

Statutory report

2018–19





RACGP

Recommended citation

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

Statutory report

2018–19

Directors' report

Your directors present this report to the members of the consolidated entity ('the group'), consisting of The Royal Australian College of General Practitioners Ltd ('the company' or 'the RACGP') and its controlled entities at the end of, or during, the financial year ended 30 June 2019.

Principal objectives and activities

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

Objectives

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

The RACGP has a proud history of achievements, including the development of the *Standards for general practices*

and introducing continuing professional development. The RACGP carries out its activities within the following areas of strategic direction:

- Education and training for general practice
- Innovation and policy for general practice
- Advocacy
- Collegiality

Performance measures

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

- Board of Directors' meetings
- Finance Audit and Risk Management Committee meetings
- Nomination and Remuneration Committee meetings
- other directors' sub-committee and advisory board meetings.

Results of operations

During the financial year ended 30 June 2019, the group recorded a total surplus after tax of \$7,368,578 compared to \$413,430 in 2018, primarily due to operating activities resulting in new funding for contracts and education grants, lower spending in marketing and media, and underlying growth in both exam participants and membership. Over the year, the net assets of the group increased from \$34,017,398 to \$45,806,721. As a result of asset revaluation during the year, an increment of \$4,420,745 was taken to the asset revaluation reserve.

Significant changes in the state of affairs

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

Performance in relation to environmental regulation

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

Likely developments and future results

The group anticipates that it will maintain in 2019–20 its positive financial position. The group is continually updating, reviewing and improving its management and governance practices to ensure that the objectives and obligations of the group and its directors are met.

Dividends

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

Events subsequent to the end of the financial year

No circumstances have arisen since the end of the year that have significantly affected or may

significantly affect the operations, the results of those operations or the state of affairs of the group in future financial years.

Directors

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

Associate Professor Charlotte Hespe
MBBS (Hons), FRACGP, DCH (Lon), GCUT, FAICD
Chair, RACGP Board; Chair, RACGP NSW&ACT

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

Involved with the RACGP since achieving her Fellowship of the RACGP (FRACGP), Assoc Prof Hespe served as Examiner, Co-Assessment Panel Chair, NSW for four years; National Objective Structured Clinical Examination (OSCE) Facilitator for two years; and member of the RACGP Expert Committee – Quality Care in 2016–17. She became Chair of RACGP NSW&ACT in October 2017 when she was appointed Vice-President of the RACGP. In October 2018 she took on the role of Chair, RACGP Board.

Assoc Prof Hespe holds a Fellowship of the Australian Institute of Company Directors (FAICD) and has extensive experience in corporate governance, with 19 years' prior

experience as chair on several boards with a primary healthcare focus, including EIS Health Ltd (Central and Eastern Sydney Primary Health Network) and GP Synergy.

Dr Harry Nespolon

BMBS, DipRACOG, FRACGP, BEc, LLB (Hons), GCLP, FACLM, MBA, FAICD, MHL

President

Appointed at the Annual General Meeting (AGM) on 11 October 2018

Dr Harry Nespolon has more than 30 years' experience in general medical practice. He is the principal of three general practices: in the City of Sydney, the lower North Shore and Northern Beaches.

Dr Nespolon is an experienced chair and company director. He is President of the RACGP and a member of its Board. He is a director of the Northern Sydney Local Health District.

As Chair of GP Synergy, Dr Nespolon successfully led the company to become the largest GP training provider in Australia. He was the Chair of Sydney North Health Network, a Primary Health Network. He has been Chair of a Division of General Practice and Medicare Local, and a director of Therapeutic Guidelines Limited. He holds a Fellowship of the Australian Institute of Company Directors.

Both before and after becoming President of the RACGP, Dr Nespolon has been called upon regularly to provide advice on clinical and health policy issues by government, private and public organisations.

Dr Nespolon is a long-serving member of several disciplinary committees, including Medicine Australia's Code of Conduct committee. He has worked as a management consultant, advising predominately in insurance and financial areas. Prior to this he worked as a senior member of the federal office of the Australian Medical Association.

Associate Professor Ayman Shenouda

MBBCh, FRACGP, FARGP, DipDerm (UK), GAICD

Vice-President; Chair, RACGP Rural

Assoc Prof Ayman Shenouda was appointed Chair of RACGP Rural in October 2014, after serving as Deputy Chair for six years. He is also a member of RACGP NSW&ACT and was on the RACGP National Standard Committee –

Education for several years. He is current Chair of Wagga Wagga GP After Hours Services. Former roles include Chair of the Remote Vocational Training Scheme, Director of Medical Education Coast City Country General Practice Training Riverina/Murrumbidgee, and Director on the board of the Riverina Division of General Practice and Primary Health.

Assoc Prof Shenouda was named the 2009 RACGP General Practitioner of the Year, while his Glenrock Country Practice was named the 2007 NSW&ACT General Practice of the Year and awarded three Australian General Practice Accreditation Limited awards in 2009 and 2010.

After migrating from Egypt more than 28 years ago, Assoc Prof Shenouda commenced his medical career in Australia as a surgical registrar in Tasmania in 1995, and has been a rural GP in Wagga Wagga for the past 20 years, where he established Glenrock Country Practice. His main special interest is education and training. He is passionate about developing quality frameworks and systematic management tools to enable and enhance the work undertaken by GPs, and about improving patient access and delivering equitable, high-quality patient care in rural and remote Australia.

Dr Kaye Atkinson

BMed (Hons), FRACGP, MFM (Monash)

Censor-in-Chief

Appointed at the AGM on 11 October 2018

Dr Kaye Atkinson is the RACGP Censor-in-Chief. She was RACGP Victoria Censor for six years and was the first Chair of the RACGP Expert Committee – Pre-Fellowship Education (REC–PreFE). Dr Atkinson is also a member of the RACGP Specific Interests Council and chairs the Council of Censors and Advisory Council of Assessment. In her role as Censor-in-Chief she works closely with RACGP expert committees, including the REC–PreFE and RACGP Expert Committee – Post-Fellowship Education (REC–PostFE).

Dr Atkinson is committed to maintaining the Fellowship standards of the RACGP and working with the RACGP Council of Censors, Advisory Council of Assessment and RACGP Board to further the goals of the RACGP and general practice. She feels privileged to be GP and is

dedicated to ensuring that high-quality education and training are available for doctors interested in a career in general practice.

Dr Atkinson has extensive experience in medical education and has worked in assessment, education resource development, curriculum design, education policy development and education delivery. Beginning as a general practice supervisor in 1989, Dr Atkinson has worked closely with the RACGP and Regional Training Organisations (RTOs) to enhance general practice training and provide training for international medical graduates preparing for a career in general practice in Australia.

Dr Zakaria Baig

MBBS, FRACGP, FACRRM

Chair, RACGP SA&NT

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

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

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

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

Dr Krystyna de Lange

BPharm, MBBS, DRANZCOG, DCH, CertEM, FRACGP, MAICD

Registrar Representative

Appointed at the AGM on 11 October 2018

Dr Krystyna de Lange is the Registrar Representative on the RACGP Board. A recent Fellow, Dr de Lange works at an Aboriginal Medical Service in Brisbane and holds a GP with Special Interest position at a tertiary Brisbane hospital.

Dr de Lange graduated from the University of Queensland in 2011 and spent four years working in hospital-based specialties before entering general practice training. During her training she gained experience in both small and large clinics, as well as in Aboriginal and Torres Strait Islander health.

Dr de Lange took an active role within the registrar advocacy space as the Registrar Liaison Officer for General Practice Training Queensland (GPTQ) between 2016 and 2018. She also has an interest in medical education, having worked as a Registrar Medical Educator for GPTQ.

Dr Cameron Loy

MBBS, BMedSc (Hons), FRACGP, FARGP, DCH, DRANZCOG, GAICD

Chair, RACGP Victoria

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

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

Dr Loy is currently the Principal Medical Officer at Justice Health, Victoria. For six years he was on the advisory groups for the Victorian opioid substitution programs and hepatitis C therapy training programs. He is a trustee of the Shepherd Foundation, providing research grants into prevention and occupational health.

Dr Loy remains a committed general practice supervisor and mentor for general practice doctors in training, residents and medical students. In his spare time, he is a keen amateur astronomer.

Ms Christine Nixon APM

**BA, APM, Hon LLD, Hon LittD, MPA,
DipLRelLaw**

Co-opted Board member

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

As Victoria Police Chief Commissioner in 2001–09, Ms Nixon was the first woman in such a role in any Australian state police service. After leaving Victoria Police, she was appointed Chair of the Victorian Bushfire Reconstruction and Recovery Authority, a position she held from February 2009 to July 2010.

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

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

Associate Professor Peter O'Mara

FRACGP, MBBS, FARGP, GradDipRural

Chair, RACGP Aboriginal and Torres Strait Islander Health

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

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

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

Associate Professor Jennifer Presser

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

Chair, RACGP Tasmania

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

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

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

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

Dr Lara Roeske

**BMedSc, MBBS (Hons), FRACGP,
DipVen, MAICD**

Chair, RACGP Specific Interests

Appointed 14 November 2018

Dr Lara Roeske is a GP and practice owner, and has held many senior positions at the RACGP, such as Co-Deputy Chair of RACGP Specific Interests, Victoria Board member, inaugural Chair of the RACGP Specific Interests Sexual Health Medicine network, and previous Chair of the Women in General Practice RACGP Victoria committee.

With a professional background spanning more than 15 years, Dr Roeske has worked in advisory roles to key stakeholders, on steering committees,

guideline working parties, representing the RACGP across a range of domains relevant to sexual and reproductive health, cervical cancer prevention and translation of evidence into practice at state and national levels.

Dr Sean Stevens

MBBS, DRACOG, FRACGP, MBA, GAICD

Chair, RACGP WA

Appointed at the AGM on 11 October 2018

Dr Sean Stevens is the Chair of RACGP WA and Chair of the RACGP Specific Interests Business of General Practice network.

Dr Stevens is a second-generation GP, growing up in Albany in the south-west of Western Australia. He went to medical school at the University of Western Australia and undertook his general practice training in Perth and rural Western Australia. During his training, he served as the National Registrars Association (now General Practice Registrars Australia) representative for Western Australia and was intimately involved in the negotiation of the first national terms and conditions document.

In addition to being a practice owner for 15 years, Dr Stevens has supervised 30 general practice registrars and was awarded the 2005 General Practice Education and Training (GPET) Australian Supervisor of the Year. He is a founding member and the inaugural Chair of the RACGP Specific Interests Business of General Practice network. He was also the inaugural Vice-Chair of the Australian GP Alliance and has been on the RACGP WA Council for five years, four of those as Deputy Chair.

Mr Martin Walsh

FCA, FGIA, GAICD

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

Mr Martin Walsh has been an international partner and advisor in assurance and advisory services at EY and Deloitte. He is currently Chair of the Trustee Board for the IOOF Group APRA Regulated Entities. In addition, he has been a director of Hastings Funds Management Ltd, StatePlus Ltd and Surf Life Saving Australia Ltd.

Mr Walsh has experience in financial services, infrastructure and consumer products, including

due diligence, strategy, risk, compliance and governance. He is a Fellow of the Institute of Chartered Accountants and the Governance Institute, as well as a graduate member of the Australian Institute of Company Directors.

Dr Bruce Willett

MBBS, FRACGP

Chair, RACGP Queensland

Dr Bruce Willett is a GP and practice owner in Victoria Point in Redland City, south of Brisbane. Most important to him is 'just being a good GP', but innovation, improvement and education in general practice are also passions.

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

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

Dr Willett has been the Supervisor Liaison Officer and Medical Educator for General Practice Training Queensland. He has served on the boards of his local Division of General Practice and the Queensland Health Diabetes Network, and has been an RACGP examiner since 1994.

Dr Tim Koh

MBBS, FRACGP

Chair, RACGP Board; Chair, RACGP WA

Term ended 11 October 2018

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

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

He became RACGP WA Deputy Chair in 2010 and was subsequently named Chair in 2014. He is a co-owner of Currambine and Ocean

Keys family practices, where he supervises and mentors general practice doctors in training, residents and medical students.

Dr Mark Miller

MBBS, DRANZCOG, FRACGP

Censor-in-Chief

Term ended 11 October 2018

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

Dr Miller has been a full-time rural GP in Goolwa on South Australia's Fleurieu Peninsula for more than 25 years. He is heavily involved in running the RACGP Fellowship assessments and has been a medical educator and facilitator at RACGP SA&NT-run workshops for many years. Dr Miller was awarded the 2013 RACGP General Practitioner of the Year Award in recognition of his outstanding commitment to the profession and was awarded a 25-year long-service medal for rural practice in South Australia.

In addition to a full-time clinical role, Dr Miller has been involved with teaching medical students from Flinders University and the University of Adelaide. For more than 10 years, his practice has hosted Parallel Rural Clinical Curriculum students as they completed their third year at Flinders University medical school. He has supervised more than 30 general practice registrars and enjoys the vibrancy they add to clinical practice, teaching, mentoring and learning. Dr Miller has also provided tuition and mentoring to several international medical graduates commencing general practice in Australia.

Dr Andrew Png

MBBS, FRACGP, GAICD

Co-opted member

Term ended 11 October 2018

Dr Andrew Png is a GP and practice principal who has worked in Kwinana in the southern suburbs of Perth since obtaining his FRACGP in 1999. He has been an Australian General

Practice Training supervisor for the last 14 years and has also supervised junior doctors through the Prevocational General Practice Placements Program and the Remote Vocational Training Scheme. He is currently a member of the RACGP WA Board and is also serving on the board of Western Australian General Practice Education and Training, the RTO in Western Australia.

Dr Bastian Seidel

MBBS, PhD, MACHI, MRCGP, FRACGP

President

Term ended 11 October 2018

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

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

Dr Mary-Therese Wyatt

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

General Practice Registrar Representative

Term ended 11 October 2018

Dr Mary-Therese Wyatt, who recently obtained her FRACGP, works in a long-established general practice in Perth, Western Australia. Prior to Fellowship, Dr Wyatt undertook general practice registrar training with WAGPET. She was a registrar liaison officer for WAGPET in 2014–16, which included a role on the Advisory Council for General Practice Registrars Australia (GPRA).

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

Prior to medical training, Dr Wyatt studied biomedical science and spent several years as a high school mathematics teacher, working in rural New South Wales.

Company Secretary

Dr Zena Burgess

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

Company Secretary

Resigned 27 February 2019

Dr Burgess is Chief Executive Officer (CEO) of the RACGP and until 27 February also held the role of Company Secretary. She is a director on the boards of the Victorian Farmers Federation, the Australian Medicines Handbook, Mental Health Professionals Network, Box Hill Institute and CAE, and is the President (Chair) of the Bicycle Network. She is a Fellow of the Australian Institute of Company Directors and the Australian Psychological Society.

Ms Ruth Feltoe

BA (Hons), LLB, LLM, GradDipCSP, GAICD, ACIS, AGIA

Company Secretary

Appointed 27 February 2019

Ms Ruth Feltoe was appointed as the RACGP's General Counsel on 18 October 2018 and Company Secretary on 27 February 2019. She leads the RACGP's legal, secretariat and procurement functions. She advises the CEO and the Board on legal matters and is also responsible for delivering an integrated and consistent approach to corporate governance.

Ms Feltoe holds a Master of Laws, Bachelor of Laws and Bachelor of Arts (Hons) degrees, and a Graduate Diploma in Company Secretarial Practice. She is a member of the Law Institute of Victoria, the Governance Institute of Australia and the Australian Institute of Company

Directors. She is also a Graduate of the Australian Institute of Company Directors.

RACGP member payments and remuneration

The Nomination and Remuneration Committee was formed in August 2018. Comprising Ms Christine Nixon (Chair), Dr Charlotte Hesper, Dr Harry Nespolon and Dr Kaye Atkinson, the committee has met three times this year.

The committee has overseen the preparation of this remuneration report to be approved by the Board. In keeping with 2018, the levels of disclosure and transparency in reporting of remuneration of directors, management and members exceed the regulatory requirements prescribed by the Australian Charities and Not-for-profits Commission (ACNC).

The RACGP has employed the services of independent external consultants (KPMG) in connection with the remuneration arrangements of the directors and President. Advice provided as part of this engagement supported the Board's recommendation for a 2.1% increase to the remuneration paid to the directors, including the President and Chair. The 2.1% remuneration increase is within the maximum aggregate cap of \$950,000 approved by the members at the RACGP's 2018 Annual General Meeting. The President's allowance is approved by member vote at the AGM, based on the Board's recommendation.

The RACGP's Board has reviewed all of the information and recommends this remuneration report to the general meeting of members.

Remuneration by role	Total remuneration* paid and payable for financial year 2018–19 (\$)	Total remuneration* paid and payable for financial year 2017–18 (\$)
RACGP President	128,680	126,965
Chair of Board	103,767	101,000
Board	653,835	524,888
Independent FARM Committee members (non-Board)	4,470	2,770
Total	890,752	755,623

FARM, Finance, Audit and Risk Management

**Total remuneration for Board includes salary and superannuation.*

Payments to directors for other roles

Remuneration by director	Total remuneration* for financial year 2018–19 (\$)	Total remuneration* paid for financial year 2017–18 (\$)
Harry Nespolon	15,264	–
Charlotte Hespe	1,316	2,170
Guan Yeo	–	39,135
Jennifer Presser	54	570
Bastian Seidel	577	–
Cameron Loy	802	–
Sean Stevens	732	–
Mark Miller	404	–
Total	19,149	41,875

**Total remuneration for payments to directors for other roles includes professional services, salary and superannuation. Financial year 2018–19 includes applicable superannuation back payment.*

Key management personnel remuneration (excluding directors)

Remuneration by role	Total remuneration* paid and payable for financial year 2018–19 (\$)	Total remuneration* paid and payable for financial year 2017–18 (\$)
Chief Executive Officer	553,475	547,796
Other key management personnel (n = 10)	2,443,180	2,320,659
Total	2,996,655	2,868,455

**Total remuneration for executives includes salary, redundancy payments and superannuation.*

RACGP member remuneration

Category of member remuneration	Total remuneration* paid for financial year 2018–19 (\$)	Total remuneration* paid for financial year 2017–18 (\$)
Member professional services payments (n = 2175) Note 1	5,894,266	3,591,724
Members employed as staff (n = 111) Note 2	2,706,347	2,251,054
RACGP Expert Committee chair and member payments (n = 125)	329,002	184,910
Oxygen directors (n = 3)	26,184	15,000
Total	8,955,798	6,042,688

**Total remuneration includes salary and superannuation.*

Notes:

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

Board meetings

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

	Board meetings		Finance, Audit and Risk Management	
	Maximum possible*	Attended	Maximum possible*	Attended
A Png	2	2	■	■
A Shenouda	12	10	■	■
B Seidel	2	0	1	1
B Willett	12	12	4	4
C Hesper	12	12	■	■
C Loy	12	11	■	■
C Nixon	12	8	■	■
H Nespolon	12	12	4	3
J Presser	12	10	■	■
K Atkinson	10	10	■	■
K de Lange	10	10	■	■
L Roeske	8	7	■	■
M Miller	2	2	■	■
M Walsh	12	10	4	4
M Wyatt	2	2	1	1
P O'Mara	12	6	■	■
S Stevens	10	10	1	1
T Koh	2	2	■	■
Z Baig	12	11	■	■

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

*Not all directors were appointed to Board or the relevant committee for the entire year. This column shows the number of meetings of Board and relevant committees 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.



Assoc Prof Charlotte Hesper, Chair of Board
21 August 2019 Melbourne

Declaration of auditor independence



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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of the Royal Australian College of General Practitioners Ltd for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

P A RANSOM
Partner

Dated: 21 August 2019
Melbourne, Victoria

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Independent auditor's report



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial report of The Royal Australian College of General Practitioners Ltd ("RACGP"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end. In our opinion, the financial report of the RACGP has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its financial performance and cash flows for the year ended on that date; and
- (b) complying with Australian Accounting Standards— Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the RACGP's annual report for the year ended 30 June 2019 but does not include the financial report and the auditor's report thereon.

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

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

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Other Information (Continued.)

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards- Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.augas.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

RACGP Payments and Remuneration

We have audited the RACGP Member Payments and Remuneration details included in tables 1 to 4 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the RACGP Member Payments and Remuneration details included in tables 1 to 4 of the Directors' Report for the year ended 30 June 2019 give a true and fair view of the RACGP payments and remuneration which are disclosed.

RSM AUSTRALIA PARTNERS

P A RANSOM
Partner

Dated: 21 August 2019
Melbourne, Victoria

Directors' declaration

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

The directors declare that in the directors' opinion:

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

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

On behalf of the directors



Assoc Prof Charlotte Hespe, Chair of Board

21 August 2019
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 2019	Notes	2019 (\$)	2018 (\$)
Revenue	2	83,104,302	74,705,187
Total revenue		83,104,302	74,705,187
Expenses			
Employee benefits and on-costs		36,674,607	34,560,539
GP sessional and sitting payments		6,237,476	3,792,670
Cost of publications		576,515	619,672
Consultancy		2,075,256	2,319,221
Professional services		2,470,486	2,028,967
Travel and accommodation		2,340,088	2,103,578
Conference and meeting costs		5,638,717	5,575,511
Office accommodation		1,649,416	1,831,719
IT-related costs		3,989,478	5,334,699
Telecommunications		384,663	771,763
Advertising and media		4,202,931	5,878,956
Printing and stationery		348,970	364,374
Grants and donations		346,340	296,644
Finance costs		547,556	587,517
Depreciation	3	2,014,001	1,627,804
External grant project administration		4,735,775	5,297,442
Other expenses		1,969,316	1,526,544
Total expenses		76,201,591	74,517,620
Surplus from operating activities		6,902,711	187,567
Net investment income	7	313,363	133,478
Share of net surplus of associates accounted for using the equity method	8	152,504	118,240
Total surplus before tax		7,368,578	439,285
Income tax expense	1.14	–	25,855
Total surplus after tax		7,368,578	413,430
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation increment to land and buildings	14	4,420,745	5,850,000
Other comprehensive income for the year, net of tax		11,789,323	6,263,430
Total comprehensive income for the year		11,789,323	6,263,430

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 2019	Notes	2019 (\$)	2018 (\$)
Current assets			
Cash and cash equivalents	4	57,588,132	33,420,327
Trade and other receivables	5	3,673,810	2,706,748
Financial assets	6	720,530	8,438,167
Other financial assets	7	6,041,700	5,731,688
Total current assets		68,024,172	50,296,930
Non-current assets			
Investments accounted for using the equity method	8	649,322	596,818
Property and office equipment	9	48,598,807	45,201,011
Intangibles assets	10	2,229,345	1,104,578
Financial assets	6	700,000	700,000
Trade and other receivables	5	53,733	85,973
Total non-current assets		52,231,207	47,688,380
Total assets		120,255,379	97,985,310
Current liabilities			
Trade and other payables	11	8,937,150	9,304,934
Current tax liabilities		(20,553)	21,868
Income in advance	12	63,269,215	52,648,695
Provisions	13	1,588,689	1,327,915
Total current liabilities		73,774,501	63,303,412
Non-current liabilities			
Provisions	13	674,157	664,500
Total non-current liabilities		674,157	664,500
Total liabilities		74,448,658	63,967,912
Net assets		45,806,721	34,017,398
Equity			
Reserves	14	29,968,403	19,047,658
Accumulated surplus	14	15,838,318	14,969,740
Total equity		45,806,721	34,017,398

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 2019	Notes	Accumulated surplus (\$)	Asset revaluation reserve (\$)	Reserve fund (\$)	Total (\$)
Balance at 1 July 2017		14,556,310	13,197,658	–	27,753,968
Total surplus for the year		413,430	–	–	413,430
Total other comprehensive income for the year		–	5,850,000	–	5,850,000
Balance at 30 June 2018	14	14,969,740	19,047,658	–	34,017,398
Total surplus for the year		7,368,578	–	–	7,368,578
Transfer		(6,500,000)	–	6,500,000	–
Total other comprehensive income for the year		–	4,420,745	–	4,420,745
Balance at 30 June 2019	14	15,838,318	23,468,403	6,500,000	45,806,721

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

The Royal Australian College of General Practitioners Ltd

For the year ended 30 June 2019	Notes	2019 (\$)	2018 (\$)
Cash flows from operating activities			
Receipts from membership activities, publications, government and other grants (inclusive of GST)		99,250,592	93,444,471
Payments to suppliers and employees (inclusive of GST)		(81,362,830)	(77,815,521)
Income tax paid		(42,421)	(7,415)
Net cash inflow from operating activities		17,845,341	15,621,535
Cash flows from investing activities			
Purchase of property and office equipment		(417,279)	(518,156)
Purchase of intangibles assets		(1,839,377)	(588,985)
Interest received		593,041	354,736
Dividends received		100,000	100,000
Sale/purchase of financial assets		7,717,637	(14,036,376)
Investment income from other financial assets		168,442	117,324
Net cash inflow/(outflow) from investing activities		6,322,464	(14,571,458)
Cash flows from financing activities			
Repayment of borrowings		-	-
Net cash inflow/(outflow) from financing activities		-	-
Net increase in cash held		24,167,805	1,050,077
Cash at beginning of financial year		33,420,327	32,370,250
Cash and cash equivalents at end of financial year	4	57,588,132	33,420,327
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 2019

Note 1. Statement of significant accounting policies

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

The financial statements were authorised for issue by the directors on 21 August 2019. 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 – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

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

Basis of preparation

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

Items included in the financial statements of each of the group's entities are measured using the

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

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

1.1 Basis of consolidation

The financial statements incorporate the assets and liabilities and results of the subsidiary of The Royal Australian College of General Practitioners Ltd as at 30 June 2019 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 8).

When the group's share of losses in an associate equals or exceeds its interest

in the associate, including any other unsecured long-term receivables, the group does not recognise further losses unless it has incurred obligations or made payments on behalf of the associate.

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

1.3 Property and office equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the 'Consolidated statement of profit or loss and other comprehensive income' during the financial period in which they are incurred.

Any revaluation increases on the revaluation of land and buildings are credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for land and buildings previously recognised as an expense in the 'Consolidated statement of profit or

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

1.4 Intangibles 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.

Intangible assets are classified as having a finite useful life and measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated on a straight-line basis over periods of three years.

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

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

Depreciation rates used are as follows.

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

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 1.3). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the 'Consolidated statement of profit or loss and other comprehensive income'.

1.7 Leases

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

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

1.8 Trade receivables

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

1.9 Trade payables

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

1.10 Borrowings

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

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

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

1.11 Employee benefits

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

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date, are recognised in trade and other payables in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities for annual leave and other short-term employee obligations are recognised in trade and other payables.

b) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be wholly settled within 12 months after the end of the period in which employees render the related service are recognised in the provision for employee benefits, and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

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

1.12 Cash and cash equivalents

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

1.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the group, and specific criteria have

been met for each of the group's activities, as described below. Revenue is recognised on the following bases.

a) Membership subscriptions

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

b) Continuing Professional Development (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 current liabilities.

c) Revenue from courses, examinations

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

d) Specific-purpose grants

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

e) Interest income

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

f) Dividends

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

1.14 Income tax

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in Australia. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where RACGP Oxygen Pty Ltd has a legally enforceable right to offset and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

1.15 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.

1.16 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. These include:

a) Estimation of fair values of land and buildings – Refer to Note 9

b) Provision for employee benefits

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

1.17 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 2018.

1.18 New and amended standards adopted by the group

The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

The following Accounting Standards and Interpretations are most relevant to the group.

AASB 9 Financial Instruments

The group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is

to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

All other financial assets are classified and measured at fair value through profit or loss. New impairment requirements use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition, in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

AASB 9 was adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2018.

1.19 Parent entity financial information

The financial information for the parent entity, The Royal Australian College of General Practitioners Ltd, disclosed in Note 21, has been prepared on the same basis as the financial statements, with the exception of the policy set out below.

a) Investments in subsidiaries, associates and joint venture entities

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

b) Income tax

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

1.20 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.

1.21 Fair value measurement

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

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

1.22 Investments and other financial assets

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

Financial assets at fair value through profit or loss

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

Impairment of financial assets

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

the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

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

1.23 Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

Note 2. Revenue from ordinary activities

	2019 (\$)	2018 (\$)
Revenue from operating activities		
Membership subscriptions and CPD fees	34,571,647	32,415,629
Education, course registration and other fees	29,407,555	26,600,868
Research and other grants and donations	11,917,412	9,693,617
Publications and subscriptions	127,162	195,570
Sponsorship and advertising	3,057,515	2,206,055
Other operating income	2,369,043	2,309,302
Other revenue from ordinary activities		
Interest	630,367	354,736
Rent	1,023,601	929,410
	83,104,302	74,705,187

Note 3. Expenses

	2019 (\$)	2018 (\$)
Surplus from operating activities includes the following specific expenses		
Depreciation		
Buildings	595,625	525,000
Building improvements	120	–
Computer equipment	691,753	734,336
Intangibles assets	714,609	356,107
Other plant and equipment	11,894	12,360
	2,014,001	1,627,804
Rental expense relating to operating leases	599,497	588,428

Note 4. Cash and cash equivalents

	2019 (\$)	2018 (\$)
Cash at bank	12,137,371	4,566,814
	12,137,371	4,566,814
Deposits on call	25,292,794	17,959,265
Deposits on call – grant funds held for disbursement	20,157,967	10,894,248
	45,450,761	28,853,513
	57,588,132	33,420,327

Note 5. Trade and other receivables

	2019 (\$)	2018 (\$)
Current assets		
Trade receivables	2,109,247	1,819,475
Prepayments	1,494,997	882,365
Other receivables – lease incentive	69,566	4,908
	3,673,810	2,706,748
Non-current assets		
Other receivables – lease incentive	53,733	85,973

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

	2019 (\$)	2018 (\$)
Current assets		
Term deposits	720,530	8,438,167
Non-current assets		
Term deposit*	700,000	700,000

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

Note 7. Other financial assets

	2019 (\$)	2018 (\$)
Cash management accounts	1,076,710	1,093,775
Fixed-interest securities	1,901,276	1,476,050
Equity Investment	3,063,714	3,161,863
	6,041,700	5,731,688

Other financial assets are managed by Escala Partners Ltd as one portfolio of investment.

Net investment income

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

Interest	13,895	15,172
Trust distributions	103,393	52,815
Dividend income	104,209	60,424
Investment management fees	(33,509)	(17,898)
Foreign tax expense	(2,949)	(1,403)
Net realised (loss)/gain on investment	(16,596)	8,214
Net unrealised gain on investment	144,920	16,154
	313,363	133,478

Note 8. Investments accounted for using the equity method

	2019 (\$)	2018 (\$)
Share in associates	649,322	596,818

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	1,093,377	999,251
Liabilities	444,055	402,433
Revenue	1,703,600	1,633,796
Profit after tax	152,504	118,240

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

Balance at the beginning of the financial year	596,818	578,578
Share of associate's surplus from ordinary activities after income tax	152,504	118,240
Less Dividends received	(100,000)	(100,000)
Balance at the end of the financial year	649,322	596,818

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

Note 9. Non-current assets – property and office equipment

	2019 (\$)	2018 (\$)
Freehold land and buildings		
Land and building – valuation	48,050,000	43,975,000
Less Accumulated amortisation	–	–
	48,050,000	43,975,000
Computer equipment at cost	4,144,220	4,541,829
Less Accumulated depreciation	(3,642,672)	(3,374,971)
	501,548	1,166,858
Other plant and equipment at cost	121,986	121,986
Less Accumulated depreciation	(74,727)	(62,833)
	47,259	59,153
Total written-down value	48,598,807	45,201,011
Reconciliations		
Freehold land and buildings		
Opening balance	43,975,000	38,650,000
Additions	250,000	–
Revaluation increment/(decrement)*	4,420,745	5,850,000
Disposals	–	–
Depreciation expense	(595,745)	(525,000)
Closing balance	48,050,000	43,975,000
Computer equipment		
Opening balance	1,166,858	1,494,825
Additions	167,279	518,156
Reclassification	–	–
Disposals	(140,836)	(111,787)
Depreciation expense	(691,753)	(734,336)
Closing balance	501,548	1,166,858
Other plant and equipment		
Opening balance	59,153	71,513
Additions	–	–
Reclassification	–	–
Depreciation expense	(11,894)	(12,360)
Closing balance	47,259	59,153
Total closing balance	48,598,807	45,201,011

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

*Freehold land and buildings were revalued to the amounts shown above as at 30 June 2019. The valuations recorded a net increase in the value of group properties. Under Australian Accounting Standards, \$4,420,745 has been recorded against the asset revaluation reserve in relation to this increase in property values.

Independent valuations of the group's land and buildings were performed by the independent valuers Savills Pty Ltd in their respective states to determine the market value of the properties for 30 June 2019.

The Commonwealth Bank of Australia holds a first registered mortgage over the land and buildings at 100 Wellington Parade, East Melbourne.

This mortgage secures a credit facility of \$1,000,000 that was not used during the financial year ended 30 June 2019.

Note 10. Intangibles assets

	2019 (\$)	2018 (\$)
Opening balance	1,104,577	871,700
Additions	1,839,377	588,985
Depreciation expense	(714,609)	(356,107)
Closing balance	2,229,345	1,104,578

Note 11. Trade and other payables

	2019 (\$)	2018 (\$)
Trade creditors	1,258,409	964,676
Other creditors and accruals	5,191,802	6,202,488
Employee benefits	2,486,939	2,137,770
Total	8,937,150	9,304,934

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

Note 12. Income in advance

	2019 (\$)	2018 (\$)
Income in advance		
Membership subscriptions and CPD fees	29,299,149	29,172,656
Grants	22,294,985	10,330,978
Exams	8,116,205	8,467,031
Other	3,558,876	4,678,030
Total	63,269,215	52,648,695

Note 13. Provisions

	2019 (\$)	2018 (\$)
Employee benefits – long service leave (current)	1,588,689	1,327,915
Employee benefits – long service leave (non-current)	674,157	664,500

Note 14. Reserves and accumulated surplus

	2019 (\$)	2018 (\$)
Asset revaluation reserve		
i. Nature and purpose of reserve		
The asset revaluation reserve is used to record increments and decrements in the value of those non-current assets measured at fair value		
ii. Movements in asset revaluation reserve		
Balance at beginning of year	19,047,658	13,197,658
Revaluation of land and buildings	4,420,745	5,850,000
Balance at end of year	23,468,403	19,047,658
Accumulated surplus		
Movements in accumulated surplus		
Balance at beginning of year	14,969,740	14,556,310
Current year surplus	7,368,578	413,430
Transfer to reserve fund	(6,500,000)	-
Balance at end of year	15,838,318	14,969,740
Reserve fund		
Movements in reserve fund*		
Balance at beginning of year	-	-
Transfer from accumulated surplus	6,500,000	-
Balance at end of year	6,500,000	-
*The reserve fund was approved by the Board during the June 2019 Board meeting to institute a policy that strengthens financial stability and long-term sustainability for the RACGP. The new fund provides 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.		

Note 15. Key management personnel compensation

	2019 (\$)	2018 (\$)
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).		
Total compensation for key management personnel during the financial year was:		
Key management personnel	3,993,051	3,731,625
The above compensation includes salary, superannuation and long service leave entitled during the year.		

Note 16. Commitments

	2019 (\$)	2018 (\$)
Operating leases		
The group leases various pieces of office equipment and offices under cancellable operating leases expiring within one year. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiable.		
Minimum lease payments		
Within one year	376,581	330,139
Later than one year but not later than five years	949,103	682,813
More than five years	130,432	290,806
Total operating leases	1,456,116	1,303,758
Capital commitments		
Intangibles assets		
Within 12 months		
Intangibles assets	317,493	1,144,315
Total intangibles assets	317,493	1,144,315

Note 17. Contingencies

The RACGP has given bank guarantees as at 30 June 2019 of \$389,700 (2018: \$357,200).

Note 18. Related party transactions

a) Equity interests in related parties

i. Equity interests in associates

Details of interest in associates are disclosed in Note 8 to the financial statements.

ii. Equity interests in subsidiaries

Details of interest in subsidiaries are disclosed in Note 22 to the financial statements.

b) Key management personnel compensation

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

c) Key management personnel loans

There are no loans to or from key management personnel.

d) Transactions with key management personnel

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

Note 19. Financial instruments

Liquidity risk

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

Financing arrangements

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

Variable rate	2019 (\$)	2018 (\$)
Facilities:		
Overdraft	1,000,000	2,000,000
Total undrawn facilities	1,000,000	2,000,000

Note 20. Events after the reporting period

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

Note 21. Parent entity information

	2019 (\$)	2018 (\$)
The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the group.		
Financial position		
Assets		
Current assets	68,023,258	50,214,430
Non-current assets	52,241,208	47,698,380
Total assets	120,264,466	97,912,810
Liabilities		
Current liabilities	73,971,993	63,457,083
Non-current liabilities	674,163	664,503
Total liabilities	74,646,156	64,121,586
Net assets	45,618,310	33,791,224
Equity		
Reserves	29,968,401	19,047,656
Accumulated surplus	15,649,909	14,743,568
Total equity	45,618,310	33,791,224
Financial performance		
Total surplus/(deficit)	7,406,341	353,102
Other comprehensive income for the year	4,420,745	5,850,000
Total comprehensive income for the year	11,827,086	6,203,102
Contingent liabilities of the parent entity		
The RACGP has given bank guarantees as at 30 June 2019 of \$389,700 (2018: \$357,200).		
Commitments for the acquisition of intangibles assets by the parent entity		
Intangibles assets		
Within 12 months		
Intangibles assets	317,493	1,144,315
Total intangibles assets	317,493	1,144,315

Note 22. Subsidiaries

The financial statements incorporate the assets, liabilities and results of RACGP Oxygen Pty Ltd in accordance with the accounting policy described in Note 1.1.

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2019	2018
RACGP Oxygen Pty Ltd	Australia	Ordinary	100%	100%





Staff

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