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## Statutory report

# Directors' report

The Board of the Royal Australian College of General Practitioners Ltd (RACGP) presents their report together with the financial statements for the financial year ended 30 June 2022.

## Principal activities and objectives

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-1) under subdivision 30B of the *Income Tax Assessment Act 1997* for donations made for education or research in medical knowledge or science.

The RACGP's purpose is to ensure a strong general practice profession that keeps Australia healthy. The RACGP's goal is that Australia's health outcomes improve. To achieve this charitable purpose of advancing health, the RACGP's objectives are to:

- improve the health and wellbeing of individuals and communities by supporting the pursuit of clinical excellence and high-quality patient care, clinical practice, education and research for general practice
- establish and maintain high standards of knowledge, learning, experience, competence, learning, skills and conduct in general practice
- set the standards for, and provide training and continuing professional development programs in relation to, general practice and related areas to improve the knowledge and skill in those fields, or to extend knowledge and raise standards of learning and patient care
- set the standards for, and provide undergraduate and postgraduate educational programs in, general practice and related subjects at or in any general practice, community-based medical practice, medical college, university, medical school, hospital, laboratory or other educational institution

- provide grants or in-kind support in scholarly subjects related to general practice
- support and publish research by any persons (whether members of the RACGP or not) into general practice and related subjects
- award diplomas, certificates and other honours in recognition of competency, proficiency or attainment in general practice, or for outstanding work, or in appreciation of special services
- encourage suitably trained persons to enter the specialty of general practice
- promote social intercourse, good fellowship and peer support among members of the RACGP and people engaged in general practice, and promote good relations between such members and people and the community
- advocate on any issue that affects the ability of RACGP members to meet their responsibility to patients and the community.

## Performance measures

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

- Board of Directors' meetings
- Finance Audit and Risk Management Committee meetings
- People, Culture, Nomination and Remuneration Committee meetings
- Education and Workforce Committee meetings
- Other Board sub-committees.

## Financial results

- For the financial year ended 30 June 2022, the consolidated group recorded a surplus after tax of \$2.46m, which included a \$3.67m gain on business combination from the acquisition of GP Synergy Limited.

- The parent entity RACGP recorded a deficit from operating activities of \$1.17m, with a total deficit, including investment activities, of \$1.65m. This underlying result was largely driven by investment in several key projects.
- The RACGP parent entity holds a strong net equity position of \$65.44m consisting of accumulated surplus of \$18.27m, cash reserves of \$11.38m and property revaluations of \$35.80m.

## Significant changes in the state of affairs

ACN 147560638 Pty Ltd, formerly known as RACGP Oxygen Pty Ltd, was liquidated on 4 October 2021, and formally deregistered by ASIC on 8 January 2022.

As at 20 January 2022, the RACGP became the sole member of GP Synergy Limited. As a result, GP Synergy is included in the consolidated statutory report as a subsidiary of the RACGP from 20 January 2022.

The Chief Executive Officer, Dr Matthew Miles, resigned from the RACGP, with effect on 2 August 2021. Christine Nixon AO APM, Board Chair, was appointed to the role of Executive Chair until 8 November 2021 to cover the recruitment and onboarding period for the new Chief Executive Officer, Paul Wappett, who commenced on 11 October 2021.

There were no other 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.

## COVID-19 pandemic and response

COVID-19 continued to significantly impact RACGP operating rhythms throughout the year as it has the past three years. Due to restrictions introduced within states at various times, RACGP migrated major events to digital or hybrid formats and reduced attendance at in-person events.

This was the first year of the pandemic that RACGP had to navigate without the security of JobKeeper funding. The RACGP continues to manage these

impacts through adhering to and imposing measures outlined by government guidelines, allowing staff to work flexibly from home or office and maintaining an overdraft facility and reserves to ensure a strong liquidity position.

## Events subsequent to the end of the financial year

The RACGP signed a contract with the Commonwealth of Australia represented by the Department of Health on 26 August 2022 to deliver General Practice training in Australia from 1 February 2023 through to the end of the 2025 training year. The agreement includes grant funding from the Commonwealth to the RACGP of \$364,370,001 (ex GST).

## Likely developments and future results

The RACGP anticipates another challenging year in 2022–23 in establishing profession-led training, commencing in February 2023, while also entering a more contested membership environment with Continuous Professional Development homes providing pressure on membership rates. The RACGP has developed a three-year operating plan that outlines strategic objectives to deliver our charitable purpose and improve services to our members, while managing reserves for ongoing sustainability. The forecast budget outlines a financial recovery plan that is revenue led and optimises synergies across the business.

The RACGP 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 and risks are mitigated. No other matters or circumstances have arisen since the end of the financial year that have significantly affected or that may affect the operations of the RACGP, the results of the operations or the state of affairs of the RACGP in the future financial years.

## Dividends

The RACGP is limited by guarantee, and its Constitution precludes the payment of dividends.

## Directors

The directors during the period 1 July 2021 to the date of this report, are as follows:

| Director  | Title   | Appointed/retired  |
|---|---|--|
| <b>Ms Christine Nixon</b><br>AO, APM<br>BA, MPA, Hon LLD, DipLRelLaw, FIPAA,<br>FANZSOG, FAIPM, FAIM        | Chair<br>Executive Chair  | Appointed 30 September 2016<br>Appointed 2 August 2021 to<br>8 November 2021 |
| <b>Adjunct Professor Karen Price</b><br>MBBS, FRACGP  | President   | Appointed 30 November 2020   |
| <b>Dr Bruce Willett</b><br>MBBS, FRACGP   | Vice President<br>Chair RACGP Queensland  | Appointed 30 November 2020<br>Appointed 27 October 2017                      |
| <b>Dr Tess van Duuren</b><br>MBChB, BSc (Hons) (Sports Med),<br>FRACGP, GAICD                               | Censor-in-Chief<br>Chair Education and Workforce<br>Committee                           | Appointed 31 October 2019<br>Appointed 31 October 2019                       |
| <b>Dr Zakaria Baig</b><br>MBBS, FRACGP, FACRRM  | Chair RACGP SA&NT   | Appointed 27 October 2017<br>Retired 17 November 2021                        |
| <b>Dr Sean Black-Tiong</b><br>MBBS, FRACGP, GAICD   | Chair RACGP GPs in Training   | Appointed 30 November 2020   |
| <b>Dr Daniel Byrne</b><br>MBBS, FRACGP, GAICD   | Chair RACGP SA&NT   | Appointed 17 November 2021   |
| <b>Dr Michael Clements</b><br>BEcon (Hons), MBBS, DAvmed, MPH, MHM,<br>FRACGP, FARGP, FRACMA, FACAsM, GAICD | Chair RACGP Rural   | Appointed 14 August 2020   |
| <b>Associate Professor Charlotte Hespe</b><br>MBBS (Hons), FRACGP, DCH, GCUT, FAICD                         | Chair RACGP NSW&ACT<br>Chair People, Culture, Nominations<br>and Remuneration Committee | Appointed 27 October 2017<br>Appointed 25 October 2019                       |
| <b>Dr Tim Jackson</b><br>MBBS, BMedSci, DRACOG, ACCSCMS, GAICD  | Chair RACGP Tasmania  | Appointed 13 January 2020  |
| <b>Dr Anita Muñoz</b><br>MBBS (Hons), FRACGP, Grad Cert Clin Teach,<br>MPH, GAICD                           | Chair RACGP Victoria  | Appointed 30 November 2020   |
| <b>Professor Peter O'Mara</b><br>FRACGP, FARGP, MBBS, GradDipRural  | Chair RACGP Aboriginal and<br>Torres Strait Islander Health                             | Appointed 30 September 2016  |
| <b>Dr Ramya Raman</b><br>FRACGP, MBBS, Dip Child Health, BSSC<br>(Psych)                                    | Chair RACGP WA  | Appointed 17 November 2021   |
| <b>Dr Lara Roeske</b><br>BMedSc, MBBS (Hons), FRACGP,<br>DipVen, MAICD                                      | Chair RACGP Specific Interest   | Appointed 14 November 2018   |
| <b>Dr Sean Stevens</b><br>MBBS, DRACOG, FRACGP, MBA, GAICD  | Chair RACGP WA  | Appointed 11 October 2018<br>Retired 17 November 2021                        |
| <b>Mr Martin Walsh</b><br>FCA, FAICD  | Chair Finance, Audit and Risk<br>Management Committee                                   | Appointed 21 September 2015  |

The Company Secretary during the period 1 July 2021 to the date of this report is as follows:

| <b>Company Secretary</b>                             | <b>Title</b>                | <b>Appointed / Retired</b>                           |
|--|-----------------------------|--|
| <b>Ms Amanda Semertzian</b><br>BA, GAICD, GIA (cert) | Company Secretary (current) | Appointed 20 July 2022                               |
| <b>Ms Coretta Bessi</b><br>BCom, MBA, GAICD          | Company Secretary (former)  | Appointed 17 March 2022 to<br>20 July 2022           |
| <b>Mr David Goldberg</b><br>LLB (Hons), BA, GAICD    | Company Secretary (former)  | Appointed 28 September 2020<br>Retired 11 March 2022 |

For company director biographies, visit [www.racgp.org.au/the-racgp/board/board-members](http://www.racgp.org.au/the-racgp/board/board-members)

## RACGP member payments and remuneration

The People, Culture, Nominations and Remuneration committee was formed in August 2018. Chaired by Associate Professor Charlotte Hespe, and including Ms Christine Nixon, Adjunct Professor Karen Price, Dr Tess van Duuren, Dr Sean Black-Tiong, Dr Ramya Raman and Mr Paul Lefebvre, the committee has met nine times in 2021–22.

The levels of disclosure and transparency in reporting of remuneration of directors, management and members are in line with the regulatory requirements prescribed by the Australian Charities and Not-for-profits Commission (ACNC).

Directors' fees are determined in accordance with the RACGP Constitution and by member resolution. Directors' fees were within the maximum cap of \$850,000 plus superannuation, approved at and effective from the 64th AGM (held on 17 November 2021) for the 7.5 months to the end of the 2022 financial year.

The President's fees are determined in accordance with the RACGP Constitution and by member resolution. The President's fees were within the maximum aggregate cap of \$240,000 plus superannuation, approved at and effective from the 64th AGM (held on 17 November 2021) to the 2022 AGM.

Related party transactions are declared in accordance with regulatory reporting requirements and accounting standards. The RACGP Board has reviewed the information and recommends this remuneration report to the general meeting of members.

Table 1. RACGP Board remuneration

| Remuneration by director | Total remuneration paid and payable for financial year 2021–22 (\$)* | Total remuneration paid and payable for financial year 2020–21 (\$)* |
|--------------------------|--|--|
| RACGP President          | 183,776  | 133,277  |
| RACGP Board              | 865,597  | 812,970  |
| <b>Total RACGP**</b>     | <b>1,049,373</b>   | <b>946,247</b>   |

\*Total remuneration for Board includes salary, superannuation payments and payroll benefits.

\*\*The above table is remuneration paid and payable from 1 July 2021 to 30 June 2022. Directors' fees were within the maximum cap of \$850,000 plus superannuation effective for the period 17 November 2021 to 30 June 2022, and the amount previously approved at the 2020 AGM, which covered until November 2021. The President's fees were within the maximum aggregate cap of \$240,000 plus superannuation effective for the period 17 November 2021 to the date of the 2022 AGM.

Table 2. Other payments to RACGP directors

| Remuneration by director            | Total other payments for financial year 2021–22 (\$)* | Total other payments for financial year 2020–21 (\$)* |
|-------------------------------------|---|---|
| Dr Anita Muñoz                      | 34,182  | 482   |
| Dr Tess van Duuren                  | 291,993   | –   |
| Professor Peter O'Mara              | 13,285  | –   |
| Ms Christine Nixon                  | 48,750  | –   |
| Associate Professor Charlotte Hespe | 26,717  | –   |
| Dr Bruce Willett                    | 56,326  | –   |
| Dr Lara Roeske                      | 13,285  | –   |
| Dr Tim Jackson                      | 13,285  | –   |
| Dr Michael Clements                 | 13,285  | –   |
| Dr Sean Black-Tiong                 | 17,515  | –   |
| Dr Ramya Raman                      | 5,146   | –   |
| Dr Daniel Byrne                     | 5,146   | –   |
| <b>Total</b>                        | <b>538,915</b>  | <b>482</b>  |

\*Other payments include professional services, salary and superannuation for services provided during the period they were a director.

In financial year 2021–22, and as outlined in the Notice of the 64th AGM (held on 17 November 2021), other payments to directors included:

- remuneration to each faculty Chair for the exercise of the role of faculty Chair
- executive payments to the Censor-in-Chief, Dr Tess van Duuren, in excess of directors' fees
- payments to the Vice President, Dr Bruce Willett, for performing additional executive responsibilities relating to the design, development and negotiation of the GP training model to be delivered by the RACGP when it assumes responsibility for AGPT in February 2023
- payments to the Chair, Christine Nixon, for performing the additional executive role as Executive Chair in the period between the departure of the former RACGP CEO, Dr Matthew Miles, and the commencement of the new RACGP CEO, Paul Wappett.

Other payments to directors in financial year 2021–22 also included back payments dating back to the 2020 financial year for an updated agreement with Dr Tess van Duuren for the Censor-in-Chief role. These back payments consisted of \$82,321 that related to the 2020 and 2021 financial years.

Table 3. RACGP key management personnel remuneration (excluding directors)

| Remuneration by role  | Total remuneration paid and payable for financial year 2021–22 (\$)* | Total remuneration paid and payable for prior financial year 2020–21 (\$)* |
|---|--|--|
| Chief Executive Officer – Paul Wappett**                    | 389,248  | –  |
| Executive Chair– Christine Nixon***                         | 48,750   | –  |
| Chief Executive Officer – Dr Matthew Miles****              | 226,623  | 361,539  |
| Interim Chief Executive Officer – Nick Williamson           | –  | 43,417   |
| Other key management personnel (2022: n = 15, 2021: n = 14) | 3,013,204  | 2,511,316  |
| <b>Total</b>  | <b>3,677,825</b>   | <b>2,916,272</b>   |

\*Total remuneration for Chief Executive Officer and other key management personnel includes salary, termination and superannuation payments.

\*\*Paul Wappett commenced as CEO-designate on 11 October 2022 and as CEO from 8 November 2022. Remuneration package includes 20% remuneration at risk. Whether the Executive will be entitled to be paid any payments at risk, and the amount of any such payment, will be determined by the Board at its absolute discretion.

\*\*\*Christine Nixon acted as Executive Chair from 2 August 2021 to 5 November 2021.

\*\*\*\*Dr Matthew Miles left the RACGP on 2 August 2021.

Table 4. RACGP member remuneration

| Category of member remuneration  | Total remuneration paid for financial year 2021–22 (\$)* | Total remuneration paid for financial year 2020–21 (\$)* |
|--|--|--|
| Member professional services payments (2022: n = 1,361, 2021: n = 980)<br>Note 1 | 3,984,555  | 4,712,760  |
| Members employed as staff (2022: n = 158, 2021: n = 108)<br>Note 2               | 3,784,896  | 3,586,012  |
| RACGP Expert Committee Chair and member payments (2022: n = 70, 2021: n = 71)    | 149,620  | 146,995  |
| <b>Total</b>   | <b>8,244,342</b>   | <b>8,445,767</b>   |

\*Total remuneration includes salary and superannuation payments.

**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 salaries and wages, and appropriate PAYG tax is remitted to the Australian Taxation Office.

## Board meetings

The number of Board meetings (including Board committee meetings) and number of meetings attended by each director in 2021–22 were as follows:

|                                     | Board           |             | Finance, Audit and Risk Management |             | People, Culture, Nomination and Remuneration |             |
|-------------------------------------|-----------------|-------------|------------------------------------|-------------|--|-------------|
|                                     | Number attended | Number held | Number attended                    | Number held | Number attended                              | Number held |
| Adjunct Professor Karen Price       | 16              | 17          | 9                                  | 9           | 7  | 9           |
| Dr Zakaria Baig                     | 5               | 9           | 2                                  | 3           | –  | –           |
| Dr Tess van Duuren                  | 17              | 17          | –                                  | –           | 8  | 9           |
| Associate Professor Charlotte Hespe | 16              | 17          | –                                  | –           | 9  | 9           |
| Dr Tim Jackson                      | 17              | 17          | 8                                  | 9           | –  | –           |
| Ms Christine Nixon                  | 17              | 17          | 7                                  | 9           | 8  | 9           |
| Professor Peter O'Mara              | 14              | 17          | –                                  | –           | –  | –           |
| Dr Lara Roeske                      | 16              | 17          | 3                                  | 4           | –  | –           |
| Dr Sean Stevens                     | 7               | 9           | –                                  | –           | –  | –           |
| Mr Martin Walsh                     | 16              | 17          | 9                                  | 9           | –  | –           |
| Dr Bruce Willett                    | 15              | 17          | –                                  | –           | –  | –           |
| Dr Michael Clements                 | 15              | 17          | –                                  | –           | –  | –           |
| Dr Anita Muñoz                      | 16              | 17          | 9                                  | 9           | –  | –           |
| Dr Sean Black-Tiong                 | 17              | 17          | –                                  | –           | 8  | 9           |
| Dr Daniel Byrne                     | 7               | 8           | –                                  | –           | –  | –           |
| Dr Ramya Raman                      | 8               | 8           | –                                  | –           | 4  | 4           |



|                               | Awards          |             | COVID-19 Advisory |             | Education & Workforce |             |
|-------------------------------|-----------------|-------------|-------------------|-------------|-----------------------|-------------|
|                               | Number attended | Number held | Number attended   | Number held | Number attended       | Number held |
| Adjunct Professor Karen Price | 1               | 1           | –                 | –           | 5                     | 8           |
| Dr Tess van Duuren            | 1               | 1           | –                 | –           | 8                     | 8           |
| Ms Christine Nixon            | 1               | 1           | –                 | –           | 4                     | 8           |
| Professor Peter O'Mara        | –               | –           | –                 | –           | 2                     | 8           |
| Dr Lara Roeske                | –               | –           | 22                | 24          | 4                     | 8           |
| Dr Sean Stevens               | –               | –           | 9                 | 12          | –                     | –           |
| Dr Sean Black-Tiong           | –               | –           | –                 | –           | 2                     | 3           |
| Dr Anita Muñoz                | –               | –           | 24                | 24          | 5                     | 5           |
| Dr Michael Clements           | –               | –           | –                 | –           | 4                     | 8           |
| Dr Ramya Raman                | –               | –           | 13                | 14          | –                     | –           |

#### Federal election

|                               | Number attended | Number held |
|-------------------------------|-----------------|-------------|
| Adjunct Professor Karen Price | 6               | 6           |
| Ms Christine Nixon            | 2               | 6           |
| Dr Bruce Willett              | 5               | 6           |

Note: Not all directors were appointed to Board or the relevant committee for the entire year. The above columns show the number of Board meetings and relevant committee meetings that were held during each director's tenure on Board 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, Victoria 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.



**Christine Nixon, Chair of Board**

20 October 2022  
Melbourne

# Declaration of auditor independence



## Auditor's Independence Declaration to the Directors of Royal Australian College of General Practitioners

In relation to our audit of the financial report of Royal Australian College of General Practitioners for the year ended 30 June 2022, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* or the *Australian Charities and Not-for-Profits Commission Act 2012*; or
- (b) any applicable code of professional conduct.

PKF  
Melbourne, 21 October 2022

Kenneth Weldin  
Partner

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# Independent auditor's report



## **Independent Auditor's Report to the Directors of Royal Australian College of General Practitioners**

### **Our Opinion**

We have audited the accompanying consolidated financial report of Royal Australian College of General Practitioners (the Company), which comprises the statement of financial position as at 30 June 2022 and the statements of profit or loss and other comprehensive income, changes in members' funds, and 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 accompanying financial report is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and 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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

### **Directors' Responsibilities 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 – Simplified Disclosures and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our responsibility is to express an opinion on the financial report based on our audit. 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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## Independent auditor's report (continued)



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branch activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature of the auditor, consisting of the letters 'PKF' in a stylized, cursive script.

PKF  
Melbourne, 21 October 2022

A handwritten signature of Kenneth Weldin, appearing to read 'K. Weldin' in a cursive script.

Kenneth Weldin  
Partner

# 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



**Christine Nixon**

**Chair of Board**

21 October 2022

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 2022  | Notes | 2022 (\$)          | 2021 (\$)         |
|--|-------|--------------------|-------------------|
| Revenue  | 2     | 133,530,411        | 81,990,886        |
| Other income   | 2     | –                  | 8,228,150         |
| <b>Total revenue and income</b>  |       | <b>133,530,411</b> | <b>90,219,036</b> |
| <b>Expenses</b>  |       |                    |                   |
| Employee benefits and on-costs   |       | 68,461,004         | 48,824,240        |
| GP sessional and sitting payments  |       | 5,260,938          | 4,868,200         |
| Consultancy and professional services                                    |       | 12,193,312         | 5,427,872         |
| Conferences, meetings, travel and accommodation                          |       | 2,872,240          | 2,000,089         |
| Telecommunications and office expenses                                   |       | 1,974,995          | 1,849,400         |
| Postage and freight  |       | 650,161            | 623,619           |
| Publications, advertising and media                                      |       | 2,648,604          | 1,978,584         |
| Printing and stationery  |       | 610,666            | 558,197           |
| Subscriptions and periodicals  |       | 935,659            | 882,991           |
| IT-related costs   |       | 7,274,889          | 2,815,317         |
| Grants and donations   |       | 288,423            | 303,523           |
| External grant project administration                                    |       | 12,151,344         | 9,964,133         |
| Finance costs  |       | 940,800            | 654,653           |
| Depreciation and amortisation  | 3     | 4,176,541          | 3,081,981         |
| Practice subsidy   |       | 5,526,943          | –                 |
| Teaching allowance   |       | 3,652,763          | –                 |
| Salary support   |       | 2,129,867          | –                 |
| Registrar expenses   |       | 1,757,654          | –                 |
| Supervisor expenses  |       | 440,564            | –                 |
| Other expenses   |       | 310,108            | 484,755           |
| <b>Total expenses</b>  |       | <b>134,257,475</b> | <b>84,317,554</b> |
| <b>(Deficit) / surplus from operating activities</b>                     |       | <b>(727,064)</b>   | <b>5,901,482</b>  |
| Net investment (expenses)/income   | 7     | (696,724)          | 857,918           |
| Share of net surplus of associates accounted for using the equity method | 9     | 216,690            | 222,862           |
| Net gain on business combination   | 25    | 3,670,790          | –                 |
| <b>Total surplus after tax</b>   |       | <b>2,463,692</b>   | <b>6,982,262</b>  |
| <b>Other comprehensive income</b>  |       |                    |                   |
| Items that will not be reclassified to profit or loss:                   |       |                    |                   |
| Revaluation increment to land and buildings                              | 15    | 5,966,875          | 5,364,326         |
| <b>Other comprehensive income for the year, net of tax</b>               |       | <b>8,430,567</b>   | <b>12,346,588</b> |
| <b>Total comprehensive income for the year</b>                           |       | <b>8,430,567</b>   | <b>12,346,588</b> |

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 2022                   | Notes | 2022 (\$)          | 2021 (\$)          |
|--------------------------------------|-------|--------------------|--------------------|
| <b>Current assets</b>                |       |                    |                    |
| Cash and cash equivalents            | 4     | 103,767,326        | 93,020,432         |
| Trade and other receivables          | 5     | 5,227,767          | 2,787,196          |
| Financial assets                     | 6     | 429,791            | 6,650              |
| Other financial assets               | 7     | 5,973,661          | 6,673,739          |
| Right-of-use asset                   | 17    | 1,098,220          | –                  |
| Non-current assets held for sale     | 8     | 5,100,000          | –                  |
| <b>Total current assets</b>          |       | <b>121,596,765</b> | <b>102,488,017</b> |
| <b>Non-current assets</b>            |       |                    |                    |
| Investments                          | 9     | 973,551            | 831,861            |
| Property, plant and equipment        | 10    | 54,172,429         | 53,355,382         |
| Intangible assets                    | 11    | 372,221            | 1,043,612          |
| Financial assets                     | 6     | 700,000            | 700,000            |
| Right-of-use asset                   | 17    | 4,003,591          | 1,320,219          |
| <b>Total non-current assets</b>      |       | <b>60,221,792</b>  | <b>57,251,074</b>  |
| <b>Total assets</b>                  |       | <b>181,818,557</b> | <b>159,739,091</b> |
| <b>Current liabilities</b>           |       |                    |                    |
| Trade and other payables*            | 12    | 17,500,277         | 13,009,715         |
| Contract liabilities                 | 13    | 74,244,684         | 77,213,004         |
| Provisions                           | 14    | 13,600,349         | 5,885,141          |
| Lease liability                      | 17    | 1,595,489          | 465,237            |
| <b>Total current liabilities</b>     |       | <b>106,940,799</b> | <b>96,573,097</b>  |
| <b>Non-current liabilities</b>       |       |                    |                    |
| Provisions                           | 14    | 1,756,918          | 996,040            |
| Lease liability                      | 17    | 3,558,852          | 1,038,533          |
| <b>Total non-current liabilities</b> |       | <b>5,315,770</b>   | <b>2,034,573</b>   |
| <b>Total liabilities</b>             |       | <b>112,256,569</b> | <b>98,607,670</b>  |
| <b>Net assets</b>                    |       | <b>69,561,988</b>  | <b>61,131,421</b>  |
| <b>Equity</b>                        |       |                    |                    |
| Reserves                             | 15    | 47,174,819         | 41,207,944         |
| Accumulated surplus*                 | 15    | 22,387,169         | 19,923,477         |
| <b>Total equity</b>                  |       | <b>69,561,988</b>  | <b>61,131,421</b>  |

The accompanying notes form part of these financial statements.

\*The 2021 comparative balance has been restated due to a prior year adjustment, as referenced in Note 15.

# Consolidated statement of changes in equity

## The Royal Australian College of General Practitioners Ltd

| For the year ended<br>30 June 2022  | Notes     | Accumulated<br>surplus (\$) | Asset revaluation<br>reserve (\$) | Reserve<br>fund (\$) | Total (\$)        |
|---|-----------|-----------------------------|-----------------------------------|----------------------|-------------------|
| <b>Balance at 1 July 2020</b>   |           | <b>16,265,271</b>           | <b>24,464,475</b>                 | <b>8,379,143</b>     | <b>49,108,889</b> |
| Total surplus for the year  |           | 6,982,262                   | –                                 | –                    | 6,982,262         |
| Transfer  |           | (3,000,000)                 | –                                 | 3,000,000            | –                 |
| Total other comprehensive<br>income for the year – revaluation<br>increment to land and buildings |           | –                           | 5,364,326                         | –                    | 5,364,326         |
| <b>Balance at 30 June 2021</b>  | <b>15</b> | <b>19,923,477</b>           | <b>29,828,801</b>                 | <b>11,379,143</b>    | <b>61,131,421</b> |
| Restatement from prior year<br>adjustment*  |           | (324,056)                   | –                                 | –                    | (324,056)         |
| Restated balance at 30 June 2021  | 15        | 19,923,477                  | 29,828,801                        | 11,379,143           | 61,131,421        |
| Total surplus for the year  |           | 2,463,692                   | –                                 | –                    | 2,463,692         |
| Total other comprehensive<br>income for the year – revaluation<br>increment to land and buildings |           | –                           | 5,966,875                         | –                    | 5,966,875         |
| <b>Balance at 30 June 2022</b>  | <b>15</b> | <b>22,387,169</b>           | <b>35,795,676</b>                 | <b>11,379,143</b>    | <b>69,561,898</b> |

The accompanying notes form part of these financial statements.

\*The 2021 comparative balance has been restated due to a prior year adjustment, as referenced in Note 15.



# Consolidated statement of cash flows

## The Royal Australian College of General Practitioners Ltd

| For the year ended 30 June 2022   | Notes    | 2022 (\$)           | 2021 (\$)         |
|---|----------|---------------------|-------------------|
| <b>Cash flows from operating activities</b>   |          |                     |                   |
| Receipts from membership activities, publications, government and other grants and JobKeeper (inclusive of GST) |          | 133,047,229         | 117,031,237       |
| Payments to suppliers and employees (inclusive of GST)  |          | (145,660,576)       | (89,971,114)      |
| <b>Net cash (outflow) / inflow from operating activities</b>  |          | <b>(12,613,347)</b> | <b>27,060,123</b> |
| <b>Cash flows from investing activities</b>   |          |                     |                   |
| Cash acquired on business combination   |          | 26,399,699          | –                 |
| Purchase of property and office equipment   |          | (535,898)           | (266,371)         |
| Purchase of intangibles assets  |          | (8,127)             | –                 |
| Interest received   |          | 59,191              | 17,316            |
| Dividends received  |          | 75,000              | 100,000           |
| Purchase of financial assets  |          | (423,141)           | (6,650)           |
| <b>Net cash outflow from investing activities</b>   |          | <b>26,418,091</b>   | <b>(155,705)</b>  |
| <b>Cash flows from financing activities</b>   |          |                     |                   |
| Repayment of lease liabilities including interest   |          | (2,206,483)         | (803,148)         |
| Net cash outflow from financing activities  |          | (2,206,483)         | (803,148)         |
| Net (decrease) / increase in cash held  |          | (15,652,805)        | 26,101,270        |
| Cash at beginning of financial year   |          | 93,020,432          | 66,919,162        |
| <b>Cash and cash equivalents at end of financial year</b>   | <b>4</b> | <b>103,767,326</b>  | <b>93,020,432</b> |
| 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 2022

## 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 (RACGP) and controlled entities ('the group'). The Royal Australian College of General Practitioners Ltd is incorporated and domiciled in Australia.

The financial statements were authorised for issue by the directors on 20 October 2022. 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 Australian Charities and Not-for-profits Commission Act 2012. 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 – Simplified Disclosures 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.

## New or amended standards adopted by the group

Any new or amended accounting standards or interpretations that are not yet mandatory have not been adopted.

The following accounting standards and interpretations are most relevant to the consolidated entity:

*AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The consolidated entity has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

## 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 Royal Australian College of General Practitioners Ltd as at 30 June 2022 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 a) the aggregate of the fair value of the consolidation received and the fair value of any retained interest, and b) 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 9).

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, plant and 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. 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 plant and 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 this 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 Intangible assets

Costs incurred in developing the software, educational curriculum and training 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 material. 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.

## 1.5 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).

## 1.6 Depreciation and amortisation

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%         |
| Computer equipment        | 33.3% to 40% |
| Motor vehicles            | 22.5%        |
| Leasehold improvements    | 10%          |
| Other plant and equipment | 7.5% to 15%  |
| Intangibles               | 33.3%        |
| Right-of-use assets       | 50% to 12.5% |

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'. The

right-of-use assets' useful lives are reviewed and assessed based on the current rental contracts in place, which currently range from two to eight years (Note 1.8).

## 1.7 Lease liabilities

The RACGP leases various offices. Rental contracts are typically made for fixed periods of up to eight years, but may have extension options, as described below. Lease terms are negotiated on an individual basis and contain a range of terms and conditions. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- the exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the consolidated entity exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate, the college uses bank borrowing rates. The college is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When

adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made on or before the commencement date, less any lease incentives received
- any initial direct costs
- restoration costs.

## 1.8 Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, or any initial direct costs incurred.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the RACGP expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The useful life of the college's leases ranges from two to eight years.

## 1.9 Trade receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## 1.10 Trade payables

Trade payables 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.

## 1.11 Contract liabilities

Contract liabilities represent the group's obligation to transfer goods or services to a customer, and are recognised when a customer pays consideration, or when the group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the group has transferred the goods or services to the customer. Contract liabilities relate to income received in advance for membership subscriptions and Continuing Professional Development (CPD) Program fees, grants, examinations and other revenue items.

## 1.12 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 provisions for employee benefits.

### (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 are recognised in the provision for employee benefits.

The provision amount is 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.

## 1.13 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.

## 1.14 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price, which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling

price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Revenue is recognised on the following bases:

**(a) Membership subscriptions**

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

**(b) CPD Program 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 contract liabilities.

**(c) Revenue from courses and examinations**

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

**(d) Specific-purpose grants**

Grants are recognised as revenue over time, as and when the group delivers the performance obligations stated within the funding agreements. Grant monies received, but not yet expended – that is, when services have not yet been performed, or performance obligations have not been fulfilled – are shown in the 'Consolidated statement of financial position' as contract 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.

## 1.15 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*. GP Synergy Limited is also 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, ACN 147560638 Pty Ltd (formerly known as 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.

## 1.16 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.

## 1.17 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 the following:

**(a) Estimation of fair values of land and buildings – Refer to Note 10**

Judgement has been exercised in considering the impacts that the current market has had, or may have, on the company on known information. This consideration extends to land and buildings measured at fair value. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions that may affect the company unfavourably as at the reporting date.

**(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.

**(c) Incremental borrowing rate**

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

**(d) Lease term**

The lease term is a significant component in measuring both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the group's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements, and the costs and disruption to replace the asset. The group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

## 1.18 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly



attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources.

### 1.19 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 2021.

### 1.20 Parent entity financial information

The financial information for the parent entity, The Royal Australian College of General Practitioners Ltd, disclosed in Note 23, has been prepared on the same basis as the financial statements, with the exception of the policy set out below.

Investments in subsidiaries are accounted for at cost, while investments in associates are equity accounted in the financial statements of The Royal Australian College of General Practitioners Ltd.

### 1.21 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.

### 1.22 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. This 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.

### 1.23 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.

#### (a) 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 for the financial year.

#### (b) 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.

### 1.24 Prior period error

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, material prior period errors are retrospectively corrected by restating the comparative amounts for the prior period presented in which the error occurred. Any information presented about prior periods, is restated as far back as practicable. There has been a restatement of the comparatives due to a correction of an error in the 2020 financial year of an understatement in expenses of \$324,056. The comparative change is an increase in the 2021 Trade and Other Payables and a decrease in the 2021 Retained Earnings for this amount. Where necessary, comparatives have been reclassified and realigned for consistency with current year disclosures.

### 1.25 Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or gain on business combination may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised is recognised in profit and loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

### 1.26 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

Assets classified as held for sale are not amortised or depreciated.

Non-current assets classified as held for sale and any associated liabilities are presented separately in the statement of financial position as current assets.

## Note 2. Revenue from ordinary activities

|  | 2022 (\$)          | 2021 (\$)         |
|--|--------------------|-------------------|
| <b>Revenue from operating activities</b>   |                    |                   |
| Membership subscriptions and CPD Program fees  | 35,726,641         | 35,445,957        |
| Education, course registration and other fees  | 28,767,965         | 22,250,508        |
| Research and other grants and donations  | 62,029,158         | 19,356,478        |
| Publications and subscriptions   | 76,307             | 80,850            |
| Sponsorship, advertising and conference income                                       | 4,403,740          | 3,584,040         |
| Other operating income   | 1,622,414          | 417,513           |
|  | <b>132,626,225</b> | <b>81,135,346</b> |
| <b>Other revenue from ordinary activities</b>  |                    |                   |
| Interest   | 59,191             | 17,316            |
| Rent   | 844,995            | 838,224           |
| <b>Total revenue</b>   | <b>133,530,411</b> | <b>81,990,886</b> |
| <b>Other income – JobKeeper wage subsidy</b>   | <b>–</b>           | <b>8,228,150</b>  |
| Revenue from contracts with customers by timing of revenue recognition under AASB 15 |                    |                   |
| Revenue recognised over time   | 102,250,388        | 58,276,730        |
| Revenue recognised at a point in time  | 30,375,837         | 22,858,616        |
| <b>Total revenue from operating activities</b>                                       | <b>132,626,225</b> | <b>81,135,346</b> |

## Note 3. Expenses

|   | 2022 (\$)        | 2021 (\$)        |
|---|------------------|------------------|
| <b>Surplus from operating activities includes the following specific expenses</b> |                  |                  |
| Depreciation and amortisation   |                  |                  |
| Property, plant & equipment   | 1,437,915        | 929,736          |
| Intangible assets   | 679,518          | 1,695,997        |
| Right-of-use assets   | 2,059,108        | 456,248          |
|   | <b>4,176,541</b> | <b>3,081,981</b> |
| Rental expense relating to low value leases                                       | 115,079          | 63,303           |
| Finance costs – interest on lease liabilities                                     | 143,387          | 56,683           |

## Note 4. Cash and cash equivalents

|                                    | 2022 (\$)          | 2021 (\$)         |
|------------------------------------|--------------------|-------------------|
| Cash at bank and on hand           | 43,666,846         | 4,203,090         |
| Deposits on call and term deposits | 60,100,480         | 88,817,342        |
|                                    | <b>103,767,326</b> | <b>93,020,432</b> |

Grant funds held for disbursement: \$29,176,005 (2021: \$39,684,201).

Reserve funds held: 2021: \$11,379,143. Refer to Note 15 regarding the requirements to use these funds.

Special purpose funds held for disbursement: \$1,800,783 (2021: \$2,105,300).

GP Synergy funds: \$26,918,929.

At 30 June, cash balances are traditionally higher as a result of receipts for the upcoming financial year membership renewals and examinations, which are collected in advance of the services being provided.

## Note 5. Trade and other receivables

|                       | 2022 (\$)        | 2021 (\$)        |
|-----------------------|------------------|------------------|
| <b>Current assets</b> |                  |                  |
| Trade receivables*    | 1,220,765        | 1,223,016        |
| Prepayments           | 3,349,989        | 1,385,168        |
| Other receivables     | 657,013          | 179,012          |
|                       | <b>5,227,767</b> | <b>2,787,196</b> |

\*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. Financial assets

|                           | 2022 (\$) | 2021 (\$) |
|---------------------------|-----------|-----------|
| <b>Current assets</b>     |           |           |
| Term deposits             | 429,791   | 6,650     |
| <b>Non-current assets</b> |           |           |
| Term deposits*            | 700,000   | 700,000   |

\*During the 2015–16 financial year, 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 for defined purposes. Upon expiry of 50 years, the funds will become available to be applied as the RACGP determines appropriate.

## Note 7. Other financial assets

|                                   | 2022 (\$)        | 2021 (\$)        |
|-----------------------------------|------------------|------------------|
| Cash and cash management accounts | 686,762          | 1,124,300        |
| Fixed-interest securities         | 1,800,354        | 1,688,377        |
| Equity investments                | 3,486,546        | 3,861,062        |
|                                   | <b>5,973,661</b> | <b>6,673,739</b> |

Other financial assets are investment funds separately managed by Escala Partners Ltd and are held at fair value through profit or loss.

### Net investment income

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

|  |                  |                |
|--|------------------|----------------|
| Trust distributions                      | 142,727          | 83,632         |
| Dividend income                          | 26,131           | 33,734         |
| Investment management fees               | (33,547)         | (30,524)       |
| Foreign tax expense                      | (584)            | (705)          |
| Net realised gain/(loss) on investment   | (277,702)        | 76,606         |
| Net unrealised gain/(loss) on investment | (553,749)        | 695,175        |
|  | <b>(696,724)</b> | <b>857,918</b> |

## Note 8. Non-current assets held for sale

|          | 2022 (\$) | 2021 (\$) |
|----------|-----------|-----------|
| Building | 5,100,000 | –         |

The vacant office situated at 12-14 Mount St, North Sydney NSW is currently for sale.

## Note 9. Investments accounted for using the equity method

|                     | 2022 (\$) | 2021 (\$) |
|---------------------|-----------|-----------|
| Share in associates | 973,551   | 831,861   |
| 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            | 1,592,448 | 1,465,864 |
| Liabilities       | 602,063   | 634,004   |
| Revenue           | 1,477,705 | 1,827,138 |
| Surplus after tax | 216,690   | 222,862   |

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

|  |                |                |
|--|----------------|----------------|
| Balance at the beginning of the financial year                         | 831,861        | 708,999        |
| Share of associate's surplus from ordinary activities after income tax | 216,690        | 222,862        |
| Less dividends received  | (75,000)       | (100,000)      |
|  | <b>973,551</b> | <b>831,861</b> |

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

## Note 10. Non-current assets – property and office equipment

|   | 2022 (\$)         | 2021 (\$)         |
|---|-------------------|-------------------|
| <b>Freehold land and buildings</b>                |                   |                   |
| Land and building – valuation                     | 53,150,000        | 53,100,000        |
|   | <b>53,150,000</b> | <b>53,100,000</b> |
| Assets under construction at cost                 | 328,665           | 127,663           |
|   | <b>328,665</b>    | <b>127,663</b>    |
| Computer equipment at cost                        | 4,518,799         | 4,131,128         |
| Less accumulated depreciation                     | (4,332,563)       | (4,030,834)       |
|   | <b>186,236</b>    | <b>100,294</b>    |
| Motor vehicles at cost                            | 314,234           | –                 |
| Less accumulated depreciation                     | (314,234)         | –                 |
|   | <b>–</b>          | <b>–</b>          |
| Leasehold improvements at cost                    | 5,141,948         | –                 |
| Less accumulated depreciation                     | (4,663,737)       | –                 |
|   | <b>478,211</b>    | <b>–</b>          |
| Other plant and equipment at cost                 | 372,621           | 121,986           |
| Less accumulated depreciation                     | (343,304)         | (94,561)          |
|   | <b>29,317</b>     | <b>27,425</b>     |
| <b>Total written-down value</b>                   | <b>54,172,429</b> | <b>53,355,382</b> |
| <b>Reconciliations</b>                            |                   |                   |
| <b>Freehold land and buildings</b>                |                   |                   |
| Opening balance                                   | 53,100,000        | 48,425,000        |
| Additions   | –                 | 39,752            |
| Revaluation increment*                            | 5,966,875         | 5,364,326         |
| Reclassified to non-current asset held for sale** | (5,100,000)       | –                 |
| Depreciation expense                              | (816,875)         | (729,078)         |
| <b>Closing balance</b>                            | <b>53,150,000</b> | <b>53,100,000</b> |
| <b>Assets under construction</b>                  |                   |                   |
| Opening balances                                  | 127,663           | 126,528           |
| Additions   | 328,665           | 210,176           |
| Reclassified                                      | (127,663)         | –                 |
| Written-off                                       | –                 | (209,041)         |
| <b>Closing balance</b>                            | <b>328,665</b>    | <b>127,663</b>    |
| <b>Computer equipment</b>                         |                   |                   |
| Opening balance                                   | 100,294           | 275,233           |
| Acquired on business combination                  | 2,548             | –                 |
| Additions   | 207,233           | 16,443            |
| Reclassified                                      | 127,663           | –                 |
| Depreciation expense                              | (251,502)         | (191,382)         |
| Closing balance                                   | 186,236           | 100,294           |

| <b>Note 10. Non-current assets – property and office equipment</b> (continued) | <b>2022 (\$)</b>  | <b>2021 (\$)</b>  |
|--|-------------------|-------------------|
| <b>Motor vehicles</b>  |                   |                   |
| Opening balance  | –                 | –                 |
| Acquired on business combination   | 17,177            | –                 |
| Depreciation expense   | (17,177)          | –                 |
| <b>Closing balance</b>   | <b>–</b>          | <b>–</b>          |
| <b>Leasehold improvements</b>  |                   |                   |
| Opening balance  | –                 | –                 |
| Acquired on business combination   | 812,647           | –                 |
| Depreciation expense   | (334,436)         | –                 |
| <b>Closing balance</b>   | <b>478,211</b>    | <b>–</b>          |
| <b>Other plant and equipment</b>   |                   |                   |
| Opening balance  | 27,425            | 36,701            |
| Acquired on business combination   | 19,817            | –                 |
| Depreciation expense   | (17,925)          | (9,276)           |
| Closing balance  | 29,317            | 27,425            |
| <b>Total closing balances</b>  | <b>54,172,429</b> | <b>53,355,382</b> |

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 of 30 June 2022. The valuations recorded a net increase of \$5,966,875 through the asset revaluation reserve in relation to the increase in property values as of 30 June 2022. Independent valuations of the group's land and buildings were performed by the independent valuers Savills Pty Ltd (valuer) in their respective states to determine the market value of the properties for 30 June 2022.

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 total credit facility of \$8,138,176 (2021: \$8,138,176) as of 30 June 2022. This is made up of an overdraft of \$7,500,000 (2021: \$7,500,000), and other credit limits in relation to the RACGP's merchant facilities and corporate cards of \$638,176 (2021: \$638,176).

\*\*The premises situated at 12-14 Mount St, North Sydney has been classified as an asset held for sale as its carrying amount is likely to be recovered principally through a sale transaction rather than through its continuing use. The RACGP is currently planning to sell the property.

## Note 11. Intangible assets

|                        | <b>2022 (\$)</b> | <b>2021 (\$)</b> |
|------------------------|------------------|------------------|
| Opening balance        | 1,043,612        | 2,739,609        |
| Additions              | 8,127            | –                |
| Amortisation expense   | (679,518)        | (1,695,997)      |
| <b>Closing balance</b> | <b>372,221</b>   | <b>1,043,612</b> |

## Note 12. Trade and other payables

|                               | 2022 (\$)         | 2021 (\$)         |
|-------------------------------|-------------------|-------------------|
| Trade creditors               | 4,704,906         | 2,485,366         |
| Other creditors and accruals* | 12,795,371        | 10,524,349        |
| <b>Total</b>                  | <b>17,500,277</b> | <b>13,009,715</b> |

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.

\*Other creditors and accruals includes grant pass through funding on hand, which the college is acting as an agent in accordance with AASB 15 *Revenue from Contracts with Customers*. The 2021 comparative balance has been restated due to a prior year adjustment, as referenced in Note 15.

## Note 13. Contract liabilities

|   | 2022 (\$)         | 2021 (\$)         |
|---|-------------------|-------------------|
| <b>Income in advance</b>                      |                   |                   |
| Membership subscriptions and CPD Program fees | 30,106,275        | 29,424,964        |
| Grants  | 36,376,249        | 36,675,864        |
| Examinations                                  | 3,790,028         | 8,430,309         |
| Other   | 3,972,132         | 2,681,867         |
| <b>Total</b>                                  | <b>74,244,684</b> | <b>77,213,004</b> |

## Note 14. Provisions

|  | 2022 (\$)         | 2021 (\$)        |
|--|-------------------|------------------|
| Employee benefits – annual leave       | 6,491,128         | 3,949,890        |
| Employee benefits – long service leave | 3,584,169         | 1,710,251        |
| Employee benefits – retention bonus*** | 1,908,238         | –                |
| Provision for make good*               | 994,170           | –                |
| Provision for future depreciation      | 397,644           | –                |
| Other provisions**                     | 225,000           | 225,000          |
| <b>Total current provisions</b>        | <b>13,600,349</b> | <b>5,885,141</b> |
| Employee benefits – long service leave | 1,756,918         | 996,040          |
| <b>Total non-current provisions</b>    | <b>1,756,918</b>  | <b>996,040</b>   |
| <b>Total</b>                           | <b>15,357,267</b> | <b>6,881,181</b> |

\*The provision for make-good recognises the estimated cost of the works required at the end of the GP Synergy leaseholds.

\*\*Other provisions relate to expected costs for property remedial works in the next 12 months. The costs have been estimated to be in the vicinity of \$225,000, but actual costs may differ to this.

\*\*\*Employee retention bonus offered to GP Synergy staff approved by the Board during the month of August 2021.



## Note 15. Reserves and accumulated surplus

|  | 2022 (\$)         | 2021 (\$)         |
|--|-------------------|-------------------|
| <b>Asset revaluation reserve*</b>        |                   |                   |
| Balance at beginning of year             | 29,828,801        | 24,464,475        |
| Revaluation of land and buildings        | 5,966,875         | 5,364,326         |
| <b>Balance at end of year</b>            | <b>35,795,676</b> | <b>29,828,801</b> |
| <b>Accumulated surplus</b>               |                   |                   |
| Movements in accumulated surplus         |                   |                   |
| Balance at beginning of year             | 19,923,477        | 16,265,271        |
| Restatement from prior year adjustment** | –                 | (324,056)         |
| Current year surplus                     | 2,463,692         | 6,982,262         |
| Transfer to reserve fund                 | –                 | (3,000,000)       |
| <b>Balance at end of year</b>            | <b>22,387,169</b> | <b>19,923,477</b> |
| <b>Reserve fund</b>                      |                   |                   |
| Movements in reserve fund***             |                   |                   |
| Balance at beginning of year             | 11,379,143        | 8,379,143         |
| Transfer from accumulated surplus        | –                 | 3,000,000         |
| <b>Balance at end of year</b>            | <b>11,379,143</b> | <b>11,379,143</b> |

\*The asset revaluation reserve is used to record increments and decrements in the value of those land and buildings measured at fair value.

\*\*There has been a restatement of the comparatives due to a correction of an error in the 2020 financial year of an understatement in expenses of \$324,056. The comparative change is an increase in the 2021 Trade and Other Payables and a decrease in the 2021 Retained Earnings for this amount. Where necessary, comparatives have been reclassified and realigned for consistency with current year disclosures.

\*\*\*The Reserve Fund is intended to provide financial flexibility to respond to emergencies, reducing impact during times of financial stress by establishing an internal source of funds for situations, such as a sudden increase in expenses, once-off, unanticipated loss in funding, or uninsured losses. It may also be used for once-off, non-recurring expenses that will build long-term capacity and forms part of the RACGP's general business continuity arrangements. It is not intended to replace a permanent loss of funds, or eliminate an ongoing budget gap, however, ensures sufficient working capital for a safety net when cash flows are unreliable or at risk without having to rely on lines of credit or external sources during shortfalls. It is the intention of the RACGP for the Reserve Fund to be used and replenished within a reasonably short period of time. For further details, refer to the policy on the RACGP website.

## Note 16. Key management personnel compensation

|  | 2022 (\$) | 2021 (\$) |
|--|-----------|-----------|
| 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 director (whether executive or otherwise). |           |           |
| Key management personnel   | 5,266,113 | 3,862,744 |
| The above compensation includes salary, termination, superannuation payments, professional services and other benefits during the year.  |           |           |

## Note 17. Leases

|  | 2022 (\$)        | 2021 (\$)        |
|--|------------------|------------------|
| <b>Right-of-use assets</b>   |                  |                  |
| Buildings as at 1 July   | 1,320,219        | 1,776,467        |
| Acquired on business combination   | 2,335,706        | –                |
| Additions  | 3,504,994        | –                |
| Less depreciation  | (2,059,108)      | (456,248)        |
| <b>Total</b>   | <b>5,101,811</b> | <b>1,320,219</b> |
| <b>Lease liabilities</b>   |                  |                  |
| Current  | 1,595,489        | 465,237          |
| Non-current  | 3,558,852        | 1,038,533        |
| <b>Total</b>   | <b>5,154,341</b> | <b>1,503,770</b> |
| The total cash outflow for leases in 2022 was \$1,381,119 (2021: \$494,832). Depreciation of \$2,704,204 was recognised in 2022 (2021: \$456,248). |                  |                  |
| <b>Undiscounted Future Lease Payments</b>  |                  |                  |
| Undiscounted future lease payments are due as follows:   |                  |                  |
| Within one year  | 1,721,499        | 510,793          |
| One to five years  | 3,426,772        | 1,090,427        |
| More than five years   | 388,975          | –                |
|  | <b>5,537,246</b> | <b>1,601,220</b> |

## Note 18. Remuneration of auditors

|   | 2022 (\$)      | 2021 (\$)      |
|---|----------------|----------------|
| During the financial year the following fees were paid or payable for services provided by RSM Australia Partners and PKF, the auditors of RACGP. A change of auditors occurred during the 2022 financial year when PKF took over audit services from RSM Australia Partners. Remuneration of the GP Synergy auditors, National Audits Group Pty Ltd, is also included below. |                |                |
| <b>Audit services</b>   |                |                |
| Audit of the consolidated financial statements – RSM  | –              | 66,000         |
| Audit of the consolidated financial statements – PKF  | 105,000        | –              |
| Audit of the subsidiary financial statements – National Audit Group Pty Ltd   | 29,000         | –              |
| Audit of grant financial acquittals – RSM   | 12,800         | 25,000         |
| Audit of grant financial acquittals – PKF   | 15,000         | –              |
| <b>Other services</b>   |                |                |
| Tax Advice – RSM  | –              | 18,950         |
| Tax Advice – PKF  | 20,000         | –              |
| Other Services – RSM  | 18,420         | 37,913         |
| Other Services – National Audits Group Pty Ltd  | 2,500          | –              |
|   | <b>202,720</b> | <b>147,863</b> |

## Note 19. Commitments and contingencies

|  | 2022 (\$) | 2021 (\$) |
|--|-----------|-----------|
| The RACGP has given bank guarantees for security on lease properties of \$549,284 as at 30 June 2022 (2021: \$84,513). |           |           |
| Capital commitments  |           |           |
| Committed at the reporting date but not recognised as liabilities, payable:  |           |           |
| Leasehold improvements   | 394,582   | –         |
| The RACGP has contracted fit out works to new leased premises.   |           |           |

## Note 20. Related party transactions

### a) Equity interests in related parties

- Details of interest in associates are disclosed in Note 9 to the financial statements.
- Details of interest in subsidiaries are disclosed in Note 24 to the financial statements.

### b) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in Note 16.

### 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 arm's length in similar circumstances. These transactions include the collection of membership dues and subscriptions and the provision of group services.

## Note 21. Financial instruments

### a) 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 and grant arrangements. 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.

### b) Financing arrangements

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 total credit facility of \$8,138,176 (2021: \$8,138,176) as at 30 June 2022. This is made up of an overdraft of \$7,500,000 (2021: \$7,500,000), which is undrawn throughout the year, and other credit limits in relation to the RACGP's merchant facilities and corporate cards of \$638,176 (2021: \$638,176).

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

| Facilities:                     | 2022 (\$)        | 2021 (\$)        |
|---------------------------------|------------------|------------------|
| Overdraft                       | 7,500,000        | 7,500,000        |
| <b>Total undrawn facilities</b> | <b>7,500,000</b> | <b>7,500,000</b> |

## Note 22. Events after the reporting period

The RACGP signed a contract with the Commonwealth of Australia represented by Department of Health on 26 August 2022 to deliver General Practice fellowship education and training in Australia from 1 February 2023 through to the end of the 2025 training year. This means the training that is currently run by the Regional Training Organisations will be run by the RACGP from February 2023. The agreement includes grant funding from the Commonwealth to the RACGP of \$364,370,001 (ex GST).

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

## Note 23. Parent entity information

|  | 2022 (\$)          | 2021 (\$)          |
|--|--------------------|--------------------|
| 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. |                    |                    |
| <b>Financial position</b>  |                    |                    |
| <b>Assets</b>  |                    |                    |
| Current assets   | 92,693,270         | 102,488,017        |
| Non-current assets   | 59,735,128         | 57,261,074         |
| <b>Total assets</b>  | <b>152,428,398</b> | <b>159,749,091</b> |
| <b>Liabilities</b>   |                    |                    |
| Current liabilities  | 82,026,080         | 96,259,074         |
| Non-current liabilities  | 4,958,097          | 2,034,574          |
| <b>Total liabilities</b>   | <b>86,984,177</b>  | <b>98,293,648</b>  |
| <b>Net assets</b>  | <b>65,444,218</b>  | <b>61,455,443</b>  |
| <b>Equity</b>  |                    |                    |
| Reserves   | 47,174,819         | 41,207,944         |
| Accumulated surplus  | 18,269,399         | 20,247,499         |
| <b>Total equity</b>  | <b>65,444,218</b>  | <b>61,455,443</b>  |
| <b>Financial performance</b>   |                    |                    |
| Total (deficit) / surplus  | (1,654,078)        | 7,141,079          |
| Other comprehensive income for the year  | 5,966,875          | 5,364,326          |
| <b>Total comprehensive income for the year</b>   | <b>4,312,797</b>   | <b>12,505,405</b>  |

## Note 24. Subsidiaries

The financial statements incorporate the assets, liabilities and results of ACN 147560638 Pty Ltd, formerly known as RACGP Oxygen Pty Ltd, in accordance with the accounting policy described in Note 1.1. ACN 147560638 Pty Ltd, formerly known as RACGP Oxygen Pty Ltd, was liquidated on 4 October 2021, and formally deregistered by ASIC on 8 January 2022.

| Name of entity   | Country of incorporation | Class of shares | Equity holding |      |
|--|--------------------------|-----------------|----------------|------|
|  |                          |                 | 2022           | 2021 |
| ACN 147560638 (formerly known as RACGP Oxygen Pty Ltd) | Australia                | Ordinary        | 0%             | 100% |
| GP Synergy Limited                                     | Australia                | Sole member     | 100%           | 0%   |

## Note 25. Business combination

On 20 January 2022, the RACGP became the sole member of GP Synergy Limited, and as a result gained effective control of 100% of GP Synergy Limited as at this date. The acquisition has been accounted as a Business Combination under AASB 3. GP Synergy Limited promotes and delivers general practice education and training, and ancillary programs. As GP Synergy's sole member, the RACGP will be best placed to administer the delivery of the Australian General Practice Training (AGPT) Program as profession-led community-based model from February 2023. The provisional fair values of the identifiable net assets acquired at the acquisition date are detailed below.

|  | Fair value (\$)  |
|--|------------------|
| <b>Net assets acquired:</b>  |                  |
| Cash and cash equivalents  | 26,399,699       |
| Trade and other receivables  | 2,982,615        |
| Other non-current assets   | 3,187,895        |
| Trade and other payables   | (3,538,606)      |
| Income in advance  | (15,865,277)     |
| Provisions   | (8,082,827)      |
| Other liabilities  | (1,412,708)      |
| <b>Total net identifiable assets acquired</b>                      | <b>3,670,790</b> |
| Acquisition-date fair value of the total consideration transferred | –                |
| Identifiable assets acquired and liabilities assumed               | 3,670,790        |
| <b>Net gain on business combination</b>                            | <b>3,670,790</b> |

## Note 26. Statutory information

The Royal Australian College of General Practitioners Ltd registered office and principal place of business are:

100 Wellington Parade  
East Melbourne VIC 3002