

Statutory reports



RACGP

Healthy Profession.
Healthy Australia.

Annual report 2011–12

Directors' report

The Board of Directors submit herewith the annual financial report on the consolidated entity ("the Group") consisting of The Royal Australian College of General Practitioners ("the Company") and its controlled entities at the end of, or during, the financial year ended 30 June 2012.

Principal activities, objectives and measures of performance

The RACGP is Australia's largest professional general practice organisation and represents urban and rural general practitioners.

The RACGP's short term objectives are to support general practitioners, registrars and medical students through its principal activities of education, training and research and by assessing doctors' skills and knowledge, supplying ongoing professional development activities, developing resources and guidelines, helping general practitioners with issues that affect their practices and developing standards that general practices use as part of the accreditation processes.

The RACGP's long term objective is to improve the health of all people in Australia, through promoting:

- quality general practice – appropriately resourced, sustainable and vibrant, at the heart of an effective and efficient Australian healthcare system
- equitable access throughout Australia to quality general practice
- a forward thinking College, leading and advocating continuous improvement through clinical, education and e-health advances
- a welcoming, collegiate environment delivering exceptional value to all members.

To achieve these objectives, the RACGP has adopted the following strategies:

- RACGP members and staff work in partnership with each other and with a range of sector stakeholders, and this is evidenced by the ongoing support for the RACGP's programs and initiatives. The RACGP ensures that its members, staff and sector stakeholders understand and participate in its programs and initiatives through ongoing consultation to ensure the success of its projects
- RACGP members and staff are committed to providing the best possible health outcomes for all people in Australia. This is evidenced by the success of new and existing programs in support of the RACGP's objectives. Committed members and staff promote a culture of continuous improvement within the College
- RACGP members and staff strive to meet consistent standards of best practice and provide clear expectations of professional accountabilities and responsibilities to all stakeholders. This is evidenced by the performance of members and staff being assessed, based on these accountabilities.

Results of operations

During the financial year ended 30 June 2012, the Group recorded a total surplus after tax of \$77,473, compared to a surplus of \$50,957 in 2011. Over the year, the net assets of the Group decreased from \$17,060,579 to \$16,942,082.

As a result of asset revaluation during the year, a decrement of \$195,970 was taken to the asset revaluation reserve and an increment of \$87,016 was taken to the Consolidated Statement of Comprehensive Income.

Review of operations

The major focus of the Company's operation in 2011–12 continued to be the organisation and support of general practice research, provision of assessment by examination and awarding of the Fellowship of The Royal Australian College of General Practitioners, advocacy on behalf of general practitioners, development of general practice standards, provision of QI&CPD services and the production of quality publications relating to general practice.

Significant changes in state of affairs

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

Performance in relation to environmental regulation

There was no environmental legislation applicable to the operations of the Group, which has not been complied with.

Likely developments and future results

The Group anticipates that it will maintain in 2012–13 its positive financial position. The Group is continually updating, reviewing and improving its management and governance practices to ensure that the objectives of the Group and its Directors are met.

Dividends

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

Events subsequent to balance date

The Group acquired 98–108 Wellington Parade, East Melbourne on 2 July 2012. Settlement of this acquisition was

completed on 6 July 2012 at which time the bank facilities which were put in place prior to 30 June 2012 were drawn down for the balance of funds owing. With the exception of this matter, no other circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the Group in future financial years.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated. The Company's Board of Directors is also known as its Council.

Professor Nigel Stocks
BSc, MBBS, DipPH, MD, FRACGP, FAFPHM, GAICD

Chair of Council
Chair, South Australia and Northern Territory Faculty

Nigel is a GP in Aldgate in the Adelaide Hills. He is the Chair of RACGP Council and Chair of the South Australia and Northern Territory Faculty. Nigel is Professor and Head of the Discipline of General Practice at the University of Adelaide and Director of the Australian Sentinel Practices Research Network (ASPREN). He served on the RACGP National Standing Committee – Research until 2008 and his research interests include cardiovascular, respiratory and mental health. Nigel was trained in Adelaide, but worked for several years as a GP in the United Kingdom. He is a member of the RACGP Finance, Audit and Risk Management (FARM) Committee.

Professor Claire Jackson
MD, MPH, CertHEcon, GradCertMgt, FRACGP, FAICD

President

Claire is a GP and GP supervisor at Inala Primary Care, Brisbane and is President of the RACGP. Claire is a member of the RACGP FARM Committee. She is a Professor of General Practice and Primary Health Care and past Head of Discipline at the University of Queensland. She is an active clinician and has been a member of state and national education, research and strategic planning committees since 1986, providing a significant and positive involvement in health reform in many areas. Claire served as Chair of College Council from 2003–04 and is a past Chair of the RACGP Queensland Faculty. She has served nationally on the RACGP Presidential Taskforce on Health Care Reform since 2008, and was a long-serving member of Queensland's General Practice Alliance. She served on the 12 member National Primary Care Strategy Expert Reference Group and provided a commissioned paper for the National Health and Hospital Reform Commission.

Dr Liz Marles
BMed(Hons), BSc(Hons), FRACGP, DipEd, FAICD

Vice President
Chair, New South Wales and Australian Capital Territory Faculty

Liz is the RACGP's Vice President and Chair of the New South Wales and Australian Capital Territory Faculty. Liz is Deputy Director of the Hornsby General Practice Unit, which specialises in GP teaching, particularly registrar remediation and prevocational education, taking 10 Prevocational

General Practice Placements Program placements per year. For the past 15 years Liz has also been a GP at the Aboriginal Medical Service in Redfern where she is a GP supervisor with a special interest in diabetes and presenter in the Aboriginal health training component of GP Synergy's registrar teaching program. Liz was a foundation Director and is a current Director on the General Practice Education and Training Board, and was previously a lecturer in the Department of General Practice at the University of Sydney. She is passionate about general practice training, Aboriginal health and the future of general practice.

Dr Eleanor Chew
MBBS, FRACGP, MMed(GP), GAICD

Chair, Queensland Faculty

Eleanor is a GP in Brisbane and is the Chair of the Queensland Faculty. She has been involved in RACGP assessment processes for 17 years and previously held the position of Queensland Censor from 2007–10. She has served on the Board of Censors, Board of Assessment, the NSC – Education Fellowship Subcommittee, and the NSC – Education Vocational Training Subcommittee. Eleanor has had a long involvement in medical education as a clinical tutor and examiner of medical students, previously at the Australian National University and currently at the University of Queensland. Her special interests include quality and standards in medical education, improving educational support for international medical graduates and ensuring that general practice remains the focal point in primary healthcare.

Dr Georgia Cooke
BSc, MBBS(Hons), GAICD, FRACGP

General Practice Registrar Representative

Georgia is the Registrar Representative on Council. A new Fellow of the RACGP, Georgia recently completed training with Central and Southern Queensland Training Consortium. During training, Georgia worked in a range of practices as well as completing an academic

Directors' report

post with Bond University. Georgia is also a member of the NSC – Education, NSC-Research, the National Research and Evaluation Ethics Committee and the Queensland Faculty Board. She has been the Registrar Liaison Officer for Central and Southern Queensland Training Consortium, and is an active member of the General Practice Registrars Australia (GPRA) Advisory Council and also sits on the GPRA Registrar Medical Educator Subcommittee.

Neil Greenaway
FCA, FCPA, FCIS, FAICD

Co-opted member
Chair, Finance, Audit and Risk Management Committee
Deputy Chair, RACGP Oxygen Pty Ltd

Neil is a Fellow of the Institute of Chartered Accountants in Australia, Fellow of the Certified Practising Accountants of Australia, Fellow of Chartered Secretaries Australia and a Fellow of the Australian Institute of Company Directors. Neil was the independent external representative (finance) on the RACGP Finance, Audit and Risk Management Committee from 2002 before joining Council and being appointed Chairman of the FARM Committee in 2008. Neil was awarded honorary membership of the RACGP in 2006. He is a member of The Greater Metropolitan Cemeteries Trust and a Councillor and Committee Chairman of CSA (Victoria). Neil has held executive governance and finance positions at Medibank Private and St Vincent's Health. Neil is currently a consultant.

Adjunct Associate Professor
Frank R Jones
MBBCh, DRCOG, DCH, FRACGP, MAICD

Chair, Western Australia Faculty

Frank is a GP in Mandurah and Chair of the Western Australia Faculty. He has

been a member of the Western Australia Faculty Board since 2004, serving as Deputy Chair in 2006–10 and Chair since 2010. Frank has been in full time general practice for almost 30 years and was a procedural GP obstetrician for 25 years. Frank is senior partner at the Murray Medical Centre in Mandurah, a large multidisciplinary practice that encourages GPs to extend their patient care skills within the practice, the local community and the regional hospital. Frank has been a GP supervisor for over 15 years and is closely involved with the formal teaching program for registrars. He has previously served as a GP supervisor liaison officer for WAGPET. He was chair of the Medical Advisory Committee (MAC) for Murray District Hospital for a number of years, and assumed the MAC chair at Peel Health Campus during the transition to the new health facility. In 2008, he was appointed Adjunct Associate Professor of General Practice at the University of Notre Dame Medical School, Fremantle. He is also a clinical lecturer at the University of Western Australia Medical School and has an appointment as a visiting medical officer at Peel Health Campus.

Dr Jennie Kendrick
MBBS, FRACGP, MPH

Censor-in-Chief

Jennie is Censor-in-Chief and a GP and GP supervisor in Hornsby, New South Wales. She is currently a director of Northern Sydney Medicare Local and has had prior board of directors positions with a division of general practice and a Regional Training Provider. Her experience includes 18 years in substantive positions in general practice education and assessment, with a period of 10 years in full time medical education, including 5 years as Assistant State Director of the RACGP Training Program in New South Wales. For the past 7 years, Jennie has

been an RACGP Censor and member of the Board of Assessment and Board of Censors. Her involvement with other organisations dealing with standards for clinical practice has enabled a broad perspective of the issues both in Australia and overseas.

Dr Kathryn Kirkpatrick
MBBS, FRACGP, GDipHSt(GenPract), MAICD

Chair, National Rural Faculty

Kathryn is a GP in Dalby, Queensland, and the Chair of the National Rural Faculty. She has been involved in all levels of medical education. Kathryn currently works part time as rural advisor/medical educator for the Central and Southern Queensland Training Consortium. She is one of the RACGP nominees to the Remote Vocational Training Scheme Board, the National Rural Faculty representative and Deputy Chair of the National Rural Health Alliance and a member of the Queensland Faculty Board.

Dr David Knowles
MBBS, FRACGP, DCH, MAICD

Chair, Tasmania Faculty

David is a GP supervisor in Lauderdale, southern Tasmania. David completed his undergraduate training in Tasmania but began his general practice career in Perth. During this period, he worked as a medical educator for General Practice Education Australia and became involved in providing supervisor and IMG support for WAGPET. He was also examination panel chair for the Western Australia Faculty for 2 years. David moved back to Tasmania in 2005 taking the role as EPC and in 2008, accepted the role of Deputy Chair of the Tasmania Faculty Board and became Chair in 2009. David is also currently an RACGP nominee on the Board of GPET and has been a member on the RACGP FARM Committee since 2011. David remains passionate about medical

education, the central role of GPs in primary care and, crucially, life balance for GPs and their families.

Dr Chris Mitchell
BMed, DipRACOG, FRACGP, FACRRM,
GradDipRural, FARGP, FAICD

(Resigned 4 October 2011)

Co-opted member

Chris is a GP on the north coast of New South Wales. He is the immediate past President of the RACGP and has been co-opted on to RACGP Council. Chris chairs RACGP Oxygen Pty Ltd, a company established by the College to support GPs in the uptake of e-health clinical tools, products and services. He leads the Change and Adoption Team for the Personally Controlled Electronic Health Record at the National E-Health Transition Authority (NEHTA) and began his work with NEHTA in February 2011. Chris is a board member of the NPS, Therapeutic Guidelines Limited and the Northern Rivers GP Network. Chris is a clinical professor at the University of Wollongong and holds a Fellowship of the Australian Institute of Company Directors.

Associate Professor Brad Murphy
JP(Qual), MBBS, FRACGP,
AssocDipAppSc(Amb), CertST&D,
MAIES, AIMM, MAICD, MACTM,
MACAP, MAITD

Chair, National Faculty of Aboriginal and Torres Strait Islander Health

Brad is a GP in rural Queensland and an Aboriginal man from the Kamarlari people (of northwest New South Wales). Brad joined the Royal Australian Navy at the age of 15, opting for a career as a medic. He later joined the New South Wales Ambulance Service working from central Sydney to Central Australia as an intensive care

paramedic, ultimately supervising and instructing in clinical paramedicine in NSW, ACT and Queensland. He also worked as an intensive care paramedic for the Royal Flying Doctor Service at Uluru. Brad is a founding trustee of The Jimmy Little Foundation, a long term member of the management committee and executive of the Rural Doctors Association of Queensland and a former Director of the Australian Indigenous Doctors' Association. Building on the work as inaugural Chair of the RACGP NSC – Aboriginal Health from 2007, Brad became the founding Chair of the RACGP National Faculty of Aboriginal and Torres Strait Islander Health in February, 2010. He has also been sitting on the RACGP Queensland Faculty Board since 2010. Brad is the inaugural Associate Professor and Discipline Lead of Aboriginal and Torres Strait Islander Health at Bond University in Queensland.

Associate Professor Morton Rawlin
BMed, MMedSc, FRACGP, FACRRM,
DipPractDerm, DipMedHyp, DipFP,
DipBusAdmin

Chair, Victoria Faculty
Chair, National Faculty of Specific Interests

Morton is a GP in Melbourne and Chair of the Victoria Faculty and the National Faculty of Specific Interests. He has extensive experience in general practice medical education at all levels, including as a general practice supervisor and medical educator. His past professional appointments include Medical Director of Dianella Community Health, RACGP National Manager of Fellowship Programs and RACGP Director of Education. He also held a position as Senior Lecturer in Rural General Practice at the University of Melbourne. He is currently Adjunct Associate Professor in General Practice at the University of Sydney. Morton has

a long standing interest in competency assessment and training. His research and teaching interests are in standards and teaching in general practice, dermatology and mental health.

Company Secretary

Zena Burgess
PhD, MBA, MEd, DipEdPsych, BA,
FAPS

Zena is CEO and Company Secretary of the RACGP. She has served as CEO of the RACGP since December 2008 and as Deputy CEO from 2007. Zena is the Company representative on the Board of Australian Medicines Handbook Pty Ltd.

Indemnification of Directors and officers

During the financial year, the Group paid a premium in respect of a contract insuring the Directors of the Group, the Company Secretary and all executive officers of the Group and any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits the disclosure of the nature of the liability and the amount of the premium.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Directors' report

Council meetings

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

	Council meetings		Finance, Audit and Risk Management	
	Max* possible	Attended	Max* possible	Attended
B Murphy	12	10		
C Jackson	12	10	8	4
C Mitchell	3	3		
D Knowles	12	12	5	4
E Chew	12	11		
E Marles	12	11		
F Jones	12	11		
G Cooke	12	12		
J Kendrick	12	12		
K Kirkpatrick	12	12	3	2
M Rawlin	12	11		
N Greenaway	12	11	8	8
N Stocks	12	11	8	6

Not a member of this committee of council during the year

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

Auditor independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Corporate information

The RACGP registered office and principal place of business is:
100 Wellington Parade
East Melbourne VIC 3002

Corporate structure

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

Signed in accordance with a resolution of the Directors.



Professor Claire Jackson

RACGP President
24 August 2012
Melbourne, Victoria

Auditor's independence declaration



RSM Bird Cameron 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 for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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RSM BIRD CAMERON PARTNERS

Philip A. Ransom

P A RANSOM
 Partner

Melbourne, Victoria
 Dated: 24 August 2012

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Major Offices in: Po Box, Sydney, Melbourne, Adelaide and Canberra
 ABN 36 965 125 036

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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

We have audited the accompanying financial report of The Royal Australian College of General Practitioners, which comprises the consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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Independent auditor's report (continued)



RSM Bird Cameron Partners

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Royal Australian College of General Practitioners, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the financial report of The Royal Australian College of General Practitioners is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirement and the *Corporations Regulations 2001*.

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A handwritten signature of P A Ransom.

P A RANSOM
Partner

Melbourne, Victoria
Dated: 24 August 2012

Directors' declaration

The Directors declare that:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
 - (i) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated Group; and
 - (ii) comply with Australian Accounting Standards.
- (b) in the Directors' opinion there are reasonable grounds to believe the consolidated Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors



Professor Claire Jackson

RACGP President

24 August 2012

Melbourne, Victoria

Consolidated Statement of Comprehensive Income

The Royal Australian College of General Practitioners

For the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Revenue from continuing operations	2	38,626,976	35,042,779
Total revenue		38,626,976	35,042,779
Expenses			
Employee benefits and on-costs		18,952,311	17,591,435
GP sessional and sitting payments		3,794,032	2,999,176
Cost of publications		971,561	1,293,616
Consultancy		706,206	235,027
Professional services		1,887,355	1,786,508
Travel and accommodation		1,698,443	1,695,460
Conference and meeting costs		2,576,068	2,108,392
Office accommodation		789,810	816,423
IT related costs		820,039	782,863
Telecommunications		554,856	544,266
Advertising and media		196,470	290,457
Printing and stationery		825,034	923,391
Grants and donations		119,307	169,220
Finance costs		368,325	358,988
Depreciation		1,192,457	900,713
External grant project administration		1,781,245	960,033
Other expenses		1,278,527	1,345,584
Total expenses		38,512,046	34,801,552
Surplus from operating activities		114,930	241,227
Share of net (deficit)/surplus of associates and joint venture accounted for using the equity method		(121,483)	29,748
(Deficit)/surplus before non-operating activities		(6,553)	270,975
Expenditure from non-operating activities			
Revaluation increment/(decrement) to land and buildings		87,016	(220,018)
Total surplus before tax		80,463	50,957
Income tax expense		2,990	–
Total surplus after tax	10	77,473	50,957
Other comprehensive income			
Revaluation decrement to land and buildings	10	(195,970)	(179,692)
Share of other comprehensive income of associates and joint venture accounted for using the equity method		–	–
Other comprehensive income for the year		(118,497)	(128,735)
Total comprehensive income for the year		(118,497)	(128,735)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

The Royal Australian College of General Practitioners

As at 30 June 2012

	Notes	2012 \$	2011 \$
Current assets			
Cash and cash equivalents	3	13,910,912	16,063,318
Trade and other receivables	4	2,491,766	1,411,563
Asset held for sale	5	8,155,822	–
Inventories		35,765	37,476
Total current assets		24,594,265	17,512,357
Non-current assets			
Investments accounted for using the equity method	6	337,956	484,664
Property, plant and equipment	7	15,398,443	21,935,489
Deferred tax assets		3,434	–
Total non-current assets		15,739,833	22,420,153
Total assets		40,334,098	39,932,510
Current liabilities			
Trade and other payables	8	22,100,361	21,726,792
Provisions	9	358,273	336,328
Total current liabilities		22,458,634	22,063,120
Non-current liabilities			
Provisions	9	933,382	808,811
Total non-current liabilities		933,382	808,811
Total liabilities		23,392,016	22,871,931
Net assets		16,942,082	17,060,579
Equity			
Other reserves	10	8,903,193	9,099,163
Retained earnings	10	8,038,889	7,961,416
Total equity		16,942,082	17,060,579

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

The Royal Australian College of General Practitioners

For the year ended 30 June 2012

	Notes	Retained earnings \$	Revaluation reserve \$	Total \$
Balance at 1 July 2010		7,910,459	9,278,855	17,189,314
Total surplus for the year		50,957	–	50,957
Total other comprehensive income for the year		–	(179,692)	(179,692)
Balance at 30 June 2011	10	7,961,416	9,099,163	17,060,579
Total surplus for the year		77,473	–	77,473
Total other comprehensive income for the year		–	(195,970)	(195,970)
Balance at 30 June 2012	10	8,038,889	8,903,193	16,942,082

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

The Royal Australian College of General Practitioners

For the year ended 30 June 2012

	Notes	2012 \$	2011 \$
Cash flows from operating activities			
Receipts from membership activities, publications, government and other grants (inclusive of GST)		39,808,360	37,593,587
Payments to suppliers and employees (inclusive of GST)		(39,523,073)	(34,897,850)
Income tax paid		(8,094)	–
Net cash inflow from operating activities		277,193	2,695,737
Cash flows from investing activities			
Payment for contribution to investment in joint venture		(14,775)	–
Purchase of property, plant and equipment		(2,920,188)	(4,578,426)
Interest received		465,364	589,263
Dividends received		40,000	90,000
Net cash outflow from investing activities		(2,429,599)	(3,899,163)
Cash flows from financing activities			
Net cash inflow/(outflow) from financing activities		–	–
Net decrease in cash held		(2,152,406)	(1,203,426)
Cash at beginning of financial year		16,063,318	17,266,744
Cash at end of financial year	3	13,910,912	16,063,318

The accompanying notes form part of these financial statements

Notes to the financial statements

The Royal Australian College of General Practitioners

For the year ended 30 June 2012

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 and controlled entities ("the Group").

The financial statements were authorised for issue by the Directors on 24 August 2012. 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 *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the financial statements. The financial statements of the Group comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

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

Basis of preparation

The financial statements have been prepared on an accruals basis and are based on historical cost, except

for the revaluation of certain non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

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

1.1 Basis of consolidation

The financial statements incorporate the assets and liabilities and results of the subsidiary of The Royal Australian College of General Practitioners as at 30 June 2012 and the results of its subsidiary for the year then ended.

Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of the subsidiary is included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consolidation received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

1.2 Investments in associates

Associates are entities over which the Group has significant influence but not control, generally accompanying

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The Royal Australian College of General Practitioners

For the year ended 30 June 2012

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 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.

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 Joint venture entities

The interest in a joint venture is accounted for using the equity method after initially being recognised at cost. Under the equity method, the share of the profits or losses of the joint venture is recognised in the Consolidated Statement of Comprehensive Income, and the

share of post-acquisition movements in reserves is recognised in other comprehensive income.

Profits or losses on transactions establishing the joint venture and transactions with the joint venture are eliminated to the extent of the Group's ownership interest until such time as they are realised by the joint venture on consumption or sale. However, as loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

1.4 Non-current assets – property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of 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 the same asset previously recognised as an expense in the Consolidated Statement of Comprehensive Income, in which case the increase is credited to the Consolidated Statement of 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 Comprehensive Income to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation of that asset.

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 Inventories

Inventories are valued at the lower of cost or net realisable value. Inventories consist of health record items purchased for resale.

1.7 Depreciation

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

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

The assets residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1.5). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Comprehensive Income.

1.8 Leases

Operating lease payments net of incentives received from the lessor are expensed in the Consolidated Statement of Comprehensive Income on a straight line basis over the period of the lease.

1.9 Trade receivables

Trade receivables are recognised initially at fair value less a provision for uncollectible debts. Trade

receivables are generally due for settlement on average within 30 days (2011:30 days). Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group may not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment loss is recognised in the Consolidated Statement of Comprehensive Income within other expenses.

1.10 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain or loss not previously recognised by the date of the sale of the asset is recognised at the date of de-recognition. Assets held for sale are not depreciated while they are classified as held for sale. Assets held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position.

1.11 Trade payables

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

1.12 Employee benefits

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

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be 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.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments

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The Royal Australian College of General Practitioners For the year ended 30 June 2012

with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

1.14 Revenue recognition

Revenue is recognised on the following bases:

(i) Membership subscriptions

Subscriptions are recorded as revenue in the year to which the subscription relates. Subscriptions received in advance are shown in the Consolidated Statement of Financial Position as current liabilities.

(ii) Quality improvement and other fees

Fees are recorded as revenue in the year to which the fees relate. Fees received in advance are shown in the Consolidated Statement of Financial Position as current liabilities.

(iii) Revenue from courses, examinations

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

(iv) Publication subscriptions

Subscriptions are recorded as revenue in the year to which the subscription relates. Amounts received at balance date in respect of future publications are shown in the Consolidated Statement of Financial Position as current liabilities.

(v) Specific purpose grants

Grant monies received for specific purposes are recorded as revenue in the period in which the amounts are expended. Grant monies received but not yet expended on those purposes are shown in the Consolidated Statement of Financial Position as current liabilities.

(vi) Interest income

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

(vii) 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, RACGP Oxygen Pty Ltd, is not income tax exempt. Therefore, income tax for the period is the tax payable on the current period's taxable income based upon the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

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

basis of amounts expected to be paid to the tax authorities.

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

Current and deferred tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive

income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1.16 Goods and Services Tax

Revenues from ordinary activities, 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 (ATO). 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 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:

(i) 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 government bonds with terms to maturity that match the expected timing of the cash outflow.

1.18 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 2011.

1.19 Parent entity financial information

The financial information for the parent entity, The Royal Australian College of General Practitioners, disclosed in Note 18, has been prepared on the same basis as the financial statements with the exception of the policy set out below:

(i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of The Royal Australian College of General Practitioners.

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The Royal Australian College of General Practitioners

For the year ended 30 June 2012

Note 2. Revenue from ordinary activities

	2012 \$	2011 \$
Revenue from operating activities		
Membership, QI&CPD fees	15,740,952	14,281,721
Education, course registration and other fees	12,599,297	11,809,179
Research and other grants and donations	5,367,020	4,008,355
Publications and subscriptions	710,976	755,075
Sponsorship and advertising	1,961,666	1,914,866
Other operating income	1,706,387	1,605,642
Other revenue from ordinary activities		
Interest	465,364	589,263
Rent	75,314	78,678
	38,626,976	35,042,779

Note 3. Cash and cash equivalents

	2012 \$	2011 \$
Cash at bank	1,716,916	658,272
Cash at bank – grant funds held for disbursement	–	–
	1,716,916	658,272
Deposits on call	9,614,143	10,940,066
Deposits on call – grant funds held for disbursement	2,579,853	4,464,980
	12,193,996	15,405,046
	13,910,912	16,063,318

Note 4. Trade and sundry receivables

	2012 \$	2011 \$
Trade receivables	1,788,195	894,737
Less provision for doubtful debts	–	(32,576)
	1,788,195	862,161
Prepayments	546,170	324,581
Accrued income	155,731	224,821
Current tax receivable	1,670	–
	2,491,766	1,411,563
Movements in the provision for doubtful debts are as follows:		
As 1 July	32,576	32,576
Unused amount reversed	(32,576)	–
	–	32,576

Note 5. Asset held for sale

	2012 \$	2011 \$
Freehold land and buildings	8,155,822	—
	8,155,822	—

In March 2012, the Directors of the Company formally agreed to sell 1 Palmerston Crescent, South Melbourne. There are several interested parties and the sale is expected to be completed during the 2013 financial year. The property has accordingly been disclosed as an asset held for sale.

Note 6. Investments accounted for using the equity method

	2012 \$	2011 \$
Share in associates	335,206	483,664
Interest in joint venture	2,750	1,000
	337,956	484,664

(a) 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 associates assets and liabilities are as follows:

Group's share of:

Assets	523,550	675,072
Liabilities	188,344	191,408
Revenue	954,967	1,025,098
(Loss)/profit after tax	(108,458)	29,748
Balance at the end of the financial year	335,206	483,664

(b) Interest in joint venture

(i) RACGP Oxygen Pty Ltd, a wholly controlled entity of the Company, has a 50% interest in Oxygen Services Pty Ltd, which is resident in Australia. Oxygen Services Pty Ltd principal activity is in the production and sale of e-health related products. The interest in Oxygen Services Pty Ltd is accounted for in the financial report of the Group using the equity method of accounting.

(ii) Each of the joint venture entities in Oxygen Services Pty Ltd are jointly and severally liable for the debts of the joint venture. The assets of the joint venture exceed its debts.

There are no contingent liabilities incurred jointly with other investors (2011:\$nil)

Notes to the financial statements

The Royal Australian College of General Practitioners

For the year ended 30 June 2012

Note 7. Property plant and equipment

	2012 \$	2011 \$
Freehold land and buildings		
Land – valuation	4,740,000	8,190,000
Buildings – valuation	6,524,179	11,410,000
Less accumulated amortisation	(94,178)	–
	11,170,001	19,600,000
Option fee paid on freehold land and buildings		
Option fee paid on freehold land and buildings (Note 14)	1,549,334	–
	1,549,334	–
Leasehold Improvements		
Leasehold Improvements at cost	51,956	98,811
Less accumulated amortisation	(28,916)	(28,590)
	23,040	70,221
Computer equipment and software		
Computer equipment and software at cost	5,643,999	4,550,394
Less accumulated depreciation	(3,308,484)	(2,557,938)
	2,335,515	1,992,456
Other plant and equipment		
Other plant and equipment at cost	1,494,428	1,410,156
Less accumulated depreciation	(1,173,875)	(1,137,344)
	320,553	272,812
Total written down value	15,398,443	21,935,489
Reconciliations		
Freehold land and buildings		
Opening balance	19,600,000	17,150,000
Additions	90,798	3,143,415
Revaluation decrement (i)	(108,955)	(399,710)
Asset classified as held for sale (Note 5)	(8,155,822)	–
Depreciation expense	(256,020)	(293,705)
Closing balance	11,170,001	19,600,000
Option fee paid on freehold land and buildings (Note 14)		
Opening balance	–	–
Additions	1,549,334	–
Closing balance	1,549,334	–

Note 7. Property plant and equipment (continued)

	2012 \$	2011 \$
Leasehold improvements		
Opening balance	70,221	63,861
Additions	–	10,522
Depreciation expense	(47,181)	(4,162)
Closing balance	23,040	70,221
Computer equipment and software		
Opening balance	1,992,457	1,232,084
Additions	1,178,860	1,329,788
Depreciation expense	(835,802)	(569,415)
Closing balance	2,335,515	1,992,457
Other plant and equipment		
Opening balance	272,811	211,541
Additions	101,196	94,701
Depreciation expense	(53,454)	(33,431)
Closing balance	320,553	272,811
Total closing balance	15,398,443	21,935,489

The valuation basis of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same locations and conditions.

(i) Freehold land and buildings were revalued to the amounts shown above as at 30 June 2012. The valuations recorded a net decrease in the value of Group properties. Under Australian accounting standards, \$195,970 has been recorded against the asset revaluation reserve in relation to this decrease in property values which is reversing previous year valuation increments. The difference of \$87,016 relates to increases in property values that have previously been charged to the Consolidated Statement of Comprehensive Income as a non-operating expense.

Independent valuations of the Group's land and buildings were performed by the independent valuers Savills Pty Ltd in their respective states, to determine the market value of the properties for 30 June 2012.

Note 8. Trade and other payables

	2012 \$	2011 \$
Trade creditors	411,241	199,952
Other creditors and accruals	2,031,516	1,364,756
Employee benefits	1,413,664	1,398,317
Owing to related entities	1,000	1,000
Amounts invoiced in advance		
Membership subscriptions and QI&CPD fees	11,169,346	9,505,549
Grants	2,530,143	3,765,770
Exams	3,637,660	4,307,636
Other	905,791	1,183,812
Total	22,100,361	21,726,792
Net fair values		
The carrying amounts of amounts payable approximate net fair values, as determined by reference to the expected future net cash flows.		

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For the year ended 30 June 2012

Note 9. Provisions

	2012 \$	2011 \$
Employee benefits – long service leave (current)	358,273	336,328
Employee benefits – long service leave (non-current)	933,382	808,811

Note 10. Reserves and retained profits

	2012 \$	2011 \$
Asset revaluation reserve		
(i) Nature and purpose of reserve		
The asset revaluation reserve is used to record increments and decrements in the value of those non-current assets measured at fair value.		
(ii) Movements in reserve		
Balance at beginning of year	9,099,163	9,278,855
Revaluation of land and buildings	(195,970)	(179,692)
Balance at end of year	8,903,193	9,099,163
Movements in retained surplus		
Balance at beginning of year	7,961,416	7,910,459
Current year surplus	77,473	50,957
Balance at end of year	8,038,889	7,961,416

Note 11. Key management personnel compensation

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director/Councillor (whether executive or otherwise).

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

	2012 \$	2011 \$
Key management personnel	1,099,463	1,026,300

Note 12. Commitments

	2012 \$	2011 \$
Operating leases		
Minimum lease payments:		
– within one year	121,110	121,110
– later than 1 year but not later than 5 years	105,961	196,794
Total operating leases	227,071	317,904
Property, plant and equipment		
Within 12 months		
– computer equipment and software	242,000	50,000
Total property, plant and equipment	242,000	50,000

Note 13. Segment information

The Group operated primarily in one geographic segment, being Australia. The Group operated primarily in one industry segment, being the general practice profession.

Note 14. Subsequent events

The Group acquired 98–108 Wellington Parade, East Melbourne on 2 July 2012. Settlement of this acquisition was completed on 6 July 2012 at which time the bank facilities which were put in place prior to 30 June 2012 were drawn down for the balance of funds owing. An option fee payment of \$1,549,334 was made in March 2012 (refer to Note 7).

Note 15. Contingencies

The Directors are not aware of any material contingent assets or liabilities as at 30 June 2012.

Note 16. Related party transactions

(a) Equity interests in related parties

(i) Equity interests in associates

Details of interest in associates are disclosed in Note 6 to the financial statements.

(ii) Equity interests in subsidiaries

Details of interest in subsidiaries are disclosed in Note 6 to the financial statements.

(b) Key management personnel compensation

Disclosures relating to key management personnel compensation are set out in Note 11.

(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 favorable than those with which it is reasonable to expect the Group would have adopted if dealing with the key management personnel at arms length in similar circumstances. These transactions include the collection of membership dues and subscriptions and the provision of Group services.

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For the year ended 30 June 2012

Note 17. 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 no loans payable and its financial liabilities are limited to its trade and other creditors and amounts invoiced in advance for services to be rendered such as the Group's membership subscriptions. The Group does not expect to settle the amounts invoiced in advance by cash payment, rather these liabilities will be satisfied with the provision of the services. Liquidity risk is therefore insignificant as the Group's cash reserves significantly exceed the remaining financial liabilities that it expects to settle by cash payment.

Financing arrangements

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

Variable rate	2012 \$	2011 \$
Expiring within 1 year (bill facility – A)	7,200,000	–
Expiring within 1 year (bill facility – C)	6,300,000	–
Expiring within 2 year (bill facility – D)	7,000,000	–
	20,500,000	–

The purposes of these facilities were to assist with the purchase of 98–108 Wellington Parade, East Melbourne, details of which are set out in Note 14. The Commonwealth Bank of Australia holds a first registered mortgage over the land and buildings at 1 Palmerston Crescent, South Melbourne and 98–108 Wellington Parade, East Melbourne.

Note 18. 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.

Financial position	2012 \$	2011 \$
Assets		
Current assets	24,574,872	17,403,671
Non-current assets	15,743,648	22,429,153
Total assets	40,318,520	39,832,824
Liabilities		
Current liabilities	22,442,617	21,973,624
Non-current liabilities	933,237	805,436
Total liabilities	23,375,854	22,779,060
Net assets	16,942,666	17,053,764
Equity		
Reserves	8,903,193	9,099,163
Retained surplus	8,039,473	7,954,601
Total equity	16,942,666	17,053,764
Financial performance		
Total surplus	84,872	44,142
Other comprehensive income for the year	(195,970)	(179,692)
Total comprehensive income for the year	(111,098)	(135,550)
Contingent liabilities of the parent entity		
The Directors are not aware of any material contingent liabilities as at 30 June 2012.		
Commitments for the acquisition of property, plant and equipment by the parent entity		
	2012 \$	2011 \$
Property, plant and equipment		
Within 12 months		
– computer equipment and software	242,000	50,000
Total property, plant and equipment	242,000	50,000

Note 19. Subsidiaries

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

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2012	2011
RACGP Oxygen Pty Ltd	Australia	Ordinary	100%	100%



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