



Partners in success

Chartered Accountants

Murray PHN Limited

ABN: 92 156 423 755

Financial Statements

For the year ended 30 June 2021

Murray PHN Limited

30 June 2021

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Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2021

Your directors present their report of Murray PHN Limited (referred to herein as Murray PHN) for the year ended 30 June 2021.

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	Ms. L Burrows Deputy Board Chair
Dr T. Barrett	Mr V. Hamit
Prof. H. Swerissen	Dr A. Green
Dr. M Fernando	Mr M. Sharp
Ms. J. Kinder (Appointed 18 November 2020)	

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, GAICD.
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. Elizabeth has lead major change programs, implemented enterprise wide risk management frameworks and practices and driven financial strategy to purpose.

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2021

Principal Activities

The principal activities of Murray PHN 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, 186 general practices and 22 local government areas. Working closely with health services and stakeholders across the region, Murray PHN continues to increase the efficiency and effectiveness of health services for patients, particularly those at risk of poor health outcomes, and to 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 take into account the national health priorities, identified by the Australian Government, along with local health priorities, identified through our health needs assessment process. These include mental health, aged care, health workforce, population health, Aboriginal and Torres Strait Islander health, eHealth and chronic diseases, which include diabetes, heart disease, chronic obstructive pulmonary disease (COPD) and cancer.

Significant Changes

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Murray PHN was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Murray PHN operates.

Murray PHN introduced a range of measures in both the prior and current year, including implementing work from home arrangements where appropriate.

As restrictions eased towards the end of the financial year Murray PHN were able to revise some measures where appropriate. Subsequent to year end however, the Victorian Government issued further lockdown restrictions for regional Victoria commencing 21 August, with no end date yet released. During this period of time Murray PHN have reintroduced such measures.

No further significant changes in Murray PHN's state of affairs occurred during the financial year.

Operating Results

Murray PHN recorded a profit of \$401,467 for the year ended 30 June 2021 (2020: \$469,558).

After Balance Date Events

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Murray PHN at the reporting date. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Murray PHN, its operations, its future results and financial position. The state of emergency in Victoria was extended on 26 August 2021 until 23 September 2021.

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

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2021

Future Developments

Murray PHN's operating budget for 2021/2022 is \$60.8 million. 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

Murray PHN'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 Murray PHN were granted during or since the end of the financial year, and there were no options outstanding at the date of this report.

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

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, Fellow of the Institute of Management and Leaders ANZ, 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 Deputy Chair of the Loddon Mallee Regional Development Australia Board.
Special Responsibilities:	Deputy Board Chair Governance Committee member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2021

Information on Directors *(continued)*

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

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 Vasey RSL Care Ltd and 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

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

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

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2021

Information on Directors *(continued)*

Dr. M Fernando

Qualifications	MBBS, DRANZCOG, FRACGP, FARGP, MPH, GCCE, FACRRM, GAICD
Tenure:	Appointed 20 November 2019
Experience:	Dr Manisha Fernando is a Rural GP and holds fellowships in General Practice and Rural General Practice, a Masters of Public Health, a Certificate of Clinical Education, a Diploma in Obstetrics and Gynaecology and is a graduate of the Australian Institute of Company Directors course. Living in the Macedon Ranges for over fifteen years, her professional areas of interest include rural and remote medicine, primary health care research, child and adolescent health, women's health and mental health. She also has extensive experience in educating GP trainees and medical students.
Special Responsibilities:	Governance Committee member (until February 2021), Programs and Quality Committee member (from February 2021)

Mr M. Sharp

Qualifications	Bachelor of Nursing (Hons), Post Graduate Diploma Critical Care Nursing, Master of Business (Management)
Tenure:	Appointed 18 March 2020
Experience:	Mr Sharp is the Chief Executive at Goulburn Valley (GV) Health, a position he has held since 2018. During his time with GV Health, Mr Sharp has focused on improving access to health and wellbeing services in the Goulburn Valley Region and enhancing the culture of GV Health. In addition, he has forged strong professional relationships within the community and worked with governments at local, State and Federal level to secure funding for additional health services. Prior to commencing at GV Health, Mr Sharp held the position of Executive Director of Clinical Operations at Eastern Health in Melbourne, as well as various other management and executive positions in rural, regional and metropolitan health services. He understands the opportunities and challenges that come with working in a regional health service, having worked at Rochester and Elmore District Health Service, initially as the Director Clinical Services before becoming the Chief Executive Officer; a position he held for three years. He has also held an executive position at Echuca Regional Health. Having spent most of his life in regional Victoria, Mr Sharp is passionate about public health and takes pride in being able to improve the safety, quality and access to health and wellbeing services, particularly in the regions. Mr Sharp has also chaired committees within the Hume Region to assist with planning during the COVID-19 pandemic.
Special Responsibilities:	Programs and Quality Committee member

Ms. J. Kinder

Qualifications	Diploma of Management, Graduate of the Fairley Leadership Program
Tenure:	Appointed 18 November 2020
Experience:	Ms Kinder is the Operations Manager at the University of Melbourne, Shepparton Medical Centre where she has gained extensive experience in the strategic planning, management and governance of a primary health service. With 13 years' experience in the higher education sector, Ms Kinder has held positions as Executive Officer, La Trobe University, Shepparton Campus and Rural Clinical School Manager, University of Melbourne, Department of Rural Health, contributing to the significant growth and expansion of courses, programs and collaborative partnerships across Regional Victoria. She has represented her community as Member, Community Advisory Committee and Primary Care & Population Health Advisory Committee, GV Health and 3 years as Chair, Goulburn Valley Community Advisory Council for Murray PHN. Through all of these experiences, she has developed a passion for health, education, community engagement, technology, innovation and impact research.
Special Responsibilities:	Governance Committee member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2021

Directors' Meetings

During the financial year, 11 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	11	11	2	1	2	-
Ms. L Burrows	11	10	5	4	-	-
Dr T. Barrett	11	11	-	-	4	3
Mr V. Hamit	11	11	5	4	-	-
Prof. H. Swerissen	11	9	-	-	4	4
Dr A. Green	11	11	-	-	4	4
Dr. M Fernando	11	10	3	2	2	2
Mr M. Sharp	11	9	-	-	4	4
Ms. J. Kinder	6	6	2	1	-	-
Mr R Saville (Independent)	-	-	5	5	-	-
Mr A Woods (Independent)	-	-	5	5	-	-

Proceedings on Behalf of Murray PHN

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

Murray PHN was not a party to any such proceedings during the year.

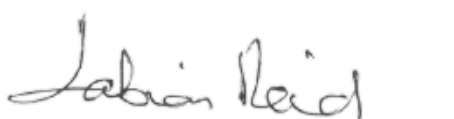
Members' Guarantee

Murray PHN is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If Murray PHN is wound up, the constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of Murray PHN. At 30 June 2021 the collective liability of the 9 members was \$90 (2020: 8 members, \$80).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2021 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 15th day of September 2021

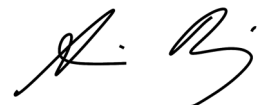
Auditor's Independence Declaration under section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* to the directors of Murray PHN Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there has 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 15th day of September 2021



Adrian Downing
Lead Auditor

Murray PHN Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
Income			
Revenue	2	47,151,726	43,357,117
Total Income		47,151,726	43,357,117
Expenditure			
Commissioning expenditure		33,705,995	29,929,920
Employee benefits expense		10,671,550	10,453,095
Depreciation, amortisation and impairment expenses	3(i)	499,173	560,381
Finance costs	3(ii)	49,785	68,331
Rental and occupancy expenses	3(iii)	181,889	209,502
Motor vehicle expenses		29,778	69,476
Administration		1,111,733	1,143,332
Other expenses		476,555	426,321
Loss on disposal of asset		23,801	27,201
Total Expenditure		46,750,259	42,887,559
Surplus before income tax		401,467	469,558
Income tax expense	1i	-	-
Surplus for the year		401,467	469,558
Other comprehensive income		-	-
Total Comprehensive Income for the Year		401,467	469,558

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 2021

	Notes	2021 \$	2020 \$
Current Assets			
Cash and cash equivalents	4	29,062,717	21,841,263
Trade and other receivables	5	784,850	365,550
Other assets	6	543,327	1,400,532
Total Current Assets		30,390,894	23,607,345
Non-Current Assets			
Intangible assets	7	38,958	77,915
Property, plant and equipment	8	129,897	171,534
Right-of-use assets	9	751,717	1,088,228
Total Non-Current Assets		920,572	1,337,677
Total Assets		31,311,466	24,945,022
Current Liabilities			
Employee entitlements	10	1,070,678	935,712
Lease liability	12	298,403	428,556
Trade and other payables	13	4,479,622	2,604,377
Interest bearing liabilities	14	17,655	6,431
Grants refundable	16i	263,785	263,785
Unearned grants	16ii	19,530,815	15,293,428
Total Current Liabilities		25,660,958	19,532,289
Non-Current Liabilities			
Employee entitlements	10	455,868	420,539
Provisions	11	90,000	90,000
Lease liability	12	490,416	689,437
Total Non-Current Liabilities		1,036,284	1,199,976
Total Liabilities		26,697,242	20,732,265
Net Assets		4,614,224	4,212,757
Members' Equity			
Retained surplus		4,614,224	4,212,757
Total Members' Equity		4,614,224	4,212,757

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 2021

	Retained Surplus \$	Total Equity \$
Balance at 1 July 2019	3,743,199	3,743,199
Surplus for the year	469,558	469,558
Total other comprehensive income for the year	-	-
Balance at 30 June 2020	4,212,757	4,212,757
Balance at 1 July 2020	4,212,757	4,212,757
Surplus for the year	401,467	401,467
Total other comprehensive income for the year	-	-
Balance at 30 June 2021	4,614,224	4,614,224

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Murray PHN Limited

Statement of Cash Flows

For the Year Ended 30 June 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Grants revenue and other receipts		50,698,779	45,161,493
Interest received		271,034	426,086
Payments to suppliers, employees and directors		(43,197,580)	(45,778,428)
Interest paid on lease liabilities		(49,785)	(68,331)
Short term and low-value lease payments		(65,951)	(85,541)
Net cash provided by / (used in) operating activities	15	7,656,497	(344,721)
Cash Flows from investing activities			
Payments for plant and equipment		(20,000)	(11,246)
Net cash used in investing activities		(20,000)	(11,246)
Cash flows from financing activities			
Repayment of lease commitments		(415,043)	(403,906)
Net cash used in financing activities		(415,043)	(403,906)
Net increase / (decrease) in cash held		7,221,454	(759,873)
Cash and cash equivalents at the beginning of the financial year		21,841,263	22,601,136
Cash and Cash Equivalents at the End of the Financial Year	4	29,062,717	21,841,263

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 2021

Note 1. Summary of Significant Accounting Policies

The financial statements are for Murray PHN Limited (referred to herein as Murray PHN) as an individual entity, incorporated and domiciled in Australia. Murray PHN Limited is a not-for-profit company limited by guarantee and is primarily involved in:

- Healthcare systems and redeveloping models of care across the Murray PHN catchment through transparent planning, ongoing engagement, collaboration where and whenever possible, and resource allocation based on strong evaluation and evidence.
- Funding organisations, communities, and partners through good governance practice, regular and accurate reporting, quality staff expertise and by actively building a highly reputable, respected and valued organisation.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures made by the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In the prior year, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows of Murray PHN as a result of the change in the basis of preparation.

The financial statements were authorised for issue on 15 September 2021 by the directors of Murray PHN.

Functional and presentation currency and rounding

These financial statements are presented in Australian dollars, which is Murray PHN's functional currency. The amounts have been rounded to the nearest dollar.

Impact of global COVID-19 pandemic

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Murray PHN was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Murray PHN operates.

Murray PHN introduced a range of measures in both the prior and current year, including implementing work from home arrangements where appropriate.

As restrictions eased towards the end of the financial year Murray PHN were able to revise some measures where appropriate. Subsequent to year end however, the Victorian Government issued further lockdown restrictions for regional Victoria commencing 21 August, with no end date yet released. During this period of time Murray PHN have reintroduced such measures.

For further details refer to Note 23 Events After the Reporting Period.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(a) Changes in accounting policies and estimates

Early adoption

The directors have elected to apply AASB 1060: *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* prior to its mandatory effective date (annual reporting periods beginning on or after 1 July 2021).

As a result of the early application of AASB 1060, these financial statements have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures.

Previous reporting framework and transition adjustments

Murray PHN previously prepared general purpose financial statements under Tier 2 - Reduced Disclosure Requirements. There were no transition adjustments other than a few disclosure changes on the adoption of Australian Accounting Standards - Simplified Disclosures.

(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, Murray PHN 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.

Murray PHN 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) Murray PHN satisfies performance obligations by transferring the promised goods or services to its customer, as detailed in the customer approved Activity Work Plan.

Murray PHN 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 Murray PHN satisfies a performance obligation before it receives the consideration, Murray PHN 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. 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 2021

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 is measured on the cost basis and is 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 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 has been contributed at no cost, or for nominal cost, is 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 Murray PHN 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 profit or loss.

The depreciation rates are consistent with the prior period. For each class of depreciable assets the depreciation rates are:

Class of Fixed Asset	Depreciation Rate
Leasehold Improvements	Based on expiration of lease
Equipment, Furniture and Fittings	17 - 100%
Artwork	17%

(e) Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where Murray PHN expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Murray PHN has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets (new assets where the underlying asset value is \$10,000 or less). Lease payments on these assets are expensed to profit or loss as incurred.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(f) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when Murray PHN becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that Murray PHN 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.

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 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.

Murray PHN classify trade and other payables and lease liabilities in this category.

A financial liability cannot be reclassified.

Financial assets

Financial assets are measured at amortised costs if both of the following criteria are met:

- 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.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Murray PHN recognises cash and cash equivalents and trade and other receivables in this category.

Derecognition

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

Derecognition of financial liabilities

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.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

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
- Murray PHN 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.

Recognition of expected credit losses in financial statements

Murray PHN recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost.

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.

Murray PHN 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.).

At each reporting date, Murray PHN 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.

(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.

(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.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(i) Income tax

No provision for income tax has been raised as Murray PHN 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 Murray PHN 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, Murray PHN 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, Murray PHN estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Murray PHN's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following:

- future lease payments arising from a change in an index or a rate used
- residual guarantee
- lease term
- certainty of a purchase option and termination penalties.

When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(m) Comparative figures

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

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(n) Employee benefits

Short-term employee benefits

Provision is made for Murray PHN'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.

Murray PHN'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

Murray PHN 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 Murray PHN'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.

Murray PHN's obligations for long-term employee benefits are presented as non-current liabilities in its Statement of Financial Position, except where Murray PHN 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) Judgements and key sources of estimation uncertainty

The following are the critical judgements, apart from those involving estimations that the directors have made in the process of applying Murray PHN's accounting policies. These judgements have the most significant effect on the amounts recognised in the financial statements.

Annual leave

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. Murray PHN expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Long service leave calculation

Murray PHN assesses the long service leave liability in accordance with the requirements of AASB 119: *Employee Benefits* and applies probability factors reducing the balance of the liability on employees' balances that have not reached their vesting period i.e. not entitled to be paid out as at 30 June 2021. The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions).

Impairment

Murray PHN assesses impairment at each reporting period by evaluating the conditions and events specific to Murray PHN that may be indicative of impairment triggers. Recoverable amount of the relevant assets are reassessed using the value-in-use calculation which incorporates various key assumptions.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(o) Judgements and key sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment

Murray PHN reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Identifying performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

Lease term and option to extend under AASB 16

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 Murray PHN'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.

Murray PHN 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.

Borrowing rate under AASB 16

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for Murray PHN's leases, Murray PHN's incremental borrowing rate is used, being the rate Murray PHN would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, Murray PHN:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

(p) Economic dependence

Murray PHN 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 believe the Department of Health will continue to support Murray PHN.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 1. Summary of Significant Accounting Policies (continued)

(q) Fair Value of Assets and Liabilities

Murray PHN 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 Murray PHN 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.

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 Murray PHN 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).

(r) Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Murray PHN and their potential impact when adopted in future periods is outlined below:

- AASB 2020-8: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2* (applicable for reporting periods commencing on or after 1 January 2021). Adoption of this standard is not expected to have a material impact.
- AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.
- AASB 2020-3: *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (applicable for reporting periods commencing on or after 1 January 2022). Adoption of this standard is not expected to have a material impact.
- AASB 17: *Insurance Contracts* (applicable for reporting periods commencing on or after 1 January 2023). Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Murray PHN in future periods.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 2. Revenue

Murray PHN's revenue disaggregated by type of customer is as follows:

	Department of Health \$	Other Federal \$	State Government \$	Other \$	Total \$
2021					
Grant revenue	44,164,093	113,592	1,393,567	504,795	46,176,047
Other services	-	-	-	704,645	704,645
Interest	-	-	-	271,034	271,034
Total	44,164,093	113,592	1,393,567	1,480,474	47,151,726
2020					
Grant revenue	39,861,696	206,105	1,207,413	1,286,310	42,561,524
Other services	-	-	-	369,507	369,507
Interest	-	-	-	426,086	426,086
Total	39,861,696	206,105	1,207,413	2,081,903	43,357,117

Murray PHN's revenue disaggregated by pattern of revenue recognition is as follows:

	Department of Health \$	Other Federal \$	State Government \$	Other \$	Total \$
2021					
Goods transferred at a point in time	-	-	-	975,679	975,679
Services transferred over time	44,164,093	113,592	1,393,567	504,795	46,176,047
Total	44,164,093	113,592	1,393,567	1,480,474	47,151,726
2020					
Goods transferred at a point in time	-	-	-	795,593	795,593
Services transferred over time	39,861,696	206,105	1,207,413	1,286,310	42,561,524
Total	39,861,696	206,105	1,207,413	2,081,903	43,357,117

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 2021:

	2022 \$	2023 \$	2024 \$	Total \$
Revenue expected to be recognised	17,176,995	2,353,820	-	19,530,815

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 3. Surplus for the Year	Notes	2021 \$	2020 \$
<i>Surplus for the year has been determined after:</i>			
<i>(i) Depreciation and amortisation expenses</i>			
Property, plant and equipment:			
Furniture and equipment		19,706	41,015
Leasehold improvements		16,463	32,304
Artwork		1,667	833
		37,836	74,152
Intangible assets:			
Computer software		38,957	52,558
		38,957	52,558
Right-of-use assets:			
Buildings		317,130	317,130
Motor vehicles		92,215	99,639
Equipment		13,035	16,902
		422,380	433,671
Total depreciation and amortisation		499,173	560,381
<i>(ii) Finance costs</i>			
Lease liabilities		49,785	68,331
		49,785	68,331
<i>(iii) Rental expenses on operating leases</i>			
Occupancy rent		-	3,706
Rental outgoings - other		41,211	43,562
Electricity & gas		37,216	55,310
Office cleaning & maintenance		103,462	106,924
Total rental expenses on operating leases		181,889	209,502
Note 4. Cash and Cash Equivalents			
Cash at bank		18,436,422	12,420,946
Term deposits		10,626,295	9,420,317
Total cash and cash equivalents	19	29,062,717	21,841,263

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

		2021	2020
		\$	\$
Note 5. Trade and Other Receivables	Notes		
Trade receivables		791,813	367,402
Provision for impairment		(6,963)	(1,852)
Total trade and other receivables	19	<u>784,850</u>	<u>365,550</u>
(a) Lifetime expected credit loss: credit impaired			
The following table shows the movement in lifetime expected credit loss that has been recognised for accounts receivable and other debtors in accordance with the simplified approach set out in AASB			
Balance at beginning of year		(1,852)	(4,992)
- Net measurement of loss allowance		(5,111)	-
- Amounts written off		-	3,140
Balance at year end		<u>(6,963)</u>	<u>(1,852)</u>
Note 6. Other Assets			
Accrued income		182,902	78,892
Receivable from the ATO		260,780	372,236
Prepaid expenses		99,645	949,404
Total other current assets		<u>543,327</u>	<u>1,400,532</u>
<i>(i) Financial assets classified as loans and receivables (note 19)</i>			
Total other assets		543,327	1,400,532
Receivable from the ATO		(260,780)	(372,236)
Prepaid expenses		(99,645)	(949,404)
Total financial assets classified as loans and receivables	19	<u>182,902</u>	<u>78,892</u>
Note 7. Intangible assets			
Computer software		155,523	155,523
Less amortisation expense		(116,565)	(77,608)
Total intangible assets		<u>38,958</u>	<u>77,915</u>
<i>Movements in carrying amounts between the beginning and the end of the financial year</i>			
		Computer software	Total
		\$	\$
Balance at 1 July 2019		<u>157,674</u>	<u>157,674</u>
Additions		-	-
Less Disposals		(27,201)	(27,201)
Less amortisation expense		(52,558)	(52,558)
Balance at 1 July 2020		<u>77,915</u>	<u>77,915</u>
Additions		-	-
Less Disposals		-	-
Less amortisation expense		(38,957)	(38,957)
Carrying amount at 30 June 2021		<u>38,958</u>	<u>38,958</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 8. Property, Plant and Equipment	2021	2020
	\$	\$
Leasehold improvements at cost	155,737	155,737
Less accumulated depreciation	(102,742)	(83,506)
	52,995	72,231
Artwork at cost	10,000	10,000
Less accumulated depreciation	(2,500)	(833)
	7,500	9,167
Furniture, fittings and equipment at cost	509,114	489,114
Less accumulated depreciation	(439,712)	(398,978)
	69,402	90,136
Total property, plant and equipment	129,897	171,534

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

	Furniture, fittings & equipment	Artwork	Leasehold improvements	Total
	\$		\$	\$
2020				
Balance at 1 July 2019	132,486	-	101,954	234,440
Transfer	(5,000)	5,000	-	-
Additions	3,665	5,000	2,581	11,246
Less disposals	-	-	-	-
Less depreciation expense	(41,015)	(833)	(32,304)	(74,152)
Carrying amount at 30 June 2020	90,136	9,167	72,231	171,534
2021				
Balance at 1 July 2020	90,136	9,167	72,231	171,534
Transfer	-	-	-	-
Additions	20,000	-	-	20,000
Less disposals/reallocation/revaluation	(21,028)	-	(2,773)	(23,801)
Less depreciation expense	(19,706)	(1,667)	(16,463)	(37,836)
Carrying amount at 30 June 2021	69,402	7,500	52,995	129,897

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 9. Right-of-use assets	2021	2020
	\$	\$
Right-of-use assets		
Leased building	1,267,295	1,267,295
Accumulated depreciation	(634,260)	(317,130)
	<u>633,035</u>	<u>950,165</u>
Leased motor vehicles	248,738	226,609
Accumulated depreciation	(171,071)	(99,639)
	<u>77,667</u>	<u>126,970</u>
Leased equipment	48,095	27,995
Accumulated depreciation	(7,080)	(16,902)
	<u>41,015</u>	<u>11,093</u>
	<u><u>751,717</u></u>	<u><u>1,088,228</u></u>

Movements in carrying amounts

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

	Leased building	Leased motor vehicles	Leased equipment	Total
	\$	\$	\$	\$
2020				
Balance at 1 July 2019	1,267,295	150,008	27,995	1,445,298
Addition to right-of-use asset	-	76,601	-	76,601
Less disposals/reallocation/revaluation	-	-	-	-
Depreciation expense	(317,130)	(99,639)	(16,902)	(433,671)
Carrying amount at 30 June 2020	<u>950,165</u>	<u>126,970</u>	<u>11,093</u>	<u>1,088,228</u>
2021				
Balance at 1 July 2020	950,165	126,970	11,093	1,088,228
Addition to right-of-use asset	-	42,912	42,957	85,869
Less disposals/reallocation/revaluation	-	-	-	-
Depreciation expense	(317,130)	(92,215)	(13,035)	(422,380)
Carrying amount at 30 June 2021	<u><u>633,035</u></u>	<u><u>77,667</u></u>	<u><u>41,015</u></u>	<u><u>751,717</u></u>

Note 10. Employee Entitlements	2021	2020
	\$	\$
<i>Current</i>		
Provision for annual leave	749,569	712,566
Provision for long service leave	321,109	223,146
Total current employee entitlements	<u>1,070,678</u>	<u>935,712</u>
<i>Non-current</i>		
Provision for long service leave	455,868	420,539
Total non-current employee entitlements	<u>455,868</u>	<u>420,539</u>
Total employee entitlements	<u><u>1,526,546</u></u>	<u><u>1,356,251</u></u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 10. Employee Entitlements (continued)

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

The current portion for this provision includes the total amount accrued for annual 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, Murray PHN 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 Murray PHN 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).

	2021	2020
	\$	\$
Note 11. Provisions		
Provision for 'make good' lease	90,000	90,000
Total provisions	90,000	90,000
<i>Reconciliation of movement in provisions</i>		
Opening balance	90,000	90,000
Additional provisions raised during the year	-	-
Amounts used	-	-
Total provisions	90,000	90,000

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.

	Notes	2021	2020
		\$	\$
<i>CURRENT</i>			
Lease liability		330,719	471,685
Unexpired interest		(32,316)	(43,129)
		298,403	428,556
<i>NON-CURRENT</i>			
Lease liability		518,515	732,986
Unexpired interest		(28,099)	(43,549)
		490,416	689,437
Total lease liability		849,234	1,204,671
Total unexpired interest		(60,415)	(86,678)
Total present value of lease liability	19	788,819	1,117,993

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 12. Lease liabilities (continued)	2021	2020
	\$	\$
(a) Maturity analysis		
Payable		
- not later than 12 months	330,719	471,685
- between 12 months and 5 years	518,515	732,986
- greater than 5 years	-	-
Total undiscounted lease payments	<u>849,234</u>	<u>1,204,671</u>
Unexpired interest	(60,415)	(86,678)
Present value of lease liabilities	<u><u>788,819</u></u>	<u><u>1,117,993</u></u>

Murray PHN's lease portfolio includes buildings, motor vehicles and equipment. The lease terms for each type of lease arrangement are:

Class of lease	Lease term
Buildings	2 - 5 years
Motor vehicles	3 - 4 years
Equipment	5 years

Options to extend or terminate

The options to extend or terminate are contained in several of Murray PHN's property leases. There were no extension options for equipment or motor vehicle leases. These clauses provide Murray PHN opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by Murray PHN. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

Note 13. Trade and Other Payables	Notes	2021	2020
		\$	\$
Accounts payable		81,380	127,899
Other accrued expenses		4,393,257	2,476,478
Other payables		4,985	-
Total trade and other payables	19	<u><u>4,479,622</u></u>	<u><u>2,604,377</u></u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

		2021	2020
Note 14. Interest Bearing Liabilities	Notes	\$	\$
Credit cards		17,655	6,431
Total interest bearing liabilities	19	<u>17,655</u>	<u>6,431</u>
Note 15. Cash flow Information			
Reconciliation of surplus to net cash provided by operating activities			
Surplus		401,467	469,558
Non cash items:			
- Depreciation, amortisation and impairment expenses		499,173	560,381
- Loss on disposal of asset		23,801	27,201
Changes in assets and liabilities			
- Increase in trade and other receivables		(419,300)	(157,808)
- (Increase)/decrease in other assets		857,205	(942,296)
- Increase/(decrease) in trade and other payables		1,886,469	(2,928,270)
- Increase in unearned grants		4,237,387	2,388,270
- Increase in employee entitlements		170,295	238,243
Net cash flows provided by/(used in) operating activities		<u>7,656,497</u>	<u>(344,721)</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 16. Grant Obligations				
Note reference	Grants refundable	Unearned grants	Grants refundable	Unearned grants
	(i)	(ii)	(i)	(ii)
	2021	2021	2020	2020
	\$	\$	\$	\$
Department of Health Funding Schedule				
Flexible Fund	-	2,744,952	-	3,087,548
Health Systems Improvement	-	1,972,456	-	768,809
Corporate Governance	-	54,800	-	88,419
Quarantined 16/17 Carry Forward	-	-	-	1,682,336
After Hours	-	1,690,606	-	1,471,249
Drug & Alcohol Planning	-	1,056,326	-	1,182,836
Integrated Team Care	-	305,028	-	381,884
Mental Health	-	8,531,670	-	4,597,378
Mental Health 16/17	263,785	-	263,785	-
National Psychosocial Support	-	746,546	-	611,565
COVID-19	-	376,260	-	270,831
Bushfire Relief	-	550,251	-	176,010
Headspace Enhancement	-	169,566	-	232,929
Pilots and Targeted Programs	-	318,903	-	-
Total Department of Health Funding Schedule	263,785	18,517,364	263,785	14,551,794
Other Grants				
Australian Digital Health Agency - My Health Records	-	-	-	113,592
COVID Infection Control Support	-	416,732	-	-
Department of Education	-	-	-	(294)
State Department of Health - Community Led Cancer	-	-	-	35,681
State Department of Health - Looking After Children	-	-	-	9,366
State Department of Health - Pandemic Preparedness	-	-	-	65,088
State Department of Health - Suicide Prevention	-	158,644	-	199,905
Ballarat Community Health - Orticare Liaison Position	-	-	-	14,117
Eastern Melbourne PHN - Acute Specialist Clinics	-	72,351	-	73,877
Melbourne Primary Care Network - Optimal Care Pathways	-	-	-	11,344
Western Victoria PHN - Real Time Prescription Monitoring	-	-	-	5,728
Kyabram DHS - Murray Health Partnership Secondment	-	-	-	32,539
National Stepped Care	-	44,060	-	59,858
Social Prescribing in the Mallee	-	40,000	-	-
Referrals Pilot Project	-	60,000	-	-
Murray Exchange Income	-	221,664	-	120,833
Total Other Grants	-	1,013,451	-	741,634
Total Grant Obligations	263,785	19,530,815	263,785	15,293,428

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 17. Capital and leasing commitments	2021 \$	2020 \$
(a) Low value lease commitments		
Murray PHN's lease commitments which relate to lease arrangements which meet the low value lease exemption criteria of AASB 16 include:		
Low value leases contracted for but not capitalised in the financial statements:		
- not later than 12 months	73,645	61,663
- between 12 months and 5 years	60,281	48,385
- greater than 5 years	-	-
	133,926	110,048

Murray PHN's low-value lease commitments relate to 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 March 2024.

(b) Capital expenditure commitments

No capital expenditure commitments were contracted for at year end.

Note 18. Contingent Assets and Contingent Liabilities

Contingent assets

Murray PHN is not aware of any contingent assets as at 30 June 2021.

Contingent liabilities

Murray PHN is not aware of any contingent liabilities at 30 June 2021.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 19. Financial Risk Management

Murray PHN's financial instruments consist mainly of deposits with banks, term deposits, accounts receivable and payables, grants refundable and lease liabilities. Murray PHN does not have any derivative instruments at 30 June 2021.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Notes	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents	4	29,062,717	21,841,263
Trade and other receivables	5	784,850	365,550
Other assets	6(i)	182,902	78,892
Total financial assets		30,030,469	22,285,705
Financial liabilities			
Lease liabilities	12	788,819	1,117,993
Trade and other payables	13	4,479,622	2,604,377
Interest bearing liabilities	14	17,655	6,431
Grants refundable	16(i)	263,785	263,785
Total financial liabilities		5,549,881	3,992,586

Note 20. Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of Murray PHN, 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.

	2021 \$	2020 \$
Compensation paid and payable	1,593,881	1,390,515

Note 21. Auditor's Remuneration

Audit services	20,100	19,700
Audit services of acquittals	14,245	14,010
Other services	1,050	980
Total auditor's remuneration	35,395	34,690

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2021

Note 22. 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 2021 is as follows:

Board Member, Ms Leonie Burrows is Chair of the Sunraysia Community Health Services. Sunraysia Community Health Services received payments from Murray PHN for contractual relationships involving the provision of Doctor's in Secondary Schools, Primary Mental Health, Chronic Disease and Alcohol & Other Drug Services during the FY21. The total value of these transactions is \$1,135,834.

Board Member, Mr Matt Sharp is the Chief Executive Officer of Goulburn Valley Health. Goulburn Valley Health received payments from Murray PHN for contractual relationships involving the provision of Primary Mental Health, Headspace and Alcohol & Other Drug Services during the FY21. The total value of these transactions is \$1,249,232.

Board Member, Ms Joanne Kinder is the Operations Manager of Melbourne Teaching Health Clinics Ltd (trading as Uni of Melbourne Shepparton Medical Centre). Melbourne Teaching Health Clinics received payments from Murray PHN for contractual relationships involving the provision of Doctor's in Secondary Schools and General Practice Investment Strategy during the FY21. The total value of these transactions is \$71,861.

Board Member, Mr Victor Hamit is associated with Echuca Regional Health Service. Echuca Regional Health Service received payments from Murray PHN for contractual relationships involved with the provision of Remote Patient Monitoring, Primary Mental Health, and Headspace services during FY21. The total value of these transactions is \$419,342.

Board Member, Dr Alison Green is associated with Albury Wodonga Health. Albury Wodonga Health received payments from Murray PHN relating to the provision of Psychological Therapy Services during the FY21. The total value of these transactions is \$46,154. Dr Green is also a Board Director of Royal Australian College of General Practitioners, who received \$1,000 during FY21 for a DPD event.

All Board Meeting Minutes have been reviewed for conflict of interest declarations.

Note 23. Events After the Reporting Period

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Murray PHN at the reporting date. Management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Murray PHN, its operations, its future results and financial position. The state of emergency in Victoria was extended on 26 August 2021 until 23 September 2021.

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

Note 24. Registered Office/Principal Place of Business

The registered office of Murray PHN 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 2021

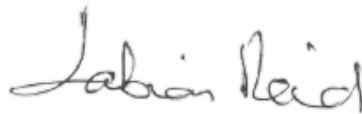
The directors of Murray PHN declare that the financial statements on pages 8 to 32 are in accordance with the *Australian Charities and Not-for-profit Commission Act 2012* and:

- (a) comply with Australian Accounting Standards – Simplified Disclosures, and
- (b) give a true and fair view of the financial position as at 30 June 2021 and the financial performance for the year ended on that date.

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

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Mr F. Reid
Board Chair



Dated this 15th day of September 2021

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 2021 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards - Simplified 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 2021
- 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 – Simplified 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.

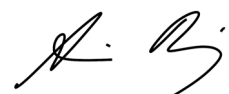
Auditor's responsibility for the audit of the financial report

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 15th day of September 2021



Adrian Downing
Lead Auditor

61 Bull Street
Bendigo VIC 3550

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Business Advisory

Audit & Assurance

Taxation & Compliance

Share Registry