

# Financial Report 2024

For the financial year ended  
31 December 2024

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## CORPORATE INFORMATION

### **ABN / ACN**

29 004 167 766 / 004 167 766

### **Councillors**

Refer to the Councillors' Report.

### **Company Secretary**

Tania Fisher

### **Registered Office and Principal Place of Business**

Royal Australasian College of Surgeons  
250-290 Spring Street  
East Melbourne Victoria 3002  
Telephone 03 9249 1200

### **Solicitors**

Russell Kennedy  
Level 18, 500 Bourke Street  
Melbourne Victoria 3000

### **Bankers**

Australia and New Zealand Banking Group Limited (ANZ)  
833 – 839 Collins Street  
Docklands Victoria 3008

### **Auditors**

PKF Melbourne Audit & Assurance Pty Ltd  
Level 15, 500 Bourke Street  
Melbourne Victoria 3000

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## FINANCE REPORT TO FELLOWS

The Financial Report for the year ended 31 December 2024 is presented together with the Auditor's Report and the voluntary Code of Conduct report for the Australian Council for International Development (ACFID).

### Overall performance

The 2024 financial year was one where the Royal Australasian College of Surgeons' (RACS) achieved a substantial surplus off the back of the implementation of a robust financial sustainability plan designed to restore the College's balance sheet. Prudent fiscal controls including a range of procurement savings, a fall in staff expenditure and strong investment returns, have contributed to the result.

RACS delivered an overall comprehensive income, including other comprehensive income predominately from investment assets, of \$11.5m in 2024 compared to a deficit of \$1.6m in 2023. A surplus from operations, including other income, of \$4.1m was achieved in 2024 compared to a deficit of \$9.9m in 2023.

The surplus from operations includes the Foundation for Surgery's scholarship and grants payment program and deployment costs to deliver it. Other comprehensive includes investment income to support the program driven from positive investment performance returns of 10.9% (before fees). The investment income is predominately attributable to the Specific Purpose Trusts held within the Foundation for Surgery.

RACS' improved financial position allowed it in January 2024 to pay back its \$5m bank loan facility balance at 31 December 2023. The facility will continue to be available to assist with seasonality of RACS' cash flows, although with the improved financial position, the facility limit has been halved.

### Revenue

Revenues from operations were \$67.9m compared to \$63.7m in 2023, an increase of \$4.2m (6.6%).

Key revenue streams for the year reflect:

- Subscriptions and entrance fees of \$26.3m (2023: \$21.5m), the increase of \$4.9m (22.6%) predominately a result of fee increases;
- Training, examination, and assessment fees of \$27.6m (2023: \$24.2m), the increase of \$3.4m (13.8%) primarily due to fee increases and higher international medical graduate assessments;
- Sponsorship and donations of \$1.5m (2023: \$4.1m), decrease of \$2.6m (62.4%) due to economic conditions and individual circumstances related to the nature of donations and bequests;
- Conference registrations of \$1.8m (2023: \$2.1m), decrease of \$0.3m (15.1%) due to lower attendance at the Christchurch Annual Scientific Congress (ASC) which is consistent when the event is not held in Australia; and
- Project income and management fees from external parties of \$8.4m (2023: \$9.7m), the decrease of \$1.3m (12.9%) due to fewer externally funded projects.

### Expenditure

Expenditures from operations of \$65m compared to \$74.4m in 2023, a decrease of \$9.4m (12.7%). The decrease is largely driven from activity associated with stabilising the College's financial position and is impacted by economic conditions, including annual inflation.

Key expenses for the year reflect:

- Personnel costs of \$28.8m (2023: \$33.7m), the decrease of \$4.9m (14.6%) driven by a reduction in 'Wages and Salary Costs' associated with the 2023 staff redundancies and due to vacancy rates and capitalisation of project staff;
- Audit, legal and professional fees of \$1.1m (2023: \$1.3m), the decrease of \$0.2m (16.2%) relates to lower legal activity and recovery of legal fees from the College's insurer;
- Depreciation and Amortisation costs of \$7.9m (2023: \$7.8m), the increase of \$0.1m (1.4%) reflects the continual development and investment in transformation initiatives and digital platforms;
- Facilities hire and catering costs of \$3.6m (2023: \$4.0m), the decrease of \$0.4m (10%) predominately due to a review of expenditure as part of fiscal activity to manage costs;
- Grant expenditure of \$0.2m (2023: \$1.0m), the decrease of \$0.8m (81.4%) is primarily related to the delivery of services which is impacted by the lower externally funded programs and a review of expenditure;

- Information systems costs of \$3.7m (2023: \$4.3m), the decrease of \$0.6m (13.3%) is predominately due to a reduction in software / maintenance licence fees, hiring of equipment and project consultant fees;
- Outsourced service provider costs of \$4.4m (2023: \$4.5m), the decrease of \$0.1m (2.2%) reflects the reduced deliver of externally funded programs, both within Australia and Internationally which was offset by higher clinical professional services costs;
- Scholarships, fellowships and research grant costs of \$0.8m (2023: \$1.8m), the decrease of \$1m (56.6%) is mainly due to the fiscal review of 2024 grants program together with some grant programs not filled due to low applicants. A full resumption of the grant program is expected in 2025; and
- Travel and accommodation of \$5.4m (2023: \$5.5m), the decrease of \$0.1m (2.1%) reflects prudent fiscal controls in place for travel arrangements used for the delivery of services to members, education training and externally funded projects, delivered predominately through RACS' pro-bono workforce.

## Financial position

Statement of Financial Position reflects:

- Net assets of \$131.5m (2023: \$120.0m), the increase of \$11.5m (9.6%) being directly related to the comprehensive surplus of \$11.5m;
- The net assets of \$131.5m include specific purpose funds of \$72.3m (2023: \$67.5m). RACS' net assets, excluding specific purpose funds is \$59.2m (2023: \$52.6m);
- Cash and short-term deposits of \$33.0m (2023: \$22.2m), the increase of \$10.8m (48.9%) is from net cash inflow from operating activities of \$10.9m; net inflows from investing activities of \$6.6m which was offset by new outflows from financing activities of \$6.5m, largely associated with the repayment of the entire bank facility balance;
- Trade and other receivables \$28.9m (2023: \$25.4m), the increase of \$3.6m (14%) largely due to the fee increase in the billing of Fellows, Trainees and education annual fees and other receivables;
- Other current assets of \$4.2m (2023: \$4.2m), on par with the prior year.
- Non-current other financial assets of \$78.9m (2023: \$78.8m), the increase of \$0.1m (0.1%) relates to appreciation in investment assets managed within the portfolio aligned to the overall increase in market valuations, and a realisation of investments during the year;
- Property, plant and equipment of \$53.8m (2023: \$55.7m), the decrease of \$1.9m (3.5%) being attributable to annual lease accounting standard requirements and net capital improvements;
- Intangible assets of \$12.1m (2023: \$15.5m), the decrease of \$3.4m (22.1%) is the result of net digital technology investments/amortisation under the multi-year 'One College Transformation' program;
- Contract liabilities and other revenue received in advance of \$51.4m (2023: \$49.3m), the increase of \$2.1m (4.1%) is due to an increase in contract liabilities with grants associated with the Specialist Training Program and RACS Global Health projects;
- Total lease liabilities of \$18.2m (2023: \$19.6m), the decrease of \$1.5m (7.5%) reduction is the net movement of interest and lease repayments;
- Total employee benefits of \$3.4m (2023: \$3.9m) the decrease of \$0.5m (14%) relate to the reduction in leave entitlements to staff for annual and long service leave.

## Cash Flow

Overall, there was a net increase in cash and cash equivalents during the year. The key movements reflect:

- Net cash inflows from operating activities of \$10.9m (2023: \$4.3m outflow), the increase in inflows of \$15.3m is due to the increase in receipts from operations and a reduction in payments to suppliers and employees;
- Net cash inflows from investing activities of \$6.6m (2023: \$7.5m outflow), the \$14.0m net inflow is predominately due to higher net proceeds from investments and lower redemption of investment funds from third parties (societies);
- Net cash outflows from financing activities of \$6.5m (2023: \$3.6m inflow), the turnaround of \$10.1m is as result of the repayment of the entire bank facility balance of \$5.0m (2023: \$7.75m) and payments for lease liabilities.

## Foundation for Surgery

The Foundation activities encompass scholarships, fellowships, and research grants as well as direct oversight of RACS philanthropic endeavours. It is Council's strategic aim to commit to an annual funding limit of up to \$2.5m, where possible, to maintain RACS as a nationally and globally recognised funding institution for surgical research, global health, indigenous health, and other philanthropic initiatives. RACS provided a number of scholarships, grants and fellowship selections, with \$0.8m being paid in the year (2023: \$1.8m). The decrease is mainly due to the fiscal review of 2024 grants program together with some grants not filled due to low applicants. A full resumption of the grant program is expected in 2025.

## Investment portfolio – funding the Foundation for Surgery

Sound investment markets over the 2024 calendar year and sound management by the Investment Committee saw the investment portfolio achieve a 10.9% return (2023: 11.5%) contributing positively to RACS overall entity result. Sound cash income (dividends, imputation credits) within the investment portfolio of \$3.5m (2023: \$4.1m) provides the necessary funding to support the Foundation for Surgery while ensuring that the capital value of the portfolio is maintained in the long term.

## Conclusion

The financial result is a reflection of the robust financial plan established to restore the College's balance sheet. While continued fiscal management is required, sound financials exist enabling a shift in focus to RACS' strategic priorities, with member value first among them. This together with ongoing governance, financial and risk management will drive long-term sustainability of the College.

RACS' improved financial position has allowed it to pay back the balance of the loan facility used, half the loan facility available to \$7.5m and freeze membership subscription and training fees for 2025.

RACS continues to maintain a solvent financial position and has access to both a bank facility and other financial assets that can be readily converted to cash to ensure it can meet its ongoing financial commitments and obligations.

In concluding, I would like to thank RACS staff and the Recovery Committee for their hard work and commitment in 2024. I would also like to acknowledge the services of our Honorary Advisers to whom we remain indebted. My thanks to Ms Siobhan Blewitt (Investment Committee), Ms Penny Heard (Investment), Mr Chesley Taylor (Investment), Mr Michael Randall OAM (Investment) and Mr Michael Saba (Investment) for their generous and valued support during the year.



Associate Professor Kerin Fielding  
**President**

## BOARD AND COUNCILLORS' REPORT

The Board of Directors of the Royal Australasian College of Surgeons (RACS) submit herewith the Annual Financial Report of RACS for the year ended 31 December 2024. In order to comply with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, the Directors' report follows:

### Constitution Reforms

RACS undertook constitutional reforms with the approval of a new Constitution approved on 18 October 2024 which included a transition plan to move to a skills-based Board. Effective from 19 October 2024, all existing Councillors resigned as Office Bearers with only the President, Vice President and one Councillor remaining on the Board. Subsequent to that date, additional directors were appointed as outlined in the report.

### Office Bearers – Councillors up to 18 October 2024

The names and details of the Office Bearers up until their resignation on 18 October 2024 and the Councillors in office during the financial year and until the date of this report are as follows. Office Bearers and Councillors were in office for this entire period unless otherwise stated. Four Council meetings (February, June and October and one extraordinary meeting in November) and twelve Council Executive meetings (January, March, April, May, July, August, September, November and four extraordinary meetings in January, February, March and June) were held in 2024. The number of meetings attended by each Councillor is noted below.

Councillors Meeting Attendance 2024		Number of meetings attended		Number of meetings eligible to attend	
		Council	Council Executive	Council	Council Executive
Office Bearers	Council Appointment				
A/Prof Kerin Ann Fielding	President (Jan-Dec)	4	12	4	12
Professor Owen Allan Ung	Vice President (Jan-Dec)	4	12	4	12
Dr Gregory Edwin Witherow (Resigned as Office Bearer 18-10-24)	Treasurer (Jan-May) Councillor (May-Dec)	4	4	4	6
Dr Adrian Anand Anthony (Resigned as Office Bearer 18-10-24)	Censor in Chief (Jan-Dec)	4	10	4	12
Dr Christine Su-Li Lai (Resigned as Office Bearer 18-10-24)	Standards & Fellowship Services Committee (Jan-Dec)	4	12	4	12
Professor Mark Winter Ashton (Resigned as Office Bearer 18-10-24)	Councillor (Jan-May) Rotating Member Council Executive (May-Dec)	4	6	4	6
A/Prof Andrew Donald Cochrane AM (Resigned as Office Bearer 18-10-24)	Acting CIC (Aug) Deputy Treasurer (May-Dec)	4	2	4	2
Dr Nicola Maret Hill	Rotating Member Council Executive (Jan-Dec)	4	9	4	12
Professor Henry Hyunshik Woo (Resigned as Office Bearer 18-10-24)	Rotating Member Council Executive (Jan-Dec)	3	8	4	12
Dr Rebecca Kate Jack (Resigned as Office Bearer 18-10-24)	Rotating Member Council Executive (Jan-May); Treasurer (May-Dec)	3	7	4	12
Professor Raymond Sacks (Resigned as Office Bearer 18-10-24)	Acting CIC (Jul) Councillor (Jan-Dec)	3	1	4	1
Elected Members of Council					
Professor Deborah Bailey (Resigned as Office Bearer 18-10-24)		4	0	4	0
Dr Ruth Caroline Bollard (Resigned as Office Bearer 18-10-24)		4	0	4	0
Dr Richard Ian Bradbury		3	0	4	0

(Resigned as Office Bearer 18-10-24)					
Dr Sarah Helen Coll		4	0	4	0
(Resigned as Office Bearer 18-10-24)					
Dr Mark Anthony James Dexter		4	0	4	0
(Resigned as Office Bearer 18-10-24)					
Dr Ailene Fitzgerald	Co-opted (Jan-May);	3	0	4	0
(Resigned as Office Bearer 18-10-24) Appointed (May-Dec)					
Prof Mark Frydenberg AM		4	0	4	0
(Resigned as Office Bearer 18-10-24)					
Dr Annette Coralie Holian		4	0	4	0
(Resigned as Office Bearer 18-10-24)					
Dr David King	Appointed (May-Dec)	2	0	3	0
(Resigned as Office Bearer 18-10-24)					
Dr Gregory Keogh	Appointed (May-Dec)	3	0	3	0
(Resigned as Office Bearer 18-10-24)					
Dr Philip Neil Morreau		4	0	4	0
(Resigned as Office Bearer 18-10-24)					
Dr Richard Wong She	Appointed (May-Dec)	3	0	3	0
(Resigned as Office Bearer 18-10-24)					
Dr Roxanne Wu	Appointed (May-Dec)	3	0	3	0
(Resigned as Office Bearer 18-10-24)					
<b>Co-Opted Members of Council</b>					
Dr Will Blake		3	0	3	0
(Resigned as Office Bearer 18-10-24)					
Dr Ros Pochin	Appointed (Nov)	1	1	1	1
A/Prof Andrew MacCormack	Appointed (March-	2	5	2	5
(Resigned as Office Bearer 18-10-24) June)					
Mr Shane Solomon		4	10	4	12
Ms Souella Cumming		4	10	4	12
Dr Nishanthi Gurusinghe		2	0	2	0
(Resigned as Office Bearer 18-10-24)					
<b>Retired Members of Council</b>					
		5	0	5	0
Professor Andrew Graham Hill	Retired 5 May 2024	1	0	1	0
Dr Jennifer Lee Chambers OAM	Retired 5 May 2024	1	0	1	0
Dr John Anthony Crozier AM CSM	Retired 5 May 2024	1	0	1	0
Prof David Rowley Fletcher AM	Retired 5 May 2024	1	0	1	0
Dr Maxine Mariri Ronald	Retired 5 May 2024	1	0	1	0
Dr Sue Hui Ong	RACSTA Chair, 1 January 2024 - 31 December 2024	4	0	4	0

## Office Bearers – Board members post 18 October 2024

The names and details of the Office Bearers in office during the financial year from the date of their appointment until the date of this report are as follows. Office Bearers were in office for this entire period unless otherwise stated. One Board meeting was held in November 2024. The number of meetings attended by each Office Bearer is noted below.

Board Meeting Attendance 2024		Number of meetings attended	Number of Board meetings eligible to attend
<b>Office Bearers</b>			
A/Prof Kerin Ann Fielding	President (appointed 18 October)	1	1
Professor Owen Allan Ung	Vice President (appointed 18 October)	1	1
Dr Nicola Maret Hill	FRACS Director (appointed 18 October)	1	1
Shane Solomon*	Independent Director (appointed 17 December)	1	0
Souella Cumming*	Independent Director (appointed 17 December)	1	0

\*Attended in the capacity as incoming Board members / advisers



## **Board, Councillors' and Chief Executive Officer's Qualifications and Current Experience**

### **Mr Adrian Anand Anthony MBBS MSurgEd GAICD FRACS FASI (Hon)**

Senior Staff Specialist and Director Clinical Training, The Queen Elizabeth Hospital, Central Adelaide Local Health Network; Senior Visiting Surgeon, Regional Health SA, Senior Lecturer Upper GI Surgery, University of Adelaide; Lecturer in Surgical Education, University of Melbourne; University of Melbourne Graduate Program Faculty; Trustee, Anthony Superannuation Fund

### **Professor Mark Winter Ashton MB BS MD FRACS (Plas)**

Specialist Plastic Surgeon, Professor of Surgery at the University of Melbourne; Chair of Plastic Surgery at Epworth Freemasons Hospital; Former Head of Plastic Surgery at The Royal Melbourne Hospital; Immediate past President of the Australian Society of Plastic Surgeons; Invited Editor for The Plastic and Reconstructive Surgery Journal in America; Editor in Chief of the Australasian Journal of Plastic Surgery; Invited Faculty Member of the International Perforator Flap Course in Belgium; Chairman of the Melbourne Advanced Facial Anatomy Course; Director of the Taylor Research Lab within the Anatomy Department of the University of Melbourne; Board Member, past Chair of the Surgical Committee for Interplast

### **Adj. Professor Deborah Bailey MBBS FRACS**

Director Paediatric Surgery Gold Coast Health Services, Senior Staff Specialist Paediatric Surgeon Gold Coast University Hospital. Adjunct Professor Griffith University Medical School. Adj Professor Bond University Medical School. Paediatric Surgery Member Surgical Advisory Committee Qld Health. Board Directors Pacific Association of Paediatric Surgeons. VMO Pindara Hospital Ramsay Health

### **Dr William Blake MBBS, FRACS**

Councillor VMO at Cabrini Health and Monash Health. Former head of the Australian PRS training board Volunteer with Interplast and voluntary sectional editor with Australasian Journal of Plastic Surgery (Education) Member of the AMA (Victoria) and former state board member. Federal councillor representing surgeons. Member of Australian Professional Association for Trans Health (AusPATH)

### **Dr Richard Ian Bradbury B.Sc, MBBS GAICD FRACS**

Consultant General Surgeon Royal Darwin Hospital, Palmerston Regional Hospital , Gove District Hospital NT. VMO Darwin Private Hospital. Chair of RDH Medical Advisory Committee. Senior Lecturer with Flinders University for NT Medical Program.

### **Dr Ruth Caroline Bollard MBChB FRACS FRCS FRCS (Gen) MSc GAICD**

Board Director Peter MacCallum, Melbourne ,Victoria

### **Dr Jennifer Lee Chambers OAM MBBS (Hons) FRACS AFRACMA, GAICD**

Senior Vascular Surgeon, Port Macquarie Base, Kempsey and Wauchope District Hospitals; Conjoint Lecturer in Surgery UNSW Rural Clinical School; Associate of Hastings Vascular Associates

### **Associate Professor Andrew Donald Cochrane AM MBBS FRACS FRCS (CTh) B.Comm MPH M.Epidemiol MBA M.Med.Admin M.Surg.Ed FCSANZ FACC.**

Visiting cardiothoracic surgeon at Epworth Hospital, Mulgrave Private Hospital, John Fawcner Hospital and St John of God Hospital at Berwick. Previously at Monash Health and in the Dept. of Surgery, Monash University. Honorary Fellow at the Florey Research Institute, Parkville. Chair of the RACS Scholarships and Grants committee, member of the RACS Education Committee, Journal sectional editor for the ANZ Journal of Surgery and for Heart Lung & Circulation. Member of the Cardiothoracic Surgery Committee, and member of the Executive of ANZSCTS, , Member of the ANZSCTS Database committee, Board member of Australasian Cardiac Surgery Research Institution Ltd (ACSRIL), which provides financial governance over the ANZSCTS Database. Member of the Clinical Governance Committee for East Timor Hearts Fund. Vice President of AUSLAMAT (Australia Sri Lanka Medical Aid Team). Trustee of the Cochrane-Schofield Charitable Trust. Recipient of an NHMRC research grant with colleagues at the Florey Medical Research Institute, Parkville. Investments held with JB Were and with Morgan Stanley Smith Barney

### **Dr Sarah Helen Coll MBBS FRACS FAOA GAICD CIME**

Orthopaedic Surgeon; James Cook University Senior Lecturer, Examiner and Entrance Interviewer; President of the Australian Federation of Medical Women; Committee Member Far North Lady Doctors Association; AMAQld Board Member; Member AMAQld Committee of Consultants Specialists; Member AMAQLD FRAC; Chair AMAQ Nominations and Remuneration Committee; Treasurer, Pacific International Orthopaedic Association; Director Breadcrumbs 241 Pty Ltd; Director Coll Nominees Family Trust; Vice President of the Australian Federation Medical Women; Peer Messenger Cairns Private Hospital; Panel Member - Medical Assessment Tribunal of Queensland Workcover; Cairns Art Gallery Foundation Board Member

**Dr John Anthony Crozier** AM CSM MBBS FRACS FRCST (Hon) FACRS GAICD DDU (Vasc)

Vascular Surgeon; VMO Liverpool Hospital, Sydney; CoDirector National Alliance for Action on Alcohol

**Ms Souella Cumming** BCA CRMA CNZM

Hohepa Wellington Regional Trust board member (appointed 1 July 2023); Hohepa Homes Trust Board Audit Committee member; Hohepa Wellington Families and Friends Association member; Financial Statement of Government (The Treasury) Audit and Risk Committee member; St John International Audit and Risk Committee member; St John New Zealand Audit and Risk Committee member; Special Olympics New Zealand Foundation chair; Victoria University of Wellington Foundation trustee and member of the Finance, Risk and Investment; Victoria University of Wellington School of Business and Government Advisory Board member; Zonta International board member/treasurer; Zonta Foundation for Women board member/treasurer; Chartered Accountants Australia and New Zealand (CAANZ) fellow; Global Women member; Institute of Directors member; Institute of Internal Auditors life member.

**Dr Mark Anthony James Dexter** BSc (Med) MBBS (Hons 1) FRACS IFAANS

Neurosurgeon. Head, Department of Neurosurgery, Westmead Adult Hospital and Children's Hospital at Westmead; Associate Professor, University of Sydney; Previous President Neurosurgical Society of Australasia; Chair, Shunt Registry Committee; Member of Neurosurgical Society of Australasia; MBS Review Committee, Department of Health; Neurosurgical representative, Pacific Islands Project.

**Associate Professor Kerin Ann Fielding**, MBBS(Syd), FRACS(Orth), FAOA, GAICD Hon FRCS. FRCS (ed) Ad Hominem

Senior visiting Orthopaedic Surgeon Calvary Hospital, Wagga Wagga Base Hospital; Clinical Leader for Surgical Education, Notre Dame University Wagga Wagga Clinical School, Member Australian & New Zealand Hip Fracture Registry Executive; Member Trauma Committee Wagga Wagga Base Hospital, Expert Peer Reviewer Medical Board NSW, Academy of Surgical Educators, Chair Rural Health Equity Strategy RACS, Chair Elect CPMC, Member CPMC Executive, Member CPMC Advocacy Committee, CPMC Representative MWAC, Member SEAC Standards Review Working Group, Federal Department Health NMWS Working group RACS Representative, Member SIMG Pathways Review/ Advisory Group APRAH, SET supervisor.

**Dr Ailene Joy Fitzgerald**, MBBS FRACS

General Surgeon and Clinical Director Surgery, Canberra Health Service; Commander Royal Australian Navy; Chair ACT Trauma Committee

**Professor David Rowley Fletcher** AM MBBS MD FRACS GAICD

General / UGI Surgeon; Emeritus Consultant Surgeon Fiona Stanley Fremantle Hospital Group; retired Head of Department FSFHG / University West Australia; Member Medical Services Advisory Committee; Member Clinical Casemix Advisory Group of IHPA; Member General Surgery Committee Medicare Taskforce; Chair Service Surgical Registrar Employment Advisory Committee HDWA; Advisor Therapeutics Goods Administration

**Professor Mark Frydenberg** AM MBBS FRACS FAICD

Professor Department of Surgery Monash University; Academic Director of Urology, Cabrini Institute, Cabrini Health; Member Out of Pocket Expenses Reference Group, Department of Health; Director, Peninsula Health; Director, Cabrini Foundation; Director on Avant Mutual Board.

**Dr Nishanthi Gurusinghe** BSc (Psychology), MBChB, FRACS, PGDip Clinical Education

General surgeon with sub specialist interests in Colorectal Surgery, Advanced Laparoscopic Surgery, Colonoscopy & Endoscopy. Director, General Surgeons Australia; Scientific convener combined 2019 GSA/CSSANZ Annual Scientific Meeting and 2019 Colorectal Trainees' Day. Surgical Supervisor of Training, Launceston General Hospital. SEAM Committee Member

**Professor Andrew Graham Hill** BHB MBChB GradDip Theol MD EdD FAICD CFInstD FCSSL(Hon) FASI(Hon) FASA(Hon) FRCSEd(ad hom) FACS FRACS FISS FRSNZ

President & Governor, ANZ Chapter, American College of Surgeons; Colorectal Surgeon; Professor of Surgery; Assistant Dean Faculty of Medical and Health Sciences and Head of the South Auckland Clinical Campus, University of Auckland; Consultant General Surgeon, Middlemore Hospital, Auckland; Past President, International Society of Surgeons, Zurich, Switzerland; Director Ormiston Hospital, Auckland

**Dr Nicola Hill** MB ChB BA MSc EBHC FRACS (ORL-HNS) CMInstD

Nelson-Marlborough District Health Board, New Zealand, as consultant otolaryngology surgeon ORL Health Ltd (New Zealand) - director and shareholder; Medical Council of New Zealand contractor for educational supervision, Honorary Lecturer University of Otago, Beneficiary of Kumi Point Family Trust; member of the NZSOHNS Council

**Dr Annette Coralie Holian** MBBS MSurgEd, FRACS FAOrthA GAICD

Fulltime staff specialist, Director of Trauma, National critical Care and Trauma Response Centre, Royal Darwin Hospital; Past President Australian Orthopaedic Association (AOA); APOA Chair of Disaster Preparedness; APOA WAVES – Presidentelect; VPCC Anaesthetic Consultative Group; AVANT: Member National Stakeholder Advisory Committee; Clinical Director Surgery and Perioperative Services, RAAF; Councillor, Asia Pacific Orthopaedic Association; Member, Victorian DHHS Perioperative Working Group; Governor, Shrine of Remembrance, Melbourne; Patron, Catalina Flying Boat section, RAAFA

**Dr Rebecca Kate Jack** MBBS MPhil FRACS AFRACMA GAICD

Director of Medical Services, St Andrews Toowoomba Hospital, Vascular Surgeon – VMO St Andrew's Toowoomba Hospital, St Vincent's Toowoomba Hospital, Toowoomba Base Hospital

**Dr Gregory William Keogh** MBBS, FRACS, FACS

Senior Staff Specialist General Surgeon, Prince of Wales Hospital Randwick NSW; Medical Co-Director Surgery, peri-operative Medicine and Anaesthetics, Prince of Wales Hospital Randwick NSW; Visiting general surgeon, Prince of Wales Private Hospital (Healthscope); Member GSA

**Dr David King** BMedSc(Hons), MBBS, FRACS

Councillor Senior Staff Specialist Royal Adelaide Hospital, Central Adelaide Local Health Network, Supervisor of Vascular Fellow training at the RAH, Visiting Surgeon South Coast District Hospital, Barossa Hills Fleurieu Local Health Network, Visiting Surgeon St Andrews Private Hospital and member of the St Andrews Medical Education Research Fund Committee, Medical Advisory Committee and the Peer Review Committee, member of the Australian and New Zealand Society of Vascular Surgery, member of the Government Leadership Group for the Juvenile Diabetes Research Foundation, Director of Vascular Ultrasound Partners, Director of Waverley Vascular Group, AVANT member, member of the South Australian Salaried Medical Officers Association, property owner in Burnside and Kangaroo Island Councils, superannuation and share portfolios with Super SA and Hesta, owner of Polynovo Shares, wife employed by Radiology SA, children attend Pembroke School, University of Adelaide and Flinders University.

**Dr Christine Su-Li Lai** MBBS (Adel) DDU FRACS FACS GAICD

Senior Staff Specialist, Breast and Endocrine Surgical Unit, Division of Surgery, The Queen Elizabeth Hospital; Visiting Surgeon, Breastscreen SA; Director of The Surgical Precinct; Director Christine Lai Pty Ltd; Director CDLM Investments Pty Ltd, client of FRAIS Capital, Director of Seabreeze Healthcare Pty Ltd

**Dr Philip Neil Morreau**, MbChB FRACS

Paediatric Surgeon Starship Children's Hospital Auckland. Senior Lecturer University of Auckland. Kidzhealth, Paediatric Surgical and Medical Specialists Director and shareholder. Kidzhealth, Paediatric Surgical and Medical Specialists Director and shareholder. Member Education Committee MCNZ

**Professor Christopher Martin Pyke** PhD, FRACS, FACS, FRCSEd(hon) FASI(Hon), AFRACMA PGDip  
Oncoplast Surg, GAICD

Acting Chief Medical Officer Mater Health Services; Chair Breastscreen Queensland Clinical  
Standardisation and Excellence Committee Professor of Surgery University of Queensland, Board  
Member Breast and Prostate Cancer Association of Queensland, Board Member Karuna Hospice Service  
Director CM Pyke Pty Ltd.

**Dr Ros Pochin MBBS;** BSc Hons.(Lond) MSurgEd. FRACS

Councillor General Surgeon Nelson-Marlborough Te Whatu Ora; Chair of Aotearoa New Zealand National  
Committee; Lead for Southern Governance Group of Breast Cancer Foundation; Medical Council of New  
Zealand – Appointed Pre-Vocational Educational Supervisor; Honorary Lecturer University of Otago;  
Director of Nelson Breast Ltd

**Dr Maxine Mariri Ronald** MBChB FRACS

General Surgeon, Whangarei Hospital, New Zealand; Member Perioperative Mortality Review Committee  
(NZ).

**Professor Raymond Sacks** MBBCh, FCS(SA)ORL, FARS, FRACS

Otorhinolaryngology-Head & neck Surgery; Professor and Head of discipline of OHNS, Sydney  
University; Professor of Surgery, Macquarie University; President, Australian Society of Otolaryngology-  
Head & Neck Surgery; Member Expert Advisory Committee of Therapeutic Goods Administration and of  
Prosthesis List Advisory Committees; ENT Representative Prosthetics and Devices Committee,  
Australian Dept of Health and Ageing; Consultant to Medtronic Pty Ltd.

**Shane Solomon** MA (Public Policy) GAID CHIA

Non-executive Director, Silver Chain Group; Nonexecutive Director, Barwon Health; Non-executive  
Director. GenesisCare; Victorian Department of Health, Health Information Sharing Management  
Committee; Chair, ACT Health, Activity Based Management Steering Committee

**Professor Owen Allan Ung** MBBS FRACS FAICD

Director MNHHS Comprehensive Breast Cancer Institute (CBCI) Mayne Professor of Surgery School of  
Medicine University of Queensland; Senior Visiting Surgeon Royal Brisbane and Women's Hospital  
(RBWH), Surgical Treatment and Rehabilitation Service (STARs); Director Medical Insurance Australia  
(MIA); Director Medical Defence Association of South Australia (MDASA)

**Dr Gregory Edwin Witherow** MBBS FRACS GAICD

Visiting Orthopaedic Surgeon Hollywood Private Hospital; Observer AOA Federal Board; Member  
Ramsay Orthopaedic Specialists Advisory Group; Shareholder Ramsay Healthcare, Cochlear, CSL,  
Orthocel; client of FRAIS Capita

**Professor Henry Woo** MBBS DMedSc FRACS

Urological surgeon; Head, Department of Urology, Blacktown Hospital; Staff Specialist, WSLHD; Professor  
of Urology, College of Health and Medicine, Australian National University; Director of UroOncology Chris  
O'Brien Lifehouse; Board of Directors, Urological Society of Australia and New Zealand (USANZ); Board  
Director, Australian and New Zealand Uro-genital and Prostate Cancer Trials Group (ANZUP); Board  
Director Australasian Urological Foundation (AUF); Executive Committee member Asian Pacific Prostate  
Society; Member MBS Urology Review Committee; Associate Editor, SIU Journal: Clinical Trial Investigator  
for Prodeon, Zenflow, Boston Scientific, Astellas, Janssen, Olympus, Myovant

**Dr Richard Brice Wong She** CNZM, MHB (Hons), MBChB, FRACS

Councillor Consultant Plastic, Reconstructive & Burn Surgeon, Middlemore Hospital, Auckland, New  
Zealand; Chair, Surgical Vocational Training Committee, Northern Regional Alliance, Auckland; Chair,  
Emergency Management of Severe Burns Course, Australian and New Zealand Burn Association; Clinical  
Reviewer, InPractice, Professional Development; Medical Advisor, Sir William and Lady Manchester  
Charitable Trust; Director, WongShe Consulting Ltd; Reviewer, Performance Assessment Committee,  
Medical Council of New Zealand; Senior Lecturer, Department of Surgery, University of Auckland; Member,  
Australian Society of Plastic Surgeons Curriculum Subcommittee

Former Clinical Leader, National Burn Centre, Middlemore Hospital, Auckland (2006-2022) Former Chair Surgical Sciences & Clinical Committee, RACS (2012-2023) Former Supervisor of Training - Plastic Surgery, Middlemore Hospital, New Zealand Board of Plastic Surgery (2009-2018)

**Dr Roxanne Wu** BSc(Med), MBBS,FRACS Councillor

Family member is trainee in Paediatric Surgery, Director of Surgery, Cairns Hospital, Visiting surgeon Cairns Private Hospital, Member of VIWRG committee, Medicare; Executive member ANZSVS

### **Chief Executive Officer**

Tamsin Garrod – Interim Chief Executive (Appointed November 2023 – January 2024)

Stephanie Clota – Chief Executive Office (Appointed February 2024)

## **Principal Activities**

The principal activities of RACS in the year were promoting the study of the science and art of surgery and clinical and scientific research. During the year, there was no significant change in the nature of those activities.

## **Operating and Financial Review**

The total comprehensive surplus of RACS for the year, as shown in the Statement of Profit or Loss and Other Comprehensive Income, was \$11,463,324 (2023: \$1,620,232 loss). RACS is a company limited by guarantee, which has no share capital and is prohibited by its constitution from paying dividends.

No likely developments are anticipated in relation to RACS' future operations.

## **Significant Changes in the State of Affairs**

During the year, there was no significant change in RACS state of affairs other than that referred to in the financial statements or notes thereto.

## **Events After Balance Sheet Date**

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operation of RACS, the results of those operations, or the state of affairs of RACS.

## **Indemnification and Insurance of Councillors and Auditors**

During the year, RACS paid a premium for a contract insuring the Councillors and Officers of RACS against a liability incurred as a Councillor or Officer to the extent permitted by the applicable laws and regulations. The contract of insurance prohibits disclosure of the nature of the liability and the premium amount.

RACS has not otherwise, during or since the year end, indemnified or agreed to indemnify an officer or auditor of RACS or of any related body corporate against a liability incurred as an officer or auditor.

## **Members' Guarantee**

If RACS is wound up, the Constitution states that each member is required to contribute a maximum of \$50.00 towards meeting any outstanding obligations of RACS.

At 31 December 2024, the number of members was 8,837 (2023: 8,750).

## **Auditor's Independence Declaration**

We, the Councillors as Directors, hereby declare and note that the Auditor's Independence Declaration has been received and follows this report.

Signed in accordance with a resolution of the Directors made pursuant to the *Australian Charities and Not-for-profits Commission Act 2012*.

On behalf of the Directors.



Professor Owen Ung  
**Vice President**



Associate Professor Kerin Fielding  
**President**

**MELBOURNE**

**28 MARCH 2025**





PKF Melbourne Audit & Assurance Pty Ltd ABN  
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Level 15, 500 Bourke Street  
Melbourne, Victoria 3000

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F: +61 3 9679 2288  
info@pkf.com.au  
pkf.com.au

**AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ROYAL AUSTRALASIAN COLLEGE OF SURGEONS**

In relation to our audit of the financial report of Royal Australasian College of Surgeons for the year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*; and
- (b) no contraventions of any applicable code of professional conduct.

A handwritten signature in black ink that reads 'PKF'.

**PKF**

**Melbourne, 28 March 2025**

A handwritten signature in black ink that reads 'K Weldin'.

**Kenneth Weldin**

**Partner**





PKF Melbourne Audit & Assurance Pty Ltd ABN 75  
600 749 184  
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Melbourne, Victoria 3000

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## **Independent Auditor's Report to the Members of Royal Australasian College of Surgeons**

### ***Our Opinion***

We have audited the accompanying financial report of Royal Australasian College of Surgeons (the Company), which comprises the statement of financial position as at 31 December 2024 and the statements of profit or loss and other comprehensive income, changes in members' funds, and cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and the directors' declaration.

In our opinion the accompanying financial report is in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards – Simplified Disclosures and the Australian Charities and Not-for-Profits Commission Regulation 2022.

### ***Basis for Opinion***

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

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

### ***Information other than the Financial Report and our Auditor's Report thereon***

The directors are responsible for the Report from the Treasurer to Fellows, the Councillors' Report and the Directors' Report (together referred to as other information). The other information comprises the information included in the Company's 'Financial Report 2024' but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

### ***Directors' Responsibilities 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 – Simplified Disclosures and the Australian Charities and Not-for-Profits Commission Act 2012 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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



### ***Auditor's Responsibilities for the Audit of the Financial Report***

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'PKF'.

**PKF**  
**Melbourne, 28 March 2025**

A handwritten signature in black ink that reads 'Kenneth Weldin'.

**Kenneth Weldin**  
**Partner**

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## DIRECTORS' DECLARATION

The directors declare that in the directors' opinion:

(a) there are reasonable grounds to believe that RACS is able to pay all of its debts, as and when they become due and payable; and

(b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2022.

On behalf of the Directors.



Professor Owen Ung  
**Vice President**



Associate Professor Kerin Fielding  
**President**

**MELBOURNE**  
**28 MARCH 2025**

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
		\$	\$
Revenue from operations	4(a)	67,916,646	63,702,448
Other income	4(b)	1,157,804	836,776
<b>Total revenue</b>		<b>69,074,450</b>	<b>64,539,224</b>
Personnel costs	5(a)	28,776,564	33,713,399
Associations and library publications		2,090,583	1,794,834
Audit, legal and professional fees		1,071,696	1,278,180
Depreciation and amortisation	5(c)	7,898,446	7,785,852
Facilities hire and catering costs		3,629,356	4,034,538
Grants		181,876	977,893
Information system costs		3,747,527	4,322,768
Outsourced service providers	5(b)	4,371,751	4,469,542
Project equipment purchases, hire & repairs		584,912	1,067,932
Scholarships, fellowships and research grants		783,669	1,805,023
Travel and accommodation		5,383,453	5,496,629
Utilities and other property costs		1,203,226	1,135,149
Other expenses from operating activities	5(e)	5,249,695	6,545,289
<b>Total expenditure</b>		<b>64,972,754</b>	<b>74,427,028</b>
<b>Surplus / (deficit) from operations, external projects and Foundation</b>		<b>4,101,696</b>	<b>(9,887,804)</b>
<b>Other income</b>			
Financial asset income		3,503,077	4,091,528
Gain / (loss) on sale of financial assets		189,963	553,508
Changes in the fair value of financial assets at FVTPL		1,603,024	1,155,969
<b>Total other income</b>		<b>5,296,064</b>	<b>5,801,005</b>
<b>Surplus / (deficit) from operations including other income</b>		<b>9,397,760</b>	<b>(4,086,799)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in the fair value of equity investments and debt instruments at FVOCI		3,273,481	2,437,106
Realised loss on equity investments and debt instruments at FVOCI		(1,082,035)	(71,539)
Exchange differences in translating foreign operations		(125,882)	101,000
<b>Other comprehensive income</b>		<b>2,065,564</b>	<b>2,466,567</b>
<b>Total comprehensive income</b>		<b>11,463,324</b>	<b>(1,620,232)</b>

*The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes to the financial statements.*

# STATEMENT OF FINANCIAL POSITION

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	33,041,228	22,188,050
Trade and other receivables	7	28,931,461	25,375,479
Contract assets	8	1,599,901	909,583
Inventories	9	-	19,423
Other assets	10	4,187,621	4,172,239
<b>Total current assets</b>		<b>67,760,211</b>	<b>52,664,774</b>
<b>NON-CURRENT ASSETS</b>			
Trade and other receivables	7	290,400	557,012
Other financial assets	11	78,837,030	78,769,463
Property, plant and equipment	12	53,753,971	55,683,534
Intangible assets	13	12,087,941	15,524,023
Right-of-use assets	14	14,867,239	16,636,143
<b>Total non-current assets</b>		<b>159,836,581</b>	<b>167,170,175</b>
<b>TOTAL ASSETS</b>		<b>227,596,792</b>	<b>219,834,949</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	11,419,060	9,685,541
Contract liabilities and other revenue received in advance	16	51,380,014	49,301,762
Lease liabilities	14	1,672,310	1,526,363
Loans		-	5,000,000
Employee benefits	17	3,159,476	3,338,634
Funds held on behalf of others	11	11,402,929	11,895,801
<b>Total current liabilities</b>		<b>79,033,789</b>	<b>80,748,101</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14	16,487,979	18,106,894
Employee benefits	17	192,256	560,050
Provisions	18	401,048	401,508
<b>Total non-current liabilities</b>		<b>17,081,283</b>	<b>19,068,452</b>
<b>TOTAL LIABILITIES</b>		<b>96,115,072</b>	<b>99,816,553</b>
<b>NET ASSETS</b>		<b>131,481,720</b>	<b>120,018,396</b>
<b>MEMBERS FUNDS AND RESERVES</b>			
Retained surplus		81,357,916	68,189,781
Investment revaluation reserve		11,802,456	13,381,385
Asset revaluation reserve		38,467,331	38,467,331
Foreign currency translation reserve		(145,983)	(20,101)
<b>TOTAL MEMBERS FUNDS AND RESERVES</b>	<b>3</b>	<b>131,481,720</b>	<b>120,018,396</b>

*The Statement of Financial Performance is to be read in conjunction with the accompanying notes to the financial statements.*

## STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	Retained Earnings	Asset Revaluation Reserve	Investment Revaluation Reserve	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2023</b>	<b>68,940,463</b>	<b>38,467,331</b>	<b>14,473,036</b>	<b>(121,101)</b>	<b>121,759,729</b>
Loss for the year	(4,086,799)	-	-	-	(4,086,799)
Other comprehensive income	(71,539)	-	2,437,106	(20,101)	2,345,466
Transfer realised gain / (loss)	3,528,757	-	(3,528,757)	-	-
Transfer translation reserve	(121,101)	-	-	121,101	-
<b>Balance at 31 December 2023</b>	<b>68,189,781</b>	<b>38,467,331</b>	<b>13,381,385</b>	<b>(20,101)</b>	<b>120,018,396</b>
Surplus for the year	9,397,760	-	-	-	9,397,760
Other comprehensive income	(1,082,035)	-	3,273,481	(125,882)	2,065,564
Transfer realised gain / (loss)	4,852,410	-	(4,852,410)	-	-
<b>Balance at 31 December 2024</b>	<b>81,357,916</b>	<b>38,467,331</b>	<b>11,802,456</b>	<b>(145,983)</b>	<b>131,481,720</b>

*The Statement of Changes in Members' Funds is to be read in conjunction with the accompanying notes to the financial statements.*

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

	<u>Note</u>	<u>2024</u>	<u>2023</u>
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations		81,793,038	77,081,709
Payments to suppliers and employees		(70,029,589)	(80,392,099)
Interest on leases/loans		(834,260)	(1,021,446)
<b>Net cash inflows / (outflows) from operating activities</b>	<b>6</b>	<b>10,929,189</b>	<b>(4,331,836)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment and intangible assets	12 & 13	(704,919)	(6,387,771)
Proceeds from sale of investments		25,798,580	20,550,317
Purchase of investments		(21,225,016)	(21,030,163)
Receipts and repayments of third-party funds		(1,489,481)	(5,557,322)
Investment dividends, interest and franking credits received		4,201,373	4,957,964
<b>Net cash inflows / (outflows) from investing activities</b>		<b>6,580,537</b>	<b>(7,466,975)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from loans		-	12,750,000
Repayment of loans		(5,000,000)	(7,750,000)
Payment of lease liabilities	14	(1,523,676)	(1,368,622)
<b>Net cash inflows / (outflows) from financing activities</b>		<b>(6,523,676)</b>	<b>3,631,378</b>
Net increase / (decrease) in cash and cash equivalents		10,986,050	(8,167,433)
Cash and cash equivalents at the beginning of the financial year		22,188,050	30,376,959
Effects of exchange rate changes in the balance of cash held in foreign currencies		(132,872)	(21,476)
<b>Cash and cash equivalents at the end of the financial year</b>		<b>33,041,228</b>	<b>22,188,050</b>

*The Statement of Cash Flows is to be read in conjunction with the accompanying notes to the financial statements.*



# Notes to the Financial Statements

For the financial year ended  
31 December 2024



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# NOTES TO THE FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Financial Report includes consolidated financial statements of the Royal Australasian College of Surgeons and its subsidiary (collectively known as RACS) for the year ended 31 December 2024.

The Royal Australasian College of Surgeons is a company limited by guarantee, incorporated in Australia and operating in Australia and New Zealand. RACS is registered on the New Zealand Companies Office overseas company register.

These were authorised for issue in accordance with a resolution of the Board of Council on 28 March 2025.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Financial statements

RACS' financial statements are presented in a simplified layout providing information that is more streamlined and relevant to users. Financial statement notes are grouped together where they are similar in nature, with related accounting policies related broadly to the financial statements, key estimates, assumptions and judgements included within note 2.

The material accounting policies adopted by RACS pertaining to account balances and transactions for the year ended 31 December 2024 are set out within these financial statements. All accounting policies have been consistently applied to each year stated, unless otherwise stated.

### 2.2 Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards – Simplified Disclosures and other authoritative pronouncements of the Australian Accounting Standards Board.

RACS is a not-for-profit entity and these financial statements have been prepared on that basis.

The financial report has been prepared on a historical cost basis, except for financial assets, land and buildings, treasures, mace and library (refer Note 12) which are measured at fair value.

The financial report has been prepared on a going concern basis, which contemplates the continuity of trading operations represented within this financial report. At 31 December 2024, RACS' current liabilities exceeded current assets by \$11.3 million (2023: \$28.1 million). Current liabilities include a range of revenue-related elements received in advance that will be recognised as revenue subsequent to the year end, together with amounts held on behalf of other surgical societies and groups, in respect of which the related assets are classified as non-current. RACS is expected to trade within its means and has access to non-current financial assets that can be readily converted to cash should the need arise.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

## 2.3 General Policies

### Foreign Currency

Both the functional and presentation currency of the Australian operations is Australian dollars (AUD\$). The functional currency of the New Zealand operations is New Zealand dollars (NZD\$).

Transactions in currencies other than functional currency ("foreign currencies") are initially recorded in the functional currencies using the exchange rate as at the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date, results and financial position of the foreign operation, New Zealand National Office are translated into the presentation currency of RACS as follows:

- Assets and liabilities are translated at the closing rate prevailing at the reporting date;
- Income and expenses are translated at average exchange rates for the year;
- All the resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under foreign currency translation reserve.

### Taxation

RACS is exempt from income tax as it is considered an income tax exempt charitable entity under Subdivision 50-B of the *Income Tax Assessment Act 1997*.

### Comparatives

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

## **2.4 Significant Accounting Estimates, Assumptions and Judgements**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. RACS bases its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market conditions or circumstances arising beyond the control of RACS. Such changes are reflected in the assumptions when they occur.

Estimates, assumptions and judgements that have a risk of causing a material adjustment to the carrying amount of assets and liabilities are found in the following notes:

- *Revenue and income (note 4)*
- *Trade and other receivables (note 7)*
- *Other financial assets (note 11)*
- *Property, plant and equipment (note 12 and 13)*
- *Right of use assets and lease liabilities (note 14)*
- *Employee entitlements (note 17)*

## **2.6 Changes in accounting policies**

There were no changes in accounting policies during the year.

## **2.7 Adoption of new and revised Accounting Standards and interpretations**

RACS has previously adopted all mandatory new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### 3. FOUNDATION FOR SURGERY

The Foundation for Surgery is strategically committed to providing surgical support, training and research where it is needed most. Funds have been generated through donations from Fellows, contributions from individuals (including bequests), other entities and RACS operational surpluses from time to time. This has enabled the establishment of a Foundation for Surgery corpora consisting of various funds predominantly used to fund surgical research, global health and Indigenous health scholarships. These funds, which account for a significant value of RACS overall funds and reserves, are either reserved for a specific purpose or unreserved but held and used in accordance with the prevailing objective of RACS and the Foundation for Surgery.

The total Members' Funds and Reserves of \$131.5 million (2023: \$120.0m) contain specific purpose funds within the Foundation for Surgery of \$72.3 million (2023: \$67.5m).

The movement in specific purpose funds from the prior year reflect changes in the market value of investment assets, the net cost of the delivery of the scholarship and grant program for both the Foundation and Global Health and related deployment costs incurred by RACS on behalf of the Foundation for Surgery.

General reserves/retained surpluses represent the net members funds and reserves in the Statement of Financial Position after excluding specific purpose funds and netting off all remaining assets, liabilities and reserves such as asset revaluations and foreign currency translations.

## 4. REVENUES

	<b>2024</b>	<b>2023</b>
	<b>\$</b>	<b>\$</b>
<b>a. REVENUE FROM OPERATIONS</b>		
Subscriptions and entrance fees	26,343,265	21,484,745
Training, examination and assessment fees	27,550,749	24,200,153
Sponsorship and donations	1,546,598	4,113,813
Conference registrations	1,809,081	2,129,897
Project income and management fees	8,434,922	9,687,823
Advertising, royalties and rebates	952,148	1,456,798
Other	1,279,883	629,219
<b>Total revenue from operations</b>	<b>67,916,646</b>	<b>63,702,448</b>
<b>b. OTHER INCOME</b>		
Property rental and recoveries	1,157,804	836,776
<b>Total OTHER INCOME</b>	<b>1,157,804</b>	<b>836,776</b>

### Key estimates, assumptions and judgements

Significant judgement is applied to assess if a grant or contract is enforceable and contains sufficiently specific performance obligations. The accounting policy below outlines the circumstances that must exist for consideration to be recognised as revenue from a contract with a customer.

In 2024, RACS reassessed its performance obligations under all contracts. In respect to monies received on behalf of specialist societies and for a part of the Surgical Training Placements (STP) activity funded by the Department of Health, it has now judged that it is acting as agent, rather than principal. In both these cases, RACS does not control the good or service being transferred to the customer.

### Accounting policy

In cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligation(s), the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied (i.e. when RACS transfers control of a product or service to a customer. Revenue is measured at the amount of consideration that RACS expects to be entitled to in exchange for transferring promised products or services to a customer and excludes amounts collected on behalf of third parties.

When the 'specific obligation' requires RACS to arrange for goods or services to be provided by another party, or to collect monies on behalf of the customer, it is acting as an agent. As agent, RACS will only recognise the income received as commission or for the administration of the arrangements. Any amounts received to be remitted to a third party will be treated as a financial liability and subsequent payments will reduce the liability.

If there is not an 'enforceable contract' or the performance obligations are not 'sufficiently specific', then AASB 1058 applies.

Specific revenue recognition criteria are set out below.

#### *Subscriptions and entrance fees*

RACS' fellowship subscription year is 1 January to 31 December, with fees payable annually in advance. Only those fee receipts that are attributable to the current financial year are recognised as revenue. Subscriptions and fee receipts for periods beyond the current financial year are shown in the Statement of Financial Position as contract liabilities and other revenue received in advance.

#### *Other revenue - generating activities*

RACS undertakes certain activities which are accounted for when the performance obligation is satisfied, including:

- Training, examination and assessment
- Conferences
- Advertising, royalties and rebates

The revenue is either recognised over time as the services are provided or recognised at the point in time, for example, as events are delivered, or services are provided to a customer.

#### *Project income and management fees*

Funding from the Commonwealth and State Governments are received for a wide range of projects carried out by RACS in the areas of overseas medical aid, rural and regional medicine, trauma, procedural registers and audits of breast cancer, mortality and morbidity.

Where an agreement is enforceable and contains sufficiently specific performance obligations, the revenue is either recognised over time as the services are provided or recognised at the point in time that the control of the services pass to the customer. Any consequent requirement to defer revenue is accounted in the Statement of Financial Position as contract liabilities and other revenue received in advance.

When acting as the agent, that is, RACS is arranging for goods or services to be provided by another party, without taking any control over those goods or services. RACS would only recognise the commission or funding it receives for the administration in arranging for these goods or services.

#### *Property Rental Income*

Rental income arising on operating leases on RACS properties is accounted for on a straight-line basis over the lease terms.

#### *Sponsorship and Donations*

Revenue from sponsorship is recognised at the time of the sponsored event or publication issue. Where payment is received in advance, it is recognised as a liability until the performance obligation is satisfied. Donations are recognised as revenue when RACS gains control, economic benefits are probable, and the amount can be measured reliably.

#### *Financial Asset Income*

Financial asset income comprises interest, dividends and distributions. Interest income is recognised as it accrues, using the effective interest method. Dividends and trust distributions from listed entities are recognised when the right to receipt has been established.

## 5. EXPENDITURES

		<b>2024</b>	<b>2023</b>
		<b>\$</b>	<b>\$</b>
<b>a. EXPENDITURE - PERSONNEL</b>			
Wages and salaries expense		25,149,783	30,013,909
Workers' compensation costs		160,681	178,339
Superannuation costs		2,632,047	2,889,756
Other staffing costs		834,053	631,395
<b>Total expenditure - personnel</b>		<b>28,776,564</b>	<b>33,713,399</b>
<b>b. EXPENDITURE - OUTSOURCED SERVICE PROVIDERS</b>			
Clinical - professional services			
- Specialist international medical graduate assessments		43,966	75,797
- International aid and development programs		200,000	147,581
- Audits of surgical mortality programs		161,602	73,791
- Other (including research, audits and training)		539,780	353,798
<b>Total clinical professional services</b>		<b>945,348</b>	<b>650,967</b>
Other – professional services			
- Digital services - business support and development		1,098,996	1,124,106
- Corporate services – governance, communications and strategic programs		740,000	572,862
- Externally funded programs – customer contracts		526,427	1,406,327
- Foundation for surgery programs		5,045	32,584
- Other (including uncapitalised costs of Melbourne office refurbishment)		1,055,935	682,696
<b>Total other professional services</b>		<b>3,426,403</b>	<b>3,818,575</b>
<b>Total expenditure - outsourced providers</b>		<b>4,371,751</b>	<b>4,469,542</b>
<b>c. EXPENDITURE – DEPRECIATION AND AMORTISATION</b>			
Depreciation expense	12	2,015,323	2,732,131
Amortisation expense	13	4,055,093	3,227,815
Depreciation of right-of-use asset	14(a)	1,828,030	1,825,906
<b>Total expenditure – depreciation and amortisation</b>		<b>7,898,446</b>	<b>7,785,852</b>
<b>d. EXPENDITURE – AUDITOR REMUNERATION</b>			
Auditors Remunerations			
- External Audit Fees: PKF		131,792	107,000

## 5. EXPENDITURES (CONT.)

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>e. EXPENDITURE – OTHER</b>		
- Telephone, teleconference and audio-visual costs	805,838	894,916
- Printing, stationery and photocopying	202,374	451,034
- Postage and courier costs	288,338	385,213
- Bank fees and merchant charges	719,329	547,368
- Interest on lease liabilities	823,536	889,478
- Interest on bank loans	10,724	131,968
- Insurance	757,815	865,189
- Training manuals and consumables used in education and field projects	181,300	280,154
- Awards, other grants, gifts and prizes	206,991	257,196
- Specialty societies funding costs	984,121	931,076
- Bad and doubtful debts	(52,472)	34,055
- Loss on disposal of PP&E	-	811
- Other expenses from operating activities	321,801	876,831
<b>Total expenditure - OTHER</b>	<b>5,249,695</b>	<b>6,545,289</b>



## 6. CASH AND SHORT-TERM DEPOSITS

	2024	2023
	\$	\$
<b>CASH AND CASH EQUIVALENTS</b>		
Cash at bank and in hand	28,300,745	8,367,109
Deposits at call <sup>(a)</sup>	4,740,483	13,820,941
	<b>33,041,228</b>	<b>22,188,050</b>
<b>RECONCILIATION OF DEFICIT TO THE NET CASH</b>		
<b>OUTFLOWS FROM OPERATING ACTIVITIES</b>		
Surplus / (deficit) for the year	9,397,760	(4,086,799)
<b>Plus / (minus) non-operating items:</b>		
Interest and dividend income received	(3,503,077)	(4,091,528)
Net (gain) / loss on sale of property, plant and equipment	-	811
Net (gain) / loss on sale of financial assets	(189,963)	(553,508)
<b>Plus / (minus) non-cash items:</b>		
Depreciation and amortisation	7,898,446	7,785,852
Foreign exchange translation	(70,270)	(20,101)
Add back loss allowance on trade receivables	(52,472)	34,055
(Gain) / loss on revaluation of financial assets at FVTPL	(1,603,024)	(1,155,969)
<b>Changes in assets and liabilities:</b>		
(Increase) / decrease in receivables	(3,289,370)	(2,409,671)
(Increase) / decrease in contract assets	(690,318)	(340,436)
(Increase) / decrease in inventories and other assets	4,041	(34,046)
Increase / (decrease) in trade & other payables	1,732,330	93,202
Increase / (decrease) in contract liabilities and other revenue received in advance	2,078,252	1,430,095
Increase / (decrease) in employee benefits	(546,952)	(719,876)
Increase / (decrease) in funds held on behalf of others	(236,194)	(5,821,239)
<b>Net cash inflow / (outflow) from operating activities</b>	<b>10,929,189</b>	<b>(9,889,158)</b>

### Accounting policy

Cash and cash equivalents in comprise cash at bank and in hand and short-term deposits with an original maturity of generally 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- (a) Deposits at call include funds received in advance for the delivery of projects in 2025 and held on behalf of third parties of \$4.7m (2023: \$13.8m).

## 7. TRADE AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>Current trade and other receivables</b>		
Subscription, fees and levies	18,574,322	15,570,190
Training, examination and assessment fees	8,775,603	8,628,259
Conference registrations	272,384	403,856
RACS projects – work in progress	-	6,740
Loans to fellows	114,905	80,000
Other sundry debtors	1,224,369	777,128
<b>Sub-total</b>	<b>28,961,583</b>	<b>25,466,173</b>
Provision for doubtful debts	(30,122)	(90,694)
<b>Total current trade and other receivables</b>	<b>28,931,461</b>	<b>25,375,479</b>
<b>Non-current trade and other receivables</b>		
Fellowship entrance fees (due 2 to 5 years)	290,400	557,012
<b>Total non-current trade and other receivables</b>	<b>290,400</b>	<b>557,012</b>
<b>Total trade and other receivables</b>	<b>29,221,861</b>	<b>25,932,491</b>

### PROVISION FOR DOUBTFUL DEBTS MOVEMENT

Provision balance as at beginning of year	90,694	54,826
Amount provided for during the year	30,122	90,694
Amount written off during the year	(90,694)	(54,826)
<b>Provision balance as at end of year</b>	<b>30,122</b>	<b>90,694</b>

#### Key estimates, assumptions and judgements

Impairment of financial assets is determined on an expected credit loss (ECL) basis for financial assets measured at amortised cost and contract assets arising under AASB 15.

RACS has used the simplified approach available in AASB 9 *Financial Instruments* which uses an estimation of lifetime expected credit losses. RACS has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

When estimating ECL, RACS considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on RACS' historical experience and informed credit assessment and including forward looking information.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in the result for the year. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

#### Accounting policy

Trade receivables, which comprise amounts due from the provision of services and unconditional amounts owed for work performed under grant agreements are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Trade receivables are generally due for settlement up to 30 days.

## 8. CONTRACT ASSETS

	<u>2024</u>	<u>2023</u>
	\$	\$
Work performed on programs not yet able to be invoiced	1,599,901	909,583
<b>Total contract assets</b>	<b>1,599,901</b>	<b>909,583</b>

### Accounting policy

A contract asset is RACS' right to consideration, for the performance obligations it has satisfied, when that right is conditional on something other than the passage of time.

## 9. INVENTORY

	<u>2024</u>	<u>2023</u>
	\$	\$
Inventory at cost	-	19,423
<b>Total inventory</b>	<b>-</b>	<b>19,423</b>

### Accounting policy

Inventories are valued at the lower of cost and current replacement cost. Costs are assigned to 'inventory on hand' comprise all the costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

## 10. OTHER CURRENT ASSETS

	<u>2024</u>	<u>2023</u>
	\$	\$
Prepaid expenditure	4,187,621	4,172,239
<b>Total other current assets</b>	<b>4,187,621</b>	<b>4,172,239</b>

### Accounting policy

Prepayments are recognised when payment is made in advance of receiving goods or services.

## 11. OTHER FINANCIAL ASSETS AND FUNDS HELD ON BEHALF OF OTHERS

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>OTHER FINANCIAL ASSETS</b>		
ANZ bank – term deposit - banking facility cash security	-	2,000,000
Financial assets at fair value through profit or loss (FVTPL)	29,138,858	21,678,677
Financial assets at fair value through other comprehensive income (FVOCI)	49,698,172	55,090,786
<b>Total other financial assets</b>	<b>78,837,030</b>	<b>78,769,463</b>
<b>Less: FUNDS HELD ON BEHALF OF OTHERS</b>		
Funds held on behalf of other surgical societies and groups	11,402,929	11,895,801
<b>Total funds held on behalf of others</b>	<b>11,402,929</b>	<b>11,895,801</b>
<b>Net RACS other financial assets</b>	<b>67,434,101</b>	<b>66,873,662</b>

### Accounting policy

Financial instruments are recognised initially on the date that RACS becomes a party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs except for financial assets through profit or loss. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### Classification

On initial recognition, RACS classifies its financial assets into the following categories, measured at:

- amortised cost
- fair value through profit or loss – FVTPL
- fair value through other comprehensive income – FVOCI (designated equity and debt instruments)

### Measured at amortised cost

RACS measures receivables, cash and cash equivalents at amortised cost since these financial assets meet the relevant criteria in AASB 9, being that they are held to collect contractual cash which give rise to solely payments of principal and interest.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

### Fair value through profit or loss

Other securities such as hybrid investments that are unable to be designated under an election at FVOCI are measured at fair value through profit and loss with changes in fair value at each reporting period being recognised directly in surplus for the year. Fair value is based on one of; quoted price for identical or similar asset in a active market.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

### Fair value through other comprehensive income

RACS holds investments directly in listed shares and debt instruments through an investment manager and RACS has made an irrevocable election to classify these investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income – FVOCI reserve. On disposal any balance in the reserve is transferred to accumulated funds and is not reclassified to profit or loss.

Dividends and interest relating to these investments are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

12. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold Land at Fair Value	Buildings at Fair Value	Leasehold Improvements at Cost	Plant and Equipment (incl WIP) at Cost	Treasures, Gordon Craig Library and Great Mace at Fair Value	TOTAL
		\$	\$	\$	\$	\$	\$
COST OR FAIR VALUE							
Balance at 1 January 2023		27,000,000	24,500,000	1,697,268	19,760,397	326,807	73,284,472
Additions		-	-		2,179,202	-	2,179,202
Disposals		-	-	-	(11,423,428)	-	(11,423,428)
Reclassification of assets/transfer to intangibles		-	-	393,790	(1,388,332)	-	(994,542)
Exchange differences		-	-	-	(4,010)	-	(4,010)
Balance at 31 December 2023		27,000,000	24,500,000	2,091,058	9,123,829	326,807	63,041,694
Additions		-	-	-	85,908	-	85,908
Exchange differences		-	-	-	(15,160)	-	(15,160)
Balance at 31 December 2024		27,000,000	24,500,000	2,091,058	9,194,577	326,807	63,112,442
ACCUMULATED DEPRECIATION							
Balance at 1 January 2023		-	-	101,553	16,956,628	-	17,058,181
Depreciation charge for the year		-	945,368	200,739	1,586,024	-	2,732,131
Disposals		-	-	-	(11,422,595)	-	(11,422,595)
Reclassification of assets/transfer to intangibles		-	-	268,213	(1,273,847)	-	(1,005,634)
Exchange differences		-	-	-	(3,923)	-	(3,923)
Balance at 31 December 2023		-	945,368	570,505	5,842,287	-	7,358,160
Depreciation charge for the year		-	945,228	201,812	868,283	-	2,015,323
Exchange differences		-	-	-	(15,012)	-	(15,012)
Balance at 31 December 2024		-	1,890,596	772,317	6,695,558	-	9,358,471
NET BOOK VALUE							
Balance as at 31 December 2023		27,000,000	23,554,632	1,520,553	3,281,542	326,807	55,683,534
Balance as at 31 December 2024		27,000,000	22,609,404	1,318,741	2,499,019	326,807	53,753,971

## **Key estimates, assumptions and judgements**

### **Estimation of useful lives of assets**

The estimation of the useful lives of assets has been on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary. RACS useful lives are as follows:

- Freehold land – not depreciated.
- Buildings – 40 years.
- Leasehold improvements – based on the term of the lease.
- Plant & equipment (including project and low-value equipment – immediately to 5 years).

### **Impairment**

RACS performs an impairment assessment at each reporting date by evaluating conditions specific to RACS and the particular asset that may lead to impairment. If an impairment trigger exists, the asset's recoverable amount is determined.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and depreciable replacement cost. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

### **Valuation**

RACS will revalue land and buildings on an independent valuation every five years. In the intervening years, management will conduct an annual assessment. Following that assessment, if the percentage movement since the last independent valuation exceeds 10% plus or minus, valuers will be engaged to complete an independent valuation. Land and buildings will be revalued based on the independent valuers' assessment.

In 2022, RACS appointed Jones Lang Lasalle to provide an independent valuation of land and buildings as at 31 December 2022. Both a capitalisation approach (market income) and discounted cash flow approach were used by the valuers. The assessed value is then directly compared to recent sales. This valuation is reflected in the note above.

### **Accounting policy**

Land and buildings are measured at fair value using the revaluation model, less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation.

Other property, plant and equipment are stated at cost less accumulated depreciation and/or any accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset.

The assets residual values, useful lives and amortisation methods are reviewed and adjusted if appropriate at each financial year end. Project assets are written off in the year incurred.

Treasures (antique furniture, silverware and artwork) donated to RACS, are recorded at their fair value as determined by the Councillors and accounted for as donation income.

The Gordon Craig Library, Great Mace and Treasures, which are not replaceable and subject to proper maintenance are considered to have indefinite useful lives and their recoverable value is not expected to diminish overtime. Accordingly, these assets are not depreciated.

## 13. INTANGIBLE ASSETS

	<u>2024</u>	<u>2023</u>
	\$	\$
Net balance at the beginning of the year	15,524,023	14,554,361
Acquisitions	619,011	4,208,569
Transfer from PP&E	-	(11,092)
Amortisation expense	(4,055,093)	(3,227,815)
<b>Net balance at the end of the year</b>	<b>12,087,941</b>	<b>15,524,023</b>

### Key estimates, assumptions and judgements

#### Estimation of useful lives of assets

Core business systems – 5 years.

Other software – 5 years.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

#### Impairment

At each reporting date, the carrying amounts are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognised in the profit or loss.

### Accounting policy

Intangibles – IT Products, Systems and Other

Costs incurred in developing IT products or systems are capitalised and included as an asset when it is probable the development project will be successfully completed, RACS will be able to use the assets as part of its operations and there is a continuing intention to complete the development project and the costs can be reliably measured. Costs capitalised include external direct costs of materials and services. Acquired software is also capitalised.

Other costs incurred in developing RACS branding used by members, promotion of business identity and use in various information tools such as publications are not capitalised.

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment loss. Amortisation is recognised on a straight-line basis over their estimated useful lives.

## 14. RIGHT OF USE ASSETS AND LEASE LIABILITIES

### Property

RACS leases corporate office buildings in Sydney, Adelaide, Brisbane, Hobart, Perth and Wellington (NZ). RACS includes options in the leases and at commencement date and each subsequent reporting date assesses where it is reasonably certain that the extension options will be exercised. The corporate office leases contain annual CPI pricing where the lease payments are adjusted at each anniversary date and undergo a market rent review on renewal of an option.

The total cash outflow for leases of low value assets or that are short term (less than twelve months) during the year to 31 December 2024 was \$208,325 (2023: \$68,269).

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>RIGHT OF USE ASSETS</b>		
Net balance at beginning of year	16,636,143	18,205,087
Additions / adjustments	98,336	266,215
Depreciation	(1,828,030)	(1,825,906)
Foreign exchange movement	(39,210)	(9,253)
<b>Net balance at end of year</b>	<b>14,867,239</b>	<b>16,636,143</b>
<b>LEASE LIABILITIES</b>		
Current	1,672,310	1,526,363
Non-current	16,487,979	18,106,894
<b>Total lease liabilities</b>	<b>18,160,289</b>	<b>19,633,257</b>
<b>LEASE LIABILITY MATURITY ANALYSIS</b>		
<1 year	2,421,971	2,347,771
1-5 years	8,797,793	9,229,657
> 5 years	11,722,778	13,724,417
<b>Total undiscounted lease liability</b>	<b>22,942,542</b>	<b>25,301,845</b>
Impact of discounting	(4,782,253)	(5,668,588)
<b>Lease liability included in the statement of financial position</b>	<b>18,160,289</b>	<b>19,633,257</b>



### **Key estimates, assumptions and judgements**

Where there is no interest rate implicit in the lease, RACS estimates its incremental borrowing rate by adding 1.20% to the RBA's published zero-coupon interest (forward) rate for the term (using ten years if the lease term is greater than ten years).

Judgement is required to assess whether a contract is or contains a lease. Assessment is made when the contract is entered and is completed on a lease-by-lease basis. Areas of judgement include determining whether there is an identified asset, whether RACS will obtain substantially all the economic benefits from the use of the asset, whether RACS has the right to direct use of the asset, and whether it is reasonably certain lease extension and termination options will be exercised.

RACS has elected not to separate non-lease components from lease components have accounted for all leases as a single component.

### **Accounting policy**

At the lease commencement, the RACS recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where RACS believes it is reasonably certain that the option will be exercised.

The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in RACS's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

RACS has elected to apply the exceptions to lease accounting for leases of low-value assets (those less than \$10,000). For these leases, RACS recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

## **15. TRADE AND OTHER PAYABLES**

	<b><u>2024</u></b>	<b><u>2023</u></b>
	<b>\$</b>	<b>\$</b>
Trade payables	2,811,223	1,645,671
Subscriptions collected on behalf of specialist societies	5,252,612	4,685,515
Other payables	2,555,779	2,395,244
Net external conferences – monies held <sup>(a)</sup>	799,446	959,111
<b>Total trade and other payables</b>	<b>11,419,060</b>	<b>9,685,541</b>

(a) Net external conferences – monies held relate to monies received by RACS on behalf of a third party for whom they are managing a conference or event. RACS receives monies from attendees and sponsors of the event, makes payments to venues and other contractors for services. After deducting RACS fees, the balance of funds is remitted to the third party.

## 16. CONTRACT LIABILITIES AND OTHER REVENUE RECEIVED IN ADVANCE

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>CONTRACTS WITH CUSTOMERS <sup>(a)</sup></b>		
Specialist Training Program	10,628,561	10,396,581
RACS Global Health Projects	1,736,400	821,630
Audits of Surgical Mortality	553,940	487,521
Other	316,345	119,744
	<b>13,235,246</b>	<b>11,825,476</b>
<b>OTHER REVENUE RECEIVED IN ADVANCE <sup>(b)</sup></b>		
Subscriptions billed in advance	25,309,563	20,481,602
Examination entry and annual training fees billed in advance	6,911,367	11,370,867
Skills training courses billed in advance	5,329,543	4,801,447
Other fees billed in advance	594,295	822,370
	<b>38,144,768</b>	<b>37,476,286</b>
	<b>51,380,014</b>	<b>49,301,762</b>

- (b) Revenue from contracts with customers will be recognised in line with activity plan agreed to with those customers and would normally be recognised within 12 months.
- (c) Other revenue received in advance will be recognised over the next 12 months as services are delivered.

## 17. EMPLOYEE BENEFITS

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>Current employee benefits</b>		
Annual leave	1,512,345	1,549,217
Long service leave – current portion	1,647,131	1,789,417
<b>Total current employee entitlements</b>	<b>3,159,476</b>	<b>3,338,634</b>
<b>Non-current employee benefits</b>		
Long service leave	192,256	560,050
<b>Total non-current employee entitlements</b>	<b>192,256</b>	<b>560,050</b>
<b>Total employee benefits</b>	<b>3,351,732</b>	<b>3,898,684</b>

### Key estimates, assumptions and judgements

In determining the level of provision required for long service, RACS has made judgements in respect of anticipated future wage and salary levels, employee departures, periods of service and discount rates.

## 18. PROVISIONS

	<u>2024</u>	<u>2023</u>
	\$	\$
Make good provision under leases	401,048	401,508
<b>Total non-current provisions</b>	<b>401,048</b>	<b>401,508</b>

- (a) The make-good provision relates to a provision in Australia and Aotearoa, New Zealand. The Aotearoa New Zealand portion is subject to the change in exchange rate year on year. There are no other movements during the year.

## 19. EVENTS AFTER BALANCE SHEET DATE

There are no matters or circumstances, which have arisen since the end of the financial year, which have significantly affected or may significantly affect the operation of RACS, the results of those operations, or the state of affairs of RACS.

## 20. RELATED PARTY TRANSACTIONS

During the year, the Councillors and key management personnel of RACS provided services to RACS. These services were provided at commercial rates for which payment was made during the 2024 financial year totalling \$Nil (2023: \$Nil).

## 21. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of RACS. During the financial year 2024 there were 6 (2023: 8) key management personnel in 6 (2023: 7) key management roles including any that have resigned or retired during the year.

	<u>2024</u>	<u>2023</u>
	\$	\$
Compensation to key management personnel	1,689,879	2,505,859
	<u>1,689,879</u>	<u>2,505,859</u>

# ACFID CODE OF CONDUCT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

### Information to be provided under the ACFID Code of Conduct

RACS is a signatory member of the Australian Council for International Development (ACFID). The ACFID Code of Conduct is a voluntary self-regulatory code of good practice that aims to improve international development outcomes and increase stakeholder trust by enhancing the accountability and transparency of signatory members. Information disclosed below is in accordance with the financial reporting requirements of the ACFID Code of Conduct.

### Income Statement for the year ended 31 December 2024 - International Aid and Development Programs

	<u>2024</u>	<u>2023</u>
	\$	\$
<b>REVENUE</b>		
Donations and gifts – monetary	340,375	81,578
Donations and gifts – non-monetary	591,411	501,483
Grants		
- Department of Foreign Affairs and Trade	1,918,001	2,059,686
- Other Australian Grants	329,065	321,636
- Other Overseas	125,289	153,514
Investment Income	1,128,391	1,134,352
Other income – International programs	741	16,751
Other income – all other RACS activities	70,528,652	66,572,712
<b>Total Revenue</b>	<b>74,961,925</b>	<b>70,841,712</b>
<b>EXPENDITURE</b>		
<b>International Aid and Development Programs</b>		
International Programs		
- Funds to international programs	2,504,713	5,122,413
- Program support costs	1,624,519	1,112,527
Accountability and administration	51,016	46,351
Non-monetary expenditure	591,411	501,483
<b>Total International Aid and Development Programs Expenditure</b>	<b>4,771,659</b>	<b>6,782,774</b>
Other expenditure – all other RACS activities	60,792,506	68,145,737
<b>Total Expenditure</b>	<b>65,564,165</b>	<b>74,928,511</b>
<b>Surplus / (Deficit)</b>	<b>9,397,760</b>	<b>(4,086,799)</b>
Other Comprehensive Income	2,065,564	2,466,567
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>11,463,324</b>	<b>(1,620,232)</b>