

Statutory report 2020–21

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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.



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RACGP

Statutory report

Directors' report

Your directors present this report to the members of the consolidated entity ('the group'), consisting of The Royal Australian College of General Practitioners Ltd ('the company' or 'RACGP') and its controlled entities at the end of, or during, the financial year ended 30 June 2021.

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-1) 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:

- (a) improve the health and wellbeing of individuals and communities by supporting the pursuit of clinical excellence and high-quality patient care, clinical practice, education and research for general practice
- (b) establish and maintain high standards of knowledge, learning, experience, competence, learning, skills and conduct in general practice
- (c) set the standards for, and provide training and continuing professional development programs in relation to, general practice and related areas to improve the knowledge and skill in those fields or to extend knowledge and raise standards of learning and patient care
- (d) set the standards for, and provide undergraduate and postgraduate educational programs in, general practice and related subjects at or in any general practice, community-based medical practice, medical college, university, medical school, hospital, laboratory or other educational institution
- (e) provide grants or in-kind support in scholarly subjects related to general practice
- (f) support and publish research by any persons (whether members of the RACGP or not) into general practice and related subjects
- (g) 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

- (h) encourage suitably trained persons to enter the speciality of general practice
- (i) promote social intercourse, good fellowship and peer support among members of the RACGP and people engaged in general practice, and promote good relations between such members and people and the community
- (j) advocate on any issue that affects the ability of RACGP members to meet their responsibility to patients and the community.

Performance measures

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

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

Results of operations

- For the 2020–21 financial year, the result from operating activities was \$5,901,482, with a total surplus after tax of \$6,982,262. The RACGP continued to navigate challenges presented from the COVID-19 pandemic. Major disruptions, including the Applied Knowledge Test (AKT) and Key Feature Problem (KFP) exam interruption in October 2020 and subsequent resit, fast transition to an online format for GP20 and office closures nationwide, were managed carefully through operational oversight and austerity approaches to discretionary spend.
- Net assets increased by 25% to \$61,455,477, compared with \$49,108,889 as at 30 June 2020.
- Current assets increased to \$102,488,017 from \$76,508,657 primarily due to income in advance from grant funding and strong cashflow management.
- An increase of \$5,364,326 in asset revaluation reserve as a result of strong demand for the East Melbourne location and bespoke commercial space.
- The RACGP secured an increased overdraft for a total of \$7,500,000 in the year as a precautionary measure to improve liquidity. Due to strong financial management, this has not been utilised in 2020–21.

Significant changes in the state of affairs

ACN 147560638 Pty Ltd, formerly known as RACGP Oxygen Pty Ltd (In Liquidation), is in the process of being liquidated.

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.

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 RACGP anticipates that it will maintain in 2021–22 its positive financial position by making investments into the transition to a COVID-19-compliant environment and improving operational efficiencies. We continue to strengthen the long-term sustainability of the RACGP by building reserves in line with the RACGP Reserve Fund Policy to manage risks to the organisation.

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.

COVID-19 pandemic, the RACGP's response and events subsequent to the end of the financial year

The RACGP's operations continued to be affected by the COVID-19 recovery, and we continued to manage these impacts through the following measures:

- transforming our offices to provide a COVID-safe workplace and continuing to allow staff to work under a flexible working policy
- transitioning clinical exam delivery to online and the AKT/KFP exams to a COVID-safe in-person model
- migrating major events to digital or hybrid format

- maintaining liquidity throughout the crisis to manage unforeseen events. In September 2020, the RACGP increased its overdraft facility with the Commonwealth Bank of Australia to \$7,500,000. This facility continues to be secured as part of the first registered mortgage, as detailed in Note 9.

The impact of the COVID-19 pandemic is ongoing, and while it has been financially positive up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, uptake in vaccination rates, quarantine, travel restrictions and any further economic stimulus that may be provided.

The Chief Executive Officer, Dr Matthew Miles, resigned from the RACGP, with effect on 2 August 2021. A search commenced immediately for a new Chief Executive Officer and is currently in progress. Ms Christine Nixon AO, Board Chair, has been appointed to the role of Executive Chair until a new Chief Executive Officer commences.

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

Directors

The names and details of the company's directors in office, during the period 1 July 2020 to the date of this report, are as follows:

Ms Christine Nixon

AO, APM

BA, MPA, Hon LLD, Hon LittD, DipLRelLaw, FIPAA, FANZSOG, FAIPM, FAIM

Chair RACGP Board; Executive Chair
(from 2 August 2021)
Appointed on 30 September 2016

Ms Christine Nixon is a prominent, experienced public speaker and advocate for women, disadvantaged youth, and multi-faith and multicultural communities. She was Deputy Chancellor and council member at Monash University from 2009 to 2020, Chair of Monash College from 2011 to 2020 and Chair of Good Shepherd Microfinance from 2011 to 2019.

As Victoria Police Chief Commissioner from 2001 to 2009, Ms Nixon was the first woman in such a role in any Australian 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, leadership development 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 Officer of the Order of Australia (AO) in 2021, Save the Children Foundation's White Flame Award in 2009 and the Australia Police Medal in 1997. She also has four honorary doctorates from multiple Australian universities and a Masters of Public Administration from Harvard University in the USA.

Dr Karen L Price

MBBS, FRACGP

RACGP President
Appointed on 30 November 2020

Dr Karen Price began her GP work in a large procedural practice, working weekends on call and supporting the local district police surgeon. She has also been a successful practice owner, growing a languishing practice into a thriving community practice in under a decade while raising three school-aged children (who are now fully grown). She is currently still seeing patients while working in a large, wonderfully collaborative, multidisciplinary practice in Melbourne.

Dr Price was awarded the 2016 RACGP Family Medical Care Education and Research (FMCER) grant to undertake her part-time PhD with the Monash Department of General Practice. She is exploring the construct of peer connection in general practice. Dr Price's research builds on her lifetime expertise as a GP.

She is the co-developer and facilitator of GPs Down Under, an 8000+ member community of Australian and New Zealand GPs. She has chaired committees and developed mentor programs for both the Australian Medical Association (AMA) and the RACGP.

Dr Price has presented plenary lectures and conducted workshops on women's medical leadership, both nationally and internationally. She is a published author on learning networks, as well as on women's medical leadership, and received a 2011 Monash University award for medical student teaching. She has a strong social media presence, with a focus on resilience and informal learning.

Dr Price continues to develop evidence-based medicine, leadership, advocacy and peer support, in both research and her ongoing clinical general practice.

Most recently, her advocacy, research and lifetime experience have coalesced into running for RACGP President after her service as Deputy Chair of RACGP Victoria and former Chair of the Women in General Practice committee of the RACGP. Dr Price was elected RACGP President in the 2020 RACGP national election.

Dr Price is committed to promoting the excellence of generalism and the absolute necessity of properly resourcing community care for a sustainable health system.

Dr Bruce Willett

MBBS, FRACGP

Vice President and Chair RACGP Queensland
Appointed on 27 October 2017

Dr Bruce Willett is a GP and practice owner in Victoria Point, Redland City, south of Brisbane. While being a good GP is at the forefront of what he does, innovation, improvement and education in general practice are also important to him. He has enjoyed working at his current practice, just a few kilometres from where he grew up, for the past 25 years.

Dr Willett has been on the Board of General Practice Supervisors Australia (GPSA) since 2010 and was Chair in 2015–16. He was also Chair of the GP Supervisor Liaison Officer Network in 2010–15. He has served on the boards of his local Division of General Practice and the Queensland Health Diabetes Network.

He is also the Supervisor Liaison Officer and Medical Educator for General Practice Training Queensland, and has been an RACGP examiner since 1994.

Dr Tess van Duuren

MBChB, BSc (Hons) (Sports Med), FRACGP

Censor-in-Chief and Chair, Education and Workforce Committee
Appointed 30 November 2020

Dr Tess van Duuren was appointed Censor-in-Chief in November 2020. No stranger to the demands of such a role, Dr van Duuren was RACGP NSW&ACT Censor immediately before her appointment.

Dr van Duuren has a special interest in medical education and assessment. Since her Fellowship, she has served the RACGP and Regional Training Organisations (RTOs) in a number of different roles, including Assessment Panel Chair, Censor, Senior Medical Educator Assessment Progression and Bi-College GP Reviewer for the RACGP, and Director of Training, and subsequently, Director of Supervisor Education in two different RTOs.

Working in a large group practice in regional New South Wales, Dr van Duuren is an experienced supervisor, providing teaching and training to general practice doctors and medical students. She has previously been a GP in South Africa and New Zealand, and navigated her way through the RACGP Fellowship examinations as an international medical graduate.

Dr Zakaria Baig

MBBS, FRACGP, FACRRM

Chair RACGP SA&NT
Appointed on 27 October 2017

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

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

Dr Baig is heavily involved in education for medical students and doctors in training, and 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 Sean Black-Tiong

MBBS, FRACGP, GAICD

Chair RACGP GPs in Training
Appointed on 30 November 2020

Dr Sean Black-Tiong is the Chair of RACGP GPs in Training, and was previously the inaugural Deputy Chair when the faculty was established.

Dr Black-Tiong was born and raised in South Australia, where he completed his medical degree and general practice training, and spent a year working in a rural country town. He obtained his RACGP Fellowship in 2020 and works as a GP in Adelaide. In addition to medical education input at the RACGP, he is actively engaged in medical student teaching at both the University of Adelaide and Flinders University.

Dr Michael Clements

BEcon (Hons), MBBS, DAvmed, MPH, MHM, FRACGP, FARGP, FRACMA, FACAsM, GAICD

Chair RACGP Rural
Appointed August 2020

Dr Michael Clements is a Townsville-based GP and practice owner with a background in health leadership and clinical and corporate governance.

Dr Clements accrued a wide variety of skills and special interests during his time with the Royal Australian Air Force, and then with Queensland Health as Director of Medical Services at Ingham Hospital, before opening his private practices in Townsville, while concurrently working for the QLD Rural Generalist Training Pathway as an advisor.

Having worked in rural, remote and overseas clinical environments during and after his Fellowship training, Dr Clements gets his 'rural fix' by flying himself and other clinicians to remote towns in the Gulf of Carpentaria delivering general practice clinics. His clinical interests include veterans' health, mental health, chronic disease and palliative care.

Associate Professor Charlotte Hespe

MBBS (Hons), FRACGP, DCH, GCUT, FAICD

Chair RACGP NSW&ACT
Appointed on 27 October 2017

Chair, People, Culture, Nominations and Remuneration Committee
Appointed on 25 October 2019

Associate Professor Charlotte Hespe is a GP and owner of an inner-city Sydney practice where she has worked for the past 21 years. She is a general practice supervisor, and her practice functions as a teaching practice for medical students and GPs in training. She also works as Associate Professor, Head of General Practice and General Practice Research for the University of Notre Dame Australia, School of Medicine, Sydney.

Associate Professor Hespe has been involved with the RACGP since her FRACGP, and has served as Examiner, Co-assessment Panel Chair, New South Wales, for four years; National Objective Structured Clinical Examination (OSCE) facilitator for two years; and was an RACGP Expert Committee – Quality Care member in 2016–17. She became Chair RACGP NSW&ACT on 27 October 2017 when she was appointed RACGP Vice President by the Board. From 12 October 2018 to 25 October 2019, she was Chair of the RACGP Board, and is currently Chair of the Nominations and Remuneration Committee, being appointed on 25 October 2019.

Associate Professor Hespe is a Fellow of the Australian Institute of Company Directors (FAICD) and has extensive board experience, with 20 years' prior experience as chair or director on several boards with a primary healthcare focus, including EIS Health Ltd (Central and Eastern Sydney Primary Health Network) and GP Synergy Limited.

Dr Tim Jackson

MBBS, BMedSci, DRACOG, ACCSCMS, GAICD

Chair RACGP Tasmania
Appointed on 13 January 2020

Dr Tim Jackson is a graduate of the University of Tasmania, with 30 years' experience as a GP, practice owner and supervisor. He is passionate about the sustainability of general practice, and was co-founder of three general practices and a skin cancer clinic on Hobart's Eastern Shore. He completed the RACGP Family Medicine Program in 1992 after placements in Launceston and Gosford, before returning to Hobart.

Dr Jackson was appointed to the Board of General Practice Training Tasmania (GPTT) from 2008 to 2015 and became Chair from 2010 to 2013. He was Registrar Liaison Officer for GPTT from 2015 to 2017. He continues to provide supervision for GPs in training, medical students and nursing students.

Dr Jackson is a graduate of the Australian Institute of Company Directors, and has a range of board experience, with current directorship on The Hutchins School Board in Hobart and the Skin Cancer Tasmania not-for-profit Board.

Dr Anita Muñoz

MBBS (Hons), FRACGP, Grad Cert Clin Teach, MPH, GAICD

Chair RACGP Victoria
Appointed on 30 November 2020

Dr Anita Muñoz is a GP in private practice in Melbourne's CBD, and has a dedication to evidence-based medicine, lifelong learning and promoting the role of general practice in the health of patients, communities and in public health.

Dr Muñoz worked as a clinical editor and clinical advisor for six years with North Western Melbourne Primary Health Network, where she developed a passion for health system improvement, innovation, sustainability and equity. She sees general practice as the key to a rational health system that produces better outcomes for patients and practitioners.

Dr Muñoz has held advisory positions with Better Care Victoria and Safer Care Victoria, and has been a medical educator for more than 10 years. She is particularly preoccupied with the wellbeing and experience of GPs in training, and in the development of a high-quality general practice workforce for the future.

Professor Peter O'Mara

FRACGP, FARGP, MBBS, GradDipRural

Chair RACGP Aboriginal and Torres Strait Islander Health
Appointed on 30 September 2016

Professor Peter O'Mara is a Wiradjuri man from New South Wales and has worked with the Tobwabba Aboriginal Medical Service since 2002. He 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.

Professor O'Mara began pursuing his other passion of supporting the development of doctors in 2008, when he took on the position of Associate Professor, Indigenous Medical Education and Head of Discipline, Indigenous Health, at the University of Newcastle. He is now a professor at the university and Director of the Thurru Indigenous Health Unit within the School of Medicine and Public Health, Faculty of Medicine and Public Health.

Professor O'Mara has served on many national and government committees. He was President of the Australian Indigenous Doctors Association from 2009 to 2012. He has received several awards, including the 2010 Deadly Award for Outstanding Achievement in Indigenous Health (individual) and the 2013 Leaders of Indigenous Medical Education (LIME) Award for Outstanding Leadership in Indigenous Health. He was inducted into the WACE International Hall of Fame in 2012.

Dr Lara Roeske

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

Chair RACGP Specific Interests
Appointed on 14 November 2018

Dr Lara Roeske is a GP and practice owner, and has held many senior positions at the RACGP, including Co-Deputy Chair of RACGP Specific Interests, RACGP Victoria Council member, inaugural Chair of the RACGP Specific Interests – Sexual Health Medicine Network, and former 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 and guideline working parties, and has represented 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 on 11 October 2018

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

Dr Stevens is a second-generation GP, growing up in the town of 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 country Western Australia. During his training, he served as the National Registrars Association (now General Practice Registrars Australia) representative for Western Australia and was involved in negotiating the first national terms and conditions document.

In addition to being a practice owner for 18 years, Dr Stevens has supervised 33 general practice doctors 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 10 years, four of those as Deputy Chair.

Mr Martin Walsh

FCA, GAICD

Chair of Finance, Audit and Risk Management Committee; Chair, ACN 147560638 Pty Ltd (formerly known as RACGP Oxygen Pty Ltd) (In Liquidation)
Appointed on 21 September 2015

Mr Martin Walsh was an international partner and advisor in assurance and advisory services at EY and Deloitte from 1989 to 2014. He is currently Chair of the Trustee Board for the IOOF Group APRA Regulated Entities. He has been a Director of Hastings Funds Management Ltd, StatePlus Ltd and Surf Life Saving Australia Ltd, and was Chair of the Surf Life Saving Australia National Foundation. He has also participated in senior executive development courses at Mt Eliza Business School, Kellogg Business School and Harvard University.

Mr Walsh has experience in strategy, finance, investments, risk, compliance and governance. He is a Fellow of the Institute of Chartered Accountants and a graduate member of the Australian Institute of Company Directors.

He has overseen the orderly wind-down of RACGP Oxygen Pty Ltd as part of RACGP's strategic decision to exist this business.

Dr Harry Nespolon

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

RACGP President

Appointed on 11 October 2018, died on 26 July 2020

With more than 30 years' experience in general medical practice, Dr Harry Nespolon was the principal of three general practices in Sydney.

Dr Nespolon was an experienced Chair and company director, and was President of the RACGP until his death. He was a director of the Northern Sydney Local Health District and a Fellow of the Australian Institute of Company Directors.

As Chair of GP Synergy Limited, Dr Nespolon successfully led the company to become the largest general practice training provider in Australia. He was the Chair of Sydney North Health Network (a Primary Health Network) and of a Division of General Practice and Medicare Local, and was Director of Therapeutic Guidelines Limited.

Dr Nespolon was a long-serving member of several disciplinary committees, including Medicine Australia's Code of Conduct committee. He had 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 (AMA).

Dr Nespolon died on 26 July 2020. The college mourned his passing and acknowledged his enormous contribution to the college and to medicine.

Dr Krystyna de Lange

BPharm, MBBS, DRANZCOG, DCH, FRACGP, GAICD

Chair RACGP GPs in Training

Appointed on 11 October 2018 (until 30 November 2020)

Dr Krystyna de Lange works at an Aboriginal Medical Service in Brisbane and holds a GP with Special Interest position at a tertiary Brisbane hospital. She is the inaugural Chair of RACGP GPs in Training.

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

Appointed on 30 September 2016 (until 30 November 2020)

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 Chair of RACGP Victoria in 2016–20. Dr Loy is an RACGP examiner and quality assurance examiner. He 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, which provides grants for research into prevention and occupational health.

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

Associate Professor Ayman Shenouda

MBBCH, FRACGP, FARGP, DipDerm, GAICD

Vice President and Chair RACGP Rural

Appointed on 10 October 2014 (until 30 November 2020)

Associate Professor Ayman Shenouda became Acting President on 27 July 2020 following the death of Dr Harry Nespolon. He acted in this role until 30 November 2020.

Associate Professor 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. His 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.

After migrating from Egypt more than 28 years ago, Associate Professor Shenouda commenced his medical career in Australia as a surgical registrar in Tasmania in 1995, and has worked as 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 improving patient access and delivering equitable, high-quality patient care in rural and remote Australia.

Associate Professor Shenouda was named the 2009 RACGP General Practitioner of the Year. 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.

Company Secretary

Mr David Goldberg (current)

LLB (Hons), BA, GAICD

Company Secretary
Appointed on 29 September 2020

Mr David Goldberg was appointed as RACGP's Company Secretary on 29 September 2020. He leads the RACGP's secretariat function and is responsible for delivering an integrated and consistent approach to corporate governance.

Mr Goldberg holds a Bachelor of Laws (Hons) and Bachelor of Arts, and is a graduate of the Australian Institute of Company Directors.

Mr Goldberg has worked extensively as a general counsel, company secretary and senior executive in the public sector, not-for-profit sector and health sector. He is a current Board member of Palliative Care South East Ltd and a number of health start-ups, and was a former Board member of a Victorian public hospital.

Ms Ruth Feltoe (former)

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

Company Secretary
Appointed on 27 February 2019 (until 29 September 2020)

Ms Ruth Feltoe was appointed as the RACGP's General Counsel on 18 October 2018 and Company Secretary on 27 February 2019. She led the RACGP's legal, secretariat and governance functions.

Ms Feltoe holds a Master of Laws, Bachelor of Laws and Bachelor of Arts (Hons) 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.

Ms Feltoe ceased acting in the Company Secretary role on 29 September 2020.

RACGP member payments and remuneration

The Nomination and Remuneration Committee was formed in August 2018. Its terms of reference have been expanded to include fundamental areas of People and Culture, and the Committee name is now the People, Culture, Nominations and Remuneration Committee. Chaired by Associate Professor Charlotte Hespe, and including Ms Christine Nixon, Dr Tess van Duuren, Dr Sean Stevens and Dr Sean Black-Tiong, the committee has met four times in 2020–21.

The committee has overseen the preparation of this remuneration report to be approved by the Board. 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).

Directors' fees are determined in accordance with the RACGP Constitution and by member resolution. Directors' fees were within the maximum aggregate cap of \$950,000, approved by the members at the RACGP's 2019 Annual General Meeting. 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. Board remuneration

Remuneration by director	Total remuneration paid and payable for financial year 2020–21 (\$)*	Total remuneration paid and payable for financial year 2019–20 (\$)*
RACGP President**	133,277	132,081
Board	812,970	770,250
Total	946,247	902,331

*Total remuneration for Board includes salary and superannuation.
**RACGP President remuneration includes President Elect.

Table 2. Other payments to directors

Remuneration by director	Total remuneration for financial year 2020–21 (\$)*	Total remuneration for financial year 2019–20 (\$)*
Dr Harry Nespolon	–	1,747
Dr Anita Muñoz	482	–
Dr Cameron Loy	–	690
Dr Zakaria Baig	–	1,035
Dr Krystyna de Lange	–	1,489
Total	482	4,961

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

Table 3. Key management personnel remuneration (excluding directors)

Remuneration by role	Total remuneration paid and payable for financial year 2020–21 (\$)*	Total remuneration paid and payable for financial year 2019–20 (\$)*
Chief Executive Officer (2021: n = 2, 2020: n = 2)	404,955	1,383,578
Other key management personnel (2021: n = 14, 2020: n = 13)	2,511,316	2,468,612
Total	2,916,272	3,852,190

*Total remuneration for Chief Executive Officer and general managers includes salary, termination and superannuation payments.

Table 4. RACGP member remuneration

Category of member remuneration	Total remuneration paid for financial year 2020–21 (\$)*	Total remuneration paid for financial year 2019–20 (\$)*
Member professional services payments (2021: n = 980, 2020: n = 1,705) Note 1	4,712,760	2,917,569
Members employed as staff (2021: n = 108, 2020: n = 71) Note 2	3,586,012	2,421,289
RACGP Expert Committee Chair and member payments (2021: n = 71, 2020: n = 90)	146,995	345,782
Total	8,445,767	5,684,640

*Total remuneration includes salary and superannuation.

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 meetings attended by each director in 2020–21 were as follows:

	Board		Finance, Audit and Risk Management		People, Culture, Nomination and Remuneration	
	Number attended	Number held	Number attended	Number held	Number attended	Number held
Dr Karen Price	15	15	3	3	3	3
Dr Zakaria Baig	18	19	5	7	–	–
Dr Tess van Duuren	19	19	–	–	6	6
Dr Krystyna de Lange	9	10	4	4	–	–
Associate Professor Charlotte Hespe	19	19	–	–	6	6
Dr Tim Jackson	19	19	2	3	–	–
Dr Cameron Loy	10	10	–	–	–	–
Dr Harry Nespolon	1	1	–	–	–	–
Ms Christine Nixon	19	19	–	–	6	6
Professor Peter O'Mara	17	19	–	–	1	3
Dr Lara Roeske	19	19	–	–	–	–
Associate Professor Ayman Shenouda	10	10	–	–	1	3
Dr Sean Stevens	19	19	4	4	3	3
Mr Martin Walsh	19	19	7	7	–	–
Dr Bruce Willett	19	19	–	–	–	–
Dr Michael Clements	16	17	–	–	–	–
Dr Anita Muñoz	9	9	3	3	–	–
Dr Sean Black-Tiong	9	9	–	–	3	3

	Awards		COVID-19 Advisory		Education & Workforce	
	Number attended	Number held	Number attended	Number held	Number attended	Number held
Dr Tess van Duuren	2	2	–	–	1	1
Associate Professor Charlotte Hespe	–	–	36	39	–	–
Dr Cameron Loy	–	–	16	16	–	–
Dr Harry Nespolon	–	1	–	–	–	–
Ms Christine Nixon	2	2	–	–	–	–
Professor Peter O'Mara	–	–	–	–	1	1
Dr Lara Roeske	–	–	34	39	1	1
Associate Professor Ayman Shenouda	1	1	–	–	–	–
Dr Sean Stevens	–	–	34	39	–	–
Dr Sean Black-Tiong	1	1	–	–	–	–
Dr Anita Muñoz	–	–	18	19	–	–

Federal Election*

	Number attended	Number held
Dr Karen Price	3	5
Associate Professor Ayman Shenouda	2	3
Associate Professor Charlotte Hespe	2	3
Dr Bruce Willett	4	4

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

*The Federal Election Committee was convened to assist the Board in providing oversight of the RACGP's engagement in policy and advocacy work toward the next federal election. The work of this committee has continued past 30 June 2021.

Auditor independence

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

Corporate information

The RACGP registered office and principal place of business is:

100 Wellington Parade
East Melbourne, Victoria 3002

Corporate structure

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

Signed in accordance with a resolution of the directors.



Christine Nixon, Chair of Board

16 September 2021
Melbourne

Declaration of auditor independence



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of the Royal Australian College of General Practitioners Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Rsm

RSM AUSTRALIA PARTNERS

K J Dundon

K J DUNDON
Partner

Dated: 16 September 2021
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 2021, 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 Group 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 Group's financial position as at 30 June 2021 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.

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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 2021 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

Independent auditor's report (continued)



RACGP Member 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 2021.

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 2021 give a true and fair view of the RACGP payments and remuneration which are disclosed.

Rsm

RSM AUSTRALIA PARTNERS

K J Dundon

K J DUNDON
Partner

Dated: 16 September 2021
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

A handwritten signature in black ink, appearing to be 'Christine Nixon', written in a cursive style.

Christine Nixon, Chair of Board
16 September 2021
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 2021	Notes	2021 (\$)	2020 (\$)
Revenue	2	81,990,886	78,922,767
Other income	2	8,228,150	3,718,500
Total revenue and income		90,219,036	82,641,267
Expenses			
Employee benefits and on-costs		48,824,240	43,901,541
GP sessional and sitting payments		4,868,200	3,495,219
Consultancy and professional services		5,427,872	6,076,268
Conferences, meetings, travel and accommodation		2,000,089	6,584,237
Telecommunications and office expenses		1,849,400	2,088,327
Postage and freight		623,619	624,246
Publications, advertising and media		1,978,584	3,028,915
Printing and stationary		558,197	242,139
Subscriptions and periodicals		882,991	538,892
IT-related costs		2,815,317	3,098,040
Grants and donations		303,523	422,360
External grant project administration		9,964,133	7,152,877
Finance costs		654,653	585,112
Depreciation and amortisation	3	3,081,981	2,565,980
Other expenses		484,755	298,357
Total expenses		84,317,554	80,702,510
Surplus from operating activities		5,901,482	1,938,757
Net investment income/(expenses)	7	857,918	(219,291)
Share of net surplus of associates accounted for using the equity method	8	222,862	159,677
Total surplus after tax		6,982,262	1,879,143
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation increment to land and buildings	14	5,364,326	996,072
Other comprehensive income for the year, net of tax		12,346,588	2,875,215
Total comprehensive income for the year		12,346,588	2,875,215

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 2021	Notes	2021 (\$)	2020 (\$)
Current assets			
Cash and cash equivalents	4	93,020,432	66,919,162
Trade and other receivables	5	2,787,196	3,770,621
Financial assets	6	6,650	–
Other financial assets	7	6,673,739	5,818,874
Total current assets		102,488,017	76,508,657
Non-current assets			
Investments	8	831,861	708,999
Property, plant and equipment	9	53,355,382	48,863,462
Intangible assets	10	1,043,612	2,739,609
Financial assets	6	700,000	700,000
Trade and other receivables	5	–	21,493
Right of use asset	16	1,320,219	1,641,902
Total non-current assets		57,251,074	54,675,465
Total assets		159,739,091	131,184,122
Current liabilities			
Trade and other payables	11	12,685,659	5,827,629
Contract liabilities	12	77,213,004	68,733,920
Provisions	13	5,885,141	4,856,778
Lease liability	16	465,237	438,149
Total current liabilities		96,249,041	79,856,476
Non-current liabilities			
Provisions	13	996,040	849,551
Lease liability	16	1,038,533	1,369,206
Total non-current liabilities		2,034,573	2,218,757
Total liabilities		98,283,614	82,075,233
Net assets		61,455,477	49,108,889
Equity			
Reserves	14	41,207,944	32,843,618
Accumulated surplus	14	20,247,533	16,265,271
Total equity		61,455,477	49,108,889

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 2021	Notes	Accumulated surplus (\$)	Asset revaluation reserve (\$)	Reserve fund (\$)	Total (\$)
Balance at 1 July 2019		15,838,318	23,468,403	6,500,000	45,806,721
Adjustment for change in accounting policy	14	426,953	–	–	426,953
Total surplus for the year		1,879,143	–	–	1,879,143
Transfer		(1,879,143)	–	1,879,143	–
Total other comprehensive income for the year – Revaluation increment to land and buildings		–	996,072	–	996,072
Balance at 30 June 2020	14	16,265,271	24,464,475	8,379,143	49,108,889
Total surplus for the year		6,982,262	–	–	6,982,262
Transfer		(3,000,000)	–	3,000,000	–
Total other comprehensive income for the year – Revaluation increment to land and buildings		–	5,364,326	–	5,364,326
Balance at 30 June 2021	14	20,247,533	29,828,801	11,379,143	61,455,477

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 2021	Notes	2021 (\$)	2020 (\$)
Cash flows from operating activities			
Receipts from membership activities, publications, government and other grants and JobKeeper (inclusive of GST)		117,031,237	93,114,564
Payments to suppliers and employees (inclusive of GST)		(89,971,114)	(82,108,763)
Income tax received		–	20,553
Net cash inflow from operating activities		27,060,123	11,026,353
Cash flows from investing activities			
Purchase of property and office equipment		(266,371)	(313,114)
Purchase of intangibles assets		–	(1,631,993)
Interest received		17,316	322,603
Dividends received		100,000	100,000
(Purchase)/sale of financial assets		(6,650)	623,252
Net cash outflow from investing activities		(155,705)	(899,251)
Cash flows from financing activities			
Repayment of lease liabilities including interest		(803,148)	(796,072)
Net cash outflow from financing activities		(803,148)	(796,072)
Net increase in cash held		26,101,270	9,331,030
Cash at beginning of financial year		66,919,162	57,588,132
Cash and cash equivalents at end of financial year	4	93,020,432	66,919,162
<i>The accompanying notes form part of these financial statements.</i>			

Notes to the financial statements

The Royal Australian College of General Practitioners Ltd
For the year ended 30 June 2021

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 financial statements were authorised for issue by the directors on 16 September 2021. 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.

New or amended standards adopted by the group

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

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

Conceptual Framework for Financial Reporting
(*Conceptual Framework*)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework

contains new definition and recognition criteria, as well as new guidance on measurement that affects several accounting standards, but it has not had a material impact on the consolidated entity's financial statements.

Basis of preparation

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

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

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

1.1 Basis of consolidation

The financial statements incorporate the assets and liabilities and results of The Royal Australian College of General Practitioners Ltd as at 30 June 2021 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. 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 this case, the increase is credited to the 'Consolidated statement of profit or loss and other comprehensive income' to the extent of the decrease previously charged. A decrease in the carrying amount arising on revaluation of land and buildings is charged as an expense in the 'Consolidated statement of profit or loss and other comprehensive income' to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of land and buildings.

1.4 Intangible assets

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

1.5 Impairment of assets

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

1.6 Depreciation and amortisation

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

Buildings	2.5%
Office equipment and training equipment	15%
Office furniture	7.5%
Computer equipment	33.3%
Computer software	33.3%
Right of use assets	50% to 12.5%

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

in the 'Consolidated statement of profit or loss and other comprehensive income'. The right-of-use assets' useful lives are reviewed and assessed based on the current rental contracts in place, which currently range from two to eight years (Note 1.8).

1.7 Lease liabilities

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

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

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

1.8 Right-of-use assets

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

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

1.9 Trade receivables

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

1.10 Trade payables

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

1.11 Contract liabilities

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

Development (CPD) Program fees, grants, examinations and other revenue items.

1.12 Employee benefits

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

a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date, are recognised in trade and other payables in respect of employees' services up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities for annual leave and other short-term employee obligations are recognised in 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. The provision amount is measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

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

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

1.13 Cash and cash equivalents

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

1.14 Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price, which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. Revenue is recognised on the following bases:

a) Membership subscriptions

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

b) CPD Program and other fees

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

c) Revenue from courses and examinations

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

d) Specific-purpose grants

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

e) Interest income

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

f) Dividends

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

1.15 Income tax

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

The subsidiary of The Royal Australian College of General Practitioners Ltd, ACN 147560638 Pty Ltd (formerly known as RACGP Oxygen Pty Ltd), is not income tax exempt. Therefore, income tax for the period is the tax payable on the current period's taxable income based upon the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

1.16 Goods and services tax

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

1.17 Critical accounting estimates and judgements

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

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

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the company on known information. This consideration extends to land and buildings measured at fair value. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions that may affect the company unfavourably as at the reporting date or subsequently as a result of the pandemic.

b) **Provision for employee benefits**

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

c) **Incremental borrowing rate**

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

d) **Lease term**

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

1.18 Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources.

1.19 Early adoption of standards

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2020.

1.20 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 and associates**

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

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*.

1.21 Capital management

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

1.22 Fair value measurement

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

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

1.23 Investments and other financial assets

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

a) Financial assets at fair value through profit or loss

Other financial assets are designated fair value through profit or loss on initial recognition, where they are managed on a fair value basis or to

eliminate or significantly reduce an accounting mismatch. Fair value movements are recognised in profit or loss for the financial year.

b) Impairment of financial assets

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

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

1.24 Comparatives

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

Note 2. Revenue from ordinary activities

	2021 (\$)	2020 (\$)
Revenue from operating activities		
Membership subscriptions and CPD Program fees	35,445,957	35,510,527
Education, course registration and other fees	22,250,508	23,509,808
Research and other grants and donations	19,356,478	14,677,770
Publications and subscriptions	80,850	112,166
Sponsorship, advertising and conference income	3,584,040	3,565,224
Other operating income	417,513	190,692
Other revenue from ordinary activities		
Interest	17,316	322,603
Rent	838,224	1,033,977
Total revenue	81,990,886	78,922,767
Other income – JobKeeper wage subsidy	8,228,150	3,718,500
Revenue from contracts with customers by timing of revenue recognition under AASB 15		
Revenue recognised over time	58,276,730	52,384,614
Revenue recognised at a point in time	22,858,616	25,181,573
Total revenue from operating activities	81,135,346	77,566,187

Note 3. Expenses

	2021 (\$)	2020 (\$)
Surplus from operating activities includes the following specific expenses		
Depreciation and amortisation		
Buildings and building improvements	729,078	697,500
Computer equipment	191,382	291,221
Intangibles assets	1,695,997	1,121,729
Other plant and equipment	9276	10,558
Right-of-use assets	456,248	444,971
	3,081,981	2,565,980
Rental expense relating to operating leases*	63,303	67,532
Finance costs – interest on lease liabilities	56,683	69,245
*As a result of AASB 16 leases; relates to low-value leases only.		

Note 4. Cash and cash equivalents

	2021 (\$)	2020 (\$)
Cash at bank and on hand	4,203,090	14,055,426
	4,203,090	14,055,426
Deposits on call and term deposits	88,817,342	52,863,736
	93,020,432	66,919,162

Grant funds held for disbursement: \$39,684,201 (2020: \$26,575,173).

Reserve funds held: \$11,379,143 (2020: \$8,379,143). Refer to Note 14 regarding the requirements to use these funds.

Special purpose funds held for disbursement: \$2,105,300 (2020: \$1,651,666).

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

Note 5. Trade and other receivables

	2021 (\$)	2020 (\$)
Current assets		
Trade receivables*	1,223,016	1,077,669
Prepayments	1,385,168	1,014,971
Other receivables	179,012	1,664,055
Income tax receivable	–	13,926
	2,787,196	3,770,621
Non-current assets		
Other receivables – lease incentives	–	21,493

*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

	2021 (\$)	2020 (\$)
Current assets		
Term deposits	6,650	–
Non-current assets		
Term deposits*	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 for defined purposes. Upon expiry of 50 years, the funds will become available to be applied as the RACGP determines appropriate.

Note 7. Other financial assets

	2021 (\$)	2020 (\$)
Cash and cash management accounts	1,124,300	1,056,167
Fixed-interest securities	1,688,377	1,639,103
Equity investments	3,861,062	3,123,604
	6,673,739	5,818,874

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	–	4,972
Trust distributions	83,632	53,840
Dividend income	33,734	83,921
Investment management fees	(30,524)	(35,353)
Foreign tax expense	(705)	(2,779)
Net realised gain/(loss) on investment	76,606	(67,687)
Net unrealised gain/(loss) on investment	695,175	(256,205)
	857,918	(219,291)

Note 8. Investments accounted for using the equity method

	2021 (\$)	2020 (\$)
Share in associates	831,861	708,999
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	1,465,864	1,411,514
Liabilities	634,004	702,515
Revenue	1,827,138	1,764,292
Profit after tax	222,862	159,677
ii. The movement in equity-accounted associates investments is as follows:		
Balance at the beginning of the financial year	708,999	649,322
Share of associate's surplus from ordinary activities after income tax	222,862	159,677
Less dividends received	(100,000)	(100,000)
Balance at the end of the financial year	831,861	708,999
iii. There are no contingent liabilities/assets of the associate		

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

	2021 (\$)	2020 (\$)
Freehold land and buildings		
Land and building – valuation	53,100,000	48,425,000
Less accumulated depreciation	–	–
	53,100,000	48,425,000
Assets under construction at cost	127,663	126,528
	127,663	126,528
Computer equipment at cost	4,131,128	4,114,685
Less accumulated depreciation	(4,030,834)	(3,839,452)
	100,294	275,233
Other plant and equipment at cost	121,986	121,986
Less accumulated depreciation	(94,561)	(85,285)
	27,425	36,701
Total written-down value	53,355,382	48,863,462
Reconciliations		
Freehold land and buildings		
Opening balance	48,425,000	48,050,000
Additions	39,752	76,428
Revaluation increment*	5,364,326	996,072
Depreciation expense	(729,078)	(697,500)
Closing balance	53,100,000	48,425,000
Assets under construction		
Opening balances	126,528	–
Additions	210,176	126,528
Written-off	(209,041)	–
Closing balance	127,663	126,528
Computer equipment		
Opening balance	275,233	501,548
Additions	16,443	109,890
Disposals	–	(44,984)
Depreciation expense	(191,382)	(291,221)
Closing balance	100,294	275,233
Other plant and equipment		
Opening balance	36,701	47,259
Depreciation expense	(9,276)	(10,558)
Closing balance	27,425	36,701
Total closing balances	53,355,382	48,863,462

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 2021. The valuations recorded a net increase of \$5,364,326 through the asset revaluation reserve in relation to the increase in property values as at 30 June 2021.

Independent valuations of the group's land and buildings were performed by the independent valuers Savills Pty Ltd (valuer) in their respective states to determine the market value of the properties for 30 June 2021. As at the date of valuation, we consider that there is a significant market uncertainty. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the valuer could not reasonably have been aware of as at the date of valuation).

The Commonwealth Bank of Australia holds a first registered mortgage over the land and buildings at 100 Wellington Parade, East Melbourne. This mortgage secures a total credit facility of \$8,138,176 (2020: \$2,549,700) as at 30 June 2021. This is made up of an overdraft of \$7,500,000 (2020: \$2,000,000), which is undrawn throughout the year, and other credit limits in relation to the RACGP's merchant facilities and corporate cards of \$638,176 (2020: \$549,700).

Note 10. Intangible assets

	2021 (\$)	2020 (\$)
Opening balance	2,739,609	2,229,346
Additions	–	1,631,992
Amortisation expense	(1,695,997)	(1,121,729)
Closing balance	1,043,612	2,739,609

Note 11. Trade and other payables

	2021 (\$)	2020 (\$)
Trade creditors	2,485,366	912,236
Other creditors and accruals*	10,200,293	4,915,393
Total	12,685,659	5,827,629

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

*Other creditors and accruals have increased significantly during the year as a result of grant pass through funding receipts exceeding payments, which the college is acting as an agent in accordance with AASB 15 Revenue from Contracts with Customers.

Note 12. Contract liabilities

	2021 (\$)	2020 (\$)
Income in advance		
Membership subscriptions and CPD Program fees	29,424,964	28,747,593
Grants	36,675,864	28,886,979
Examinations	8,430,309	9,157,779
Other	2,681,867	1,941,569
Total	77,213,004	68,733,920

Note 13. Provisions

	2021 (\$)	2020 (\$)
Employee benefits – annual leave (current)	3,949,890	3,177,045
Employee benefits – long service leave (current)	1,710,251	1,454,733
Employee benefits – long service leave (non-current)	996,040	849,551
Other provisions (current)	225,000	225,000
Total	6,881,181	5,706,329

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

Note 14. Reserves and accumulated surplus

	2021 (\$)	2020 (\$)
Asset revaluation reserve*		
Balance at beginning of year	24,464,475	23,468,403
Revaluation of land and buildings	5,364,326	996,072
Balance at end of year	29,828,801	24,464,475
Accumulated surplus		
Movements in accumulated surplus		
Balance at beginning of year	16,265,271	15,838,318
Changes in accounting policy**	–	426,953
Current year surplus	6,982,262	1,879,143
Transfer to reserve fund	(3,000,000)	(1,879,143)
Balance at end of year	20,247,533	16,265,271
Reserve fund		
Movements in reserve fund***		
Balance at beginning of year	8,379,143	6,500,000
Transfer from accumulated surplus	3,000,000	1,879,143
Balance at end of year	11,379,143	8,379,143

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

**Relates to AASB 15 transition adjustments for an increase to accumulated surplus of \$547,204 at 1 July 2019; for AASB 16, a decrease to the accumulated surplus of \$120,251 at the same date.

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

Note 15. Key management personnel compensation

	2021 (\$)	2020 (\$)
Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise).		
Key management personnel	3,862,744	4,393,242

The above compensation includes salary, termination and superannuation payments, plus other benefits, gifts and long service leave entitlements during the year.

Note 16. Leases

	2021 (\$)	2020 (\$)
Right-of-use assets		
Buildings as at 1 July 2019	2,723,404	2,274,006
Additions	–	314,833
Less accumulated depreciation	(1,403,185)	(946,937)
Total	1,320,219	1,641,902
Lease liabilities		
Current	465,237	438,149
Non-current	1,038,533	1,369,206
Total	1,503,770	1,807,355

The total cash outflow for leases in 2021 was \$494,832. Depreciation of \$456,248 was recognised in 2020–21.

Note 17. Commitments and contingencies

The RACGP has given bank guarantees of \$84,513 as at 30 June 2021 (2020: \$114,513).

No capital commitments as at 30 June 2021.

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

Note 19. Financial instruments

a) Liquidity risk

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

b) Financing arrangements

The Commonwealth Bank of Australia holds a first registered mortgage over the land and buildings at 100 Wellington Parade, East Melbourne. This mortgage secures a total credit facility of \$8,138,176 (2020: \$2,549,700) as at 30 June 2021. This is made up of an overdraft of \$7,500,000 (2020: \$2,000,000), which is undrawn throughout the year, and other credit limits in relation to the RACGP’s merchant facilities and corporate cards of \$638,176 (2020: \$549,700).

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

Facilities:	2021 (\$)	2020 (\$)
Overdraft	7,500,000	2,000,000
Total undrawn facilities	7,500,000	2,000,000

Note 20. Events after the reporting period

The impact of the COVID-19 pandemic is ongoing, and while it has been financially positive for the group up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Chief Executive Officer, Dr Matthew Miles, resigned from the RACGP with effect on 2 August 2021. A search commenced immediately for a new Chief Executive Officer and is currently in progress. Ms Christine Nixon AO, Board Chair, has been appointed to the role of Executive Chair until a new Chief Executive Officer commences.

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

Note 21. 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.

	2021 (\$)	2020 (\$)
Financial position		
Assets		
Current assets	102,488,017	76,467,323
Non-current assets	57,261,074	54,685,465
Total assets	159,749,091	131,152,788
Liabilities		
Current liabilities	96,259,074	79,983,995
Non-current liabilities	2,034,574	2,218,757
Total liabilities	98,293,648	82,202,752
Net assets	61,455,443	48,950,036
Equity		
Reserves	41,207,944	32,843,618
Accumulated surplus	20,247,499	16,106,418
Total equity	61,455,443	48,950,036
Financial performance		
Total surplus	7,141,079	1,908,702
Other comprehensive income for the year	5,364,326	996,072
Total comprehensive income for the year	12,505,405	2,904,774

Note 22. Subsidiaries

The financial statements incorporate the assets, liabilities and results of ACN 147560638 Pty Ltd, formerly known as RACGP Oxygen Pty Ltd (In Liquidation), in accordance with the accounting policy described in Note 1.1. Note that ACN 147560638 Pty Ltd, formerly known as RACGP Oxygen Pty Ltd (In Liquidation), is in the process of being liquidated.

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2021	2020
ACN 147560638 (formerly known as RACGP Oxygen Pty Ltd)	Australia	Ordinary	100%	100%

