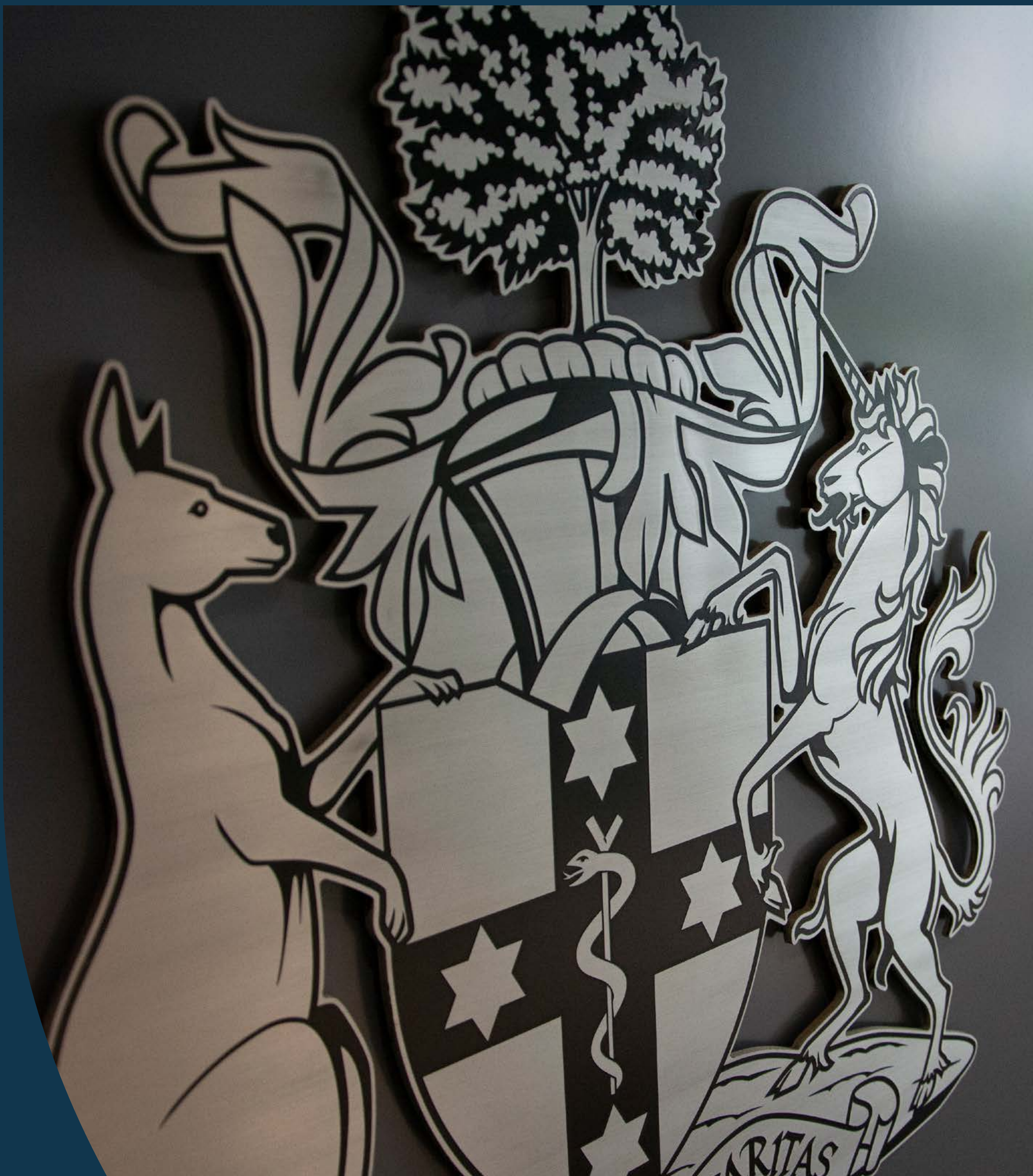
Statutory report



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 2023.

Principal activities and objectives

The Royal Australian College of General Practitioners (RACGP) is the voice of general practitioners (GPs) in our growing cities and throughout rural and remote Australia. As Australia's largest professional general practice organisation RACGP represents urban, rural, regional and remote general practitioners (GPs). The RACGP is a membership-based not-for-profit entity and is endorsed as a deductable gift receipt (DGR-1) under subdivision 30B of the Income 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 individual and communities by supporting the pursuit of clinical excellence and high-quality patient care, clinical practice, education, and research for general practice.
- to establish and maintain high standards of knowledge, experience, competence, learning, skills, and conduct in general practice.
- to set the standards for and provide vocational 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.
- to set the standards for and provide undergraduate and post-graduate educational programs in general practice and related subjects at or in any general practice, community-based medical practice, medical college, other professional college, university, medical school, hospital, laboratory, or other educational institution.
- to provide grants or in-kind support in scholarly subjects related to general practice.
- to support and publish research by any persons (whether members of the College or not) into general practice and related subjects.
- to 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.
- to encourage suitably trained persons to enter the speciality of general practice.
- to promote social intercourse, good fellowship and peer support amongst members of the College and amongst persons engaged in general practice and to promote good relations between such members and persons and the community.
- to advocate on any issue which affects the ability of members of the College to meet their responsibilities to patients and to 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

- The Financial results for 2022-23 year are reflective of the increase in activity as a result of the Grant funding by the Government for GP training which was not part of prior years. As a result, the income and expenditure reflects increases to prior year.
- For the 2022-23 financial year the consolidated Revenue from activities was $192.1 million which is a significant increase from prior year of $133.5 million primary due to the government funded grant for GP Training.
- The College commenced delivery of GP Training from 1 February 2023 and there was significant

transition activity occurring prior to this date all of which was funded by the Department of Health and Aged Care. The transition to and delivery of GP Training provide the main drivers for the increase in Revenue and Expenditures. The College recognises Grant Revenue at the same time costs associated to the Grant are charged and so there is not an impact on the Operating Result.

- Net assets decreased by 7.0% to $64.7million, compared to $69.6 million as at June 30 2022 primarily due to the Operational deficit.
- The Operational deficit from consolidated activities was $4.9 million. The College has implemented strategies during the financial year to focus on our operational sustainability. In prior year's the underlying operational result has included one off and unusual activities such as acquisitions, job keeper and covid impacts.
- Current Assets increased to $140.1 million from $121.6 million primarily due to cash received from Grant funding. The increase in grant cash also has a corresponding increase in liability as the cash sits within the income In Advance account.

Significant changes in the state of affairs

RACGP's subsidiary entity changed its name from GP Synergy Ltd to RACGP Training Services Ltd (ABN 62 099 141 689) on 08 October 2022. RACGP Training Services Ltd incurred Medical Educator salary payments for conducting GP Training and various other training programs along with the costs of the wind down of GP Synergy operations. These two sets of operations were consolidated for reporting purposes.

RACGP commenced GP Training activities from 1 February 2023 funded by a Grant from the Department of Health and Aged Care. Training for General Practitioners was previously administered by nine Registered Training Organisations which, except for GP Synergy, were outside of the College. This was a significant uplift in Operations for the College. GP Training was established within the College under a Business Unit to account for its activities, including the costs incurred by RACGP Training Services Ltd on Medical Educator and other training program salaries.

The Royal Australian College of General Practitioners Limited (RACGP) entered into an equal Joint Venture agreement with The Australian College of Rural and Remote Medicine (ACN 078 081 848)) to form Joint Colleges Training Services Pty Ltd (ACN 663 561 537). The principal objective of the joint venture is improving healthcare provided to Aboriginal and Torres Strait Islander peoples.

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.

Likely developments and future results

Under the Grant from the Department of Health and Aged Care, the College commenced the delivery of GP Training on 1 February 2023. The Financial Year 2023-24 will see a full year of GP Training and the College expects its revenue to increase accordingly. The College recognises Grant Revenue at the same time costs associated to the Grant are charged and so there is not expected to be an impact on the Operating Result. The Grant provides funding for the College to deliver GP Training until 31 December 2025. The College anticipates that AGPT Grant funding will continue past this date.

During 2022-23, the College revised its membership fees categories. This is expected to have a positive impact on the revenue of the College in future years.

The College will continue its 3-year financial recovery plan. FY 23/24 will be the second year of the plan where we expect to see the benefits of the membership category restructure and also further optimisation of our current sources of non-member operating revenue whilst continuing to seek further cost improvements.

The College's Practice Experience Program (PEP) ended in June 2023. This program was designed to support non-vocationally registered (non-VR) doctors on their journey to RACGP Fellowship and had been grant funded by the Government. The College's successor program for PEP, the Fellowship Support Program, commenced during 2022-23, but is not grant funded by the Government. This will affect the distribution of revenue between grant revenue and non-grant revenue in future years compared to the historic trend.

Dividends

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

Directors

The directors during the period 1 July 2022 to the date of this report, are as follows:

Director	Title	Appointed/retired
Ms Christine Nixon AO, APM, BA, MPA, Hon LLD, DipLReLaw, FIPAA, FANZSCOG, FAIPM, FAIM	Chair of the Board	Appointed 20 September 2016 Retired 24 November 2022
Dr Lara Roeske BMedSc, MBBS (Hons), FRACGP, DipVen, MAICD	Chair of the Board Chair RACGP Specific Interests	Appointed 24 November 2022 Appointed 14 November 2018
Adj Professor Karen Price MBBS, FRACGP	President	Appointed 30 November 2020 Retired 24 November 2022
Dr Nicole Higgins MBBS, FRACGP, GAICD	President -Elect President	Appointed 12 September 2022 to 24 November 2022 Appointed 24 November 2022
Dr Bruce Willett MBBS, FRACGP	Vice President Chair RACGP Queensland	Appointed 30 November 2020 Appointed 27 October 2017
Dr Tess van Duuren MBChB, BSc (Hons) (Sports Med), FRACGP, GAICD	Censor-in-Chief Chair Education and Workforce Committee	Appointed 31 October 2019 Appointed 31 October 2019
Dr Sean Black-Tiong MBBS, FRACGP, GAICD	Chair RACGP GPs in Training	Appointed 30 November 2020
Dr Daniel Byrne MBBS, FRACGP, GAICD	Chair RACGP SA&NT	Appointed 17 November 2021 Retired 24 November 2022
A/Professor Michael Clements BEcon (Hons), MBBS, DAvmed, MPH, MHM, FRACGP, FARGP, FRACMA, FACAsM, GAICD	Chair RACGP Rural	Appointed 14 August 2020
Dr Siân Goodson BMedSci, BMBS, MRCP, DRCOG, FRACGP	Chair RACGP SA	Appointed 24 November 2022
Dr Sam Heard FRACGP	Chair (interim) RACGP NT	Appointed 24 November 2022
Professor Charlotte Hespe MBBS (Hons), FRACGP, DCH, GCUT, FAICD, PhD	Chair RACGP NSW&ACT Chair People, Culture, Nominations and Remuneration Committee	Appointed 27 October 2017 Appointed 25 October 2019
Dr Tim Jackson MBBS, BMedSci, DRACOG, ACCSCMS, GAICD	Chair RACGP Tasmania	Appointed 13 January 2020
Mr Scott King BEc, ACA, MAICD	Chair Finance, Audit and Risk Management Committee	Appointed 24 November 2022
Dr Anita Muñoz MBBS (Hons), FRACGP, Grad Cert Clin Teach, MHP, GAICD	Chair RACGP Victoria	Appointed 30 November 2020
Professor Peter O'Mara FRACGP, FARGP, MBBS, GradDipRural	Chair RACGP Aboriginal and Torres Strait Islander Health	Appointed 30 September 2016 Retired 24 November 2022
Dr Karen Nicholls B.Med, FRACGP, Dip Child Health	Chair RACGP Aboriginal and Torres Strait Islander Health	Appointed 24 November 2022
Dr Ramya Raman FRACGP, MBBS, Dip Child Health, BSSC (Psych)	Chair RACGP WA	Appointed 17 November 2021
Dr Michael Stanford AM MBBS, MBA, FAICD	Co-opted Independent Director	Appointed 24 November 2022
Mr Martin Walsh FCA, FAICD	Chair Finance, Audit and Risk Management Committee	Appointed 21 September 2015 Retired 24 November 2022

For company director biographies, visit www.racgp.org.au/the-racgp/board/board-members

The Company Secretary during the period of 1 July 2022 to the date of this report is as follows:

Company Secretary	Title	Appointed/retired
Ms Amanda Semertzian BA, GAICD, FGIA FCG	Company Secretary (current)	Appointed 20 July 2022
Ms Coretta Bessi BCom, MBA, GAICD	Company Secretary (former)	Appointed 17 March 2022 to 20 July 2022

RACGP member payments and remuneration

The People, Culture, Nominations and Remuneration committee was formed in August 2018. This committee was chaired by Professor Charlotte Hespe, and included Ms Christine Nixon (until November 2022), Adjunct Professor Karen Price (until November 2022), Dr Nicole Higgins (from September 2022), Dr Tess van Duuren, Dr Sean Black-Tiong (until December 2022), Dr Ramya Raman (until December 2022), Dr Siân Goodson (from December 22) and Mr Paul Lefebvre. The committee met seven times in 2022–23.

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 $1,185,000, approved at the 2022 Extraordinary General Meeting (held on 28 June 2022) for the 2022–2023 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, approved at the 2022 AGM and effective from the 65th AGM (held on 24 November 2022) to the 2023 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 2022–23 ($)*	Total remuneration paid and payable for financial year 2021–22 ($)*
RACGP President	217,286	183,776
RACGP Board	827,959	865,597
Total RACGP	**1,045,245**	**1,049,373**

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

Table 2. Other payments to RACGP directors

Remuneration by director	Total remuneration for financial year 2022–23 ($)*	Total remuneration for financial year 2021–22 ($)*
Dr Anita Muñoz	30,996	34,182
Dr Tess van Duuren	234,096	291,993
Professor Peter O'Mara	10,959	13,285
Ms Christine Nixon	-	48,750
Professor Charlotte Hespe	24,627	26,717
Dr Bruce Willett	22,525	56,326
Dr Lara Roeske	22,525	13,285
Dr Tim Jackson	22,525	13,285
A/Professor Michael Clements	22,525	13,285
Dr Sean Black-Tiong	23,885	17,515
Dr Ramya Raman	25,307	5,146
Dr Daniel Byrne	9,350	5,146
Dr Siân Goodson	14,025	-
Dr Samuel Heard	14,025	-
Dr Karen Nicholls	12,325	-
Total	**489,695**	**538,915**

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

In financial year 2022-23, and as outlined in the Notice of the 65th AGM (held on 24 November 2022), 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

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

Remuneration by role	Total remuneration paid and payable for financial year 2022–23 ($)*	Total remuneration paid and payable for financial year 2021–22 ($)*
Chief Executive Officer – Paul Wappett	636,874	389,248
Executive Chair – Christine Nixon**	-	48,750
Chief Executive Officer – Matthew Miles***	-	226,623
Other key management personnel (2023: n = 9, 2022: n = 15)	2,929,807	3,013,204
Total	**3,566,681**	**3,677,825**

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

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

***Dr Matthew Miles left RACGP on 2 August 2021

Table 4. RACGP member remuneration

Category of member remuneration	Total remuneration paid for financial year 2022-23($)*	Total remuneration paid for financial year 2021-22($)*
Member professional services payments (2023: n = 1,334 ,2022: n = 1,361) Note 1	4,233,838	3,984,555
Members employed as staff (2023: n = 157, 2022: n = 158)	4,009,458	3,784,896
RACGP Expert Committee Chair and member payments (2023: n = 69, 2022: n = 70)	188,981	149,620
Total	**8,432,277**	**7,919,071**

* Total remuneration includes salary and superannuation payments

Notes:

Member professional services payments, RACGP Expert Committee Chair payments and RACGP Expert Committee member payments are paid as contractor payments.

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 2022–2023 were as follows:

	Board		People, Culture, Nominations and Remuneration		Finance, Audit and Risk Management	
	Number attended	Number held	Number attended	Number held	Number attended	Number held
Christine Nixon AO APM	4	5	5	5	3	3
Adj Professor Karen Price	5	5	2	5	2	3
Martin Walsh	4	5	-	-	3	3
Professor Peter O'Mara	4	5	-	-	-	-
Dr Daniel Byrne	4	5	-	-	-	-
Dr Lara Roeske	12	12	2	2	5	5
Dr Nicole Higgins	10	10	2	4	5	6
Dr Bruce Willett	12	12	-	-	-	-
Dr Tess van Duuren	10	12	7	7	-	-
Dr Sean Black-Tiong	12	12	4	5	-	-
A/Prof Michael Clements	11	12	-	-	-	-
Dr Siân Goodson	7	7	2	2	-	-
Dr Sam Heard	6	7	-	-	-	-
Professor Charlotte Hespe	11	12	7	7	-	-
Dr Tim Jackson	11	12	-	-	8	8
Scott King	7	7	-	-	5	5
Dr Karen Nicholls	7	7	-	-	-	-
Dr Anita Muñoz	12	12	-	-	8	8
Dr Michael Stanford AM	7	7	-	-	5	5
Dr Ramya Raman	11	12	4	5	-	-

	Awards		Education & Workforce	
	Number attended	Number held	Number attended	Number held
Christine Nixon AO APM	1	1	1	2
Adj Professor Karen Price	-	1	1	2
Dr Bruce Willett	-	-	-	-
Dr Nicole Higgins	1	2	3	3
Dr Tess van Duuren	2	2	4	4
Dr Sean Black-Tiong	-	-	3	4
Dr Anita Muñoz	-	-	2	2
Dr Lara Roeske	-	-	2	2
A/Professor Michael Clements	-	-	3	4
Professor Peter O'Mara	-	-	1	2
Dr Karen Nicholls	-	-	2	2
Dr Ramya Raman	-	-	1	2
Professor Charlotte Hespe	-	-	-	-

Note: Not all directors were appointed to the Board or 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 the 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.

Dr Lara Roeske, Chair of the Board

19 October 2023
Melbourne

Declaration of auditor independence

PKF Melbourne Audit & Assurance Pty Ltd ABN 75 600 749 184
Level 12, 440 Collins Street
Melbourne, Victoria 3000
T: +61 3 9679 2222
F: +61 3 9679 2288
info@pkf.com.au
pkf.com.au

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

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as auditor for the audit of Royal Australian College of General Practitioners for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

PKF
Melbourne, 19 October 2023

Kenneth Weldin
Partner

Independent auditor's report

PKF Melbourne Audit & Assurance
Pty Ltd ABN 75 600 749 184
Level 12, 440 Collins Street
Melbourne, Victoria 3000

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Independent Auditor's Report to the Members of Royal Australian College of General Practitioners

Report on the Audit of the Financial Report

We have audited the accompanying financial report for Royal Australian College of General Practitioners ('the Company'), which comprises the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, changes in changes in equity, 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 of Royal Australian College of General Practitioners is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

a) giving a true and fair view of the company's financial position as at 30 June 2023 and of its financial performance for the year 2023 ended; and

b) complying with Australian Accounting Standards – Simplified Disclosures, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022*.

Basis of 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 auditor independence requirements of the ACNC Act, ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

The Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards – Reduced Disclosure Requirements 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 is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors of the company are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the 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 Responsibility

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, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

Independent auditor's report (continued)

PKF

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.
- 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.

We communicate with those charged with governance 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PKF
Melbourne, 19 October 2023

Kenneth Weldin
Partner

Directors' declaration

Per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2022

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 2022.

On behalf of the directors

Dr Lara Roeske

Chair of the Board
19 October 2023
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 2023	Notes	2023 ($'000)	2022 ($'000)
Revenue	2	192,177	133,530
Total revenue and income		**192,177**	**133,530**
Expenses			
Employee benefits and on-costs		118,369	68,461
GP sessional and sitting payments		5,892	5,261
Consultancy and professional services		10,976	12,193
Conferences, meetings, travel and accommodation		8,953	2,872
Telecommunications and office expenses		3,587	1,975
Postage and freight		760	650
Publications, advertising and media		2,929	2,649
Printing and stationary		710	611
Subscriptions and periodicals		731	936
IT-related costs		9,738	7,275
Grants and donations		533	288
Grants to Organisations for Program Delivery		9,988	12,151
GP training Payments		17,209	13,508
Other expenses		1,401	310
Finance Costs		1,033	941
Depreciation and amortisation	3	5,122	4,177
Total expenses		**197,931**	**134,258**
(Deficit) / surplus from operating activities		**(5,754)**	**(728)**
Net investment (expenses)/income	7	559	(697)
Share of net surplus of associates accounted for using the equity method	9	313	217
Net gain on business combination		-	3,671
Total surplus		**(4,882)**	**2,463**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Revaluation change to land and buildings	15	-	5,967
Other comprehensive income for the year, net of tax		**(4,882)**	**8,430**
Total comprehensive income for the year		**(4,882)**	**8,430**

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 2023	Notes	2023 ($'000)	2022 ($'000)
Current assets			
Cash and cash equivalents	4	126,226	103,767
Trade and other receivables	5	7,363	5,228
Financial assets	6	-	430
Other financial assets	7	6,529	5,974
Right-of- use-assets	17	-	1,098
Non-current assets held for sale	8	-	5,100
Total current assets		**140,118**	**121,597**
Non-current assets			
Investments	9	1,237	974
Property, plant and equipment	10	58,540	54,172
Intangible assets	11	2,434	372
Financial assets	6	1,436	700
Right-of-use-assets	17	8,567	4,004
Total non-current assets		**72,214**	**60,222**
Total assets		**212,332**	**181,819**
Current liabilities			
Trade and other payables	12	18,876	17,500
Contract liabilities	13	105,920	74,245
Provisions	14	11,578	13,600
Lease liability	17	2,589	1,595
Total current liabilities		**138,963**	**106,940**
Non-current liabilities			
Provisions	14	2,465	1,758
Lease liability	17	6,225	3,559
Total non-current liabilities		**8,690**	**5,317**
Total liabilities		**147,653**	**112,257**
Net assets		**64,679**	**69,562**
Equity			
Reserves	15	48,704	47,175
Accumulated surplus	15	15,975	22,387
Total equity		**64,679**	**69,562**

The accompanying notes form part of these Financial Statements.

Consolidated statement of changes in equity

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2023	Notes	Accumulated surplus ($'000)	Asset revaluation reserve ($'000)	Reserve fund ($'000)	Research Foundation Fund ($'000)	Futures Fund ($'000)	Total ($'000)
Balance at 30 June 2021		**20,247**	**29,829**	**11,379**	**-**	**-**	**61,455**
Restatement from prior year adjustment		(324)	–	–			(324)
Restated Balance at 30 June 2021		19,923	29,829	11,379			61,131
Total deficit for the year		2,464	–	–			2,464
Total other comprehensive income for the year – revaluation increment to land and buildings		–	5,967	–			5,967
Balance at 30 June 2022		**22,387**	**35,796**	**11,379**	**-**	**-**	**69,562**
Balance at 30 June 2022		22,387	35,796	11,379	-	-	69,562
Total surplus for the year	15	(4,883)	–	–			(4,883)
-Transfer of Reserve Fund*		5,000		(5,000)	-	-	-
Recognition of Additional Reserve Funds**		(6,529)			2,286	4,243	-
Total other comprehensive income for the year – revaluation decrease to land and buildings		–		–			
Balance at 30 June 2023		**15,975**	**35,796**	**6,379**	**2,286**	**4,243**	**64,679**

The accompanying notes form part of these Financial Statements.

- *$5 million in the Reserve Fund was transferred to Operations Bank Account in April FY23 to support working capital requirements. This was replenished into the Reserve Account in July 2023.
- ** In FY23 the RACGP Board approved the recognition of two Reserve Funds for the Future Fund and Foundation Fund investment accounts. This balance was debited from the Accumulated Surplus.

Consolidated statement of cash flows

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2023	Notes	2023 ($'000)	2022 ($'000)
Cash flows from operating activities			
Receipts from membership activities, publications, government and other grants (inclusive of GST)		251,966	133,047
Payments to suppliers and employees (inclusive of GST)		(224,135)	(145,660)
Net cash inflow/ (outflow) from operating activities		**27,831**	**(12,613)**
Cash flows from investing activities			
Cash acquired on business combination		-	26,400
Net cash movement on property, plant and equipment		(794)	(536)
Net cash movement on intangibles assets		(2,835)	(8)
Interest received		1,277	59
Net cash movement in Financial Investments		(988)	(423)
Dividends received		50	75
Net cash (outflow) / inflow from investing activities		**(3,290)**	**25,567**
Cash flows from financing activities			
Repayment of lease liabilities including interest		(2,082)	(2,206)
Net cash outflow from financing activities		**(2,082)**	**(2,206)**
Net increase in cash held		22,459	10,748
Cash at beginning of financial year		103,767	93,020
Cash and cash equivalents at end of financial year	**4**	**126,226**	**103,768**

The accompanying notes form part of these Financial Statements.

Notes to the financial statements

The Royal Australian College of General Practitioner Ltd
For the year ended 30 June 2023

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 19 October 2023. 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

The Group has not adopted any new or amended accounting standards or interpretations that are not yet mandatory.

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 current and 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 2023 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 (i.e. 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 Amounts reported

Amounts in this report have been rounded off to the nearest thousand dollars and represented as $K.

1.3 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.

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.

1.4 Investments in Joint Entity

The Group forms part of a Joint venture where it has a contractual arrangement with another party whereby both parties have established equal control of the Entity. The Group along with the other party of the joint venture combine activities and transfer all the relevant Assets and Liabilities. The Group is entitled to the agreed share of profits of the entity.

The Group accounts for its interest in the Joint Entity through the Equity method taking 50% share of the joint entity's profit or loss.

1.5 Property, plant and equipment

Land and buildings are shown at fair value determined by the Group and based on three year independent reviews and annual considerations on material changes effective at 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.

1.6 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 development costs incurred 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. The recognised costs are amortised from the date when the asset becomes available for use. Other development expenditure that does not meet these criteria is recognised as an expense as incurred.

1.7 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).

1.8 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	5% 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 1.5). 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).

1.9 Lease liabilities

The Group 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 Group'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 Group uses bank borrowing rates. The Group 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.

1.10 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 Group's leases ranges from two to eight years.

1.11 Trade receivables

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 to 90 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.

The group will raise a credit loss for debts greater than 90 days if there is a considered risk. Once the risk has been determined to be unrecoverable it will be written off as bad debt.

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

1.12 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 have 30-day payment terms attached to each transaction. 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 include grant pass through funding on hand, which the Group is acting as an agent in accordance with AASB 15 *Revenue from Contracts with Customers*.

1.13 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.

1.14 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.

1.15 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.

1.16 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 over time 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.

1.17 Income tax

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

1.18 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.

1.19 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 Group of 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 Group 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.

1.20 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.

1.21 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 2022.

1.22 Parent entity financial information

The financial information for the parent entity, The Royal Australian College of General Practitioners Ltd, is disclosed in Note 23 and has been prepared on the same basis as the Financial Statements, except for the policy set out below.

a) Investments in subsidiaries and associates

Investments in subsidiaries are accounted for at cost, while investments in associates and joint ventures are equity accounted in the Financial Statements of The Royal Australian College of General Practitioners Ltd.

1.23 Capital management

The financial objective of the Group is to safeguard its ability to continue as a going concern, so that it can continue to deliver its charitable purpose.

1.24 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.

1.25 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 Group has transferred substantially all the risks and rewards of ownership.

1.25.1 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. Fair value movements are recognised in profit or loss for the financial year.

1.25.2 Impairment of financial assets

The Group 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 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.

1.26 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 bargain purchase 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. No provisional adjustment was made on the acquisition of GP Synergy as RACGP received confirmation on all provisional values 12 months after the date of acquisition.

1.27 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.

Where a non-current asset held for sale is no longer held for sale and needs to be re-classified, the asset will be recovered through its ongoing use through operations. The Asset will be amortised or depreciated from the date the decision is made to reclassify the asset.

Note 2. Revenue from ordinary activities

	2023 ($'000)	2022 ($'000)
Revenue from operating activities		
Membership subscriptions	33,673	32,600
CPD Program fees	2,693	3,127
Education, course registration and other fees	25,829	28,768
Research and other grants*	117,475	61,989
Donations	251	40
Publications and subscriptions	61	76
Sponsorship, advertising and conference income	7,153	4,404
Other operating income	2,819	1,622
	189,954	**132,626**
Other revenue from ordinary activities		
Interest	1,512	59
Rent	711	845
Total revenue	**192,177**	**133,530**
Revenue from contracts with customers by timing of revenue recognition under AASB 15		
Revenue recognised over time	160,637	102,250
Revenue recognised at a point in time	29,317	30,376
Total revenue from operating activities	**189,954**	**132,626**

*The Group commenced the delivery of GP Training activities from 1 February 2023. The transition to and delivery of this new activity significantly increased revenue in the Research and other Grants reporting line above between FY23 and FY22. The AGPT Grant revenue from 01 February 2023 includes $20,100K for transition costs and $43,600K for delivery of GP Training.

Note 3. Expenses

	2023 ($'000)	2022 ($'000)
Surplus from operating activities includes the following specific expenses		
Depreciation and amortisation		
Property, plant & equipment	1,526	1,438
Intangible assets	773	680
Right-of-use assets*	2,823	2,059
	5,122	**4,177**
* 770K relates to Depreciation of leases for GP Training		
Rental expense relating to low value leases	13	115
Finance costs – interest on lease liabilities	300	143

The Group commenced the delivery of GP Training activities from 1 February 2023. The transition to and delivery of this new activity significantly increased a large number of expense reporting lines between FY23 and FY22.

Note 4. Cash and cash equivalents

	2023 ($'000)	2022 ($'000)
Cash at bank and on hand	75,768	43,667
Deposits on call and term deposits	50,458	60,100
	126,226	**103,767**

Grant funds held for disbursement: $73,193 (2022: $29,176K).

Reserve funds held: $6,419K (2022: $11,401K). Refer to Note 15 regarding the requirements to use these funds.

Special purpose funds held for disbursement: $3,072K (2022: $1,801K).

RACGP Training Services: $11,029K

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.

*2,252K are funds owed to RACGP from the Joint Venture (JCTS) for costs incurred by RACGP on behalf of JCTS activity.

Note 5. Trade and other receivables

	2023 ($'000)	2022 ($'000)
Current assets		
Trade receivables*	4,270	1,221
Prepayments	3,018	3,350
Other receivables	75	657
	7,363	**5,228**

*2,252K are funds owed to RACGP from the Joint Venture (JCTS) for costs incurred by RACGP on behalf of JCTS activity.

Note 6. Financial assets

	2023 ($'000)	2022 ($'000)
Current assets		
Term deposits	-	430
Non-current assets		
Term deposits*	1,436	700

*RACGP took out a $1million Term deposit during 2023 to setup Bank Guarantees for new property sites required for GP Training. As Bank Guarantees are setup this will draw down on the Term Deposit security.

Note 7. Other financial assets

	2023 ($'000)	2022 ($'000)
Cash and cash management accounts	355	687
Fixed-interest securities	2,174	1,800
Equity investments	4,000	3,487
	6,529	**5,974**

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'.

Interest	11	-
Trust distributions	119	143
Dividend income	12	26
Investment management fees	(31)	(34)
Foreign tax expense	(0)	(1)
Net realised gain/(loss) on investment	84	(278)
Net unrealised gain/(loss) on investment	365	(554)
	560	**(698)**

Note 8. Non-current assets held for sale

	2023 ($'000)	2022 ($'000)
Buildings*	-	5,100

*In June 2023, the premises situated at 12-14 Mount Street, North Sydney has been re-classified as a Property Plant and Equipment on the Balance Sheet. See Note 10 for further details.

Note 9. Investments accounted for using the equity method

	2023 ($'000)	2022 ($'000)
Share in associates	**1,237**	**974**
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	1,852	1,592
Liabilities	615	602
Revenue	2,065	1,478
Surplus after tax	313	217
ii. **The movement in equity-accounted associates investments is as follows:**		
Balance at the beginning of the financial year	974	832
Share of associate's surplus from ordinary activities after income tax	313	217
Less dividends received	(50)	(75)
	1,237	**974**
Share in Joint Venture i. **The Group has 50% joint control in the entity Joint Colleges Training Services Pty Ltd. The remaining 50% is controlled by the Australian College of Rural and Remote Medicine (ACRRM). The principal object of the joint venture is improving healthcare provided to Aboriginal and Torres Strait Islander peoples. The Joint Venture has a 30 June reporting period and receives its revenue as grant through RACGP and ACRRM. The Group's share of the results of the joint venture's assets and liabilities are as follows:**		
Group's share of:		
Assets	4,624	-
Liabilities	4,624	-
Revenue	2,252	-
Surplus after tax	**-**	**-**
ii. **The movement in equity-accounted associates investments is as follows:**		
Balance at the beginning of the financial year	-	-
Share of joint venture surplus from ordinary activities after income tax	-	-
Less dividends received	-	-

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

Note 10. Non-current assets – property, plant and equipment

	2023 ($'000)	2022 ($'000)
Freehold land and buildings		
Land and building – valuation	57,460	53,150
	57,460	**53,150**
Assets under construction at cost	-	329
	-	**329**
Computer equipment at cost	4,589	4,519
Less accumulated depreciation	(4,394)	(4,333)
	195	**186**
Motor vehicles at cost	-	314
Less accumulated depreciation	-	(314)
	-	**–**
Leasehold improvements at cost	980	5,142
Less accumulated depreciation	(130)	(4,664)
	850	**478**
Other plant and equipment at cost	142	373
Less accumulated depreciation	(107)	(343)
	35	**29**
Total written-down value	**58,540**	**54,172**
Reconciliations		
Freehold land and buildings		
Opening balance	53,150	53,100
Additions	-	–
Revaluation reduction *		5,967
Reclassified of non-current asset held for sale**	5,100	(5,100)
Depreciation expense	(790)	(817)
Closing balance	**57,460**	**53,150**
Assets under construction		
Opening balances	329	128
Additions		329
Reclassified	(329)	(128)
Written-off	-	–
Closing balance	**0**	**329**
Computer equipment		
Opening balance	186	100

Continued on from Note 10. Non-current assets – property, plant and equipment

	2023 ($'000)	2022 ($'000)
Acquired on business combination	-	3
Additions	123	207
Reclassified	-	128
Depreciation expense	(114)	(252)
Closing balance	**195**	**186**
Motor vehicles		
Opening balance	-	–
Acquired on business combination	-	17
Depreciation expense	-	(17)
Closing balance	**-**	**–**
Leasehold improvements		
Opening balance	478	–
Reclassified	329	-
Additions	651	
Acquired on business combination	-	813
Depreciation expense	(608)	(334)
Closing balance	**850**	**478**
Other plant and equipment		
Opening balance	29	27
Acquired on business combination		20
Additions	21	-
Depreciation expense	(15)	(18)
Closing balance	**35**	**29**
Total closing balances	**58,540**	**54,172**

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.

* With work being completed on the Colleges Property Investment strategy the directors chose not to complete a valuation for Freehold land and buildings as of June 30, 2023. The College will embed a 3-year property valuation policy in FY24 however will continue to test for impairment on an annual basis.

The freehold land and buildings had been revalued to the amounts shown above as of 30 June 2022, recording a net increase of $5,967K through the asset revaluation reserve in relation to the net increase in property values as of 30 June 2021 (see Note 15).

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 $8,388K as of 30 June 2023. This is made up of an overdraft of $7,500K (2021: $7,500K), and other credit limits in relation to the RACGP's merchant facilities and corporate cards of $888K (2022: $638K).

**In June 2023, the premises situated at 12-14 Mount Street, North Sydney has been re-classified as a Property, Plant and Equipment on the Balance Sheet as its carrying amount is likely to be recovered principally through its continuing use and is no longer held for likely sale in the next 12 months. The premises is a strata lot within a common property. At 30 June 2023, access to the property is restricted due to remediation works required in the property. The College expects to be able to occupy the property during 2023-24 and is evaluating its options for operational use.

Note 11. Intangible assets

	2023 ($'000)	2022 ($'000)
Intangible at Cost	7,563	5,137
Amortisation CY	(773)	(680)
Less accumulated amortisation	(4,356)	(4,085)
Closing balance	**2,434**	**372**
Opening balance	372	1,044
Additions*	2,835	8
Amortisation expense	(773)	(680)
Closing balance	**2,434**	**372**

*$2,835K taken up in intangible assets throughout the year in relation to ongoing CPD App and FSP project activity.

Note 12. Trade and other payables

	2023 ($'000)	2022 ($'000)
Trade creditors*	6,397	4,705
Other creditors and accruals	12,365	12,795
Related Party - Joint Venture	114	-
Total	**18,876**	**17,500**

* $5,660K trade creditors relates to unspent grant funds in RACGP Training Services to be returned to the Department of Health. These unspent grant funds have been agreed to contribute further to the AGPT funding envelope for RACGP.

Note 13. Contract liabilities

	2023 ($'000)	2022 ($'000)
Income in advance		
Membership subscriptions and CPD Program fees	36,404	30,106
Grants	60,921	36,376
Examinations	5,044	3,790
Other	3,551	3,973
Total	**105,920**	**74,245**

Note 14. Provisions

	2023 ($'000)	2022 ($'000)
Employee benefits – annual leave	8,269	6,491
Employee benefits – long service leave	3,305	3,584
Employee benefits – retention bonus*	-	1,908
Provision for make good**	-	994
Provision for future depreciation	-	398
Other provisions	5	225
Total current provisions	**11,579**	**13,600**
Provision for make good (non-current)	433	-
Employee benefits – long service leave	2,031	1,758
Total non-current provisions	**2,464**	**1,758**
Total	**14,043**	**15,358**

* $1,908K in retention bonuses paid out to GP Synergy staff in FY2023. This was taken up as a provision in FY22.

**The provision for make good in the current provisions related to GP Synergy leased properties which ceased in FY23 and thus the make good provisions were paid out. The new properties taken out by RACGP have make good provisions in "non-current provisions".

Note 15. Reserves and accumulated surplus

	2023 ($'000)	2022 ($'000)
Asset revaluation reserve*		
Balance at beginning of year	35,796	29,829
Revaluation of land and buildings		5,967
Balance at end of year	**35,796**	**35,796**
Accumulated surplus		
Movements in accumulated surplus		
Balance at beginning of year	22,387	19,923
Current year surplus	(4,883)	2,464
Transfer from Reserve Fund	5,000	
Transfer to Future Fund	(4,243)	
Transfer to Foundation Fund	(2,286)	–
Balance at end of year	**15,975**	**22,387**
Reserve fund		
Movements in reserve fund**		
Balance at beginning of year	11,379	11,379
Transfer to accumulated surplus	(5,000)	–
Balance at end of year	**6,379**	**11,379**
Future fund Reserve***		
Movements in reserve fund		
Balance at beginning of year	-	-
Transfer from accumulated surplus	4,243	–
Balance at end of year	**4,243**	**-**
Foundation fund Reserve***		
Movements in reserve fund		
Balance at beginning of year	-	-
Transfer from accumulated surplus	2,286	–
Balance at end of year	**2,286**	**-**

*The asset revaluation reserve is used to record increments and decrements in the value of those land and buildings measured at fair value. In FY22 the Asset revaluation on the Melbourne Office 100 Wellington Parade significantly improved the total comprehensive income result for the year. In contrast in FY23 the total comprehensive income result has not had a revaluation of property completed as the College is considering a Property Investment Strategy. The current market conditions are tough and expected to adversely affect property values over the next 12 months.

**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. $5,000K in the Reserve Fund was transferred to Operations Bank Account in April FY23 to support working capital requirements. This was replenished into the Reserve Account in July 2023.

*** RACGP Board approved the setup of the Future Fund Reserve and Foundation Fund Reserve. Details of these reserve funds are included in the Reserves policy available on the RACGP website.

Note 16. Key management personnel compensation

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).

	2023 ($'000)	2022 ($'000)
Key management personnel	**5,111**	**5,266**

Key management personnel include Directors and RACGP Executive Management. The above compensation includes salary, termination, superannuation payments and other benefits during the year.

Note 17. Leases

	2023 ($'000)	2022 ($'000)
Right-of-use assets		
Buildings as at 1 July	5,102	1,320
Acquired on business combination	-	2,336
Additions*	8,505	3,505
Less depreciation	(5,040)	(2,059)
Total	**8,567**	**5,102**
Lease liabilities		
Current	2,589	1,595
Non-current	6,225	3,559
Total	**8,814**	**5,154**
Undiscounted Future Lease Payments		
Undiscounted future lease payments are due as follows:		
Within one year	2,769	1,721
One to five years	7,032	3,427
More than five years	42	389
	9,843	**5,537**

*There are an additional 11 sites added to lease schedule in FY23: Dubbo, Wagga Wagga, Newcastle, Newcastle 3A, Ballina, Liverpool, Churchill, Geelong, Perth, Maroochydore, Charles Darwin University

Note 18. Remuneration of auditors

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.

	2023 ($'000)	2022 ($'000)
Audit Services		
Audit of the consolidated Financial Statements - PKF	185	105
Audit of the subsidiary Financial Statements*	55	29
Audit of grant financial acquittals - RSM	0	13
Audit of grant financial acquittals - PKF	4	15
Other Services		
Tax Advice - PKF	52	20
Internal Audit - RSM	107	18
Other Services - PKF	2	
Other Services - National Audits Group Pty Ltd	-	2
	405	**202**

*$55K is an invoice paid to PKF in November 2022 which relates to the FY22 audit of the Subsidiary entity.

Note 19. Commitments and contingencies

	2023 ($'000)	2022 ($'000)
Capital Commitments		
Committed at the reporting date but not recognised as liabilities, payable:	-	-
Leasehold improvements	-	395

The RACGP has given bank guarantees for security on lease properties of $1,436K as at 30 June 2023 (2022: $549K).

Note 20. Related party transactions

a) Equity interests in related parties

i. Equity interests in associates

Details of interest in associates are disclosed in Note 23 to the Financial Statements.

ii. Equity interests in subsidiaries

Details of interest in subsidiaries are disclosed in Note 23 to the Financial Statements.

iii. Equity interests in Joint Venture

Details of interest in Joint Venture are disclosed in Note 9 in the Financial Statements.

b) Transactions with Joint Venture

Refer to note 12 for Joint Venture (JCTS) payable.

Shared Services Income received from Joint Venture (JCTS) of $177K (FY22 nil).

c) Key management personnel compensation

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

d) Key management personnel loans

There are no loans to or from key management personnel.

e) Transactions with key management personnel

The key management personnel have transactions with the Group in addition salaries and fees 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. Related party transactions for key management personnel are transactions that relate to Board members and RACGP Executive Management.

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 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 $8,388K (2022: $8,138K) as at 30 June 2023. This is made up of an overdraft of $7,500K (2021: $7,500K), which is undrawn throughout the year, and other credit limits in relation to the RACGP's merchant facilities and corporate cards of $888K (2021: $638K).

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

	2023 ($'000)	2022 ($'000)
Facilities:		
Overdraft	7,500	7,500
Total undrawn facilities	**7,500**	**7,500**

Note 22. Events after the reporting period

No 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

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.

	2023 ($'000)	2022 ($'000)
Financial position		
Assets		
Current assets	128,974	92,693
Non-current assets	72,214	59,735
Total assets	**201,188**	**152,428**
Liabilities		
Current liabilities	132,043	82,036
Non-current liabilities	8,690	4,958
Total liabilities	**140,733**	**86,994**
Net assets	**60,455**	**65,434**
Equity		
Reserves	48,704	47,175
Accumulated surplus	11,751	18,259
Total equity	**60,455**	**65,434**
Financial performance		
Total (deficit) / surplus	(5,037)	(1,654)
Other comprehensive income for the year		5,967
Total comprehensive income for the year	**(5,037)**	**4,313**

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2023	**2022**
RACGP Training Services Ltd	Australia	Sole member	100%	100%

Note 24. 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

RACGP

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