



RACGP

Royal Australian College of General Practitioners

Statutory report

2017–18





Royal Australian College of General Practitioners

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We acknowledge the Traditional Custodians of the lands and seas on which we work and live, and pay our respects to Elders, past, present and future.

Contents

Corporate governance statement	1
Directors' report	3
Auditor's independence declaration	11
Independent auditor's report	12
Directors' declaration	14
Consolidated statement of profit or loss and other comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	17
Notes to the financial statements	18

Corporate governance statement

The Royal Australian College of General Practitioners Ltd (RACGP) is a public company limited by guarantee, governed by the RACGP's Constitution, regulations and policy.

The Board (Council)

The RACGP's Council is its board of directors.

Council's conduct is self-managed with reference to the RACGP Conflict of Interest Policy, the RACGP Member Code of Conduct and individual engagement agreements. Councillors are offered the Australian Institute of Company Directors (AICD) Program on commencement. Council is accountable to the RACGP members, with any changes to the Constitution subject to approval by a special majority of eligible members (75%) in general meeting.

The President's allowance is approved annually at the Annual General Meeting (AGM) by eligible members.

Directors have historically received payments from the RACGP. Increases have been approved by Council on an annual basis, usually aligned with the consumer price index.

Details of key management personnel compensation are included in the financial statement notes.

Council operations are outlined in policy and procedure frameworks. A copy of these, as well as the RACGP Constitution and other governance information, is available on the RACGP website.

Council composition

Council consists of at least 11 RACGP members and may co-opt up to five additional individuals (who need not be members). Council currently has three such individuals.

Council members are called 'councillors'. Eight councillors are drawn from the chairs of RACGP Aboriginal and Torres Strait Islander Health, RACGP Rural, RACGP NSW&ACT, RACGP Queensland, RACGP SA&NT, RACGP Tasmania, RACGP Victoria and RACGP WA. The RACGP President, Censor-in-Chief and Registrar Representative are elected by general ballot. Co-opted councillors are appointed by majority Council decision. Council elects its Chair and Vice-President from within. The RACGP Constitution and the RACGP elections policy detail the process for councillor appointment.

Council is structured to maximise member representation (as opposed to skills or diversity). The President represents the general membership, the Censor-in-Chief represents the education committees, the Registrar Representative represents members enrolled in general practice training programs leading to Fellowship, and faculty chairs represent their faculty.

The 'Directors' report' includes relevant details for the President, Chair, Censor-in-Chief, Registrar Representative, councillors and company secretary, including names and qualifications.

Role of Council

Council is responsible for the RACGP's overall corporate governance and performance. Its objectives are stipulated in Part 1 of the Constitution, and its powers in Part 9 of the Constitution. Its role includes setting and periodically reviewing the RACGP's strategy, and monitoring organisational and financial performance. Council focuses on a range of strategies, including summative and formative assessments, as part of its quality improvement activities. It is the ultimate decision-maker on clinical, educational and professional matters, and reserves a number of decisions of this nature for its determination.

Council and the Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by Council and is responsible for the management of the RACGP in accordance with approved strategy, policies and delegated authority framework. Authority is delegated to the CEO in accordance with the Council Delegations of Authority policy. The CEO attends Board and Board Committee meetings; however, the CEO is not a director.

All RACGP staff members, including those in the senior leadership team, are subject to annual performance planning and reviews by their immediate supervisor. The CEO is reviewed by the Chair.

Faculty committees

Part 3 of the RACGP Constitution establishes the RACGP's faculties, and Part 7.1 appoints each faculty chair to be a councillor (except for RACGP Specific Interests).

Faculty committees are established by section 59(a)(vii) of the RACGP Constitution. They are constitutionally referred to as boards, but are more accurately defined as

advisory bodies representing members' interests. They perform a number of functions delegated by Council or initiated by their Chair.

Faculty committees consist of three member types – elected, ex officio and co-opted. Elected members are on the faculty committee pursuant to faculty elections, which are held each year as approximately half of the elected faculty committee members retire.

Board committees

Part 10.3 of the RACGP Constitution authorises Council to establish board committees, and clinical, educational and professional committees. All such committees perform an advisory role; Council is the ultimate decision-maker on clinical, educational and professional matters. It reserves a number of decisions of this nature for its determination.

Finance, Audit and Risk Management Committee

The Finance, Audit and Risk Management (FARM) Committee is responsible for assisting Council to fulfil its oversight responsibility of the RACGP's risk management, and controls and the integrity of the RACGP's financial statements (among other things).

FARM comprises the RACGP President, two RACGP councillors (one of whom must be a faculty chair), an RACGP Fellow with financial, audit and/or risk management experience, and two independent members – one is the FARM Chair with financial, audit and/or risk management experience, and the other with expertise in information systems in a business setting.

RACGP expert committees

There are seven RACGP expert committees (RECs), each responsible for separate portfolios in areas of expertise considered crucial to the RACGP and to general practice. The RECs are General Practice Advocacy and Funding, Quality Care, Research, Standards for General Practices, Pre-Fellowship Education, Post-Fellowship Education, and eHealth and Practice Systems.

Each REC pursues a number of objectives within its area of expertise, including advising on the implementation of related initiatives; establishing links with relevant state, national and international groups; and increasing the profile of the RACGP. They also provide Council with assistance and advice within their area of expertise.

REC chairs are appointed by Council, with REC members appointed via a combination of expertise and expressions of interest.

Board of Censors

The Board of Censors (BoC) considers standards of clinical practice and competence, and assesses candidate competency concerning Fellowship eligibility. The BoC reports to the General Manager, Education Services, as the CEO's delegate.

The BoC ensures the RACGP adopts a defensible, sustainable, unified and coordinated approach across all faculties for establishing and maintaining standards relating to assessment of candidates presenting for Fellowship. The BoC comprises the Censor-in-Chief, each faculty censor and up to two additional censors. The censors are employed on recommendation of the Censor-in-Chief and the General Manager, Education Services.

Board of Assessment

The Board of Assessment (BoA) considers standards of clinical practice and competence, and assesses candidate competency concerning Fellowship eligibility. The BoA reports to the General Manager, Education Services, as the CEO's delegate.

The BoA ensures the RACGP adopts a defensible, sustainable, unified and coordinated approach across all faculties for establishing and maintaining standards relating to assessment of candidates presenting for Fellowship.

The BoA comprises all BoC members, Assessment Panel chairs, national examination coordinators, and a general practice registrar. The Assessment Panel chairs and national examination coordinators are employed on recommendation of the Censor-in-Chief and the General Manager, Education Services.

Directors' report

Your directors present this report to the members of the consolidated entity ('the group'), consisting of The Royal Australian College of General Practitioners Ltd ('the company' or 'RACGP') and its controlled entities at the end of, or during, the financial year ended 30 June 2018.

Principal activities

The RACGP is Australia's largest professional general practice organisation and represents urban, rural, regional and remote general practitioners (GPs). The RACGP is a not-for-profit entity and is endorsed as a deductible gift recipient (DGR) under subdivision 30B of the *Income Tax Assessment Act 1997* for donations made for education or research in medical knowledge or science.

Objectives

The RACGP's objectives are to improve the health and wellbeing of all people in Australia by supporting GPs, general practice registrars and medical students through its principal activities of education, training and research and by assessing doctors' skills and knowledge, advocacy, supplying ongoing professional development activities, developing resources and guidelines, helping GPs with issues that affect their practice, and developing standards that general practices use to ensure high-quality healthcare.

The RACGP has a proud history of achievements, including the development of the *Standards for general practices* and introducing continuing professional development. The RACGP carries out its activities within the following areas of strategic focus:

- education and training for general practice
- innovation and policy for general practice
- advocacy
- collegiality.

Performance measures

The RACGP monitors and reports on performance to the RACGP Council through governance reporting mechanisms during:

- Council meetings
- Finance Audit and Risk Management (FARM) Committee of Council meetings
- other Council sub-committee and advisory board meetings.

Results of operations

During the financial year ended 30 June 2018, the group recorded a total surplus after tax of \$413,430 compared to \$495,056 in 2017. Over the year, the net assets of the group increased from \$27,753,968 to \$34,017,398. As a result of asset revaluation during the year, an increment of \$5,850,000 was taken to the asset revaluation reserve.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group that occurred during the financial year that are not otherwise disclosed in this report or the financial statements.

Performance in relation to environmental regulation

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

Likely developments and future results

The group anticipates that it will maintain in 2018–19 its positive financial position. The group is continually updating, reviewing and improving its management and governance practices to ensure that the objectives and obligations of the group and its directors are met.

Dividends

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

Events subsequent to the end of the financial year

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

Directors

The names and details of the company's directors in office at the date of this report are as follows. The company's board of directors is also known as the RACGP Council.

Dr Tim Koh

MBBS, FRACGP

Chair, RACGP Council; Chair, RACGP WA

Dr Tim Koh is Chair of RACGP Council and Chair of RACGP WA. A practising GP in north-metropolitan Perth, Dr Koh is a second-generation GP who is originally from Three Springs, approximately 300 km north of Perth, where his father was a rural GP.

Dr Koh has been involved in general practice training with RACGP WA and Western Australian General Practice Education and Training (WAGPET) since 2002. He served as RACGP WA Assessment Panel Chair for six years, and Education Committee Chair for four years.

After becoming RACGP WA Deputy Chair in 2010, Dr Koh was subsequently named Chair in 2014. He is a co-owner of Currambine and Ocean Keys family practices, where he supervises and mentors general practice registrars, residents and medical students.

Dr Bastian Seidel

MBBS, PhD, MACHI, MRCGP, FRACGP

President

Dr Bastian Seidel is a partner and co-owner of a general practice in Tasmania's Huon Valley, south-west of Hobart. He joined RACGP Tasmania in 2009 and was elected Deputy Chair in 2011, before being named Chair in 2015.

Dr Seidel studied medicine in Germany and South Africa before completing his vocational training as a GP in the United Kingdom in 2006. He has been a general practice supervisor for general practice registrars and an RACGP examiner since 2007, and is a clinical professor at the University of Tasmania and Director of the National Asthma Council.

Associate Professor Charlotte Hespe (appointed 30 September 2017)

**MBBS (Hons), FRACGP, DCH (Lon), GCUT, FAICD
Vice-President; Chair, RACGP NSW&ACT**

Dr Charlotte Hespe is a GP and owner of an inner-city Sydney practice where she has worked for the last 20 years. She is a general practice supervisor, and her practice functions as a teaching practice for medical students and general practice registrars. Dr Hespe also works as Associate Professor, Head of General Practice and General Practice Research for the University of Notre Dame, Australia, School of Medicine, Sydney.

Dr Hespe has been involved with the RACGP since achieving her FRACGP, serving as Examiner, co-Assessment Panel Chair, NSW for four years and National Objective Structured Clinical Examination

(OSCE) Facilitator for two years before becoming Deputy Chair of RACGP NSW&ACT in 2012.

A member of the RACGP Expert Committee – Quality Care in 2016–17, Dr Hespe is currently completing a PhD looking at the implementation of best practice for prevention of cardiovascular disease in the primary care setting.

Dr Hespe holds a Fellow of the Australian Institute of Company Directors (FAICD) qualification and has extensive experience in corporate governance, with 17 years' experience as chair on several boards with a primary healthcare focus. Dr Hespe is a director for EIS Health Ltd, which is responsible for overseeing the Central and Eastern Sydney Primary Health Network.

Dr Mark Miller

MBBS, DRANZCOG, FRACGP

Censor-in-Chief

Dr Mark Miller is the RACGP Censor-in-Chief and Chair of the RACGP Board of Censors and Board of Assessment. Dr Miller was previously Chair of the SA exam panel from 1997 to 2003, and RACGP SA&NT Censor. He has trained general practice registrars for more than 20 years, is a member of RACGP Rural, has been both a John Flynn and Ramus mentor, and has been a Harvard Macy Alumni Scholar since 2005.

Dr Miller has been a full-time rural GP in Goolwa on South Australia's Fleurieu Peninsula for more than 25 years. He is heavily involved in running the RACGP Fellowship assessments and has been a medical educator and facilitator at RACGP SA&NT-run workshops for many years. Dr Miller was awarded the 2013 RACGP GP of the Year Award in recognition of his outstanding commitment to the profession, and was awarded a 25-year long-service medal for rural practice in South Australia. He is also the recipient of a Paul Harris Fellowship from the Rotary Foundation of Rotary International 'In appreciation of tangible and significant assistance given for the furtherance and better understanding and friendly relations among peoples of the world'.

In addition to a full-time clinical role, Dr Miller has been involved with teaching medical students from Flinders University and the University of Adelaide, and for more than 10 years his practice has hosted Parallel Rural Clinical Curriculum students as they completed their third year at Flinders University medical school. He has supervised more than 40 general practice registrars and enjoys the vibrancy they add to clinical practice, teaching, mentoring and learning. Dr Miller has also provided tuition and mentoring to a number of international medical graduates (IMGs) commencing general practice in Australia.

Dr Zakaria Baig
(appointed 30 September 2017)

MBBS, FRACGP, FACRRM
Chair, RACGP SA&NT

Dr Zak Baig is the Chair of RACGP SA&NT. He has been a GP for more than 20 years and has had extensive experience in rural and emergency medicine in Australia and the UK.

Dr Baig graduated from medical school in Pakistan and has since received additional training in the UK, Ireland and Australia. He worked in emergency medicine for many years before transitioning to rural medicine, practising on the Yorke Peninsula in South Australia for more than a decade.

Dr Baig currently practises as a GP in the northern suburbs of Adelaide.

Heavily involved in medical education for medical students and registrars, Dr Baig has a special interest in assisting IMGs with their training. He has also been an examiner for the RACGP and the Australian Medical Council for many years.

Dr Cameron Loy
MBBS, BMedSc(Hon), FRACGP, FARGP, DCH,
DRANZCOG, GAICD
Chair, RACGP Victoria

Dr Cameron Loy is a practising GP in Lara, Victoria, and in correctional services. He has worked in south-western Victoria and internationally in Timor-Leste.

Dr Loy has held a number of prominent professional roles. He was Chair of the General Practice Registrars Association (GPRA) in 2002, Director of the Remote Vocational Training Scheme in 2006–10, and Director of Greater Green Triangle General Practice Education and Training (GPET) in 2001–03 and Chair in 2011. He has also held a number of roles within the RACGP, including Deputy Chair of RACGP Rural in 2003–14, and Deputy Chair of RACGP Victoria in 2014. Dr Loy is an RACGP examiner and quality assurance examiner, was Chair of the RACGP Assessment Panel for six years, and was a member of the RACGP Expert Committee – Standards for General Practice. He currently holds the role of Principal Medical Officer for Justice Health, Victoria.

Dr Loy was on the advisory groups for the Victorian opioid substitution programs and hepatitis C therapy training programs for six years. He is a trustee of the Shepherd Foundation, providing

research grants into prevention and occupational health. Dr Loy remains a committed general practice supervisor and mentor for general practice registrars, residents and medical students. In his spare time, he is a keen amateur astronomer.

Ms Christine Nixon APM
Co-opted Council member

Ms Christine Nixon is a prominent, experienced public speaker and advocate for women, disadvantaged youth, and multi-faith and multicultural communities. She is the Deputy Chancellor at Monash University and Chair of Monash College and the Good Shepherd Microfinance.

As Victoria Police Chief Commissioner from 2001 to 2009, Ms Nixon was the first woman in such a role in any Australian state police service. After leaving Victoria Police, she was appointed Chair of the Victorian Bushfire Reconstruction and Recovery Authority, a position she held from February 2009 to July 2010.

Ms Nixon has extensive experience in policing, organisational reform, risk management, crisis management, corruption prevention, emergency management and human resource management. She is also a published author, having written her memoir, *Fair cop*, with Jo Chandler in 2011, and *Women leading* with Professor Amanda Sinclair in 2017.

Ms Nixon has received numerous accolades for her services and achievements, including the Australia Police Medal in 1997 and Save the Children Foundation's White Flame Award in 2009. She also has four honorary doctorates from multiple Australian universities and a Masters of Public Administration from Harvard University in the US.

Dr Andrew Png
(appointed 22 May 2018)
MBBS, FRACGP, GAICD
Co-opted member

Dr Andrew Png is GP and practice principal who has worked in Kwinana in the southern suburbs of Perth since obtaining his FRACGP in 1999. He has been an Australian General Practice Training (AGPT) supervisor for the last 14 years and has also supervised junior doctors through the Prevocational General Practice Placements Program (PGPPP) and the Remote Vocational Training Scheme (RVTS). He is currently a member of the RACGP WA faculty board and is also serving on the board of WAGPET, the Regional Training Organisation (RTO) in Western Australia.

Associate Professor Peter O'Mara

FRACGP

Chair, RACGP Aboriginal and Torres Strait Islander Health

Assoc Prof Peter O'Mara is from the Wiradjuri people of New South Wales. He has worked with the Tobwabba Aboriginal Medical Service since 2002 and describes himself as an Aboriginal man who loves being a doctor.

With a love for working one-on-one with patients, Assoc Prof O'Mara finds satisfaction in the knowledge that, in his own small way, his work contributes toward closing the gap in health outcomes between Aboriginal and Torres Strait Islander peoples and non-Indigenous Australians.

Assoc Prof O'Mara began pursuing his other passion – making good doctors – in 2008, and took on the position of Associate Professor, Indigenous Medical Education and Head of Discipline, Indigenous Health at Newcastle University. He has been a member of the Australian Indigenous Doctors' Association (AIDA) board for eight years, and he was AIDA President in 2009–12.

Associate Professor Jennifer Presser

(appointed 30 September 2017)

BSc, PhD, BMBS, DRANZCOG, DipChildHealth, FRACGP, MHPE

Chair, RACGP Tasmania

Assoc Prof Jennifer Presser is the Chair of RACGP Tasmania and regional representative for Denison.

Assoc Prof Presser entered medicine as a mature aged student after working as a research scientist. After completing medical school at Flinders University in South Australia in 2002, she completed her general practice training with Northern Territory General Practice Education in 2009. She has worked in a variety of areas, including Aboriginal health, palliative care, family planning and community mental health.

Dr Presser has worked as a medical educator with General Practice Training Tasmania and Tropical Medical Training in Queensland. She is currently the Academic Lead for the University of Tasmania's Bachelor of Medicine and Bachelor of Surgery (MBBS) medical program.

Dr Presser has a strong interest in mental health, is an accredited Balint group leader and works at Headspace Hobart.

Dr Ayman Shenouda

MBBCH, FRACGP, FARGP, DipDerm UK, GAICD

Chair, RACGP Rural

Dr Ayman Shenouda was appointed Chair of RACGP Rural in October 2014, after having served as

Deputy Chair for six years. He is also a member of RACGP NSW&ACT and was on the RACGP National Standard Committee – Education for several years. He is also current Chair of Wagga Wagga GP After Hours Services. Former roles include Chair of the Remote Vocational Training Scheme (RVTS), Director of Medical Education Coast City Country General Practice Training (CCCGPT) Riverina/Murrumbidgee, and Director on the board of the Riverina Division of General Practice and Primary Health.

Dr Shenouda was named the 2009 RACGP GP of the Year, while his Glenrock Country Practice was named the 2007 RACGP NSW&ACT General Practice of the Year and awarded three Australian General Practice Accreditation Limited (AGPAL) awards in 2009 and 2010.

After migrating from Egypt more than 20 years ago, Dr Shenouda commenced his medical career in Australia as a surgical registrar in Tasmania in 1995 and has been a rural GP in Wagga Wagga, New South Wales, for the last 17 years, where he established Glenrock Country Practice. Dr Shenouda's main special interest is education and training, and he is passionate about developing quality frameworks and systematic management tools to enable and enhance the work undertaken by GPs.

Mr Martin Walsh

FCA, FGIA, GAICD

Chair, Finance, Audit and Risk Management Committee; board member, RACGP Oxygen Pty Ltd; co-opted Council member

Mr Martin Walsh has been an international partner at both Ernst & Young and Deloitte. He is currently a director of the IOOF Group Regulated Entities and of Surf Life Saving Australia, and is Chair of the latter's National Foundation. He is a past director of Hastings Funds Management and of StatePlus, where he was the Chair of their respective Audit and Risk Committees. He is a Fellow of the Institute of Chartered Accountants and of the Governance Institute, and a graduate member of the Institute of Company Directors.

Dr Bruce Willett

(appointed 30 September 2017)

MBBS, FRACGP

Chair, RACGP Queensland

Dr Bruce Willett is a GP and practice owner in Victoria Point in Redland City, south of Brisbane, and is committed to grassroots general practice and medical education.

Dr Willett has been enjoying his current practice – just a few kilometres from where he grew up – for the past 25 years.

Having been on the board of General Practice Supervisors Australia (GPSA) since 2010, Dr Willett was Chair of GPSA from 2015 to 2016, and Chair of the GP Supervisor Liaison Officer Network from 2010 to 2015.

Dr Willett was the Supervisor Liaison Officer for General Practice Training Queensland/Central and Southern Queensland Training Consortium (GPTQ/CSQTC) from 2008 to 2018, and has also worked as a medical educator for GPTQ.

He has served on the boards of his local Division of General Practice and the Queensland Health Diabetes Network, and has been an RACGP examiner since 1994.

Dr Mary-Therese Wyatt

BSc (BioMed), DipEd (Maths), MBBS, DCH, FRACGP, GAICD

General Practice Registrar Representative

Dr Mary-Therese Wyatt is a recent Fellow of the RACGP who works in a long-established general practice in Perth, Western Australia. Prior to Fellowship, Dr Wyatt undertook general practice registrar training with WAGPET. She was a registrar liaison officer for WAGPET in 2014–16, which included a role on the Advisory Council for GPRA.

Dr Wyatt has continued her association with GPRA in an ex-officio role, representing the RACGP in the advisory council. She was also a GPRA board director in 2009–13.

In her life prior to medical training, Dr Wyatt studied biomedical science and spent several years as a high school mathematics teacher, working in country New South Wales.

Dr Clare Ballingall (resigned 30 September 2017)

MBChB, FRACGP

Chair, RACGP Tasmania

Dr Clare Ballingall is a GP from Newtown in Hobart, Tasmania, where she practises in a large group practice. Dr Ballingall has also worked for the federally funded phone triage service, GP Assist Tasmania, for 13 years, supporting rural GPs after hours.

Born in the UK, Dr Ballingall trained and worked in the hospital and primary healthcare sectors in Scotland. Upon relocating to Australia, she spent two years working in psychiatry in Queensland before settling in Tasmania.

Dr Ballingall's first contact with the RACGP came 11 years ago when she was sitting her Fellowship exam, for which she was awarded the RACGP Tasmania medal for the highest aggregate score across the exam's three segments. She has since been an active examiner with

the faculty, and she joined RACGP Tasmania as the Tasmania Regional Representative for Denison in 2015. Dr Ballingall has met regularly with local parliamentary members and is passionate about increasing awareness of current general practice issues.

Dr Daniel Byrne (resigned 30 September 2017)

MBBS, FRACGP

Chair, RACGP SA&NT; Chair, RACGP Specific Interests

Dr Daniel Byrne is a partner at Chandlers Hill Surgery in outer metropolitan Adelaide and was elected to the RACGP Council in October 2014 as Chair of RACGP SA&NT, and became Chair of RACGP Specific Interests in 2015.

Dr Byrne has been a strong supporter of the RACGP since his training days in the early 1990s, which led to his FRACGP in 1993. He has supported the RACGP by participating in exam preparation workshops for general practice registrars and IMGs, conducting Australian Health Practitioner Regulation Agency (AHPRA) interviews for IMGs wishing to enter Australian general practice, and assisting as a quality assurance examiner at the FRACGP OSCEs. He has been a medical educator and general practice clinical advisor, and been involved in general practice–hospital liaison and eHealth for 20 years.

Dr Byrne believes having the highest regard for quality and standards will guide the RACGP through all in which it is involved, whether it is practice accreditation, practice guidelines, eHealth or general practice training. He believes the RACGP must set the standards and rigorously defend the profession's right to implement them.

Dr Edwin Kruys (resigned 30 September 2017)

MD, FRACGP, GAICD, AddipProjMgt

Chair, RACGP Queensland

Dr Edwin Kruys is a full-time practising GP in Queensland's Sunshine Coast hinterlands, and is RACGP Vice-President and Chair of RACGP Queensland. After graduating from the University of Amsterdam and finishing his general practice training in the Netherlands in 2004, Dr Kruys worked in various rural locations in Australia, including Cooktown and the remote Wujal Wujal and Hopevale Aboriginal communities in Cape York in Queensland, and Halls Creek in the Kimberley region of Western Australia. Dr Kruys is passionate about advocacy for general practice. He writes the popular general practice blog doctorsbag.net, focusing on healthcare politics, eHealth and social media. Dr Kruys is also a member of the Australian Medical Association Queensland Council of General Practice.

Dr Guan Yeo (resigned 30 September 2017)

FRACGP, MBBS, GAICD

Chair (2012–17), RACGP NSW&ACT

Dr Guan Yeo is experienced in matters of corporate and clinical governance, advocacy, and education and assessment. He is a practising GP in outer-metropolitan Sydney and a clinical training consultant in clinical communication, standards, clinical performance assessment, high-quality use of medicines, and professional regulation.

Dr Yeo is currently the RACGP National Assessment Advisor for the OSCE. In a previous role as Chair of the RACGP NSW&ACT Assessment Panel, Dr Yeo introduced initiatives to help IMGs prepare for the FRACGP exam. He is a board director of Primary and Community Care Services Ltd and General Practice Network Northside (also a previous chair). He is a hearings member of the Medical Council of New South Wales (previously the Medical Board) and a panel member of the Professional Services Review. He is also a member of the NSW Antimicrobial Stewardship Expert Advisory Group, and previously chaired the Prescribing Intervention Expert Advisory Group of NPS MedicinesWise Ltd. He was awarded the RACGP NSW&ACT faculty service medal.

Company Secretary

Dr Zena Burgess

PhD, MBA, MEd, DipEdPsych, BA, FAPS, FAICD

Company Secretary

Dr Burgess is CEO and Company Secretary of the RACGP. She is also a director of RACGP Oxygen Pty Ltd, and a director on the boards of Australian Medicines Handbook Pty Ltd, Mental Health Professionals Network, and Box Hill Institute and CAE.

RACGP member payments and remuneration

RACGP Council has decided to make changes to its remuneration report to increase the levels of disclosure and transparency in reporting of payments/remuneration of councillors, management and members. These changes exceed the regulatory requirements set forth by the Australian Charities and Not-for-profits Commission (ACNC). RACGP Council is mindful that the remuneration delivers value for members' funds, and accordingly there are numerous measures to ensure that members' funds achieve the goal of excellent performance and governance of their college. These measures include extensive benchmarking of all key payments to councillors and

management, review from the RACGP's Nomination and Remuneration Committee and performance review of management. The 60th RACGP Council has reviewed all of these measures and recommends this remuneration report to the AGM of members.

Remuneration report

In 2018 the Board formed a Nomination and Remuneration Committee that came into effect in August. That committee has overseen the preparation of this remuneration report to be approved by Council.

The principles of the RACGP remuneration framework are designed to:

- align the rewards to the college's outcomes that deliver value to its members
- drive a service culture by setting challenging objectives and strategies
- strive for best practice in the conduct of the college's human resources policies
- utilise the skills of the college's professional membership in a variety of functions in order to deliver the highest possible standards and to maintain the RACGP as the pre-eminent general medical practice organisation in Australia.

Use of remuneration consultants

The RACGP has employed the services of external independent consultants (Mercer) to review and benchmark the amounts and elements of key management personnel remuneration, including the councillors and senior management.

Councillor remuneration

The RACGP constitution allows councillors to be remunerated for professional and technical services. The RACGP has been making payments to its councillors for many years. From October 2017, these payments were suspended following perceived ambiguity of the constitution. Council has determined it important to remove any ambiguity on this matter. A members' resolution to this effect will be sought from the members at the AGM. The success of that resolution is a prerequisite for many of the payments in this report.

As noted above, councillor and office bearer external benchmark data was provided by Mercer in 2018. In addition, the President's allowance is approved by member vote at the AGM, based on Council's recommendation. The results of the benchmarking have demonstrated that RACGP directors will be remunerated within acceptable percentiles for an organisation of the size, nature and complexity of RACGP.

Remuneration by role	Total remuneration paid and payable for year (\$)
RACGP President	126,965
Chair of Council	101,000
Councillors' (n = 18)	539,888
Total	767,853

*Councillors include Oxygen directors.

Key management personnel remuneration (excluding councillors)

In the past, the Council delegated the responsibility for the CEO remuneration to a performance working group consisting of the President, Chair of Council and the Chair of FARM. That group had considered the performance, remuneration and retention of the CEO and made recommendations to Council. This group has now been replaced by the Nomination and Remuneration Committee.

Benchmarking of the CEO salary has occurred formally through external benchmarking by Mercer in 2018. There is additional contextual data that has also been informally gathered with other medical colleges and membership organisations of a similar size and status. The data shows that the CEO remuneration is within an acceptable percentile (50th–75th). As is the case in several other medical colleges, the RACGP CEO also serves as the company secretary, which is considered by Council in assessing the total remuneration.

Remuneration by role	Total remuneration* paid for year (\$)
CEO	547,796
Other key management personnel (n = 12)	2,320,659
Total	2,868,455

*Total remuneration for staff includes salary and superannuation only.

RACGP member remuneration

Members play an important role within the RACGP. Whether that be through active participation as councillors or expert committee members, the RACGP prides itself in the deep connection it has to expertise through its member community. This table summarises the remuneration for each category of member remuneration.

Category of member remuneration	Total remuneration* paid for year \$
Member professional services payments (n = 1864) Note 1	3,607,759
Members employed as staff (n = 90) Note 2	2,276,894
RACGP Expert Committee chair and member payments (n = 71) Note 3	184,910

*Total remuneration for staff includes salary and superannuation only.

Notes:

1. Member professional services payments, RACGP Expert Committee chair payments and RACGP Expert Committee member payments are paid as contractor payments.
2. Members employed as staff are paid as salaries and wages and appropriate PAYG tax is remitted to the Australian Taxation Office.
3. RACGP Expert Committee chairs and members are remunerated as follows.

RACGP Expert Committee (REC) chairs	REC chairs are paid for providing professional or technical services of an average of \$880 per day. Travel and accommodation expenses are reimbursed
-------------------------------------	---

REC members	REC members are paid for providing professional or technical services of an average of \$640 per day. Travel and accommodation expenses are reimbursed
-------------	--

4. Member councillor payments are disclosed under councillor remuneration.
5. Other Council subcommittees and advisory groups and payments are remunerated as follows.

Faculty Board	Faculty Board members serve in a volunteer capacity and receive no remuneration or benefit for their services
---------------	---

Finance, Audit and Risk Management Committee (FARM)	FARM members who are not Council members receive a sitting fee of \$120 per hour
---	--

Nomination and Remuneration Committee	No additional fees are paid
---------------------------------------	-----------------------------

Professional Standards Committee	No additional fees are paid
----------------------------------	-----------------------------

Council meetings

The number of meetings of Council (including meetings of committees of Council) held during the year and the numbers of meetings attended by each director were as follows.

	Council meetings		Finance, Audit and Risk Management	
	Maximum* possible	Attended	Maximum* possible	Attended
A Shenouda	11	10	■	■
B Seidel	11	9	4	4
B Willett	8	8	2	2
C Ballingall	3	0	■	■
C Hespe	8	7	■	■
C Loy	11	9	■	■
C Nixon	11	10	■	■
D Byrne	3	3	1	1
E Kruys	3	3	■	■
G Yeo	3	1	1	0
A Png	1	1	■	■
J Presser	8	7	■	■
M Miller	11	11	■	■
M Walsh	11	11	4	4
M Wyatt	11	11	3	3
P O'Mara	11	10	■	■
T Koh	11	11	■	■
Z Baig	8	7	■	■

■ Not a member of this committee of Council during the year.

*Not all directors were appointed to Council or the relevant committee for the entire year. This column shows the number of meetings of Council and relevant committees that were held during each director's tenure on Council and those committees.

Auditor independence

A copy of the auditor's independence declaration is set out on the following page.

Corporate information

The RACGP registered office and principal place of business is:

100 Wellington Parade
East Melbourne VIC 3002

Corporate structure

The company is incorporated in New South Wales and domiciled in Australia as a company limited by guarantee with the liability of its members limited to \$20 per member.

Signed in accordance with a resolution of the directors.



Dr Tim Koh, Chair of Council

24 August 2018
Melbourne

Auditor's independence declaration



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of The Royal Australian College of General Practitioners Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Australian professional accounting bodies; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

P A Ransom

P A RANSOM
Partner

Dated: 24 August 2018
Melbourne, Victoria

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Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

To the Members of The Royal Australian College of General Practitioners Ltd

Opinion

We have audited the financial report of The Royal Australian College of General Practitioners Ltd ("RACGP"), 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 statements, including a summary of significant accounting policies, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

In our opinion, the financial report of the RACGP 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 consolidated entity's financial position as at 30 June 2018 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards– Reduced Disclosure Requirements 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 RACGP 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.

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the RACGP's annual report for the year ended 30 June 2018 but does not include the financial report and the 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.

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Other Information (Continued.)

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 Management and Those Charged with Governance 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 *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 RACGP'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 management either intends to liquidate the RACGP 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 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.

RACGP Payments and Remuneration

We have audited the RACGP Member Payments and Remuneration included in the Directors' Report for the year ended 30 June 2018.

In our opinion, the RACGP Member Payments and Remuneration details included in the Directors' Report for the year ended 30 June 2018 give a true and fair view of the RACGP payments and remuneration which are disclosed.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink that reads 'P A Ransom'.

P A RANSOM
Partner

Dated: 24 August 2018
Melbourne, Victoria

Directors' declaration

**Per section 60.15 of the Australian Charities and Not-for-profits
Commission Regulation 2013**

The directors declare that in the directors' opinion:

- a) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable, and
- b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

On behalf of the directors



Dr Tim Koh
Chair of Council

24 August 2018
Melbourne

Consolidated statement of profit or loss and other comprehensive income

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2018	Notes	2018 (\$)	2017 (\$)
Revenue	2	75,258,955	62,782,188
Total revenue		75,258,955	62,782,188
Expenses			
Employee benefits and on-costs		34,560,539	31,770,781
GP sessional and sitting payments		3,792,670	3,876,231
Cost of publications		619,672	719,040
Consultancy		2,319,221	1,310,950
Professional services		2,028,967	1,287,322
Travel and accommodation		2,103,578	2,011,805
Conference and meeting costs		5,575,511	3,505,047
Office accommodation		1,831,719	1,997,846
IT-related costs		5,334,699	4,243,872
Telecommunications		771,763	606,248
Advertising and media		5,878,956	4,951,292
Printing and stationery		364,374	286,311
Grants and donations		296,644	418,961
Finance costs		587,517	742,836
Depreciation		1,627,804	1,782,887
External grant project administration		5,851,210	1,398,814
Other expenses		1,526,544	1,708,789
Total expenses	3	75,071,388	62,619,032
Surplus from operating activities		187,567	163,156
Net investment income	6	133,478	–
Share of net surplus of associates accounted for using the equity method	7	118,240	129,514
Net gain on disposal of land and buildings		–	207,500
Total surplus before tax		439,285	500,170
Income tax expense	1.13	25,855	5,114
Total surplus after tax	13	413,430	495,056
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation increment to land and buildings	13	5,850,000	5,301,250
Income tax relating to these items		–	–
Other comprehensive income for the year, net of tax		6,263,430	5,796,306
Total comprehensive income for the year		6,263,430	5,796,306

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

The Royal Australian College of General Practitioners Ltd

As at 30 June 2018	Notes	2018 (\$)	2017 (\$)
Current assets			
Cash and cash equivalents	4	33,420,327	32,370,250
Trade and other receivables	5	2,706,748	2,182,560
Financial assets	9	8,438,167	–
Other financial assets	6	5,731,688	–
Total current assets		50,296,930	34,552,810
Non-current assets			
Investments accounted for using the equity method	7	596,818	578,578
Property and office equipment	8	46,305,589	41,088,038
Financial assets	9	700,000	700,000
Trade and other receivables	5	85,973	93,803
Total non-current assets		47,688,380	42,460,419
Total assets		97,985,310	77,013,229
Current liabilities			
Trade and other payables	10	9,304,934	6,943,099
Current tax liabilities		21,868	3,428
Income in advance	11	52,648,695	40,503,747
Provisions	12	1,327,915	1,281,622
Total current liabilities		63,303,412	48,731,896
Non-current liabilities			
Provisions	12	664,500	527,365
Total non-current liabilities		664,500	527,365
Total liabilities		63,967,912	49,259,261
Net assets		34,017,398	27,753,968
Equity			
Reserves	13	19,047,658	13,197,658
Accumulated surplus	13	14,969,740	14,556,310
Total equity		34,017,398	27,753,968

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2018	Notes	Accumulated surplus (\$)	Asset revaluation reserve (\$)	Total (\$)
Balance at 1 July 2016		11,894,047	10,063,615	21,957,662
Total surplus for the year		495,056	–	495,056
Total other comprehensive income for the year		–	5,301,250	5,301,250
Transfer to accumulated surplus		2,167,207	(2,167,207)	–
Balance at 30 June 2017	13	14,556,310	13,197,658	27,753,968
Total surplus for the year		413,430	–	413,430
Total other comprehensive income for the year		–	5,850,000	5,850,000
Balance at 30 June 2018	13	14,969,740	19,047,658	34,017,398

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2018	Notes	2018 (\$)	2017 (\$)
Cash flows from operating activities			
Receipts from membership activities, publications, government and other grants (inclusive of GST)		93,998,239	75,127,725
Payments to suppliers and employees (inclusive of GST)		(78,251,966)	(64,785,569)
Income tax paid		(7,415)	529
Net cash inflow from operating activities		15,738,858	10,342,685
Cash flows from investing activities			
Proceeds on sale of property, plant and equipment		–	3,600,000
Purchase of property and office equipment		(1,107,141)	(1,909,362)
Interest received		354,736	324,774
Dividends received		100,000	75,000
Purchase of other financial assets		(14,036,376)	–
Net cash outflow from investing activities		(14,688,781)	2,090,412
Cash flows from financing activities			
Repayment of borrowings		–	–
Net cash (outflow)/inflow from financing activities		–	–
Net increase/(decrease) in cash held		1,050,077	12,433,097
Cash at beginning of financial year		32,370,250	19,937,153
Cash and cash equivalents at end of financial year	4	33,420,327	32,370,250

The accompanying notes form part of these financial statements.

Notes to the financial statements

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2018

Note 1. Statement of significant accounting policies

The consolidated financial statements ('financial statements') and notes represent those of The Royal Australian College of General Practitioners Ltd and controlled entities ('the group').

The financial statements were authorised for issue by the directors on 24 August 2018. The directors have the power to amend and reissue the financial statements.

Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the ACNC Act. The group is a not-for-profit entity for the purpose of preparing the financial statements. The financial statements of the group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical cost, except for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements.

1.1 Basis of consolidation

The financial statements incorporate the assets and liabilities and results of the subsidiary of The Royal Australian College of General Practitioners Ltd as at 30 June 2018 and the results of its subsidiary for the year then ended.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Income and expenses of the subsidiary are included in the 'Consolidated statement of profit or loss and other comprehensive income' from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiary to bring their accounting policies into line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the group's ownership interests in its subsidiary that do not result in the group losing control are accounted for as equity transactions. The carrying amounts of the group's interests are adjusted to reflect the changes in their relative interests in the subsidiary.

When the group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consolidation received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets and liabilities of the subsidiary. When assets of the subsidiary are carried at revalued amounts or fair values, and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the group had directly disposed of

the relevant assets (ie reclassified to the ‘Consolidated statement of profit or loss and other comprehensive income’, or transferred directly to accumulated surplus as specified by applicable standards).

1.2 Investments in associates

Associates are entities over which the group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the group’s financial statement using the equity method of accounting, after initially being recognised at cost.

The group’s share of its associates’ post-acquisition profits or losses is recognised in the ‘Consolidated statement of profit or loss and other comprehensive income’. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment (refer to Note 7).

When the group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

1.3 Property and office equipment

Land and buildings are shown at fair value determined by the group and based on annual reviews effective 30 June of each year, which apply standard property valuation techniques including reference to an independent valuer. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property and office equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow

to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the ‘Consolidated statement of profit or loss and other comprehensive income’ during the financial period in which they are incurred.

Any revaluation increases on the revaluation of land and buildings are credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for land and buildings previously recognised as an expense in the ‘Consolidated statement of profit or loss and other comprehensive income’, in which case the increase is credited to the ‘Consolidated statement of profit or loss and other comprehensive income’ to the extent of the decrease previously charged. A decrease in the carrying amount arising on revaluation of land and buildings is charged as an expense in the ‘Consolidated statement of profit or loss and other comprehensive income’ to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of land and buildings.

1.4 Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that a carrying amount may not be recoverable. At a minimum, assets are reviewed for impairment annually. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

1.5 Depreciation

Depreciation (except for land, which is not a depreciable item) is calculated on a straight-line basis so as to write off the net cost or revalued amount of each item of property, plant and equipment over its expected useful life or, in the case of leasehold improvements, the shorter lease term. Depreciation rates used are as follows.

Buildings	2.5%
Leasehold improvements	5.0%
Office equipment and training equipment	15.0%
Office furniture	7.5%
Computer equipment	33.3%

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 (Note 1.3). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the 'Consolidated statement of profit or loss and other comprehensive income'.

1.6 Leases

Operating lease payments net of incentives received from the lessor are expensed in the 'Consolidated statement of profit or loss and other comprehensive income' on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the 'Consolidated statement of financial position' based on their nature.

1.7 Trade receivables

Trade receivables are recognised initially at fair value less a provision for uncollectible debts. Trade receivables are generally due for settlement on average within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Debts that are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the group may not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is recognised in the 'Consolidated statement of profit or loss and other comprehensive income' within other expenses.

1.8 Trade payables

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

1.9 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

All borrowing costs are expenses within the 'Consolidated statement of profit or loss and other comprehensive income'.

1.10 Employee benefits

The group has recognised and brought to account employee benefits as follows.

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly 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. The liabilities for annual leave and other short-term employee obligations are recognised in trade and other payables.

b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be wholly settled within 12 months after the end of the period in which employees render the related service 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 end of the reporting period using the projected unit credit method.

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 notional corporate bonds, with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the statement of financial position if the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

1.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and 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 'Consolidated statement of financial position'.

1.12 Revenue recognition

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

a) Membership subscriptions

Subscriptions are recorded as revenue in the year to which the subscription relates. Subscriptions received in advance are shown in the 'Consolidated statement of financial position as current liabilities'.

b) Quality improvement and other fees

Fees are recorded as revenue in the year to which the fees relate. Fees received in advance are shown in the 'Consolidated statement of financial position as current liabilities'.

c) Revenue from courses, examinations

All revenue and expenditure relating to specific courses/examinations is recognised upon completion of the course/examination.

d) Specific-purpose grants

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Grant monies received for specific purposes are recorded as revenue in the period in which the amounts are expended – that is, the services have been performed or conditions have been fulfilled. Grant monies received but not yet expended – that is, when services have not yet been performed, or conditions have not been fulfilled – are shown in the 'Consolidated statement of financial position' as current liabilities.

e) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

f) Dividends

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

1.13 Income tax

The parent company is endorsed as an income tax exempt charitable entity under subdivision 50-B of the *Income Tax Assessment Act 1997*.

The subsidiary of The Royal Australian College of General Practitioners Ltd, RACGP Oxygen Pty Ltd, is not income tax exempt. Therefore, income tax for the period is the tax payable on the current period's taxable income based upon the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to use those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where RACGP Oxygen Pty Ltd is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where RACGP Oxygen Pty Ltd has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the 'Consolidated statement of profit or loss and other comprehensive income', except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.14 Goods and services tax

Revenues and 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. 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. Items in the 'Consolidated statement of cash flows' are inclusive of GST where applicable.

1.15 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. The directors evaluate estimates and judgements incorporated into the financial statements 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. These include:

a) **Estimation of fair values of land and buildings – refer to Note 8**

b) **Provision for employee benefits**

Management uses judgement to determine when employees are likely to take annual leave and long service leave. Employee benefits that are expected to be settled within one year are measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year are measured at the present value of the estimated future cash outflows to be made for those benefits. Accordingly, assessments are made on employee wage increases and the probability the employee may not satisfy the vesting requirements. Likewise, these cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of the cash outflow.

1.16 Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2017.

1.17 New and amended standards adopted by the group

There are no new and amended standards adopted by the group during this financial year that will have material impact to the financial report.

1.18 Parent entity financial information

The financial information for the parent entity, The Royal Australian College of General Practitioners Ltd, disclosed in Note 20, has been prepared on the same basis as the financial statements, with the exception of the policy set out below.

a) **Investments in subsidiaries, associates and joint venture entities**

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of The Royal Australian College of General Practitioners Ltd.

b) **Income tax**

The parent company is endorsed as an income tax exempt charitable entity under subdivision 50-B of the *Income Tax Assessment Act 1997*.

1.19 Capital management

The objective of the group is to safeguard its ability to continue as a going concern, so that it can continue to provide benefits to its members.

1.20 Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and assumes that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

1.21 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition, and subsequent reclassification to other categories is restricted. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss

Other financial assets are designated fair value through profit or loss on initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise grant; it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Note 2. Revenue from ordinary activities	2018 (\$)	2017 (\$)
Revenue from operating activities		
Membership, QI&CPD fees	32,415,629	30,609,128
Education, course registration and other fees	26,600,868	22,876,044
Research and other grants and donations	10,247,385	3,909,413
Publications and subscriptions	195,570	274,504
Sponsorship and advertising	2,206,055	1,990,091
Other operating income	2,309,302	1,786,992
Other revenue from ordinary activities		
Interest	354,736	324,774
Rent	929,410	1,011,242
	75,258,955	62,782,188
Note 3. Expenses		
2018 (\$)		
2017 (\$)		
Surplus from operating activities includes the following specific expenses:		
Depreciation		
Buildings	525,000	508,750
Computer equipment and software	1,090,444	1,261,574
Other plant and equipment	12,360	12,563
	1,627,804	1,782,887
Rental expense relating to operating leases	588,428	515,291
Note 4. Cash and cash equivalents		
2018 (\$)		
2017 (\$)		
Cash at bank	4,566,814	14,464,378
	4,566,814	14,464,378
Deposits on call	17,959,265	10,399,396
Proceeds from sale of 201 Logan Road, Woolloongabba, Qld	–	3,600,000
Deposits on call – grant funds held for disbursement	10,894,248	3,906,476
	28,853,513	17,905,872
	33,420,327	32,370,250
Note 5. Trade and other receivables		
2018 (\$)		
2017 (\$)		
Current assets		
Trade receivables	1,819,475	798,686
Prepayments	882,365	1,092,212
Other receivables – lease incentive	4,908	291,662
	2,706,748	2,182,560
Non-current assets		
Other receivables – lease incentive	85,973	93,803

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The carrying amounts of amounts receivable approximate net fair values, as determined by reference to the expected future net cash flows and due to their short-term nature.

Other receivables generally arise from transactions outside the usual operating activities of the group.

Note 6. Other financial assets	2018 (\$)	2017 (\$)
Cash management accounts	1,093,775	-
Fixed-interest securities	1,476,050	-
Equity investment	3,161,863	-
	5,731,688	-

Net investment income

Net investment income is presented net of investment management fees in the consolidated statement of profit or loss and other comprehensive income.

Interest	15,172	-
Trust distributions	52,815	-
Dividend income	60,424	-
Investment management fees	(17,898)	-
Foreign tax expense	(1,403)	-
Net realised gain/(loss) on investment	8,214	-
Net unrealised gain/(loss) on investment	16,154	-
	133,478	-

Note 7. Investments accounted for using the equity method

	2018 (\$)	2017 (\$)
Share in associates	596,818	578,578

Share in associates

i. The group holds 33.33% of the units in the Australian Medicines Handbook Unit Trust (the Unit Trust). The Unit Trust's principal activity is the production and sale of the *Australian medicines handbook*. The Unit Trust has a 30 June reporting period. The group's share of the results of its associate's assets and liabilities are as follows:

Group's share of:		
Assets	999,251	970,277
Liabilities	402,433	391,699
Revenue	1,633,796	1,511,301
Profit/(loss) after tax	118,240	129,514

ii. The movement in equity-accounted associates investments is as follows:

Balance at the beginning of the financial year	578,578	524,064
Share of associate's surplus from ordinary activities after income tax	118,240	129,514
Less Dividends received	(100,000)	(75,000)
Balance at the end of the financial year	596,818	578,578

iii. There are no contingent liabilities/assets of the associate

Note 8. Non-current assets – property and office equipment	2018 (\$)	2017 (\$)
Freehold land and buildings		
Land and building – valuation	43,975,000	38,650,000
Less Accumulated amortisation	–	–
	43,975,000	38,650,000
Computer equipment and software at cost	6,199,137	5,203,783
Less Accumulated depreciation	(3,927,701)	(2,837,258)
	2,271,436	2,366,525
Other plant and equipment at cost	121,986	121,986
Less Accumulated depreciation	(62,833)	(50,473)
	59,153	71,513
Total written-down value	46,305,589	41,088,038
Reconciliations		
Freehold land and buildings		
Opening balance	38,650,000	37,250,000
Additions	–	–
Revaluation increment/(decrement)*	5,850,000	5,301,250
Disposals	–	(3,392,500)
Depreciation expense	(525,000)	(508,750)
Closing balance	43,975,000	38,650,000
Computer equipment and software		
Opening balance	2,366,525	1,704,328
Additions	1,107,141	1,909,362
Reclassification	–	14,408
Disposals	(111,787)	–
Depreciation expense	(1,090,443)	(1,261,573)
Closing balance	2,271,436	2,366,525
Other plant and equipment		
Opening balance	71,513	98,484
Additions	–	–
Reclassification	–	(14,408)
Depreciation expense	(12,360)	(12,563)
Closing balance	59,153	71,513
Total closing balance	46,305,589	41,088,038

The valuation basis of land and buildings is fair value, being the amounts for which the assets could be exchanged between market participants in an orderly manner, based on current prices in an active market for similar properties in the same locations and conditions.

*Freehold land and buildings were revalued to the amounts shown above as at 30 June 2018. The valuations recorded a net increase in the value of group properties. Under Australian Accounting Standards, \$5,850,000 has been recorded against the asset revaluation reserve in relation to this increase in property values.

Independent valuations of the group's land and buildings were performed by the independent valuers Savills Pty Ltd in their respective states to determine the market value of the properties for 30 June 2018.

The Commonwealth Bank of Australia holds a first registered mortgage over the land and buildings at 100 Wellington Parade, East Melbourne. This mortgage secures a credit facility of \$2,000,000 that was not used during the financial year ended 30 June 2018.

Note 9. Financial assets	2018 (\$)	2017 (\$)
Current assets		
Term deposits	8,438,167	–
Non-current assets		
Term deposit*	700,000	700,000

*During the financial year 2015–16, the RACGP received a bequest of \$700,000 from the Lynn Harvey Joseph estate. The Trust deed stipulates that the RACGP is to hold the \$700,000 for 50 years while applying the income earned from the fund to research, education and training in general practice medicine. Upon expiry of 50 years, the funds will become available to be applied as the RACGP determines appropriate.

Note 10. Trade and other payables	2018 (\$)	2017 (\$)
Trade creditors	964,676	1,366,021
Other creditors and accruals	6,202,488	3,685,148
Employee benefits	2,137,770	1,891,930
Total	9,304,934	6,943,099

Net fair values: Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of amounts payable approximate net fair values, as determined by reference to the expected future net cash flows and due to their short-term nature.

Note 11. Income in advance	2018 (\$)	2017 (\$)
Income in advance		
Membership subscriptions and QI&CPD fees	29,172,656	27,119,983
Grants	10,330,978	3,923,277
Exams	8,467,031	7,398,840
Other	4,678,030	2,061,647
Total	52,648,695	40,503,747

Note 12. Provisions	2018 (\$)	2017 (\$)
Employee benefits – long service leave (current)	1,327,915	1,281,622
Employee benefits – long service leave (non-current)	664,500	527,365

Note 13. Reserves and accumulated surplus	2018 (\$)	2017 (\$)
Asset revaluation reserve		
i. Nature and purpose of reserve		
The asset revaluation reserve is used to record increments and decrements in the value of those non-current assets measured at fair value		
ii. Movements in reserve		
Balance at beginning of year	13,197,658	10,063,615
Revaluation of land and buildings	5,850,000	5,301,250
Transfer to accumulated surplus*	–	(2,167,207)
Balance at end of year	19,047,658	13,197,658
Movements in accumulated surplus		
Balance at beginning of year	14,556,310	11,894,047
Current year surplus	413,430	495,056
Transfer from asset revaluation reserve*	–	2,167,207
Balance at end of year	14,969,740	14,556,310

*During the financial year 2016–17, 201 Logan Road, Woolloongabba, Queensland was sold. Within the asset revaluation reserve was \$2,167,207 relating to this property. In accordance with Australian Accounting Standards, this amount was transferred to accumulated surplus.

Note 14. Key management personnel compensation	2018 (\$)	2017 (\$)
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Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any councillor (whether executive or otherwise).

Total compensation paid to key management personnel during the financial year was:

Key management personnel	3,689,750*	3,237,454
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*Councillors' remuneration includes both paid and payable amounts. The above compensation includes salary, superannuation and long service leave to which they are entitled during the year.

Note 15. Commitments	2018 (\$)	2017 (\$)
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Operating leases		
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The group leases various pieces of office equipment and offices under cancellable operating leases expiring within one year.

The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiable.

Minimum lease payments		
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Within one year	330,139	354,895
Later than one year but not later than five years	682,813	811,740
More than five years	290,806	436,382
Total operating leases	1,303,758	1,603,017

Capital commitments		
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Property and office equipment		
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Within 12 months

Computer equipment and software	1,144,315	-
Total property and office equipment	1,144,315	-

Note 16. Contingencies		
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The RACGP has given bank guarantees as at 30 June 2018 of \$357,200 (2017: \$312,082).

Note 17. Related party transactions**a. Equity interests in related parties****i. Equity interests in associates**

Details of interest in associates are disclosed in Note 7 to the financial statements.

ii. Equity interests in subsidiaries

Details of interest in subsidiaries are disclosed in Note 21 to the financial statements.

b. Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in Note 14.

c. Key management personnel loans

There are no loans to or from key management personnel.

d. Transactions with key management personnel

The key management personnel have transactions with the group 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 group would have adopted if dealing with the key management personnel at arms length in similar circumstances. These transactions include the collection of membership dues and subscriptions and the provision of group services.

Note 18. Financial instruments

2018 (\$)

2017 (\$)

Liquidity risk

Liquidity risk refers to the risk that the group will encounter difficulty in meeting obligations concerning its financial liabilities. The group has the following financing arrangements. The group also has financial liabilities to its trade and other creditors and amounts invoiced in advance for services to be rendered such as the group's membership subscriptions. The group does not expect to settle the amounts invoiced in advance by cash payment; rather, these liabilities will be satisfied with the provision of the services. Liquidity risk is therefore insignificant as the group's cash reserves significantly exceed the remaining financial liabilities that it expects to settle by cash payment.

Financing arrangements

The group had arranged the following undrawn borrowing facilities at the end of the reporting period.

Variable rate

Facilities:

Overdraft	2,000,000	2,000,000
Total undrawn facilities	2,000,000	2,000,000

Note 19. Events after the reporting period

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

Note 20. Parent entity information		2018 (\$)	2017 (\$)	
The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the group.				
Financial position				
Assets				
Current assets		50,214,430	34,513,047	
Non-current assets		47,698,380	42,470,419	
Total assets		97,912,810	76,983,466	
Liabilities				
Current liabilities		63,457,083	48,867,975	
Non-current liabilities		664,503	527,369	
Total liabilities		64,121,586	49,395,344	
Net assets		33,791,224	27,588,122	
Equity				
Reserves		19,047,656	13,197,656	
Accumulated surplus		14,743,568	14,390,466	
Total equity		33,791,224	27,588,122	
Financial performance				
Total surplus/(deficit)		353,102	483,122	
Other comprehensive income for the year		5,850,000	5,301,250	
Total comprehensive income for the year		6,203,102	5,784,372	
Contingent liabilities of the parent entity				
The RACGP has given bank guarantees as at 30 June 2018 of \$357,200 (2017: \$312,082).				
Commitments for the acquisition of property, plant and equipment by the parent entity				
Property and office equipment				
Within 12 months				
Computer equipment and software		1,144,315	–	
Total property and office equipment		1,144,315	–	
Note 21. Subsidiaries				
The financial statements incorporate the assets, liabilities and results of RACGP Oxygen Pty Ltd in accordance with the accounting policy described in Note 1.1.				
Name of entity	Country of incorporation	Class of shares	Equity holding	
			2018	2017
RACGP Oxygen Pty Ltd	Australia	Ordinary	100%	100%



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