2020-2021 GP Synergy Financial Report

GP Synergy
advancing medical training

AGPT

Australian Government
Department of Health

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Director's report

Directors

The Directors present their report on GP Synergy Limited for the financial year ended 30 June 2021.

Information on Directors

The names of the Directors in office at any time during, or since the end of the year are:

Name	Period as Director
Dr I Kamerman (Chair) MBBS, ACCAM, FACRRM, FRACGP, DRANZCOG, DA, MAICD, AMA(M)	28 October 2011 - present
Dr M Bonning (Deputy Chair) MBBS, B App Sci (Hons), FRACGP, MPH, DCH, GAICD	6 May 2014 - present
Ms M Cahill BSc, MHA, Cert. Health Econ, FACHSM, GAICD	7 October 2020 - present
A/Prof L Fragar AO MBBS, DTM&H, MPH, Dip Ag Ec, Grad Dip Ornith, FAFPHM, MAICD	1 January 2009 - present
Dr E Marles B. Med (Hons), B.Sc (Hons), FRACGP, Dip Ed, FAICD	28 October 2016 - 9 October 2019, 4 November 2019 - present
Dr E McEntyre BSW (Hons), MIndigHlth, GradCertITRP, PhD	7 October 2020 - present
Dr S Mendel BMed, DRANZCOG, FRACGP, FACRRM, M.Med.Ed	2 November 2018 - present
C/P D O'Halloran AO MBBS, FRACGP, FAICD, MHPEd	7 October 2020 - present
Mr D Rees BIT, EMBA, MAICD	25 June 2014 - present
Dr K Flegg MBBS (Hons), FRACGP, FACRRM, FAICD, MIPH, GrDipClinEpi	18 October 2017 - 6 October 2020
Mr B Cowling GAICD, RN Midwife, MPH/MBA	18 October 2017 - 6 October 2020

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Name	Period as Secretary
Mr Cameron Wilson B.Com. (Hons), CPA	09 April 2020 - present

Director’s report (Continued)

Principal activities

The principal activity of GP Synergy Limited during the financial year was to promote and deliver general practice education and training, and ancillary programs.

No significant changes in the nature of the Company’s activity occurred during the financial year.

Short and long-term objectives

The Company’s short and long-term objectives are to promote and deliver high quality integrated general practice education and training, and research services.

Strategy for achieving the objectives

To achieve these objectives, the Company continues to deliver general practice education and training within the terms of the Australian General Practice Training contract. The program will be integrated to include other ancillary programs which may include ancillary contract for services.

How principal activities assisted in achieving the objectives

By continued compliance with the requirements of the Australian General Practice Training (AGPT) contract for general practice education and training.

Performance measures

The Department of Health measures Company performance under terms of contract specific performance indicators. GP Synergy is obliged to report against the performance indicators.

The Company has established applicable internal performance indicators, periodically audits risks and tracks its performance against people, process and technological indicators.

Members’ guarantee

GP Synergy Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to $10, subject to the provisions of the Company’s constitution. At 30 June 2021 the total number of members was 25 (2020: 24), with a total amount of $240 that members of the Company are liable to contribute if the Company is wound up.

Review of operations

The profit of the Company after providing for income tax amounted to $15,000 (2020: $472,186).

Significant changes in state of affairs

In October 2017 the Hon. Greg Hunt, Minister for Health and Sport, announced negotiations to transition the Australian General Practice Training (AGPT) program from the Department of Health (Cth.) to the Royal Australian College of General Practitioners (RACGP) and the Australian College of Rural and Remote Medicine (ACRRM). Transition to College Led Training has commenced and will continue to January 2023.

Director's report (Continued)

Meetings of directors

During the financial year 2021, 40 meetings of Directors (including committees of Directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance, Audit & Risk Management Committee		Audit and Risk		Finance and Performance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr I Kamerman (Chair)	9	9	4	3	2	1	8	7
Dr M Bonning (Deputy Chair)	9	8	1	1	-	-	8	8
Ms M Cahill	7	7	-	-	-	-	8	7
A/P L Fragar AO	9	9	4	4	-	-	8	7
Dr E Marles	9	7	-	-	2	1	-	-
Dr E McEntyre	7	7	-	-	-	-	-	-
Dr S Mendel	9	9	4	4	2	2	-	-
C/P D O'Halloran AO	7	7	-	-	-	-	-	-
Mr D Rees	9	7	4	4	2	2	-	-
Dr K Flegg	3	3	3	2	-	-	-	-
Mr B Cowling	3	2	-	-	-	-	-	-

	Nomination and Governance Committee		Research & Innovation Committee		Aboriginal & Torres Strait Islander Committee		Workforce	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Dr I Kamerman (Chair)	5	5	3	-	-	-	4	4
Dr M Bonning (Deputy Chair)	2	2	-	-	-	-	-	-
Ms M Cahill	-	-	-	-	-	-	4	4
A/P L Fragar AO	2	1	3	2	-	-	4	4
Dr E Marles	-	-	-	-	-	-	4	4
Dr E McEntyre	-	-	-	-	4	4	4	4
Dr S Mendel	3	3	3	3	-	-	4	4
C/P D O'Halloran AO	2	2	2	1	-	-	-	-
Mr D Rees	-	-	-	-	-	-	-	-
Dr K Flegg	3	3	-	-	-	-	-	-
Mr B Cowling	3	1	-	-	-	-	-	-

Director's report (Continued)

	Annual General Meeting	
	Attendance by Directors to the AGM is voluntary	Number attended
Dr I Kamerman (Chair)	1	1
Dr M Bonning (Deputy Chair)	1	1
Ms M Cahill	1	1
A/P L Fragar AO	1	1
Dr E Marles	1	1
Dr E McEntyre	1	1
Dr S Mendel	1	1
C/P D O'Halloran AO	1	1
Mr D Rees	1	1
Dr K Flegg	1	1
Mr B Cowling	1	1

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 for the year ended 30 June 2021 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Dr Ian Kamerman - Director

A/Prof Lyn Fragar AO - Director

Auditor's independence declaration for the Year Ended 30 June 2021

To the Directors of GP Synergy Limited

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2021, there have been:

i. no contraventions of the auditor independence requirements as set out in section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

____________________	____________________
National Audits Group Pty Ltd	Stephen Prowse
Authorised Audit Company	Director

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Dated

SYDNEY

Statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Note	2021 $	2020 $
Revenue	5	58,808,126	56,450,900
Less: expenses			
Board expenses		48,014	65,222
Compliance costs		239,259	227,655
Consultant and contractor expenses		531,490	230,876
Depreciation		3,442,390	2,016,731
Information technology expenses		2,836,484	3,233,456
Lease interest expense		234,982	161,789
Office expenses		533,070	1,000,123
Other expenses		548,267	796,504
Practice subsidy		9,409,569	9,098,730
Registrar expenses		3,703,555	3,355,998
Salary support expenses		5,001,097	6,262,964
Salaries and wages		22,948,145	21,172,459
Staff expenses		866,148	1,267,941
Supervisor expenses		1,715,347	596,871
Teaching allowance		6,735,309	6,491,395
Total comprehensive income for the year		15,000	472,186

Statement of financial position as at 30 June 2021

	Note	2021 $	2020 $
Assets			
Current Assets			
Cash and cash equivalents	6	22,417,857	17,879,260
Trade and other receivables	7	124,087	32,875
Other assets	8	725,820	953,914
Total current assets		23,267,764	18,866,049
Non-current assets			
Trade and other receivables	7	385,343	385,343
Property, plant and equipment	9	1,376,428	3,581,741
Right-of-use assets	10	2,980,802	2,051,094
Total non-current assets		4,742,573	6,018,178
Total assets		28,010,337	24,884,227
Liabilities			
Current liabilities			
Trade and other payables	11	3,646,373	3,440,145
Lease liabilities	10	1,349,369	1,479,156
Employee benefits	13	2,947,155	2,267,583
Contract liabilities	14	10,603,754	6,794,858
Total current liabilities		18,546,651	13,981,742
Non-current liabilities			
Lease liabilities	10	824,711	709,196
Employee benefits	13	487,232	795,212
Long-term provisions	12	994,170	-
Total non-current liabilities		2,306,113	1,504,408
Total liabilities		20,852,764	15,486,150
Net Assets		7,157,573	9,398,077
Equity			
Reserves		1,188,980	3,444,484
Retained earnings		5,968,593	5,953,593
Total equity		7,157,573	9,398,077

Statement of changes in equity for the year ended 30 June 2021

2021	NOTE	Retained earnings $	Reserves $	Total $
Balance at 1 July 2020		5,953,593	3,444,484	9,398,077
Total comprehensive income for the year		15,000	-	15,000
Transfer to unearned revenue	14	-	(2,255,504)	(2,255,504)
Balance at 30 June 2021		5,968,593	1,188,980	7,157,573

2020	NOTE	Retained earnings $	Reserves $	Total $
Balance at 1 July 2019		5,481,407	-	5,481,407
Total comprehensive income for the year		472,186	-	472,186
Transfer from unearned revenue	14	-	3,444,484	3,444,484
Balance at 30 June 2020		5,953,593	3,444,484	9,398,077

Statement of cash flows for the year ended 30 June 2021

	Note	2021	2020
		$	$
Cash flows from operating activities			
Receipts from government and other sources		58,649,559	56,415,852
Payments to suppliers and employees		(52,756,448)	(51,911,966)
Interest received		67,354	156,066
Interest paid		(234,982)	(161,789)
Net cash provided by operating activities		5,725,483	4,498,163
Cash flows from investing activities			
Disposal/(purchase) of property, plant and equipment		15,383	(94,417)
Net cash provided by/(used in) investing activities		15,383	(94,417)
Cash flows from financing activities:			
Repayment of lease liabilities		(1,202,269)	(1,119,713)
Net cash used in financing activities		(1,202,269)	(1,119,713)
Net increase in cash and cash equivalents held		4,538,597	3,284,033
Cash and cash equivalents at beginning of year		17,879,260	14,595,227
Cash and cash equivalents at end of financial year	6	22,417,857	17,879,260

Notes to the financial statements for the year ended 30 June 2021

The financial report covers GP Synergy Limited as an individual entity. GP Synergy Limited is a not-for-profit Company, registered and domiciled in Australia.

The functional and presentation currency of GP Synergy Limited is Australian dollars. The financial report was authorised for issue by those charged with governance on 06 September 2021.

1. Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standard - Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2. Change in Accounting Policy

In the previous year, the Company prepared general purpose financial statements in accordance with the Australian Accounting Standards, - Reduced Disclosure Requirements and the *Australian Charities and Not- for-profits Commission Act 2012*, which complied with all recognition and measurement requirements applicable with the entity.

For the year ended 30 June 2021, the Company has elected to early adopt *AASB 1060 - General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. There has been no material impact upon early adopting this standard.

3. Summary of Significant Accounting Policies

a. Income Tax

The Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

b. Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Government Grants

Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Grant monies received for specific purposes are recorded as revenue in the period in which the amounts are expended – that is, the services have been performed or conditions have been fulfilled.

Grant monies received but not yet expended – that is, when services have not yet been performed, or conditions have not been fulfilled – are shown in the ' Statement of financial position' as current liabilities.

Interest income

Interest is recognised using the effective interest method.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

c. Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Notes to the financial statements for the year ended 30 June 2021 (continued)

d. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.
The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate (%)
Plant and equipment	20
Furniture, fixtures and fittings	15
Motor vehicles	22.5
Computer equipment	40
Leasehold improvements	10

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

e. Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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, the Company classifies its financial assets into amortised costs.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

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.

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company 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 the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non- payment of the receivable and multiplied this by the amount of the expected loss arising from default.

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

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables and lease liabilities.

f. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

g. Leases

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

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether 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 the Company'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.

h. Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

i. Economic dependence

GP Synergy Limited is financially dependent on the funding provided by the Australian Government's Department of Health for the majority of its revenue used to operate the business and achieve its business objectives.

j. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

4. Critical accounting estimates and judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - Lease term

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

Notes to the financial statements for the year ended 30 June 2021 (continued)

	2021	2020
5. Revenue and other income	$	$
Grants received	55,979,122	56,058,254
Interest received	67,354	156,066
Other income	2,761,650	236,580
	58,808,126	56,450,900

6. Cash and Cash Equivalents

Cash on hand	90	90
Bank balances	22,417,767	17,879,170
	22,417,857	17,879,260

7. Trade and Other Receivables

CURRENT		
Trade receivables	114,872	9,534
Accrued income	9,215	23,341
	124,087	32,875
NON-CURRENT		
Deposits	385,343	385,343

8. Other Assets

CURRENT		
Prepayments	725,820	953,914

Notes to the financial statements for the year ended 30 June 2021 (continued)

9. Property, plant and equipment	2021 $	2020 $
Plant and equipment	207,018	329,006
At cost	(182,689)	(245,544)
Accumulated depreciation	24,329	83,462
Furniture, fixtures and fittings	43,617	43,617
At cost	(27,892)	(20,623)
Accumulated depreciation	15,725	22,994
Motor vehicles	314,234	314,234
At cost	(265,725)	(212,011)
Accumulated depreciation	48,509	102,223
Computer equipment	52,774	52,774
At cost	(45,767)	(38,123)
Accumulated depreciation	7,007	14,651
Leasehold Improvements	5,141,948	5,175,511
At cost	(3,861,090)	(1,817,100)
Accumulated depreciation	1,280,858	3,358,411
	1,376,428	3,581,741

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Leasehold Improvements	Total
Year ended 30 June 2021	$	$	$	$	$	$
Balance at the beginning of year	83,462	22,994	102,223	14,651	3,358,411	3,581,741
Disposals	(9,264)	-	-	-	(6,118)	(15,382)
Depreciation expense	(49,869)	(7,269)	(53,714)	(7,644)	(2,071,435)	(2,189,931)
Balance at the end of the year	24,329	15,725	48,509	7,007	1,280,858	1,376,428

10. Leases

Company as a lessee

The Company has leases over a number of buildings across New South Wales and the Australian Capital Territory.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

The Company leases buildings for their corporate offices, the leases are generally between 3 - 10 years and some of the leases include a renewal option to allow the Company to renew for up to twice the non- cancellable lease term.

The corporate office lease contains an annual pricing mechanism based on CPI movements at each anniversary of the lease inception.

Right-of-use assets

	Buildings	Total
	$	$
Year ended 30 June 2021		
Balance at beginning of year	3,308,065	3,308,065
Additions to right-of-use assets	2,182,167	2,182,167
Accumulated depreciation of right-of-use assets	(2,509,430)	(2,509,430)
Balance at end of year	2,980,802	2,980,802
Year ended 30 June 2020		
Additions to right-of-use assets	3,308,065	3,308,065
Impairment of right-of-use assets	(1,256,971)	(1,256,971)
Balance at end of year	2,051,094	2,051,094

Lease liabilities included in this Statement Of Financial

	< 1 year	1 - 5 years	Position
	$	$	$
2021			
Lease Liabilities	1,349,369	824,711	2,174,080
2020			
Lease Liabilities	1,479,156	709,196	2,188,352
	2,828,525	1,533,907	4,362,432

Notes to the financial statements for the year ended 30 June 2021 (continued)

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2021	2020
	$	$
Interest expense on lease liabilities	234,982	161,789
Depreciation of right-of-use assets	1,252,459	1,256,971
	1,487,441	1,418,760
Statement of Cash Flows		
Total cash outflow for leases	1,437,251	1,281,502

11. Trade and other payables

CURRENT		
Trade payables	2,272,194	2,184,645
Accrued expenses	531,274	439,920
Other payables	156,132	143,035
GST payable	686,773	672,545
	3,646,373	3,440,145

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

12. Provisions

NON-CURRENT		
Provision for make good	994,170	-

The provision for make-good recognises the estimated cost of the works required at the end of the Company's leaseholds.

13. Employee benefits

CURRENT		
Employee benefits	2,947,155	2,267,583
NON-CURRENT		
Employee benefits	487,232	795,212

Notes to the financial statements for the year ended 30 June 2021 (continued)

14. Contract liabilities	2021 $	2020 $
CURRENT		
Deferred income - Government grants	10,603,754	6,794,858

Transfer of unearned revenue during the year

Unearned revenue had previously incorporated revenue that had been acquitted through the purchase of assets but had not been fully expensed through the accounts (depreciated over the useful life of the asset). Revenue had not been previously recognised for these asset purchases. In 2020 this was removed from the unearned revenue (liability) and allocated to reserves (equity), this reserve is being reduced over future periods in line with the reduction in the carrying value of assets.

15. MEMBERS' GUARANTEE

The Company is incorporated under the Australian Charities and Not-for-profits Commission Act 2012 and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 each towards meeting any outstandings and obligations of the Company. At 30 June 2021 the number of members was 25 (2020: 24) .

Notes to the financial statements for the year ended 30 June 2021 (continued)

16. Key management personnel remuneration

The compensation paid to key management personnel other than the Directors during the year was

$1,027,527 (2020: $1,457,826). This balance reflects the recongition of the evolving nature of the management of GP Synergy. Management is integrated within the senior management team, with due reference to individual areas of responsibility.

The compensation paid to the Directors during the year, including the grossed up taxable value of salary packaged amounts was $449,596 (2020: $458,634). Refer to the below tables which details the payments made to each Director.

For details of other transactions with key management personnel, refer to Note 19: Related Parties.

a. Directors remuneration - 2021

	A	B	C	D
	Gross Fees Excl. Salary Package	Grossed Up Salary Package	Super SGC 9.5%	Payroll Benefits Received (A+B+C)
Director	$	$	$	$
Fragar, Lyn	18,019	29,998	3,111	51,128
Kamerman, Ian	44,973	29,998	5,692	80,663
Marles, Elizabeth	13,497	29,998	2,732	46,227
Flegg, Karen	5,589	16,152	945	22,686
Bonning, Michael	19,189	29,998	3,212	52,399
Rees, Damon	14,880	29,998	2,884	47,762
Cowling, Brett	5,855	16,152	1,011	23,018
Mendel, Sandra	19,934	29,998	3,293	53,225
Cahill, Megan	11,286	13,267	2,120	26,673
McEntrye, Elizabeth	21,947	-	1,933	23,880
O'Halloran, Diana	20,032	-	1,903	21,935
	195,201	**225,559**	**28,836**	**449,596**

b. Directors remuneration - 2020

	A	B	C	D
	Gross Fees Excl. Salary Package	Grossed Up Salary Package	Super SGC 9.5%	Payroll Benefits Received (A+B+C)
Director	$	$	$	$
Fragar, Lyn	24,457	29,998	3,834	58,289
Guppy, Michelle	20,342	-	1,846	22,188
Kamerman, Ian	31,048	29,998	4,460	65,506
Robinson, Fiona	2,441	20,306	845	23,593
Marles, Elizabeth	12,254	29,998	2,675	44,927
Flegg, Karen	15,236	29,998	2,958	48,192
Bonning, Michael	20,008	29,998	3,411	53,417
Rees, Damon	13,580	29,998	2,800	46,379
Cowling, Brett	13,346	29,998	2,778	46,122
Mendel, Sandra	16,907	29,998	3,117	50,021
	169,619	**260,290**	**28,724**	**458,634**

17. Auditors' remuneration

	2021	2020
	$	$
Remuneration of the auditor, National Audits Group Pty Ltd, for:	27,500	25,000
- audit of the financial statements	2,500	2,500
- other services	30,000	27,500

*Other services include compiling the financial statements

18. Contingencies

The Company is currently negotiating an extension to its major contract (the Australian General Practice Training Program for NSW and ACT) to 31 January 2023. The Company's role in delivering the Australian General Practice Training Program post 31 January 2023 is unclear and may lead to the Company being restructured, which could result in redundancy payments.

Notes to the financial statements for the year ended 30 June 2021 (continued)

19. Related parties

a. *The Company's main related parties are as follows:*

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Board Member (whether executive or otherwise) of that entity are considered key management personnel. Key management personnel of the Group during the year were as follows:

- Georgina van de Water — Interim Chief Executive Office until 9 August 2020, Chief Executive Officer from 10 August 2020
- Cameron Wilson — Chief Financial Officer and Company Secretary
- Vanessa Moran — Director of Education and Training
- Lyn Fragar — Director
- Ian Kamerman — Chair
- Michael Bonning — Deputy Chair
- Elizabeth Marles — Director
- Karen Flegg — Director
- Megan Cahill — Director
- Damon Rees — Director
- Brett Cowling — Director
- Sandra Mendel — Director
- Elizabeth McEntyre — Director
- Diana O'Halloran — Director

For details of remuneration disclosures relating to key management personnel, refer to Note 16: Key Management Remuneration. Other transactions with KMP and their related entities are shown below.

Other related parties:

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members. The Directors have determined the following to be other related parties of the Company during the year ended 30 June 2021:

- North West Health
- Hornsby GP Unit
- Brooklyn GP Unit
- Balmain Village Health
- Apple City Family Medicine
- ACRRM
- Rural Health Western Sydney University
- National Rural Health Alliance

b. Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The total payments made to other related parties during the year was $230,318.

Notes to the financial statements for the year ended 30 June 2021 (continued)

20. Events after the end of the reporting period

The financial report was authorised for issue on by 06 September 2021 those charged with governance.

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

21. Statutory information

The registered office and principal place of business of the Company is:

GP Synergy Limited
75 O'Riordan St
Alexandria NSW 2015

Responsible person's declaration for the year ended 30 June 2021

The Directors declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- 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-profits Commission Regulation 2012*.

______________________________ ______________________________

Responsible person Responsible person

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Dated

Independent auditors report for the year ended 30 June 2021

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of GP Synergy Limited, which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of GP Synergy Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i. giving a true and fair view of the Registered Entity's financial position as at 30 June 2021 and of its financial performance for the year ended; and

ii. complying with Australian Accounting Standards - Simplified Disclosure Standard and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible Entities for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosure Standard and the ACNC Act, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 the going concern basis of accounting unless the Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Independent auditors report for the year ended 30 June 2021 (continued)

Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the 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 those charged with governance 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.

National Audits Group Pty Ltd	Stephen Prowse
Authorised Audit Company	Director

Dated

SYDNEY

GP Synergy

advancing medical training

Australian Government

Department of Health

AGPT