

Murray PHN Limited

ABN: 92 156 423 755

Financial Statements
For the year ended 30 June 2019

Murray PHN Limited

30 June 2019

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Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2019

Your directors present their report of Murray PHN Limited for the year ended 30 June 2019.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Mr F. Reid Board Chair	Dr C. Atkins Deputy Board Chair
Dr T. Barrett	Mr V. Hamit
Mr T. Rayment	Dr A. Green
Ms L. Burrows	Prof. H. Swerissen
Ms Y. Wrigglesworth (Appointed 21 November 2018)	Ms S. Clarke (Resigned 21 November 2018)

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

Company Secretary

Mr. Matt Jones and Mrs. Elizabeth Clear held company secretary responsibilities at the end of the financial year.

Mr. M Jones

Qualifications:

BA, Masters of Public Health and Tropical Medicine, GAICD.

Experience:

Matt Jones is the CEO of Murray PHN. Matt has over 25 years management experience in primary health, public health, acute health in a variety of health settings across regional Australia. Previously CEO of Loddon Mallee Murray Medicare Local, Murray-Plains Division of General Practice and Central Victoria GP Network. Mr. Jones has also worked in aboriginal health in the Northern Territory, Queensland and Western Australia and was a senior public health policy officer with the Victorian Department of Health and Human Services.

Mrs. E Clear

Qualifications:

Bachelor of Commerce, Graduate Diploma in Applied Corporate Governance, CPA, AGIA, ACIS.

Experience:

Mrs Elizabeth Clear has over 30 years' experience in organisational development, change management, finance, quality and risk management, and governance, with senior leadership roles in the public, private and not for profit sectors. Mrs. Clear has lead major change programs, implemented risk and driven financial strategy to purpose.

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2019

Principal Activities

The principal activities of the company during the financial year were consistent with our Charitable Purpose as a health promotion charity. We continued our activities on a not for profit basis, as a Primary Health Network, to promote the prevention and control of illness and disease in human beings and achieve improved primary health outcomes in the community within our defined geographic region.

Murray PHN services an expansive area of northern Victoria from Mildura to Woodend and eastward to Wodonga, including Albury (NSW), with a population of 644,000 people spread over almost 100,000 sq. kms. This covers 55 hospital services, 214 general practices and 22 local government areas. Working closely with health services and stakeholders across the region, Murray PHN will continue with health promotion activities and identify ways to improve health outcomes. Our national PHN objectives are to increase the efficiency and effectiveness of health services for patients, particularly those at risk of poor health outcomes and improve the coordination of care to ensure patients receive the right care in the right place at the right time. The work and partnerships of Murray PHN will take into account the national health priorities, identified by the Australian Government. These include chronic diseases, which include diabetes, heart disease, COPD and cancer, mental health, aged care, health workforce, population health, Aboriginal and Torres Strait Islander health and eHealth.

Significant Changes

In the opinion of the directors, there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Operating Results

The company recorded a profit of \$452,179 for the year ended 30 June 2019 (2018: \$774,883).

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affect or may significantly affect the operations of the company, or the results of those operations.

Future Developments

The company Operating Budget for 2019/2020 is \$55.9million. This is a continuation of its health promotion and prevention work across the Department of Health and other Funders approved Activity Work Plans.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Options

No options over issued shares or interests in the company were granted during or since the end of the financial year, and there were no options outstanding at the date of this report.

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2019

Information on Directors

Mr F. Reid

Qualifications:	Diploma of Agricultural Science. Trained Primary Teacher's Certificate. Certificate IV Workplace Training and Assessment. Completed the Australian Institute of Company Director, Corporate Governance course.
Tenure:	Appointed 22 March 2012
Experience:	Fabian Reid grew up in regional Victoria and began his professional career in education before moving into politics as an advisor in the 1980s, including a senior advisor role with the Premier of Victoria. Mr Reid holds tertiary qualifications in agricultural science and education and has consulted to numerous organisations including Haven; Home, Safe, VicRoads, City of Greater Bendigo, Australian Ballet School, Orion Gold, QOD Group, Compass Housing and the Bendigo Business Council. Mr Reid is a director of Access Australia Group and has served as Chair of Bendigo Youth Coordination Group, Chair of the Bendigo Regional Advisory Board for La Trobe University, Chair of the Goldfields Local Learning and Employment Network, was Director of the Golden Dragon Museum and convenor of the Bendigo - A Thinking Community Reference Group. Mr Reid has lived in Bendigo since 1972 and has extensive knowledge of regional and rural communities.
Special Responsibilities:	Board Chair

Dr C. Atkins

Qualifications:	MB,BS; MHA; LLB(Hons); GAICD; MRACGP.
Tenure:	Appointed 22 March 2012
Experience:	Dr Atkins is a GP and director of Brooke Street Medical Centre, Woodend. Dr Atkins is involved in acute and emergency care, paediatrics, aged care, adult health and chronic disease management. Dr Atkins is also a qualified lawyer, practicing in health law and tutors at Monash Rural Medical School, Bendigo. Chris is also Chair of the VMO group at Kyneton Health.
Special Responsibilities:	Deputy Board Chair Governance Committee member

Dr T. Barrett

Qualifications:	B.Med Sci; MBBS; MRCGP; GAICD.
Tenure:	Appointed 22 March 2012
Experience:	Dr Barrett is a private general practitioner and GP associate with Eaglehawk Medical Group since 1994. Dr Barrett has 22 years' experience as a director, with 14 years as Chair of various boards and committees. Dr Barrett was chair of the Loddon Mallee Medicare Local, the Central Victorian GP Network, Bendigo Division of General Practice, director and chair of Victoria Felix Medical Education. Dr Barrett has also served on various committees of AMA Victoria. During 30 years of general practice Dr Barrett has worked in community health, prison health and indigenous health. Dr Barrett is a supervisor of GP registrars within general practice.
Special Responsibilities:	Programs and Quality Committee member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2019

Information on Directors *(continued)*

Mr V. Hamit

Qualifications:	B.Ec (Acc), LLB, FAICD, CTA.
Tenure:	Appointed 22 March 2012
Experience:	Lawyer and director of Wentworth Lawyers in Echuca and Melbourne, Victor Hamit practises in commercial and taxation matters. Mr Hamit has extensive board experience including previously sitting on the boards of SBS Community Board, Rural Ambulance Victoria and the Riverine Herald group. He was Commissioner for the Shire of Campaspe and is also an experienced company chairman. He is also a member of the Law Institute of Victoria Charities and Not-for-profit Committee.
Special Responsibilities:	Chair of Governance Committee

Mr T. Rayment

Qualifications:	B.Bus, Grad Dip PSEM, FAIM, AFACHSE, GAICD.
Tenure:	Appointed 22 March 2012
Experience:	Ted Rayment has been the chief executive officer of Swan Hill District Health for the past 12 years. Mr Rayment has held many CEO positions including Royal Hobart Hospital and Canberra Hospital. Mr Rayment was on the boards of Primary Care Partnership and deputy chair of the Loddon Mallee Rural Health Alliance. He was also previously a director of the Health Roundtable and Royal Hobart Hospital Research Foundation.
Special Responsibilities:	Governance Committee member

Dr A. Green

Qualifications:	BMed(Sci), MBBS, DRANZCOG, FRACGP.
Tenure:	Appointed 14 November 2017
Experience:	Dr Alison Green has been a GP associate in Wodonga since 1991. She is a GP obstetrician and has provided maternity services to Albury Wodonga Health for over 25 years. Alison has a long history as a GP supervisor educating medical students, GP registrars and GP obstetric registrars. She has over 10 years of experience contributing to a number of boards and committees.
Special Responsibilities:	Programs and Quality Committee member

Ms L. Burrows

Qualifications	Tertiary qualifications in Information Science, Business and Local Government Administration. Completed the Graduate requirements of the Australian Institute of Company Directors. Fellow of Local Government Professionals, an Associate Fellow of the Australian Institute of Management, a Member of Australian Local Government Managers Association and a Graduate Member of the Australian Institute of Company Directors.
Tenure:	Appointed 15 July 2015
Experience:	Leonie Burrows is a management consultant and company director, with 25 years' experience in Local Government. Ms Burrows also has experience in regional development, agriculture, education and strategic planning. Ms Burrows is also Chair of Sunraysia Community Health Services, Chair of the Mallee Regional Innovation Centre and a member of the Loddon Mallee Regional Development Australia Board.
Special Responsibilities:	Governance Committee member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2019

Information on Directors *(continued)*

Prof. H. Swerissen

Qualifications	BAppSc, Grad Dip Psych, BA (Hons), MAppPsych, DBA.
Tenure:	Appointed 19 September 2012
Experience:	An expert on health policy and program development, Hal Swerissen has researched extensively in the design and development of primary health and community services. Professor Swerissen is a research fellow at the Grattan Institute and emeritus professor of public health at La Trobe University, publishing more than 150 books, articles, reports and conference papers.
Special Responsibilities:	Chair of Programs and Quality Committee

Ms Y. Wrigglesworth

Qualifications	BSc(Hons), Grad Dip Fin Mgmt, Dip Frontline Mgt, Prof Cert Health System Mgmt, GAICD.
Tenure:	Appointed 21 November 2018
Experience:	Yvonne Wrigglesworth is the Director of Governance & Strategy at Bendigo Health, and represents the Eppalock Ward as an elected councillor in the City of Greater Bendigo. Yvonne is also the Chair of the Rural Communities Committee. Yvonne also has 20 years' experience in the health sector, having worked in general practice management, the acute health sector, clinical trials and research.
Special Responsibilities:	Programs and Quality Committee member

Ms S. Clarke

Qualifications	GDipSocSci, GDipBus, FAICD, and ANZSOG Fellow.
Tenure:	Appointed 22 March 2012 (Resigned 21 November 2018)
Experience:	Ms Clarke has held senior positions in health and community services for over 40 years including community health, local government, state government and the private sector. Ms. Clarke's experience extends across primary healthcare, philanthropy, governance and community engagement. She joined the Board of Bendigo Health in 2010 and is Chair of Bendigo Health's Quality Care Council. She was also a Director and Chair of Loddon Mallee Housing Ltd t/a Haven; Home, Safe, a Patron of the Community Foundation for Bendigo and Central Victoria.
Special Responsibilities:	Programs and Quality Committee member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2019

Directors' Meetings

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

	Board of Directors		Governance Committee		Programs and Quality Committee	
	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>
Mr F Reid	12	11	-	-	-	-
Dr C Atkins	12	12	4	4	-	-
Dr T Barrett	12	10	-	-	5	5
Mr V Hamit	12	12	5	5	-	-
Mr T Rayment	12	10	5	5	-	-
Dr A Green	12	12	-	-	5	5
Ms L Burrows	12	9	5	5	-	-
Prof H Swerissen	12	11	-	-	5	5
Ms Y Wrigglesworth	5	4	-	-	2	2
Ms S Clarke	7	5	-	-	2	1

Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

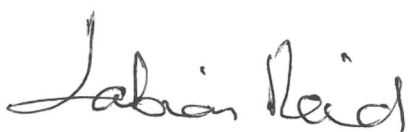
Members' Guarantee

The entity is incorporated under the *Corporations Act 2001* 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 outstanding obligations of the entity. At 30 June 2019 the collective liability of the 9 members was \$90 (2018: 9 members, \$90).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2019 has been received and can be found on page seven of the Financial Report.

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



Mr F. Reid, Chair

Dated this 18th day of September 2019

Lead auditor's independence declaration under *section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012* to the directors of Murray PHN Limited

As lead auditor for the audit of Murray PHN Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements 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.



Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 18th day of September 2019

Adrian Downing
Lead Auditor

Murray PHN Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Notes	2019 \$	2018 \$
Income			
Revenue	2	38,859,401	35,710,077
Total Income		38,859,401	35,710,077
Expenditure			
Employee benefits expense		9,247,551	8,710,568
Depreciation, amortisation and impairment expenses	3(i)	43,734	127,613
Rental and occupancy expenses	3(ii)	636,333	585,052
Program expenses		26,460,337	23,831,498
Motor vehicle expenses		178,866	173,506
Administration		1,383,099	1,247,718
Other expenses		457,302	259,239
Total Expenditure		38,407,222	34,935,194
Surplus before income tax		452,179	774,883
Income tax expense	1i	-	-
Surplus for the year		452,179	774,883
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		452,179	774,883

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Murray PHN Limited

Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	4	22,601,136	17,656,999
Trade and other receivables	5	207,742	92,412
Other assets	6	458,236	336,119
Intangible assets	7	157,674	12,883
Total Current Assets		23,424,788	18,098,413
Non-Current Assets			
Property, plant and equipment	8	234,440	11,182
Total Non-Current Assets		234,440	11,182
Total Assets		23,659,228	18,109,595
Current Liabilities			
Employee entitlements	9	796,005	769,036
Trade and other payables	11	5,534,675	3,404,212
Interest bearing liabilities	12	4,403	4,526
Grants refundable	14i	263,785	503,438
Unearned grants	14ii	12,905,158	9,798,935
Total Current Liabilities		19,504,026	14,480,147
Non-Current Liabilities			
Employee entitlements	9	322,003	228,428
Provisions	10	90,000	110,000
Total Non-Current Liabilities		412,003	338,428
Total Liabilities		19,916,029	14,818,575
Net Assets		3,743,199	3,291,020
Members' Equity			
Retained surplus		3,743,199	3,291,020
Total Members' Equity		3,743,199	3,291,020

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Murray PHN Limited

Statement of Changes in Equity

For the Year Ended 30 June 2019

	Retained Earnings \$	Total Equity \$
Balance at 1 July 2017	2,516,137	2,516,137
Surplus for the year	774,883	774,883
Total other comprehensive income for the year	-	-
Balance at 30 June 2018	3,291,020	3,291,020
Balance at 1 July 2018	3,291,020	3,291,020
Surplus for the year	452,179	452,179
Total other comprehensive income for the year	-	-
Balance at 30 June 2019	3,743,199	3,743,199

Murray PHN Limited

Statement of Cash Flows

For the Year Ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash Flows from Operating Activities			
Grants revenue and other receipts		41,005,572	36,728,651
Interest received		604,946	557,569
Payments to employees, directors and suppliers		(36,254,598)	(34,594,534)
Net Cash provided by Operating Activities	13	5,355,920	2,691,686
Cash Flows from Investing Activities			
Payments for plant and equipment		(254,109)	(16,292)
Payments for intangibles		(157,674)	-
Net Cash used in Investing Activities		(411,783)	(16,292)
Net increase in cash held		4,944,137	2,675,394
Cash and cash equivalents at the beginning of the financial year		17,656,999	14,981,605
Cash and Cash Equivalents at the End of the Financial Year	4	22,601,136	17,656,999

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies

The financial statements are for Murray PHN Limited as an individual entity, incorporated and domiciled in Australia. Murray PHN Limited is a company limited by guarantee.

Basis of preparation

The company applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC). The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 18 September 2019 by the directors of the company.

Accounting policies

(a) New standards adopted as at 1 July 2018

Initial application of AASB 9: *Financial Instruments*

AASB 9 replaces AASB 139: *Financial Instruments: Recognition and Measurement*, and includes a model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting.

The company has adopted AASB 9 on the effective date of 1 July 2018. The company has performed an impact assessment and there is no significant change to the measurement basis from adoption of the new classification and measurement model under AASB 9.

AASB 9 changed the company's accounting for impairment losses for financial assets by replacing the incurred loss approach under AASB 139 with the forward looking expected credit loss approach on all trade and other receivables. The company has adopted the simplified approach and records lifetime expected losses on all trade receivables and has established a provision matrix that is based on the company's historical credit loss experience, adjusted for forward looking factors specific to debtors and the economic environment. On adoption of AASB 9, there was no significant impact to the impairment loss allowance.

The company do not apply hedge accounting and therefore there is no impact to the financial report on adoption of AASB 9 in relation to hedge accounting.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (*continued*)

(b) Revenue

Grant revenue

Revenue arises mainly from the receipt of grants from the Department of Health, Federal Government and State Government.

To determine whether to recognise grant revenue, the company follows a five step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The company enters into transactions involving a number of performance obligations. In these cases, the total transaction price for the contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices, as detailed in the customer approved Activity Work Plan. The transaction price for a contract excludes any amounts collected on behalf of a third party.

Revenue is recognised over time, when (or as) the company satisfies performance obligations by transferring the promised goods or services to its customer, as detailed in the customer approved Activity Work Plan.

The company recognises unearned grants for consideration received in respect of unsatisfied performance obligations and reports these amounts as liabilities in the statement of financial position. Similarly, if the company satisfies a performance obligation before it receives the consideration, the company recognises either a contract asset or a receivable in its Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

Other revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset. The gain or loss on disposal of non-current asset sales are recognised at the date control passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

All revenue is stated net of the amount of goods and services tax (GST).

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (*continued*)

(c) Intangible assets

Computer software

Computer software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software has an estimated useful life of between three and eight years. It is assessed annually for impairment.

(d) Property, Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(k) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets is depreciated over each asset's useful life to the entity commencing from the time the asset is held ready for use. Structural improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	Based on expiration of lease
Equipment, Furniture and Fittings	20% - 100%

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

The company has no finance leases.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (*continued*)

(f) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combination* applies;
- held for trading; or
- initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (*continued*)

(f) Financial instruments (*continued*)

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (*continued*)

(f) Financial instruments (*continued*)

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

Derecognition of financial instruments

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

The entity recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (*continued*)

(f) Financial instruments (*continued*)

Derecognition

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The entity uses the simplified approach, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. The approach is applicable to trade receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (e.g. loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the Statement of Financial Position to recognise the loss allowance.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks and other short-term highly liquid investments with original maturities of twelve months or less.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are stated inclusive of GST.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(i) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997* as a charity registered under the *Australian Charities and Not-for-profits Commission Act 2012*.

(j) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at reporting date.

(k) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(n) Employee benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current liabilities in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current liabilities.

(o) Economic dependence

The company is dependent on the Australian Government Department of Health for a material amount of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support the company.

(p) Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value either on a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standards.

"Fair value" is the price the company would sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market information.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

(p) Fair Value of Assets and Liabilities (continued)

To the extent possible, market information is extracted from the principal market for the asset or liability (i.e. market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset and minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instrument (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(q) New Accounting Standards for Application in Future Periods

New pronouncement	Effective date	Likely impact on initial application
AASB 16: <i>Leases</i>	1 January 2019	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 16. However based on the entity's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes:</p> <ul style="list-style-type: none"> - There will be a significant increase in right of use assets and financial liabilities recognised on the Statement of Financial Position. - The reported equity will reduce as the carrying amount of the lease assets will reduce more quickly than the carrying amount of the lease liabilities. - EBIT in the Statement of Profit or Loss and Other Comprehensive Income will be higher as the implicit interest in lease payments for former off Statement of Financial Position leases will be presented as part of finance costs, rather than being included in operating expenses. - EBITDA in the Statement of Profit or Loss and Other Comprehensive Income will be higher as depreciation on the right of use assets will be recognised, rather than having operating leases expense recognised. - Operating cash outflows will be lower and financing cash flows will be higher in the Statement of Cash Flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 2. Revenue

The company's revenue disaggregated by type of customer is as follows:

	Department of Health \$	Federal Government \$	State Government \$	Other \$	Total \$
2019					
Grant revenue	35,793,889	384,234	1,517,552	504,751	38,200,426
Other services	-	-	-	53,906	53,906
Interest	-	-	-	605,069	605,069
Total	35,793,889	384,234	1,517,552	1,163,726	38,859,401
2018					
Grant revenue	33,576,412	226,626	560,072	383,177	34,746,287
Other services	-	-	383,895	36,508	420,403
Interest	-	-	-	543,387	543,387
Total	33,576,412	226,626	943,967	963,072	35,710,077

The company's revenue disaggregated by pattern of revenue recognition is as follows:

	Department of Health \$	Federal Government \$	State Government \$	Other \$	Total \$
2019					
Goods transferred at a point in time	-	-	-	658,975	658,975
Services transferred over time	35,793,889	384,234	1,517,552	504,751	38,200,426
Total	35,793,889	384,234	1,517,552	1,163,726	38,859,401
2018					
Goods transferred at a point in time	-	-	383,895	579,895	963,790
Services transferred over time	33,576,412	226,626	560,072	383,177	34,746,287
Total	33,576,412	226,626	943,967	963,072	35,710,077

The following aggregated amounts of transaction prices relate to the performance obligations from existing contracts that are unsatisfied or partially unsatisfied as at 30 June 2019:

	2019 \$	2020 \$	2021 \$	Total \$
Revenue expected to be recognised	12,905,158	-	-	12,905,158

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
Note 3. Surplus for the Year	\$	\$
<i>Surplus for the year has been determined after:</i>		
<i>(i) Depreciation and amortisation expenses</i>		
Furniture and equipment	19,105	93,476
Leasehold improvements	11,746	21,253
Computer software	12,883	12,884
Total depreciation and amortisation	<u>43,734</u>	<u>127,613</u>
<i>(ii) Rental expenses on operating leases</i>		
Occupancy	387,333	371,734
Motor vehicle	115,461	112,344
Hardware	90,978	77,567
Other	42,561	23,407
Total rental expenses on operating leases	<u>636,333</u>	<u>585,052</u>
Note 4. Cash and Cash Equivalents		
Petty cash	-	294
Cash at bank	5,361,189	14,518,757
Term deposits	17,239,947	3,137,948
Total cash and cash equivalents	<u>22,601,136</u>	<u>17,656,999</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
	\$	\$
Note 5. Trade and Other Receivables		
Trade receivables	212,734	92,412
Provision for impairment	(4,992)	-
Total trade and other receivables	<u>207,742</u>	<u>92,412</u>
Note 6. Other Assets		
Accrued income	164,642	87,896
Receivable from the ATO	38,719	166,228
Prepaid expenses	254,875	81,995
Total other current assets	<u>458,236</u>	<u>336,119</u>
<i>(i) Financial assets classified as loans and receivables (note 17)</i>		
Total other assets	458,236	336,119
Receivable from the ATO	(38,719)	(166,228)
Prepaid expenses	(254,875)	(81,995)
Total financial assets classified as loans and receivables	<u>164,642</u>	<u>87,896</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
Note 7. Intangible assets	\$	\$
Computer software	196,324	38,650
Less amortisation expense	(38,650)	(25,767)
Total intangible assets	157,674	12,883

Movements in carrying amounts between the beginning and the end of the financial year

	Computer software	Total
	\$	\$
2019		
Balance at 30 June 2018	12,883	12,883
Additions	157,674	157,674
Less Disposals	-	-
Less amortisation expense	(12,883)	(12,883)
Carrying amount at 30 June 2019	157,674	157,674

	2019	2018
Note 8. Property, Plant and Equipment	\$	\$
Leasehold improvements at cost	153,156	42,456
Less accumulated depreciation	(51,202)	(39,456)
	101,954	3,000
Artwork at cost	5,000	-
	5,000	-
Furniture, fittings and equipment at cost	485,449	347,040
Less accumulated depreciation	(357,963)	(338,858)
	127,486	8,182
Total property, plant and equipment	234,440	11,182

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 8. Property, Plant and Equipment (continued)

Movements in carrying amounts between the beginning and the end of the financial year

	Furniture, fittings & equipment	Leasehold improvements	Total
	\$	\$	\$
2018			
Balance at 1 July 2017	92,859	16,760	109,619
Additions	8,799	7,493	16,292
Less disposals	-	-	-
Less depreciation expense	(93,476)	(21,253)	(114,729)
Less asset impairment	-	-	-
Carrying amount at 30 June 2018	8,182	3,000	11,182
2019			
Balance at 1 July 2018	8,182	3,000	11,182
Additions	143,409	110,700	254,109
Less disposals	-	-	-
Less depreciation expense	(19,105)	(11,746)	(30,851)
Less asset impairment	-	-	-
Carrying amount at 30 June 2019	132,486	101,954	234,440

	2019	2018
	\$	\$
Note 9. Employee Entitlements		
<i>Current</i>		
Provision for annual leave	587,624	540,779
Provision for long service leave	170,447	176,488
Provision for personal leave	36,474	51,769
Provision for parental leave	1,460	-
Total current employee entitlements	796,005	769,036
<i>Non-current</i>		
Provision for long service leave	322,003	228,428
Total non-current employee entitlements	322,003	228,428
Total employee entitlements	1,118,008	997,464

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 9. Employee Entitlements (Continued)

Provisions for employee benefits represents amounts accrued for annual, personal, parental and long service leave.

The current portion for this provision includes the total amount accrued for annual, personal and parental leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes the total amount accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(n).

Note 10. Provisions	2019 \$	2018 \$
Provision for 'make good' lease	90,000	110,000
Total provisions	90,000	110,000
<i>Reconciliation of movement in provisions</i>		
Opening balance	110,000	-
Additional provisions raised during the year	-	110,000
Amounts used	(20,000)	-
Total provisions	90,000	110,000

Provision for 'make good' lease

There are make good provisions within leases entered into by Murray PHN. The provision for make good is based on the estimated cost to make good each leased site to the standard required under the lease agreement. Estimates are based on past experience and quotations are obtained and provided for when a lease nears its end of term.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019	2018
Note 11. Trade and Other Payables	\$	\$
Accounts payable	115,489	553,305
Payable to the ATO	-	114,258
Other accrued expenses	5,419,186	2,736,649
Total trade and other payables	5,534,675	3,404,212
<i>(i) Financial liabilities classified as trade and other payables (note 17)</i>		
Total trade and other payables	5,534,675	3,404,212
Payable to the ATO	-	(114,258)
Total financial liabilities classified as trade and other payables	5,534,675	3,289,954
Note 12. Interest Bearing Liabilities		
Credit cards	4,403	4,526
Total interest bearing liabilities	4,403	4,526
Note 13. Cashflow Information		
Reconciliation of profit to net cash provided by operating activities		
Profit	452,179	774,883
Non cash items:		
- Depreciation, amortisation and impairment expenses	43,734	127,613
Changes in assets and liabilities		
- Increase in trade and other receivables	(115,330)	(87,749)
- Increase in other assets	(122,117)	(26,973)
- Increase/(decrease) in trade and other payables	2,130,340	(854,253)
- Decrease in grants refundable	(239,653)	(514,867)
- Increase in unearned grants	3,106,223	3,059,985
- Increase in employee entitlements	120,544	213,047
- Decrease in provisions	(20,000)	-
Net cashflows provided by operating activities	5,355,920	2,691,686

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 14. Grant Obligations

Note reference	Grants refundable	Unearned grants	Grants refundable	Unearned grants
	(i) 2019 (\$)	(ii) 2019 (\$)	(i) 2018 (\$)	(ii) 2018 (\$)
Department of Health Funding Schedule				
Flexible Fund	-	2,575,009	-	876,409
Health Systems Improvement	-	570,976	-	445,549
Corporate Governance	-	-	-	63,472
Quarantined 1617 Carry Forward	-	1,682,336	-	1,682,336
After Hours	-	1,107,786	-	614,745
Drug & Alcohol Planning	-	764,446	-	1,229,245
Innovation 16/17	-	-	-	170,945
Integrated Team Care	-	538,363	-	650,170
Mental Health 1819	-	2,373,295	-	-
Mental Health 1718	-	-	-	1,097,980
Mental Health 1819 Prepayment	-	-	-	1,539,329
Mental Health 16/17	263,785	-	503,438	-
National Psychosocial Support	-	1,601,859	-	200,000
Partners in Recovery	-	301,577	-	174,137
Total Department of Health Funding Schedule	263,785	11,515,647	503,438	8,744,317
Other Grants				
Australian Digital Health Agency - My Health Records	-	319,697	-	298,198
Department of Education - General Practice in Schools	-	53,639	-	124,702
DHHS - Cancer Survivorship	-	6,703	-	1,478
DHHS - Community Led Cancer	-	69,508	-	181,313
DHHS - Looking After Children	-	19,733	-	19,733
DHHS - Pandemic Preparedness	-	90,484	-	75,000
DHHS - Suicide Prevention	-	164,262	-	200,665
Ballarat Community Health - Orticare Liaison Position	-	42,783	-	25,509
Ballarat Community Health - Orticare Nurse Led	-	9,500	-	30,000
Eastern Melbourne PHN - Lymphoedema Capacity Building	-	10,000	-	-
Eastern Melbourne PHN - Acute Specialist Clinics	-	144,865	-	-
Melbourne Primary Care Network - HIV Pathways	-	5,500	-	-
Melbourne Primary Care Network - Optimal Care Pathways	-	66,730	-	22,045
Melbourne Primary Care Network - Statewide STI Pathways	-	-	-	9,850
Western Victoria PHN - Real Time Prescription Monitoring	-	30,362	-	16,125
Bushfires of 2009 Community Support Project	-	12,999	-	-
Kyabram DHS - Murray Health Partnership Secondment	-	12,746	-	-
Murray Exchange Income	-	330,000	-	50,000
Total Other Grants	-	1,389,511	-	1,054,618
Total Grant Obligations	263,785	12,905,158	503,438	9,798,935

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 15. Contingent Assets and Contingent Liabilities

Contingent assets

The company is not aware of any contingent assets as at 30 June 2019.

Contingent liabilities

The company is not aware of any contingent liabilities at 30 June 2019.

Note 16. Capital and Leasing Commitments	2019 \$	2018 \$
Significant operating lease commitments		
Operating lease commitments payable		
- not later than 12 months	874,667	998,192
- later than 12 months but not later than 5 years	604,997	653,132
- greater than 5 years	-	-
Total minimum lease payments	1,479,664	1,651,324

As at 30 June 2019 the company was committed to the following operating leases:

- a) A non-cancellable operating lease contract with D&C Cutri Holdings Ltd for the rental of 3-5 View Point premises. This term is to August 2021.
- b) A non-cancellable operating lease contract with Jenham Nominees Pty Ltd for the rental of Hovell St Albury premises. This term is to October 2021.
- c) A non-cancellable operating lease contract with PP Spirit Pty Ltd for the rental of Pine Street Mildura premises. This term is to September 2021.
- d) A non-cancellable operating lease contract with Avalon Warehouse Pty Ltd for the rental of 100 High Street Shepparton premises. This term is to November 2021.
- e) Twelve non-cancellable operating lease contracts with Weblease for the use of motor vehicles. Each lease has different end dates with the last expiry date being December 2021.
- f) A non-cancellable operating lease contracts with BOQ Finance for lease of computers. Each lease has different end dates with the last expiry date being July 2021.
- g) A non-cancellable operating lease contract with Fuji Xerox for lease of six photocopiers. Five of the contracts expire in February 2021 and one contract expires August 2021.

Significant capital commitments

The company does not have any capital commitments.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 17. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, term deposits, accounts receivable and payables. The entity does not have any derivative instruments at 30 June 2019.

The totals for each category of financial instruments are as follows:

	Notes	2019 \$	2018 \$
Financial assets			
Cash and cash equivalents	4	22,601,136	17,656,999
Trade and other receivables	5	207,742	92,412
Other assets	6(i)	164,642	87,896
Total financial assets		<u>22,973,520</u>	<u>17,837,307</u>
Financial liabilities			
Trade and other payables	11(i)	5,534,675	3,289,954
Interest bearing liabilities	12	4,403	4,526
Grants refundable	14(i)	263,785	503,438
Total financial liabilities		<u>5,802,863</u>	<u>3,797,918</u>

Note 18. Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. The total of compensation for Key Management Personnel is shown below.

	2019 \$	2018 \$
Compensation paid and payable	<u>1,459,848</u>	<u>1,391,120</u>

Note 19. Auditor's Remuneration

Audit services	19,400	18,000
Audit services of acquittals	13,335	12,700
Other services (GST advice)	1,015	-
Total auditor's remuneration	<u>33,750</u>	<u>30,700</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 20. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons. The details of each related party transaction during the year ended 30 June 2019 is as follows:

Board Member, Ms Leonie Burrows is Chair of the Sunraysia Community Health Services. Sunraysia Community Health Services received payments from the company for contractual relationships involving the provision of GP in Schools Services, Primary Mental Health, Chronic Disease and Alcohol & Other Drug Services during the 2018-19 financial year. The total value of these transactions is \$852,107.

Board Member, Ms Sue Clarke (resigned 21/11/18) was a Director of the Board with Bendigo Health Care Group. Bendigo Health Care Group received payments from the company for a Cancer Survivorship presenter fee and for contractual relationships involved with Chronic Disease, Diabetes Services and the E-Referral Program during the 2018-19 financial year. The total value of these transactions is \$203,220.

Board Member, Mr Victor Hamit is associated with Echuca Regional Health Service. Echuca Regional Health Service received payments from the company for contractual relationships involved with the provision of Potentially Avoidable Hospitalisations, Psychological Therapy Services and After Hours services in relation to reducing emergency department presentations during the 2018-19 financial year. The total value of these transactions is \$141,570.

Board Member, Dr Alison Green is associated with Albury Wodonga Health. Albury Wodonga Health received payments from the company relating to the provision of Psychological Therapy Services and the provision of the Mental Health Nurse Incentive Program during the 2018-19 financial year. The total value of these transactions is \$70,121.

Board Member, Dr Alison Green is associated with Royal Australian College of General Practitioners. Royal Australian College of General Practitioners received payments from the company relating to upload fees to register GP attendance at CPD events during the 2018-19 financial year. The total value of these transactions is \$1,163.

Board Member, Mr Ted Rayment was the Chief Executive Officer of Swan Hill District Health until June 2019. Swan Hill District Health received payments from the company for contractual relationships involved with the provision of GP in Schools Services, Headspace and Primary Mental Health Services, Potentially Avoidable Hospitalisations & Chronic Disease Services during the 2018-19 financial year. The total value of these transactions is \$1,362,123.

Board Chair, Mr Fabian Reid is a Director of Access Australia Group. Access Australia Group received payments from the company for car cleaning and catering services during the 2018-19 financial year. The total value of these transactions is \$4,253.

Chief Executive Officer, Mr Matt Jones is the Company Secretary of Regional Employers Alcohol and Drug Initiative (READI). Murray PHN paid on their behalf invoices involving website setup, employment and legal fees which were all reimbursed by READI. The total value of these transactions is \$2,611.

Executive Director Regional, Ms Janice Radrekusa is associated with St Anthony's Medical Practice. St Anthony's Medical Practice received a payment from the company for contractual relationships involved with the provision of services related to After Hours services during the 2018-19 financial year. The total value of this transaction is \$2,600.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2019

Note 21. Events After the Reporting Period

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected or may significantly affect the operations of the company.

Note 22. Registered Office/Principal Place of Business

The registered office of the association is:

3 - 5 View Point

Bendigo VIC 3550

The principal place of business is:

3 - 5 View Point

Bendigo VIC 3550

Murray PHN Limited Directors' Declaration

For the Year Ended 30 June 2019


The directors of the company declare that the financial statements on pages 1 to 33 are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:

- (a) comply with Australian Accounting Standards (Reduced Disclosure Requirements); and
- (b) give a true and fair view of the financial position as at 30 June 2019 and the financial performance for the year ended on that date.

In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Mr F. Reid
Board Chair



Dated this 18th day of September 2019

Independent auditor's report to the members of Murray PHN Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial report of Murray PHN Limited, is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date and
- ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

What we have audited

Murray PHN Limited's (the company) financial report comprises the:

- ✓ Statement of financial position as at 30 June 2019
- ✓ Statement of profit or loss and other comprehensive income for the year then ended
- ✓ Statement of changes in equity for the year then ended
- ✓ Statement of cash flows for the year then ended
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the entity.

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

Other information

The company may prepare an annual report that may include the financial statements, director's report and declaration and our audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairperson's report and reports covering governance and other matters.

The directors are responsible for the other information. An annual report has not been made available to us as of the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* 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 intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 18th day of September 2019

Adrian Downing
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners
in success



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