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# **Corporate Governance Statement and Statutory report**



# Corporate Governance Statement

The Royal Australian College of General Practitioners (RACGP) is a public company limited by guarantee and subject to the *Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act)*. The RACGP is a not-for-profit entity with income tax exempt status. It is also a deductible gift recipient (DGR) for donations made specifically for education or research in medical knowledge or science. The RACGP was founded in 1958. Its stated aim was to improve the health and wellbeing of all Australians by supporting general practitioners (GPs), as well as the 'medical education of the undergraduate, recent graduate, and those already in practice'. The primary mission of the RACGP remains the improvement of the health and wellbeing of all Australians by supporting GPs.

## Governance at the RACGP

The RACGP is a member-based organisation and is committed to implementing the highest standards of corporate governance. This Corporate Governance Statement is presented in terms of the *Corporate Governance Principles and Recommendations with 2010 Amendments* by the Australian Stock Exchange Corporate Governance Council. While the RACGP is not required to report against these principles, application to them demonstrates the RACGP's commitment to preserving stakeholder confidence.

A copy of the RACGP Constitution and other governance information is available on the RACGP website [www.racgp.org.au](http://www.racgp.org.au)

## Principle 1: Lay solid foundations for management and oversight

### Board of Directors – Role and responsibilities

The Board of Directors (Council) is responsible for the overall corporate governance of the RACGP, its performance and is accountable to the members.

The Board (Council) must also ensure that the RACGP complies with all of its contractual, statutory and other legal obligations, including the requirements of all applicable regulatory bodies. The Board (Council) has the overall responsibility for the successful operations of the RACGP.

The powers and duties of the Board (Council) are specified in the Constitution of the RACGP, the *Corporations Act 2001*, *ACNC Act* and other relevant legislation and law.

Key accountabilities and matters reserved for the Board (Council) include:

- setting and reviewing objectives, goals and strategic direction, and assessing performance against these benchmarks
- ensuring the RACGP is financially sound, meets prudential requirements and has appropriate financial reporting practices
- ensuring a process is in place for the maintenance of the integrity of internal controls, risk management, delegations of authority and financial and management information systems
- appointing, supporting, evaluating and rewarding the Chief Executive Officer
- monitoring the executive succession plan and ensuring a process of evaluating and rewarding key executives
- ensuring high business standards, ethical conduct and fostering a culture of compliance and accountability
- reporting to members on the Board (Council)'s stewardship of the company and monitoring the achievement of the RACGP's strategic plans.

While the Board (Council) has overall governance responsibility for the RACGP, it has delegated a range of its powers, duties and responsibilities to its committees, office bearers and management. The Board (Council) reviews each delegation at least annually.

### Management

The Chief Executive Officer (CEO) is appointed by the Board (Council) and is responsible for the management of the RACGP in accordance with approved strategy, policies and delegated authority framework. The CEO attends Board and Board Committee meetings; however, the CEO is not a director and is not entitled to vote.

All staff including the Senior Leadership Team (SLT) are subject to annual performance planning and reviews by their immediate supervisor. The RACGP learning and development policy supports the RACGP performance management system framework, which recognises and includes the identification of the development and training needs of an employee in order for them to acquire and use new skills, experience and knowledge within their position at the RACGP.

## Principle 2: Structure the board to add value

### Board (Council) Composition

The Board (Council) of the RACGP comprises 12 directors including one co-opted director.

Details of the Chair, directors and the Company Secretary, including names, qualifications, and any changes, are included in the Directors' report.

Directors are appointed in accordance with the RACGP Constitution, generally for a term of two years except for co-opted directors who are appointed by the Board (Council) for one year.

### Chair

The Chair leads the Board (Council) and manages the meetings. The Chair has responsibility for ensuring the Board (Council) receives accurate, timely and clear information to enable the directors to analyse and constructively critique the performance of management and the RACGP as a whole. The Chair is elected by the Board (Council) from Board (Council) members for a term of one year.

### President

The President is elected by the members for a term of two years and is responsible for representing the Board (Council) to members and external stakeholders.

### Company Secretary

The Company Secretary is appointed by the Board (Council) and reports directly to the Chair in respect to that role. The Company Secretary is responsible for developing and maintaining information systems that are appropriate for Board (Council) to fulfil its role. The Company Secretary is also responsible for ensuring compliance with Board procedures and provides advice to the Board, via the Chair, on governance matters.

### Director induction and education

The RACGP has an induction program for new directors, which is reviewed periodically by the Board (Council). Directors are provided with detailed briefings by management on corporate strategy and current issues affecting the RACGP.

In order to achieve continuing improvement in Board performance, all directors are encouraged to undergo continual professional development. Specifically, directors are provided with the resources and training to address skills

gaps where they are identified. All directors have completed the Australian Institute of Company Directors Course.

### Conflicts of interest

All directors formally declare personal interests and potential conflicts with those of the RACGP and must keep the Board (Council) advised on an ongoing basis of any such interests. Each director is obliged to notify the other directors of any material personal interest that he or she may have in a matter that relates to the affairs of the RACGP. Directors who may have, or may be perceived to have, a material personal interest in a matter before the Council, where appropriate leave the meeting, do not participate in discussions and abstain from voting on that matter.

### Independent professional advice and access to company information

The Board (Council) and its committees may seek advice from independent experts whenever it is considered appropriate. With the consent of the Chair, individual directors may seek independent professional advice at the expense of the RACGP on any matter connected with the discharge of their responsibilities.

Each director has the right of access to all relevant RACGP information and to the RACGP's management.

### Board (Council) meetings

The Board (Council) meets in regular session at least seven times per year. Agendas for Board (Council) meetings are prepared in conjunction with the Chair, the President and the CEO. Board (Council) reports are circulated in advance of Board (Council) meetings. Management are regularly involved in Board (Council) discussions.

Meetings are conducted in accordance with Council Standing Orders.

### Board (Council) performance

The Board (Council) has review processes in place to assess its effectiveness. These include a discussion and

review after each meeting, and the completion of an annual questionnaire by each director as part of its continuous improvement program.

### Board (Council) committees

To assist in the performance of its responsibilities, the Board (Council) has established a number of Board (Council) committees. Each committee operates under terms of reference approved by the Board (Council), which are reviewed periodically.

Board (Council) committees monitor and facilitate detailed discussion on particular issues and other matters as delegated by the Board (Council). They have no delegated authority, but make recommendations and report to Board (Council) on the delegated matters.

Details of committee membership and attendance are included in the Directors' report.

## Principle 3: Promote ethical and responsible decision making

### Ethical standards

The RACGP has documented key governance policies and procedures. These include the RACGP's vision, core strategic objectives, college principles, as well as workplace values and behaviours. Council approved policies also cover code of conduct, equity and diversity, whistleblower and occupational health and safety.

These Board (Council) approved policies aim to clearly articulate the ethical standards expected of all directors and staff when dealing with members, stakeholders, suppliers and each other. Any action or omission that contravenes these policies is subject to counselling or disciplinary action appropriate to the circumstances.

All directors and staff must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the company.

The reporting of fraud and other inappropriate activity is encouraged by the Board (Council) and management via a

policy framework, which includes a confidential reporting system and other internal processes.

## Principle 4: Safeguard integrity in financial reporting

### Finance, Audit and Risk Management Committee of Council

The role of the Finance, Audit and Risk Management Committee is to assist the Board (Council) in relation to financial performance and the reporting of financial information, risk management, audit and compliance. The Finance Audit & Risk Management Committee comprises four directors, two co-opted external members, an RACGP Fellow, and the CEO attends meetings by invitation. The Chair of the Committee is on the Board (Council).

The internal and external auditors met with the committee during the year and were invited to meet the members without management being present.

### External audit

In accordance with the *ACNC Act*, RSM Bird Cameron audits the records and financial statements of the RACGP. The Finance, Audit and Risk Management Committee regularly review the independence of the external audit function.

### Internal audit

DFK Kidsons provides the internal audit function for the RACGP. The Finance, Audit and Risk Management Committee regularly review the independence of the internal audit function.

### Internal control framework

The Board (Council) is responsible for the overall internal control framework and for reviewing its effectiveness but recognises that no cost-effective internal control system will preclude all errors and irregularities. The key features of the control environment for the RACGP include the Board (Council) standing orders, terms of reference for

each committee, a clear organisational structure with documented delegation of authority from the Board (Council) to office holders and management with defined procedures for the approval of major transactions and capital expenditure.

## Principle 5: Make timely and balanced disclosure

### Member communication

The RACGP is committed to open and transparent disclosure to its members of matters affecting the college and the profession. This is achieved by direct communication with our members through newsletters, emails, website notifications, social media, publications and faculty correspondence. In particular, a Board (Council) outcomes report is produced after each meeting and disseminated by each faculty members.

## Principle 6: Respect the rights of members

The rights and obligations of our members are detailed in our constitution, which can be found at [www.racgp.org.au](http://www.racgp.org.au)

### Member information

The RACGP is committed to the complete protection of our member information through the RACGP privacy and personal information policy and RACGP information and records management policy.

### Member engagement

RACGP faculties promote engagement with members through regular communication, hosting events and encouraging member participation across all facets of the college. The Annual General Meeting (AGM) of members is held each year during the RACGP Annual Conference. Formal reports are presented to members who then have the opportunity to ask questions of directors or raise issues on current or future strategy or direction. Outcomes from previous AGMs are available on the RACGP website.

## Principle 7: Recognise and manage risk

### Business risk management

The RACGP has in place a system of business risk management that forms part of the business planning and monitoring process across all faculties and business units. Each business unit is responsible for assessing and updating its risk profiles, including related mitigation programs.

The Finance, Audit and Risk Management Committee reports on the status of business risks. Each year a full risk assessment and mitigation plan is prepared and endorsed by the Board (Council). The risk assessment process includes input from the Board, executive and management across the business. The risk management methodology in place is based on Australian and New Zealand risk management standards. The committee receives regular updates on the status of key business risks, insurance and outcomes from internal and external audits.

## Principle 8: Remunerate fairly and responsibly

### Director and executive remuneration

The President's allowance is approved by eligible members at the AGM. Directors receive payments for professional and technical services provided to the RACGP. Increases are approved by the Board (Council) on an annual basis, which are usually set in accordance with the consumer price index (CPI). Details of key management personnel compensation are included in the 'Notes to the financial statements'.

# 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 ('the company' or 'the RACGP') and its controlled entities at the end of, or during, the financial year ended 30 June 2015.

## Principal activities

The RACGP is Australia's largest professional general practice organisation and represents urban, rural, regional and remote GPs. The RACGP is a not-for-profit entity.

## Objectives

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

The RACGP has a proud history of achievements, including the development of the *Standards for general practices* and introducing continuing professional development. The RACGP carries out its activities within the following areas of strategic focus:

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

## Performance measures

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

- Council meetings
- Finance Audit and Risk Management Committee of Council meetings
- other Council sub-committee and advisory board meetings.

## Results of operations

During the financial year ended 30 June 2015, the group recorded a total surplus from operating activities of \$248,960 compared to \$131,837 in 2014. Over the year, the net assets of the group increased from \$16,380,604 to \$19,876,576. As a result of asset revaluation during the year, an increment of \$3,102,892 was taken to the asset revaluation reserve.

## Significant changes in the state of affairs

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

## Performance in relation to environmental regulation

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

## Likely developments and future results

The group anticipates that it will maintain in 2015–16 its positive financial position. The group is continually updating,



reviewing and improving its management and governance practices to ensure that the objectives and obligations of the group and its directors are met.

## Dividends

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

## Events subsequent to the end of the financial year

No circumstances have arisen since the end of the year 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 at the date of this report are as follows. The company's Board of Directors is also known as the RACGP Council.

### Dr Eleanor Chew

MBBS, FRACGP, MMed (GP), GAICD  
Chair, Council, Chair, Queensland Faculty

Dr Chew is a GP in Brisbane. A graduate of the University of Queensland, she has practised over 28 years in Darwin, Perth, Canberra and Brisbane and has worked in a variety of general practice settings. She has been on RACGP Council, as the Chair of the Queensland Faculty, since 2010. Dr Chew has held the position of RACGP Vice-President and is the current Chair of Council. She has been involved in RACGP assessment processes for many years and was previously the Queensland Censor. She has served on the RACGP Board of Censors, Board of Assessment and National Standing Committee – Education sub-committees. Dr Chew has had a long involvement in medical education and has been a clinical tutor and examiner of medical students at the Australian National University and the University of Queensland. Her special interests include quality and standards in medical education, the development of the next generation of GPs

and ensuring that general practice remains the focal point in primary healthcare.

### Adjunct Associate Professor Frank R Jones

MBBCh, DRCOG, DCH, FRACGP, MAICD  
President

A/Prof Jones is a GP in Mandurah, Western Australia, and is the RACGP President. He was Vice-President from 2013–14, Chair of the Western Australia Faculty from 2010–14 and has been a member of the Western Australia Faculty Board since 2004, serving as Deputy Chair from 2006–10. A/Prof Jones has been in full-time general practice for 30 years and was a procedural general practice obstetrician for 25 years. He 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. A/Prof Jones has been a general practice supervisor for more than 15 years and is closely involved with the formal teaching program for registrars. He has previously served as a general practice supervisor liaison officer for West Australian General Practice Education and Training (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, A/Prof Jones was appointed Adjunct Associate Professor of General Practice at the University of Notre Dame Medical School in 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.

### Associate Professor Morton Rawlin

BMed, MMedSc, FRACGP, FACRRM, DipPractDerm,  
DipMedHyp, DipFP, DipBusAdmin, GAICD  
Vice-President, Chair, Victoria Faculty, Chair, National Faculty of Specific Interests

A/Prof Rawlin is a GP practising in Melbourne. He is the RACGP Vice-President, and Chair of the Victoria Faculty and the National Faculty of Specific Interests. He has extensive experience in all levels of general practice medical

education, 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 is currently Adjunct Associate Professor in General Practice at the University of Sydney. He is also Medical Director of the Royal Flying Doctor Service (RFDS) in Victoria. A/Prof Rawlin 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. A/Prof Rawlin is Chair of the General Practice Mental Health Standards Collaboration (GPMHSC) and a member of ASPAC.

### **Ms Lynelle Briggs AO**

BEC, GAICD  
Co-opted Council member

Ms Lynelle Briggs is the Chair of the New South Wales Planning Assessment Commission, Chair of the General Insurance Code Governance Committee, Chair of the Australian Security Intelligence Organisation's (ASIO) Audit and Risk Committee, and an Independent Director of Maritime Super. She also serves on the headspace evaluation steering committee, is a member of the Therapeutic Goods Administration Advisory Council, and is a founding member of the Centre for Strategy and Governance. She is the Independent Member of the Council of the RACGP.

Ms Briggs was previously an Australian public servant, during which time she served as the CEO of Medicare Australia and the Australian Public Service Commissioner. She was also a division head in the departments of Health and Aging and Social Security, a deputy secretary in the Department of Transport and Regional Services and a branch head in the Department of the Prime Minister and Cabinet. Ms Briggs has conducted major reviews in the areas of health, safety, workforce and organisational governance. She was also the Independent Project Facilitator for the Millers Point Accommodation Project. Ms Briggs is known for her strategic capabilities, expertise in leadership, ethics and governance, and knowledge of practical organisation management.

### **Dr Daniel Byrne**

MBBS, FRACGP  
Chair, South Australia and Northern Territory Faculty

Dr Byrne is a partner at Chandlers Hill Surgery in outer metropolitan Adelaide and was elected to the RACGP Council in October 2014. He has been a strong supporter of the RACGP since his training days in the early 1990s, leading to RACGP Fellowship in 1993. Dr Byrne has supported the RACGP by participating in exam preparation workshops for registrars and international medical graduates (IMGs), conducting Australian Health Practitioner Regulation Agency (AHPRA) interviews for IMGs wishing to enter Australian general practice and assisting as a quality assurance examiner at the FRACGP Objective Structured Clinical Examinations (OSCEs). He is a medical educator with Sturt Fleurieu, a general practice clinical advisor to Southern Adelaide-Fleurieu-Kangaroo Island Medical Local (SAFKIML) and has been involved in GP-hospital liaison and eHealth for 20 years. Dr Byrne believes having the highest regard for quality and standards will guide the RACGP in all it is involved in, whether it is practice accreditation, practice guidelines, eHealth or general practice training. He believes the RACGP must set the standards and rigorously defend the right of the profession to implement them.

### **Dr David Knowles**

MBBS, FRACGP, DCH, MAICD  
Chair, Tasmania Faculty, Chair, Finance Audit and Risk Management

Dr Knowles is a general practice supervisor in Lauderdale, southern Tasmania. He completed his undergraduate training in Tasmania but began his general practice career in Perth. During this period, Dr Knowles worked as a medical educator for General Practice Education Australia and became involved in providing supervisor and international medical graduate (IMG) support to the regional training provider Western Australia General Practice Education and Training (WAGPET). He also served a two-year term as Examination Panel Chair (EPC) for the RACGP Western Australia Faculty. Dr Knowles relocated 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. He has been an RACGP nominee on the Board of General Practice Education and Training (GPET) and a member on the RACGP Finance Audit and Risk Management Committee (FARM) since 2011, and Chair of the FARM committee in 2014–15. Dr Knowles was Chair of the RACGP Council from 2012–13.

### **Dr Tim Koh**

MBBS, FRACGP

Chair, Western Australia Faculty

Dr Koh is Chair of the RACGP Western Australia Faculty and a practising GP in Currumbine and Clarkson (North Metropolitan Perth WA). He is a second generation GP, originally from Three Springs WA where his father was a rural GP. Dr Koh has been involved in general practice training with the RACGP Western Australia Faculty and regional training provider WAGPET since 2002. He has served as RACGP Western Australia Faculty Assessment Panel Chair for six years and Education Committee Chair for four years. Dr Koh became Western Australia Faculty Deputy Chair in 2010 and was subsequently nominated Faculty Chair in 2014. He is a co-owner of Currumbine and Ocean Keys Family Practices where he supervises and mentors general practice registrars, PGPPP residents and medical students.

### **Dr Mark Miller**

MBBS, DRANZCOG, FRACGP

Censor-in-Chief

Dr Miller is the RACGP Censor-in-Chief, SA&NT Faculty Censor, Chair of the RACGP's Board of Censors and was South Australia Exam Panel Chair from 1997–2003. He has trained general practice registrars for more than 15 years, is a member of the National Rural Faculty and has been both a John Flynn and Ramus mentor. Dr Miller is heavily involved with the running of the RACGP Fellowship Exam and has been a medical educator and facilitator at the SA&NT Faculty-run workshops for many years. Dr Miller was also awarded the 2013 RACGP GP of the Year Award in recognition of his outstanding commitment to the profession. Dr Miller has been a full-time rural GP in Goolwa,

South Australia, for more than 21 years. In addition to a full-time clinical role, Dr Miller teaches medical students from the University of Adelaide and Flinders University and has supervised more than 30 general practice registrars. Dr Miller provides tuition and mentoring to international medical graduates (IMGs) and has been instrumental in facilitating the assessment process for IMGs through the development of the Pre-Employment Structured Clinical Interview (PESCI) and Fit for Intended Clinical Practice Interview (FICPI) assessment tools.

### **Associate Professor Brad Murphy**

JP(Qual), MBBS, FRACGP, AssocDipAppSc(Amb), CertST&D, MAIES, FAIM, MAICD, MACTM, MACAP, MAITD  
Chair, National Faculty of Aboriginal and Torres Strait Islander Health

A/Prof Murphy is a GP in rural Queensland and an Aboriginal man from the Kamilaroi people of north-west New South Wales. He joined the Royal Australian Navy at age 15, opting for a career as a medic. He later joined the New South Wales Ambulance Service, working from Sydney to central Australia as an intensive care paramedic, before ultimately supervising and instructing in clinical paramedicine in New South Wales, ACT and Queensland. A/Prof Murphy also worked as an intensive care paramedic for the Royal Flying Doctor Service at Uluru. He is a founding trustee of the Jimmy Little Foundation and has served as a long-term member of the management committee and executive of the Rural Doctors Association of Queensland and is a former director of the Australian Indigenous Doctors' Association. Building on the work as inaugural Chair of the RACGP National Standing Committee – Aboriginal Health from 2007, he became the founding Chair of the RACGP National Faculty of Aboriginal and Torres Strait Islander Health in February 2010 and continues in this position today. He has also been a member of the RACGP Queensland Faculty Board since 2010. A/Prof Murphy represents the RACGP on various groups, including the National Closing the Gap Steering Committee and the Australian Medical Association (AMA) National Taskforce on Indigenous Health. He currently represents the RACGP and Committee of Presidents of

Medical Colleges (CPMC) on the Australian Medical Council (AMC) Indigenous Planning Advisory Group. He was part of the founding board of the Wide Bay Hospital and Health Service in 2012 under Queensland Health's state-wide restructure. He is the inaugural Associate Professor of Aboriginal and Torres Strait Islander Health at Bond University in Queensland and a member of the Leaders in Indigenous Medical Education (LIME) reference group.

### **Dr Nina Robertson**

BA, CTEFLA, MBBS, FRACGP, GAICD  
General practice registrar representative

Dr Robertson is a recent Fellow of the RACGP working in a long-established general practice clinic in northern New South Wales. Prior to Fellowship, she undertook registrar training with North Coast GP Training (NCGPT) and was a Registrar Liaison Officer for NCGPT from 2011–13, which included a role on the Advisory Council for General Practice Registrars Australia (GPRA). As registrar representative on the RACGP Council, she continues to serve on GPRA's Advisory Council in an ex-officio capacity. From 2013 until January 2015 she was a director of NCGPT, before retiring in order to focus on her director role with the RACGP. Prior to medical training, Dr Robertson studied a Bachelor of Arts, majoring in ancient history, and travelled the world working in varied roles. In 2000, she spent six months volunteering with a humanitarian organisation in Nacala, Mozambique, an experience which inspired her to pursue a career in medicine.

### **Dr Ayman Shenouda**

FRACGP, MBBCH  
Chair, National Rural Faculty

Dr Shenouda is a rural GP in Wagga Wagga, New South Wales, and migrated to Australia from Egypt 22 years ago. He commenced his medical career in Australia as a surgical registrar in Tasmania in 1995 and moved to Wagga Wagga in 2000, where he is currently principal of Glenrock Country Practice. He was awarded the RACGP GP of the Year in 2009 and his practice was named NSW&ACT General Practice of the Year in 2007. Dr Shenouda became the

Chair of the RACGP National Rural Faculty in October 2014 and his main areas of interest include establishing systems in general practice to deal with chronic disease management and education and training. He is a Fellow of the RACGP and has a Diploma of Dermatology from the University of Wales, UK. Dr Shenouda is also Chair of the Remote Vocational Training Scheme, former Director of Medical Education CCCT Riverina/Murrumbidgee, former Chair of Wagga Wagga GP After Hour Services and former Director on the Board of the Riverina Division of General Practice and Primary Health. He is also a member of the RACGP NSW&ACT Faculty Board Executive.

### **Dr Guan Yeo**

FRACGP, MBBS, GAICD  
Chair, New South Wales and Australian Capital Territory Faculty

Dr Yeo is Chair of the NSW&ACT Faculty. He has experience in corporate and clinical governance, advocacy, and education and assessment. He is a practising GP in outer-metropolitan Sydney and a clinical training consultant in clinical communication, standards, clinical performance assessment, quality use of medicines, and professional regulation. Dr Yeo is currently the RACGP National Assessment Advisor for the Clinical Exam (OSCE). Previously, as RACGP Assessment Panel Chair in New South Wales, he introduced programs to assist IMGs prepare for the FRACGP exam. He is a board member of Primary and Community Care Services and Deputy Chair of the General Practice Network Northside and a hearings member of the Medical Council of NSW (previously Medical Board).

## **Company Secretary**

### **Zena Burgess**

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

Dr Burgess is CEO and Company Secretary of the RACGP. She is also an Executive Director of RACGP Oxygen and company representative on the Board of Australian Medicines Handbook.

## Council meetings

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

	Council meetings		Finance, Audit and Risk Management	
	Maximum <sup>1</sup> possible	Attended	Maximum <sup>1</sup> possible	Attended
E Chew	10	9	■	■
F Jones	10	10	9	7
M Rawlin	10	10	■	■
L Briggs	5	5	■	■
D Byrne	6	6	6	5
D Knowles	10	8	9	9
T Koh	6	5	■	■
M Miller	6	4	■	■
B Murphy	10	8	■	■
N Robertson	6	6	■	■
A Shenouda	6	6	■	■
G Yeo	10	10	6	5
E Farrell	4	3	■	■
N Greenaway	4	4	3	3
J Kendrick	4	4	■	■
K Kirkpatrick	4	4	■	■
E Marles	4	4	3	1
N Stocks	4	4	■	■

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

<sup>1</sup> 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 is set out on the following page.

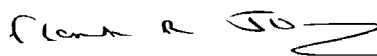
## Corporate information

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.



**Adjunct Associate Professor Frank R Jones, President**  
6 August 2015 – Melbourne

# Declaration of auditor independence



RSM Bird Cameron Partners  
 Level 21, 55 Collins Street Melbourne VIC 3000  
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 www.rsm.com.au

## 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 2015, 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 Bird Cameron Partners*  
**RSM BIRD CAMERON PARTNERS**

*Paul A Ransom*  
**P A RANSOM**  
 Partner

**6 August 2015**  
 Melbourne

Liability limited by a  
 scheme approved under  
 Professional Standards  
 Legislation

Major Offices in:  
 Perth, Sydney, Melbourne,  
 Adelaide and Canberra  
 ABN 30 945 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member  
 of the RSM network is an independent accounting and advisory firm which  
 practices in its own right. The RSM network is not itself a separate legal entity  
 in any jurisdiction.



# 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 2015, and the consolidated statement of profit or loss and other 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 *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 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.

*Independence*

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Liability limited by a  
 scheme approved under  
 Professional Standards  
 Legislation

Major Offices in:  
 Perth, Sydney, Melbourne,  
 Adelaide and Canberra  
 ABN 36 965 185 035

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.





In our opinion the financial report of The Royal Australian College of General Practitioners and controlled entities is in accordance with the *ACNC Act*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirement and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

A handwritten signature in blue ink that reads "RSM Bird Cameron Partners".

**RSM BIRD CAMERON PARTNERS**

A handwritten signature in blue ink that reads "P A Ransom".

**P A RANSOM**  
Partner

**6 August 2015**  
Melbourne



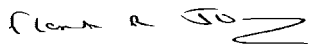
## Directors' declaration

**The directors declare that:**

- a. the financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, and
  - i. give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the consolidated group, and
  - i. 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.

On behalf of the Directors



**Adjunct Associate Professor Frank R Jones,  
President**

6 August 2015  
Melbourne

# Consolidated statement of profit or loss and other comprehensive income

## The Royal Australian College of General Practitioners

For the year ended 30 June 2015	Notes	2015 \$	2014 \$
Revenue	2	49,840,260	45,116,517
<b>Total revenue</b>		<b>49,840,260</b>	<b>45,116,517</b>
<b>Expenses</b>			
Employee benefits and on-costs		23,285,984	21,918,684
GP sessional and sitting payments		4,357,476	4,493,201
Cost of publications		778,436	1,319,581
Consultancy		1,460,200	949,647
Professional services		1,959,730	2,271,614
Travel and accommodation		1,824,815	1,803,155
Conference and meeting costs		3,101,839	3,024,394
Office accommodation		1,580,640	1,207,787
IT related costs		2,063,440	1,257,648
Telecommunications		526,567	676,836
Advertising and media		2,578,122	365,750
Printing and stationery		584,959	511,034
Grants and donations		478,762	378,918
Finance costs		811,371	929,712
Depreciation		1,724,638	1,547,295
External grant project administration		228,170	648,972
Other expenses		2,246,151	1,680,452
<b>Total expenses</b>	3	<b>49,591,300</b>	<b>44,984,680</b>
<b>Surplus from operating activities</b>		<b>248,960</b>	<b>131,837</b>
Share of net surplus/(deficit) of associates and joint venture accounted for using the equity method	6 (c)	150,146	(10,279)
<b>Surplus before non-operating activities</b>		<b>399,106</b>	<b>121,558</b>
<b>Non-operating activities</b>			
Revaluation increment/(decrement) to land and buildings		-	(259,380)
Profit/(loss) on sale of assets held for sale		-	(30,000)
<b>Total surplus/(deficit) before tax</b>		<b>399,106</b>	<b>(167,822)</b>
Income tax expense	1.14	6,026	34,979
<b>Total surplus/(deficit) after tax</b>	11	<b>393,080</b>	<b>(202,801)</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation increment to land and buildings	11	3,102,892	316,260
Income tax relating to these items		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>3,495,972</b>	<b>113,459</b>
<b>Total comprehensive income for the year</b>		<b>3,495,972</b>	<b>113,459</b>

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 2015	Notes	2015 \$	2014 \$
<b>Current assets</b>			
Cash and cash equivalents	4	16,508,862	16,096,534
Trade and other receivables	5	2,155,920	1,227,441
<b>Total current assets</b>		<b>18,664,782</b>	<b>17,323,975</b>
<b>Non current assets</b>			
Investments accounted for using the equity method	6	433,108	286,471
Property and office equipment	7	37,369,725	35,640,387
Trade and other receivables	5	170,973	99,289
<b>Total non current assets</b>		<b>37,973,806</b>	<b>36,026,147</b>
<b>Total assets</b>		<b>56,638,588</b>	<b>53,350,122</b>
<b>Current liabilities</b>			
Trade and other payables	8	35,079,689	28,880,933
Current tax liabilities		(1,378)	36,110
Provisions	10	1,192,318	948,657
<b>Total current liabilities</b>		<b>36,270,629</b>	<b>29,865,700</b>
<b>Non current liabilities</b>			
Borrowings	9	-	6,500,000
Provisions	10	491,383	603,818
<b>Total non current liabilities</b>		<b>491,383</b>	<b>7,103,818</b>
<b>Total liabilities</b>		<b>36,762,012</b>	<b>36,969,518</b>
<b>Net assets</b>		<b>19,876,576</b>	<b>16,380,604</b>
<b>Equity</b>			
Other reserves	11	8,393,183	5,290,291
Accumulated surplus	11	11,483,393	11,090,313
<b>Total equity</b>		<b>19,876,576</b>	<b>16,380,604</b>

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 2015	Notes	Accumulated surplus \$	Asset revaluation reserve \$	Total \$
Balance at 1 July 2013		10,775,668	5,491,477	16,267,145
Total deficit for the year		(202,801)	-	(202,801)
Total other comprehensive income for the year		-	316,260	316,260
Transfer to accumulated surplus		517,446	(517,446)	-
<b>Balance at 30 June 2014</b>	11	<b>11,090,313</b>	<b>5,290,291</b>	<b>16,380,604</b>
Total surplus for the year		393,080	-	393,080
Total other comprehensive income for the year		-	3,102,892	3,102,892
<b>Balance at 30 June 2015</b>	11	<b>11,483,393</b>	<b>8,393,183</b>	<b>19,876,576</b>

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 2015	Notes	2015 \$	2014 \$
<b>Cash flows from operating activities</b>			
Receipts from membership activities, publications, government and other grants (inclusive of GST)		55,434,815	49,717,711
Payments to suppliers and employees (inclusive of GST)		(47,872,668)	(44,771,061)
Income tax paid		(43,405)	(6,510)
<b>Net cash inflow from operating activities</b>		<b>7,518,742</b>	<b>4,940,140</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of property and office equipment		-	850,000
Purchase of property and office equipment		(771,492)	(2,159,282)
Interest received		165,078	197,410
<b>Net cash outflow from investing activities</b>		<b>(606,414)</b>	<b>(1,111,872)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(6,500,000)	(500,000)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(6,500,000)</b>	<b>(500,000)</b>
Net increase/(decrease) in cash held		412,328	3,328,268
Cash at beginning of financial year		16,096,534	12,768,266
<b>Cash at end of financial year</b>	4	<b>16,508,862</b>	<b>16,096,534</b>

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 2015

### 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 6 August 2015. 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 *ACNC Act*. The group is a not-for-profit entity for the purpose of preparing the financial statements. This is a change from 2013–2014 when the group was a for-profit entity for the purpose of preparing the financial statements. The change has had no material impact on 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 RACGP as at 30 June 2015 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.

**Note 1. Statement of significant accounting policies (cont.)**

Income and expenses of the subsidiary is 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 (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 (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 6).

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**

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. As set out in Note 6, the RACGP has an interest in a joint venture.

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 profit or loss and other comprehensive income', and the share of post-acquisition movements in reserves is recognised in other comprehensive income (refer to Note 6).

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, a 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 Property and office equipment

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

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

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

#### 1.5 Impairment of assets

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

#### 1.6 Depreciation

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

• 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 1.4). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the 'Consolidated statement of profit or loss and other comprehensive income'.

#### 1.7 Leases

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



**Note 1. Statement of significant accounting policies (cont.)**

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

**1.8 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. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. 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 profit or loss and other comprehensive income' within other expenses.

**1.9 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.

**1.10 Borrowings**

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

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

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

**1.11 Employee benefits**

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

**i. 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 liability for annual leave and other short-term employee obligations are recognised in trade and other payables.

**ii. Other long-term employee benefit obligations**

The liabilities for long service leave and annual leave that is not expected to be wholly settled within 12 months after the end of the period in which the employees render the related service, 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 end of the reporting period, using the projected unit credit method.

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

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

**1.12 Cash and cash equivalents**

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

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

### 1.13 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the group and specific criteria have been met for each of the group's activities as described below. Revenue is recognised on the following bases:

#### 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. Specific purpose grants

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

#### v. Interest income

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

#### vi. Dividends

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

### 1.14 Income tax

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

The subsidiary of The Royal Australian College of General Practitioners, 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

**Note 1. Statement of significant accounting policies (cont.)**

tax bases of investments in foreign operations where RACGP Oxygen Pty Ltd is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where RACGP Oxygen Pty Ltd has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

**1.15 Goods and services tax**

Revenues and expenses from ordinary activities, and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (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.

**1.16 Critical accounting estimates and judgements**

The preparation of financial statements requires the use of accounting estimates which, 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:

- i. Estimation of fair values of land and buildings – refer to Note 7**
- ii. Provision for employee benefits**

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

**1.17 Early adoption of standards**

The group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

**1.18 New and amended standards adopted by the group**

There are no new and amended standards adopted by the group during this financial year that will have material impact to the financial report.

**1.19 Parent entity financial information**

The financial information for the parent entity (the RACGP as disclosed in Note 18) has been prepared on the same basis as the financial statements, with the exception of the policy set out as follows:

**i. Investments in subsidiaries, associates and joint venture entities**

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

**ii. Income tax**

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

## **1.20 Capital management**

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

## **1.21 Fair value measurement**

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

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

<b>Note 2. Revenue from ordinary activities</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Revenue from operating activities</b>		
Membership, QI&CPD fees	23,392,305	20,543,130
Education, course registration and other fees	18,201,649	14,997,717
Research and other grants and donations	2,996,825	4,877,687
Publications and subscriptions	478,273	536,347
Sponsorship and advertising	2,209,928	1,754,805
Other operating income	1,560,863	1,603,772
<b>Other revenue from ordinary activities</b>		
Interest	165,078	207,782
Rent	835,339	595,277
	<b>49,840,260</b>	<b>45,116,517</b>

<b>Note 3. Expenses</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Profit before income tax includes the following specific expenses</b>		
<b>Depreciation</b>		
Buildings	494,028	463,259
Computer equipment and software	1,185,083	1,026,595
Other plant and equipment	45,527	57,442
	<b>1,724,638</b>	<b>1,547,295</b>
<b>Rental expense relating to operating leases</b>	<b>159,085</b>	<b>226,736</b>

<b>Note 4. Cash and cash equivalents</b>	<b>2015 \$</b>	<b>2014 \$</b>
Cash at bank	2,167,339	2,607,742
	<b>2,167,339</b>	<b>2,607,742</b>
Deposits on call	13,258,561	11,871,023
Deposits on call – grant funds held for disbursement	1,082,962	1,617,769
	<b>14,341,523</b>	<b>13,488,792</b>
	<b>16,508,862</b>	<b>16,096,534</b>

Note 5. Trade and other receivables	2015 \$	2014 \$
<b>Current assets</b>		
Trade receivables	1,321,883	802,578
Prepayments	759,347	271,609
Accrued income	-	112,169
Other receivables – lease incentive	74,690	41,085
	<b>2,155,920</b>	<b>1,227,441</b>
<b>Non-current assets</b>		
<b>Other receivables – lease incentive</b>	<b>170,973</b>	<b>99,289</b>
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The carrying amounts of amounts receivable approximate net fair values, as determined by reference to the expected future net cash flows and due to their short-term nature.		
Other receivables generally arise from transactions outside the usual operating activities of the group.		

Note 6. Investments accounted for using the equity method	2015 \$	2014 \$
Share in associates (Note 6(a))	433,108	283,479
Interest in joint venture (Note 6(b))	-	2,992
	<b>433,108</b>	<b>286,471</b>

#### (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	504,412	503,237
Liabilities	216,451	211,220
Revenue	1,216,987	1,108,051
Profit/(loss) after tax	149,629	(9,980)

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

Balance at the beginning of the financial year	283,479	293,459
Share of associate's surplus/(deficit) from ordinary activities after income tax	149,629	(9,980)
<b>Balance at the end of the financial year</b>	<b>433,108</b>	<b>283,479</b>

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

#### (b) Interest in joint venture

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 the production and sale of eHealth related products. Oxygen Services Pty Ltd was de-registered on 22 October 2014.

During the financial year, an amount of \$517 (2014: (\$299)) was recognised as share of joint venture's surplus/(deficit). As Oxygen Services Pty Ltd was deregistered on 22 October 2014, the interest in joint venture was written-off to nil.

#### (c) Share of net surplus/(deficit) of associates and joint venture accredited for using the equity method

Share in associates surplus/(deficit)	149,629	(9,980)
Interest in joint venture surplus/(deficit)	517	(299)
	<b>150,146</b>	<b>(10,279)</b>

There are no contingent liabilities incurred jointly with other investors (2014:\$nil).

<b>Note 7. Non-current assets – property and office equipment</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Freehold land and buildings</b>		
Land and building – valuation	35,750,000	32,750,000
Less accumulated amortisation	-	-
	<b>35,750,000</b>	<b>32,750,000</b>
Computer equipment and software at cost	7,246,026	7,429,363
Less accumulated depreciation	(5,736,083)	(4,869,655)
	<b>1,509,943</b>	<b>2,559,708</b>
Other plant and equipment at cost	1,094,316	1,417,187
Less accumulated depreciation	(984,534)	(1,086,508)
	<b>109,782</b>	<b>330,679</b>
<b>Total written down value</b>	<b>37,369,725</b>	<b>35,640,387</b>
<b>Reconciliations</b>		
<b>Freehold land and buildings</b>		
Opening balance	32,750,000	33,025,000
Additions	391,135	131,379
Revaluation increment/(decrement) <sup>(i)</sup>	3,102,893	56,880
Depreciation expense	(494,028)	(463,259)
<b>Closing balance</b>	<b>35,750,000</b>	<b>32,750,000</b>
<b>Computer equipment and software</b>		
Opening balance	2,559,708	1,587,106
Additions	348,902	2,020,520
Disposal	(213,585)	(21,323)
Depreciation expense	(1,185,083)	(1,026,595)
<b>Closing balance</b>	<b>1,509,942</b>	<b>2,559,708</b>
<b>Other plant and equipment</b>		
Opening balance	330,679	405,039
Additions	31,455	7,385
Disposal	(206,824)	(24,303)
Depreciation expense	(45,527)	(57,442)
<b>Closing balance</b>	<b>109,783</b>	<b>330,679</b>
<b>Total closing balance</b>	<b>37,369,725</b>	<b>35,640,387</b>

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 2015. The valuations recorded a net increase in the value of group properties. Under Australian accounting standards, \$3,102,892 has been recorded against the Asset Revaluation Reserve in relation to this increase in property values.

Independent valuations of the group's land and buildings were performed by the independent valuers Savills Pty Ltd in their respective states, to determine the market value of the properties for 30 June 2015.

The Commonwealth Bank of Australia holds a first registered mortgage over the land and buildings at 100 Wellington Parade, East Melbourne. This mortgage secures a credit facility of \$2,000,000 that was not used during the financial year ended 30 June 2015.

<b>Note 8. Trade and other payables</b>	<b>2015 \$</b>	<b>2014 \$</b>
Trade creditors	3,069,199	1,192,346
Other creditors and accruals	2,786,015	2,498,496
Employee benefits	1,462,610	1,577,020
Owing to related entities	-	1,000
<b>Amounts invoiced in advance</b>		
Membership subscriptions and QI&CPD fees	19,335,945	16,837,643
Grants	1,021,857	876,971
Exams	6,185,150	4,947,608
Other	1,218,913	949,849
<b>Total</b>	<b>35,079,689</b>	<b>28,880,933</b>

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

<b>Note 9. Borrowings</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Non-current liabilities</b>		
<b>Secured borrowings</b>	-	<b>6,500,000</b>

The purpose of these facilities was to assist with the purchase of 100 Wellington Parade, East Melbourne. The borrowing was fully paid during the financial year ended 30 June 2015.

<b>Note 10. Provisions</b>	<b>2015 \$</b>	<b>2014 \$</b>
Employee benefits – long service leave (current)	1,192,318	948,657
Employee benefits – long service leave (non-current)	491,383	603,818



<b>Note 11. Reserves and accumulated surplus</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Asset Revaluation Reserve</b>		
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	5,290,291	5,491,477
Revaluation of land and buildings	3,102,892	316,260
Transfer to accumulated surplus(*)	-	(517,446)
<b>Balance at end of year</b>	<b>8,393,183</b>	<b>5,290,291</b>
<b>Movements in accumulated surplus</b>		
Balance at beginning of year	11,090,313	10,775,668
Current year surplus	393,080	(202,801)
Transfer from Asset Revaluation Reserve(*)	-	517,446
<b>Balance at end of year</b>	<b>11,483,393</b>	<b>11,090,313</b>
(*) During the financial year 2013–14, 206 New Town Road, New Town, Tasmania, was sold. Within the Asset Revaluation Reserve was \$517,446 relating to this property. In accordance with accounting standards, this amount was transferred to accumulated surplus.		

<b>Note 12. Key management personnel compensation</b>	<b>2015 \$</b>	<b>2014 \$</b>
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:		
<b>Key management personnel</b>	<b>1,232,858</b>	<b>1,195,390</b>

<b>Note 13. Commitments</b>	<b>2015 \$</b>	<b>2014 \$</b>
<b>Operating leases</b>		
The group leases various office equipment, under cancellable operating leases expiring within one year. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiable.		
<b>Minimum lease payments:</b>		
within one year	45,700	15,137
later than one year but not later than five years	82,831	-
<b>Total operating leases</b>	<b>128,531</b>	<b>15,137</b>
<b>Capital commitments</b>		
<b>Property and office equipment within 12 months</b>		
Computer equipment and software	-	500,000
Building improvements	277,200	-
<b>Total property and office equipment</b>	<b>277,200</b>	<b>500,000</b>

**Note 14. Contingencies**

The directors are not aware of any material contingent assets or liabilities as at 30 June 2015.

**Note 15. 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 12.

**(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.

**Note 16. Financial instruments****2015 \$****2014 \$****Liquidity risk**

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

**Financing arrangements**

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

**Variable rate**

Facilities:

Bill facility – C	-	6,300,000
Bill facility – D	-	6,500,000
Overdraft	2,000,000	-
	<b>2,000,000</b>	<b>12,800,000</b>
Drawn facilities:		
Bill facility – D	-	(6,500,000)
<b>Total undrawn facilities</b>	<b>2,000,000</b>	<b>6,300,000</b>

The purpose of facilities C and D were to assist with the purchase of 100 Wellington Parade, East Melbourne. These facilities were fully paid and closed during financial year ended 30 June 2015.

**Note 17. Events after the reporting period**

No 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.

**Note 18. Parent entity information**

2015 \$

2014 \$

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the group.

**Financial position****Assets**

Current assets	18,664,783	17,323,975
Non-current assets	37,983,805	36,033,155
<b>Total assets</b>	<b>56,648,588</b>	<b>53,357,130</b>

**Liabilities**

Current liabilities	36,429,391	30,006,892
Non-current liabilities	491,382	7,103,818
<b>Total liabilities</b>	<b>36,920,773</b>	<b>37,110,710</b>

**Net assets**

	<b>19,727,815</b>	<b>16,246,420</b>
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**Equity**

Reserves	8,393,183	5,290,291
Accumulated surplus	11,334,632	10,956,129
<b>Total equity</b>	<b>19,727,815</b>	<b>16,246,420</b>

**Financial performance**

Total surplus/(deficit)	378,503	(314,652)
<b>Other comprehensive income for the year</b>	<b>3,102,892</b>	<b>316,260</b>
<b>Total comprehensive income for the year</b>	<b>3,481,395</b>	<b>1,608</b>

**Contingent liabilities of the parent entity**

The directors are not aware of any material contingent liabilities as at 30 June 2015.

**Commitments for the acquisition of property, plant and equipment by the parent entity****Property and office equipment**

Within 12 months		
Computer equipment and software	-	500,000
Building improvements	227,200	-
<b>Total property and office equipment</b>	<b>227,200</b>	<b>500,000</b>

**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.

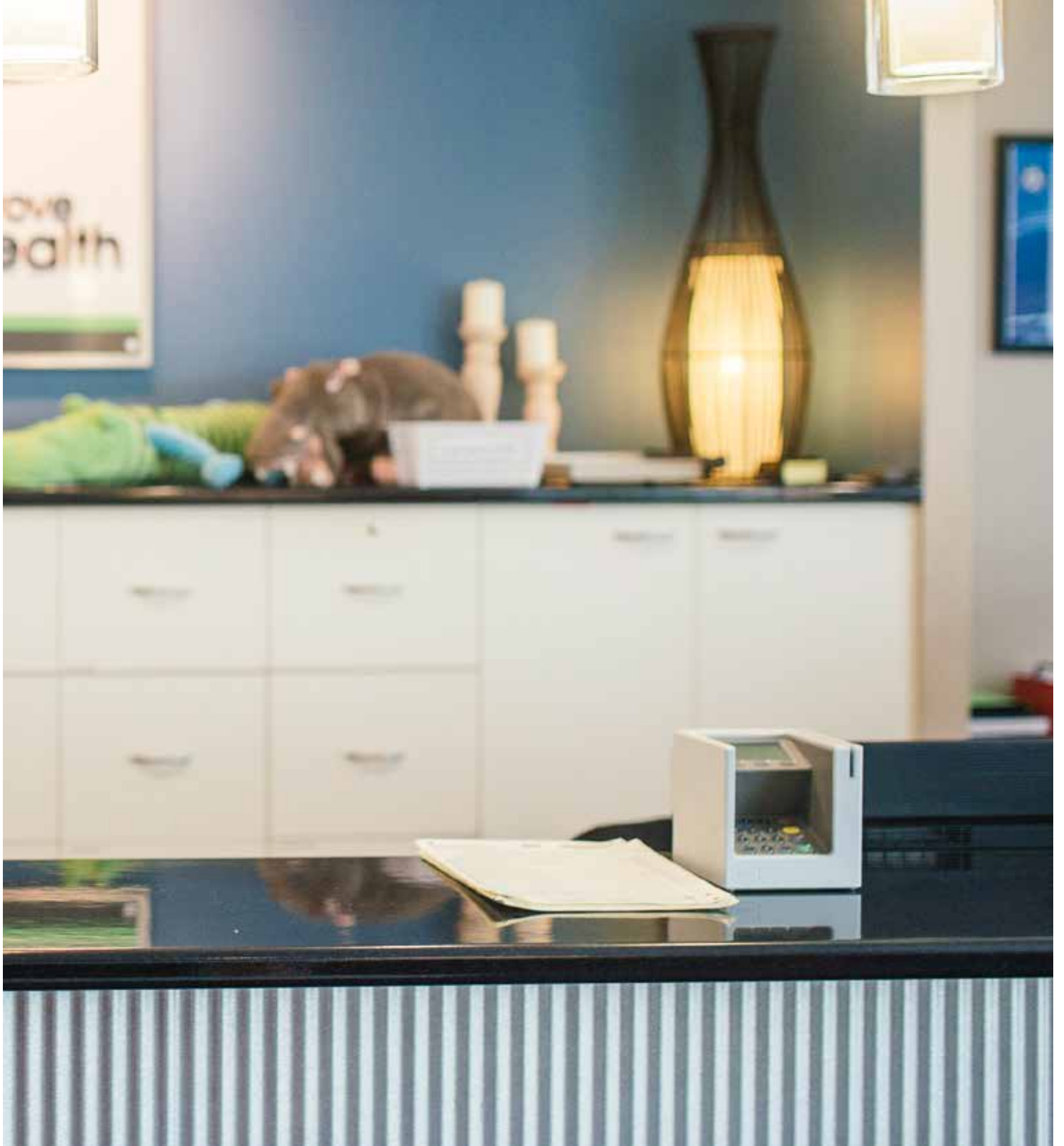
Name of entity	Name of entity	Class of shares	Equity holding	
			2015	2014
RACGP Oxygen Pty Ltd	Australia	Ordinary	100%	100%



Having just sat and passed my RACGP examinations, I value educational resources including *AFP* and the *check* program – these were essential in preparing for my exam, and continue to be useful for ongoing learning. Evidence-based practice guidelines are also very valuable as I continue to gain experience as a GP.”

Dr Eliza Hannam, MBBS  
Registrar – Member since 2014









RACGP

Healthy Profession.  
Healthy Australia.