$1.249m (2017: \$943K). Due to the sell-down in the global equity market in the last quarter of 2018, the College has recorded a loss in value of the investment portfolio by \$1.329m (2017: gain of \$1.371m). This has negatively impacted the overall financial performance for 2018. The global equity market continued to be volatile in 2019, however some improvements have been experienced as at the end of February 2019.

In 2018, ANZCA signed an agreement for STP with the Department of Health relating to 2018-2020. The agreement provides funding to the college for administration and governance of the STP, as well as project support funding to enable the delivery of education initiatives to support the aims of the programs such as educator training and workplace-based assessment training.

The College traditionally generates positive cash flows from operating activities. In 2018, the College generated \$6.577m (2017: \$1.963m) of cash flow from operating activities. The higher amount can be attributed to STP. The College received \$9.216m for STP of which \$2.078m is for 2019. The College has only paid \$1.959m to participating hospitals due to invoices not being received until 2019.

Significant changes in state of affairs

During the year, there was no significant change in the College state of affairs other than that referred to in the financial statements or notes thereto.

Short and Long Term Objectives and Strategies

The College is guided by the 2018-2022 strategic plan that includes the following Mission and Vision Statements.

Mission: "To serve the community by fostering safety and high quality patient care in anaesthesia, perioperative medicine, and pain medicine".

Vision: "ANZCA will be a recognised world leader in training, education, research, and in setting standards for anaesthesia and pain medicine".

This plan is the result of comprehensive consultation and engagement within the ANZCA community and beyond and will guide us over the five years until 2022.

LEADING professional identity and perioperative medicine	ANZCA will LEAD the promotion of the professional identity of anaesthesia and pain medicine specialties and the development of an effective, integrated and collaborative perioperative care model.
GROWING lifelong education, training and professional support	ANZCA will GROW education, training and professional support for fellows, specialist international medical graduates (SIMGs) and trainees by investment in resources and technology and key collaborations.
DRIVING research and quality improvement	ANZCA will DRIVE a culture of research and quality improvement through funding and supporting research, academic anaesthesia and researchers across Australia and New Zealand and sustaining ANZCA's global leadership in high quality research.

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SUPPORTING our workforce and wellbeing	ANZCA will SUPPORT the sustainable growth of a diverse, high quality and healthy anaesthesia and pain medicine and staff workforce so all communities in Australia and New Zealand have access to high quality anaesthesia, pain medicine and perioperative services, provided by clinicians who are supported both personally and professionally
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Dividends

The College is a company limited by guarantee and its Constitution precludes the payment of dividends.

Events subsequent to balance date

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

Likely developments and future results

The College anticipates that in 2019 it will maintain its positive financial position. The College is continually reviewing, updating and improving its management and governance practices to ensure that the objectives of the College are met.

Directors' meetings

Name	Eligible to attend	Attended
Dr V S Beavis	7	7
Dr C J Cokis	7	6
Dr M Craigie (Appointed 10 May 2018)	4	3
Dr P T Farrell	7	7
Dr G A Goulding	7	7
Dr C Hayes (Resigned 10 May 2018)	3	3
Dr S A Jenkins	7	7
Dr M R R Jones	7	7
Dr S C Y Ma (Resigned 10 May 2018)	3	3
Dr M S McManus	7	7
Dr R G Mitchell	7	7
Dr N N Robertson	7	7
Professor D A Scott	7	6
Dr R D Thomas	7	6
Dr R Waldron	7	6
Dr C Vien (Appointed 10 May 2018)	4	4

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Finance, Audit and Risk Management (FARM) Committee meetings

The FARM Committee consists of the President, Vice President, Honorary Treasurer, a Councillor and three independent financial, legal and corporate governance experts. The number of FARM meetings held during the year ended 31 December 2018 and the number of meetings attended by each committee member was:

Name	Eligible to attend	Attended
Mr P Maloney (Chair)	4	3
Mr R Garvey (Member)	4	4
Dr R G Mitchell (President)	4	4
Mr S Miller (Member)	4	3
Professor D A Scott FANZCA, FFPMANZCA (Member)	4	4
Dr P Farrell FANZCA (Member)	4	3
Dr R Waldron FANZCA (Treasurer)	4	4

Performance in relation to environmental regulation

There was no environmental legislation applicable to the operations of the entity that has not been complied with.

Related Party Transactions

During or since the end of the financial year, no director of the College has received, or become entitled to receive, a benefit because of a contract that the director or a firm of which the director is a member, or an entity in which the director has a substantial financial interest, made with the College or an entity that the College controlled, or a body corporate that was related to the College, when the contract was made or when the director received, or became entitled to receive the benefit other than:

- a) a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in note 15 to the accounts; or
- b) the fixed salary of a full-time employee of the College or an entity that the College controlled or a related body corporate.

Contribution upon winding up

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the entity. At 31 December 2018, the total amount that members of the company are liable to contribute if the company is wound up is \$321,550 (2017: \$312,900)

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.
Indemnification of directors and officers

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During the financial year, the College paid a premium in respect of a contract insuring the directors of the College, company secretary and all executive officers of the College and any related body corporate, as well as external members of committees against a liability incurred as a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Dr R G Mitchell
President
Melbourne, 5 April 2019



Dr V S Beavis
Vice President
Melbourne, 5 April 2019

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Auditor's Independence Declaration

To the Directors of Australian and New Zealand College of Anaesthetists

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of Australia and New Zealand College of Anaesthetists for the year 31 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner - Audit & Assurance

Melbourne, 5 April 2019

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Independent Auditor's Report

To the Members of Australian and New Zealand College of Anaesthetists

Report on the audit of the financial report

Opinion

We have audited the financial report of Australian and New Zealand College of Anaesthetists, which comprises the statement of financial position as at 31 December 2018, and the statement profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of Australian and New Zealand College of Anaesthetists has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a giving a true and fair view of the Registered Entity's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

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 Registered Entity in accordance with 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2018, 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, 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 Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Registered Entity's ability 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 Registered Entity or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Registered Entity's financial reporting process.

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 is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



Grant Thornton Audit Pty Ltd
Chartered Accountants



T S Jackman
Partner – Audit & Assurance

Melbourne, 5 April 2019

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Directors' declaration

The directors of the company declare that, in the opinion of the directors:

- (a) the attached financial statements and notes thereto are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the financial position of the company as at 31 December 2018 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Dr R G Mitchell
President
Melbourne, 5 April 2019



Dr V S Beavis
Vice President
Melbourne, 5 April 2019

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Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Note	2018 \$	2017 \$
Revenue			
Subscriptions and entry fees		12,111,784	11,410,064
Registrations, training and exam fees		10,371,918	10,064,236
Conference and course fees		6,187,549	6,108,209
Specialist training program grant		7,695,360	7,972,236
Other income		2,350,406	2,201,884
Total revenue from operating activities		38,717,017	37,756,629
Expenses			
Employment		15,499,916	15,077,694
Facilities		2,693,827	2,682,783
Travel and events		6,981,138	6,799,188
Information technology		3,819,042	3,162,023
Professional services		1,388,821	1,519,413
Research grants		1,615,321	1,830,030
Specialist training program employment and rural loading		7,021,935	7,426,210
Other expenses		1,121,876	873,113
Total expenses from operating activities	4	40,141,876	39,370,454
Deficit before non-operating activities		(1,424,859)	(1,613,825)
Income from non-operating activities			
Investment income (including market movements)	5	29,250	2,388,267
(Deficit)/Surplus for the year		(1,395,609)	774,442
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		679	(7,021)
Total comprehensive income / (deficit) for the year		(1,394,930)	767,421

The accompanying notes form part of these financial statements. Notes to the financial statements are included on pages 20 to 31.

Statement of Financial Position

For the year ended 31 December 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents		18,361,122	11,983,835
Trade and other receivables	6	15,081,545	13,020,556
Other financial assets	7	230,175	1,139,047
Total current assets		33,672,842	26,143,438
Non-current assets			
Property and office equipment and cultural assets	8	11,431,572	10,673,868
Intangible assets	9	3,810,006	5,626,922
Other financial assets	7	19,815,355	20,104,278
Total non-current assets		35,056,933	36,405,068
Total assets		68,729,775	62,548,506
LIABILITIES			
Current liabilities			
Trade and other payables	10	15,221,797	8,172,862
Other liabilities	11	20,941,626	20,313,400
Provisions	12	939,154	946,550
Total current liabilities		37,102,577	29,432,812
Non-current liabilities			
Provisions	12	185,995	279,561
Total non-current liabilities		185,995	279,561
Total liabilities		37,288,572	29,712,373
Net assets		31,441,203	32,836,133
EQUITY			
Retained earnings		30,925,221	32,320,830
Foreign currency translation reserve		224,825	224,146
Asset revaluation reserve		291,157	291,157
Total equity		31,441,203	32,836,133

The accompanying notes form part of these financial statements. Notes to the financial statements are included on pages 20 to 31.

Statement of Changes in Equity

For the year ended 31 December 2018

	Retained Earnings	Foreign currency translation reserve	Assets revaluation reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2017	31,546,388	231,167	291,157	32,068,712
Surplus for the year	774,442	-	-	774,442
Currency translation differences arising during the year	-	(7,021)	-	(7,021)
Total comprehensive income for the year	774,442	(7,021)	-	767,421
Balance at 31 December 2017	32,320,830	224,146	291,157	32,836,133
Deficit for the year	(1,395,609)	-	-	(1,395,609)
Currency translation differences arising during the year	-	679	-	679
Total comprehensive income for the year	(1,395,609)	679	-	(1,394,930)
Balance at 31 December 2018	30,925,221	224,825	291,157	31,441,203

The accompanying notes form part of these financial statements. Notes to the financial statements are included on pages 20 to 31.

Statement of Cash Flows

For the year ended 31 December 2018

	2018 \$	2017 \$
Cash flows from operating activities		
Receipts from members, customers and Government bodies	37,870,666	38,029,273
Interest received	109,418	73,902
Donations received	90,011	201,606
Payments to employees, suppliers and other parties	(29,232,686)	(34,341,516)
Research grants and bequests paid	(2,260,395)	(2,000,278)
Net cash inflow from operating activities	6,577,014	1,962,987
Cash flows from investing activities		
Receipts on disposals/(payments for purchases) of financial assets	925,583	(1,710,531)
Payments for property and office equipment	(1,116,293)	(466,780)
Payments for project development	(71,492)	(616,620)
Net cash outflow from investing activities	(262,202)	(2,793,931)
Cash flows from financing activities		
Net cash inflow/(outflow) from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	6,314,812	(830,944)
Cash and cash equivalents at the beginning of the financial year	11,983,835	12,921,219
Total effect of exchange rate fluctuation of cash held	62,475	(106,440)
Cash and cash equivalents at the end of the financial year	18,361,122	11,983,835

The accompanying notes form part of these financial statements. Notes to the financial statements are included on pages 20 to 31.

Notes to the financial statements

1. General Information

The Australian and New Zealand College of Anaesthetists (“the College”) is a company limited by guarantee that is incorporated and domiciled in Australia, with the liability of members limited to \$50 per member.

The Australian and New Zealand College of Anaesthetists' registered office and its principal place of business is 630 St Kilda Road, Melbourne, VIC, 3004, Australia.

The financial statements were authorised for issue by the directors on 5 April 2019. The directors have the power to amend and reissue the financial statements.

2. Significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the Australian Charities and Not-for-profits Commission Act 2012. The College is a not-for-profit entity for the purposes of preparing the financial statements.

Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Statement of compliance

The financial statements of the College comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

New and amended standards adopted by the College

None of the new standards or amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2018 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

- AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for impairment of financial assets.

The adoption of AASB 9 has no impact on the classification and measurement on the College's financial assets as they have been fair value through profit or loss (FVPL) under AASB 139.

For trade receivables the College applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. The adoption of AASB 9 has no material impact on the impairment allowance.

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Certain new and revised accounting standards and interpretations have been published that are not mandatory for the 31 December 2018 reporting period. The College does not plan to adopt these standards early.

Of all the standards that have been released the following standards that are likely to have an impact are

- **AASB15: *Revenue from contracts with customers*.** Effective from January 2019, AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations. Based on the College's assessment, it is expected that the first-time adoption of AASB 15 for the year ending 31 December 2019 will have an impact on the transactions and balances recognised in the financial statements in particular application fees, training registration fees, fellowship entrance & election fees. This Standard applies to not-for-profit entities for annual reporting periods beginning on or after 1 January 2019; and
- **ASB 16: *Leases*.** Effective from January 2019, AASB 16: replaces AASB 117 *Leases* and some lease-related Interpretations. The new standard requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. It provides new guidance on the application of the definition of lease and on sale and lease back accounting. It largely retains the existing lessor accounting requirements in AASB 117. The new standard requires new and different disclosures about leases. The entity is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 31 December 2019.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, modified in the cases of assets measured at fair value.

Other financial assets

Classification of financial assets at fair value through profit and loss for the year

Financial assets are classified as at fair value through profit or loss. Investments are included in non-current assets unless management intends to dispose of investments within 12 months of the balance sheet date.

Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Financial assets comprise principally marketable equity securities.

Recognition and measurement

Financial instruments are initially measured at cost 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.

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

Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The College considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Foreign currency translation

Functional and presentational currency

Items included in the financial statements of the College are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements of the College are presented in Australian dollars, which is its presentation currency.

Transactions and balances

All foreign currency transactions during the year have been brought to account at the average exchange rate for the current financial year. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Results and financial position of the New Zealand national office – foreign operation

The results and financial position of the College's New Zealand national office that has a functional currency (NZD) different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at average exchange rates.

Property and office equipment

Land, property, office equipment, and cultural assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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Property and office equipment are depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Land and cultural assets are not depreciated. Estimated useful life is as follows:

Category	Useful life (years)
Buildings	40
Office equipment	5
Office furniture and fittings	10
Computer hardware/software	3

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to 'Impairment of Assets' policy below).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit and loss for the year.

Intangible Assets

Costs incurred in developing the software and educational curriculum material are recognised as an intangible asset when it is probable that the costs incurred to develop the curriculum will generate future economic benefits and can be measured reliably. The expenditure recognised comprises all directly attributable costs, largely consisting of labour and direct costs of materials. Other development expenditure that does not meet these criteria are recognised as an expense as incurred. The recognised costs are amortised from the date when the asset becomes available for use.

Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 10 years.

Impairment of non-current assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As the future economic benefits of the company's non-current assets is not primarily dependent on their ability to generate net cash inflows, and the company would replace the remaining future economic benefit of the asset if deprived of those assets, the recoverable amount is based on value in use, being the depreciated replacement cost of the asset. All impairment losses are recognised in the statement of profit or loss and other comprehensive income. A reversal of an impairment loss is recognised immediately in the profit and loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the assets in prior years.

Goods and services tax (GST)

Revenues from ordinary activities, expenses from ordinary activities and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of the item of the expenses from ordinary activities. Receivables and payables are stated with the amount of GST included.

The net amount of GST receivable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Items in the Statement of Cash Flows are inclusive of GST where appropriate. The GST components of cash flows arising from investing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows.

Exemption from income tax

The College is exempt from income tax pursuant to Section 50-5 of the Income Tax Assessment Act 1997.

Employee benefits

The College has recognised and brought to account employee benefits as follows:-

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in trade and other payables 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long service leave

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. Consideration is given to the 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.

College treasures

Over time, valuable College treasures including the Geoffrey Kaye Museum of Anaesthetic History and Artefacts have been gifted to the College. These assets have not been brought to account in these financial statements.

At 31 December 2018, these treasures were insured for a value of \$300,000.

Research grants

Research grants are expensed in the financial year in which the grant expense is incurred.

Trade receivables

Trade receivables are recognised and carried at original invoice amount less a provision for uncollectible debts. Trade receivables are generally due for settlement within 30 days for all debtors except for Fellows who have 6 months to pay their subscriptions as determined by the ANZCA Constitution.

The College makes use of a simplified approach in accounting for trade receivables records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The College assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due.

Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and that are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The College recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the College and specific criteria have met for each of the College's activities as described below. Revenue is recognised for the major business activities on the following bases:

- **Membership subscriptions**
Subscriptions are recorded as revenue in the year to which the subscription relates. Subscriptions received in advance are shown in the Statement of Financial Position as current liabilities.
- **Other fees**
Fees are recorded as revenue in the year to which the fees relate. Fees received in advance are shown in the Statement of Financial Position as current liabilities.
- **Revenue from conference, courses and examinations**
All revenue and expenditure relating to specific courses/examinations is recognised upon completion of the course/examination. Course and examination fees received in advance are shown in the Statement of Financial Position as current liabilities.
- **Specific purpose grants**
Grant funding is measured at the fair value of contributions received and receivable and is generally recognised in the profit and loss when the college obtains control or the right to receive the contribution. The grant agreements contain conditions that require the college direct funds towards certain specific ends and require that funds not spent in this manner, or not spent at all, are returned to the transferor.
- **Interest income**
Interest income is recognised when earned.

- **Dividends**

Dividends are recognised as revenue when the right to receive payment is established.

Leases

Operating lease payments are expensed in the statement of profit or loss and other comprehensive income on a straight line basis over the lease term.

3. **Critical accounting judgments and key sources of estimation uncertainty**

In the application of the company's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other 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.

One of the accounting judgments in these financial statements is the new training program and internally generated intangible assets life estimation that is based on the following key sources:

- Historical experience. The training program content was updated in 2013. It is the College's current intention to use the revised training program content for at least 10 years from that date. It is the College's intention is to conduct some incremental improvements over time.

Any externally and internally available historical experience with regards to the other internally generated intangible assets.

- Reliance on expert's estimates. The life of the training portfolio system has 7 years life expectancy and was determined in consultation with the external experts who built the software. The life of the other internally generated intangible assets is determined in consultation with experts, who are involved in development of these assets and usually range within 3-7 years.

4. Expenses

	2018 \$	2017 \$
Surplus for the year includes the following specific expenses:		
(Gains) on fixed assets disposal	(146)	(2)
Foreign currency (gains)/losses	(38,516)	185,608
Bad and doubtful debts	4,338	(1,825)
Depreciation-buildings	276,672	274,661
Depreciation-office equipment	525,031	384,230
Amortisation-intangible assets	1,437,141	1,730,524
Rental expense relating to operating leases	598,380	589,231

5. Investment Income

	2018 \$	2017 \$
Net (loss)/gain on valuation of other financial assets at fair value through profit and loss	(1,328,706)	1,371,198
Dividends and other investment income (including realised gains)	1,248,538	943,167
Interest received	109,418	73,902
Total Investment income	29,250	2,388,267

6. Current assets – Trade and other receivables

	2018 \$	2017 \$
Subscriptions	12,432,750	10,731,750
Allowance for impairment	(41,248)	(36,199)
	12,391,502	10,695,551
Prepayments and deposits	2,261,122	1,762,002
Sundry receivables	428,921	563,003
Total Trade and other receivables	15,081,545	13,020,556
Movements in the allowance for impairment:		
At 1 January	36,199	38,403
Provision for impairment recognised during the year	9,929	9,800
Receivables written off during the year as uncollectible	-	-
Unused amount reversed	(4,880)	(12,004)
	41,248	36,199

7. Other financial assets

	2018 \$	2017 \$
Financial assets at fair value through profit or loss include the following:		
Current financial assets		
Term deposits	230,175	1,139,047
Non-current financial assets		
Investments at fair value through profit and loss	19,815,355	20,104,278
Aggregate other financial assets	20,045,530	21,243,325

Changes in fair values of financial assets at fair value through profit or loss are recorded in investment income in the statement of profit or loss and other comprehensive income (note 5).

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8. Non-current assets – Property, office equipment and cultural assets

	2018 \$	2017 \$
Freehold land and buildings – at cost	12,730,809	12,729,794
Accumulated depreciation	(4,581,248)	(4,303,562)
	<u>8,149,561</u>	<u>8,426,232</u>
Office equipment – at cost	7,788,565	6,257,986
Accumulated depreciation	(4,956,581)	(4,434,510)
	<u>2,831,984</u>	<u>1,823,476</u>
Cultural assets - at cost	450,027	424,160
Total carrying amount at 31 December	<u><u>11,431,572</u></u>	<u><u>10,673,868</u></u>

Movement in carrying amounts for each class of property, office equipment and cultural assets between the beginning and the end of the current financial year.

	Freehold land and buildings \$	Office equipment \$	Cultural assets \$	Total \$
Opening net book amount	8,426,232	1,823,476	424,160	10,673,868
Exchange differences	(2,010)	299	-	(1,711)
Additions	-	1,533,240	25,867	1,559,107
Written off	-	-	-	-
Depreciation charge	(274,661)	(525,031)	-	(799,692)
Closing net book amount	<u>8,149,561</u>	<u>2,831,984</u>	<u>450,027</u>	<u>11,431,572</u>

9. Non-current assets - Intangible Assets

	2018 \$	2017 \$
Project development costs	11,658,033	11,298,068
Accumulated amortisation	(8,017,803)	(6,580,661)
	<u>3,640,230</u>	<u>4,717,407</u>
Project work in progress	169,776	909,515
Total carrying amount at 31 December	<u><u>3,810,006</u></u>	<u><u>5,626,922</u></u>

Movement in carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

	Project development at cost \$	Project work in progress at cost \$	Total \$
Opening net book amount	4,717,407	909,515	5,626,922
Addition	-	394,803	394,803
Transfer in/(out)	359,964	(1,134,542)	(774,578)
Amortisation charge	(1,437,141)	-	(1,437,141)
Closing net book amount	<u>3,640,230</u>	<u>169,776</u>	<u>3,810,006</u>

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10. Current liabilities - Trade and other payables

	2018	2017
	\$	\$
Current		
Sundry creditor and accruals	14,082,125	7,140,532
Employee leave liabilities	1,139,672	1,032,330
Total Trade and other payables	15,221,797	8,172,862

11. Current liabilities - Other liabilities

	2018	2017
	\$	\$
Current		
Subscriptions received in advance	12,552,283	11,613,594
Exam, trainee and events fees received in advance	8,389,343	8,699,806
Total Other liabilities	20,941,626	20,313,400

12. Provisions

	2018	2017
	\$	\$
Current		
Long service leave	939,154	946,550
Non-current		
Long service leave	185,995	279,561
Aggregate provision for employee benefits	1,125,149	1,226,111

13. Bank Guarantees

The Company has entered into an indemnity guarantee with the ANZ bank for rental bonds on office premises. The total facility is for \$97,245 (2017: \$97,245).

14. Financial instruments

	Note	2018	2017
		\$	\$
Financial Assets			
Investments at fair value through profit and loss			
- Interest bearing	7	3,968,341	4,889,679
- Managed share/units portfolio	7	16,077,189	16,353,646
Total Financial Assets		20,045,530	21,243,325

The company has an Investment Sub-Committee comprising representatives of the Board, independent investment adviser and senior management who meet on a periodic basis to analyse interest rates exposure and to evaluate treasury management strategies in the context of current economic conditions and forecasts. The committee is advised by the College's investment managers, JB Were Pty Ltd. The committee identifies and evaluates financial risks and advises FARM and Council accordingly.

The fair value of financial instruments is determined by the College's investment managers, JB Were Pty Ltd. The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on the quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the College is the current bid price.

15. Key management personnel compensation

The aggregate compensation made to key management personnel of the College is set out below:

	2018	2017
	\$	\$
Key management personnel salaries and entitlements ¹	851,908	627,960

¹ 2018 key management personnel salaries and entitlements include termination payments.

16. Related party transactions

Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in note 15.

Key management personnel loans

There are no loans to or from key management personnel.

Transactions with key management personnel

Key management personnel have transactions with the College that occur within a normal supplier / customer relationship on terms and conditions no more favourable than those with which it is reasonable to expect the College would have adopted if dealing with key management personnel at arm's length in similar circumstances. These transactions include the collection of membership dues and subscriptions and the provision of College services.

17. Members' Guarantee

The Australian and New Zealand College of Anaesthetists is a company limited by guarantee and without share capital. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$50 towards meeting the outstanding obligations of the company. At 31 December 2018, the number of members was 6,431 (2017: 6,258).

18. Subsequent events

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the College's operations, the results of those operations, or the College's state of affairs in financial years after this financial year.

19. Commitments

The College leases various offices under non-cancellable operating leases expiring within two to seven years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Period	2018 \$	2017 \$
Within one year	647,149	641,438
Later than one year but not later than five years	615,542	612,686
Total	1,262,691	1,254,124

20. Contingencies

The directors are not aware of any material contingent assets/liabilities as at 31 December 2018.