

Murray PHN Limited

ABN: 92 156 423 755

Financial Statements

30 June 2017

Murray PHN Limited

30 June 2017

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Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2017

Your directors present their report of the Murray PHN Limited for the year ended 30 June 2017.

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 T. Barrett Deputy Board Chair
Dr C. Atkins	Mr V. Hamit
Mr T. Rayment	Ms S. Clarke
Prof. H. Swerissen	Mr K. Boote
Ms L. Burrows	Ms Jane Sullivan (Appointed 15 February 2017)
Ms D. Thomas (Resigned 17 August 2016)	

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

Company Secretary

Mr M Jones and Mr B Baehnisch both 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:	Mr. Jones is the inaugural CEO of Murray PHN. Previously he was the CEO of Loddon Mallee Murray Medicare Local, the Murray-Plains Division of General Practice and Central Victoria GP Network. Mr. Jones has worked in quality management in the Victorian acute health system, as a senior public health policy officer with the Victorian Department of Human Services and in Aboriginal health in the Northern Territory, Queensland and Western Australia.
Mr. B Baehnisch	
Qualifications:	MBA, GAICD, Grad Cert Org Change.
Experience:	Mr. Baehnisch is the Executive Director Corporate Services for Murray PHN and was appointed as Company Secretary in November 2015. Mr. Baehnisch has held senior positions in the tertiary education sector and brings vast experience in organisational development, change management, finance, human resources, communications, capital works quality and risk management.

Principal Activities

The principal activities of the company during the financial year was the continuation of its objectives to promote the prevention and control of illness and disease in human beings and achieve measurable outcomes in the community within our defined geographic region.

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2017

Principal Activities (continued)

Murray PHN services an expansive area of northern Victoria from Mildura to Woodend and eastward to Wodonga including Albury (NSW). The region incorporates approximately 100,000 square km's with a population of more than 563,000 people. 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. The work of Murray PHN will include funding health services to address identified needs, identifying ways to improve service coordination, especially for those at risk of chronic illness, system fragmentation, and to support innovation and quality improvement for health services. The work and partnerships of Murray PHN will take into account the national health priorities, identified by the Australian Government. These include 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 \$1,034,087 for the year ended 30 June 2017. A large donation of \$521,697 from the wind up of the Hume Medicare Local contributed to this operating surplus.

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 2017 2018 is \$42million. 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 2017

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:	Mr Reid grew up in regional Victoria and has extensive knowledge of regional Victorian communities. He holds tertiary qualifications in agricultural science and education. He began his professional career in education until he moved into politics as senior advisor to the federal member for Bendigo during the 1980s. He has also been senior adviser to a premier of Victoria before moving into several corporate and consulting roles. For the past seven years, Mr Reid has consulted to organisations such as Haven, VicRoads, City of Greater Bendigo, Federal Member for Bendigo, Regional Development Victoria, Australian Ballet School, Orion Gold, QOD Group, Compass Housing and the Bendigo Business Council. He is a director of Bendigo Access Employment, Chair of Bendigo Youth Coordination Group and has served as chair of the Bendigo Regional Advisory Board for La Trobe University, chair of the Goldfields Local Learning and Employment Network, a director of the Golden Dragon Museum, and convenor of the Bendigo-A Thinking Community Reference Group.
Special Responsibilities:	Board Chair, Indigenous Health Advisory Council member, Catchment Council 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 the Eaglehawk Medical Group. Dr Barrett has over 19 years' experience as a director and over 10 years as chair of various boards and committees. In addition to 27 years of general practice, Dr Barrett has spent significant time in community health as well as maintaining active involvement with education of future GPs and sessional general practitioner work in Indigenous health and at a local women's prison. Dr Barrett was chair of the Loddon Mallee Murray Medicare Local, Central Victorian General Practice Network, and previously director and chair of Victoria Felix Medical Education, director of Bendigo and District Division of General Practitioners and on the committee of the AMA Victorian section of GPs.
Special Responsibilities:	Deputy Board Chair, Quality sub-committee member

Dr C. Atkins

Qualifications:	MB,BS; MHA; LLB(Hons); GAICD; MRACGP
Tenure:	Appointed 22 March 2012
Experience:	Dr Atkins is a general practitioner and director of the Brooke Street Medical Centre in Woodend. He is involved in all areas of health care including acute and emergency care, paediatrics, aged care, adult health and chronic disease management. As a director, Dr Atkins is involved in overseeing practice management. Dr Atkins is also a qualified lawyer and practices in the area of health law and occasionally tutors medical students at the Monash Rural Medical School in Bendigo. Dr Atkins is a director of New Aged Care Pty Ltd. Previous board positions include chair of the VMO Group, Kyneton Health and Chair of Central Highlands General Practitioner Network.
Special Responsibilities:	Board sponsor for Advisory Council, Catchment Council member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2017

Information on Directors *(continued)*

Mr V. Hamit

Qualifications:	B.Ec (Acc), LLB, FAICD, CTA
Tenure:	Appointed 22 March 2012
Experience:	Mr Hamit is a lawyer and director of Wentworth Lawyers in Echuca and Melbourne, practicing in commercial and taxation matters. He provides advice to SME's, publicly listed companies and a range of not for profit organisations. Mr Hamit is an experienced company director having previously sat on the boards of SBS Community Board, Rural Ambulance Victoria and the Riverine Herald group. He is also an experienced company chairman.
Special Responsibilities:	Governance sub-committee member, Board Sponsor for Advisory Council

Mr T. Rayment

Qualifications:	B.Bus, Grad Dip P.S.E.M, F.A.I.M, A.F.A.C.H.S.E., G.A.I.C.D.
Tenure:	Appointed 22 March 2012
Experience:	For the past ten years, Mr Rayment has been the chief executive officer of Swan Hill District Health. He previously worked as director of clinical operations for Greater Southern Area of Health Services in New South Wales, chief executive officer of Royal Hobart Hospital, chief executive officer of Canberra Hospital and various roles within the Northern Territory Department of Health and Community Services. Mr Rayment is currently on the boards of Primary Care Partnership and is deputy chair of the Loddon Mallee Rural Health Alliance. He was previously a director of the Health Roundtable and Royal Hobart Hospital Research Foundation. Other leadership roles include president of the Australian Human Resources Institute of Northern Territory and Western Australia.
Special Responsibilities:	Governance sub-committee member

Ms S. Clarke

Qualifications:	GDipSocSci, GDipBus, FAICD, and a ANZSOG Fellow.
Tenure:	Appointed 22 March 2012
Experience:	Ms Clarke has held senior positions in Health and Community Services for over 38 years including Community Health, Local Government and State Government as well the private sector. Ms Clarke also holds other Board positions including as a Director and Chair of Loddon Mallee Housing Ltd t/a Haven; Home, Safe, Bendigo Health Care Group, and Ambulance Victoria she is a member of the Central Victorian AICD Advisory Board and a Patron of the Community Foundation for Bendigo and Central Victoria.
Special Responsibilities:	Quality sub-committee member

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2017

Information on Directors (*continued*)

Prof. H. Swerissen

Qualifications	BAppSc, Grad Dip Psych, BA (Hons), MAppPsych
Tenure:	Appointed 19 September 2012
Experience:	Professor Swerissen is an expert on health policy and program development. He has an extensive research record in the design and development of primary health and community services. Professor Swerissen is a research fellow in the health program at the Grattan Institute and emeritus professor of public health at La Trobe University. He has published more than 150 books, articles, reports and conference papers on health and community services policy and programs.
Special Responsibilities:	Quality sub-committee member, Population Health Advisory Council member

Mr K. Boote

Qualifications	Completed the Dept. of Health - Boards Governance course.
Tenure:	Appointed 15 July 2015
Experience:	Mr Boote lived in the Shire of Murrindindi in the township of Alexandra for more than 30 years where he owned and operated a large gymnasium and fitness centre and managed a multi-purpose sport and leisure centre on behalf of the Shire. For the past 8 years he has resided in Shepparton. Mr Boote has been an operations manager for an independently owned group of Supermarkets and Hotels primarily based in regional Victoria for the last 14 years. Mr Boote has previously been a Director of Goulburn Valley Medicare Local and of Ambulance Victoria where he continues to serve on their Community Advisory Committee. He is currently Board Chair of Darlingford Upper Goulburn Nursing Home in Eildon and Primary Care Connect in Shepparton.
Special Responsibilities:	Governance sub-committee member, Board Sponsor for Advisory Council

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2017

Information on Directors *(continued)*

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:	Ms Burrows is a Mildura based management consultant. She has 25 years' experience in Local Government, including a number of years as a Council CEO at Mildura Rural City Council. Her background in Local Government has mainly been in the community services and regional economic development areas, although she has managed the traditional technical services area of roads, waste and parks and gardens. In her consulting roles she has also undertaken some Acting CEO roles. This has included roles as CEO of the Australian Tablegrape Growers Association, CEO of the Australian Citrus industry and CEO of Buloke Shire. She has also undertaken 7 months as CEO of the Sunraysia Institute of TAFE. Ms Burrows has facilitated/developed some 38 Strategic Plans for local, regional, state and national groups/organisations. This has included the development of the Loddon Mallee Strategic Plan for the Victorian State Government. She and her husband Graeme also own and operate Burrows Jewellers in Mildura. Ms Burrows is Chair of Sunraysia Institute of TAFE, Chair of the Victorian TAFE Association and Chair of Sunraysia Community Health Service and is a member of the Loddon Mallee Regional Development Australia Board. Previous roles include Chair of Lower Murray Water Corporation, the Mildura Transport and Logistics Cluster and involvement in numerous other community organisations. For four years she was also Executive Officer of the Alliance of Councils for Rail Freight Development.
Special Responsibilities:	Governance sub-committee member, Board Sponsor for Advisory Council

Ms Jane Sullivan

Qualifications	Bachelor of Arts (Communication - Journalism), GAICD
Tenure:	Appointed 15 February 2017
Experience:	Ms Jane Sullivan has held senior Communication positions in private, public and government owned companies over the past 35 years after studying and working as a newspaper journalist. Jane is a Communications and Marketing professional with extensive knowledge of all the levers necessary for business to communicate with their stakeholders.

Murray PHN Limited

Directors' Report

For the Year Ended 30 June 2017

Information on Directors *(continued)*

Ms D. Thomas

Qualifications	Bachelor of Arts with majors in journalism and literature. Completing the NSW Legal Profession Admission Board Diploma of Law course in 2015.
Tenure:	Appointed 15 July 2015 Resigned 17 August 2016
Experience:	Ms Thomas has over 30 years' experience as a newspaper journalist, most recently as editor and deputy editor of The Border Mail, Albury-Wodonga. Her primary focus as a writer has been on health, education, local government and politics and she has led campaigns in The Border Mail for facilities including the Albury Wodonga Regional Cancer Centre and headspace Albury Wodonga. Ms Thomas is the chairwoman of the Albury Wodonga Regional Cancer Centre Trust Fund, and chairwoman of the headspace Albury Wodonga consortium.

Directors' Meetings

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows:

	Board of Directors		Governance sub-committee		Quality sub-committee	
	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>	<i>Eligible</i>	<i>Attended</i>
Mr F. Reid	11	11	-	-	-	-
Dr T. Barrett	11	11	-	1	4	4
Dr C Atkins	11	11	-	2	-	-
Mr V Hamit	11	10	6	5	-	-
Mr T Rayment	11	10	6	6	-	-
Ms S Clarke	11	10	-	3	4	4
Prof H Swerissen	11	10	-	-	4	3
Mr K Boote	11	11	6	6	-	1
Ms L Burrows	11	10	6	6	-	-
Ms J Sullivan	4	4	-	-	-	-
Ms D Thomas	2	2	-	-	-	-

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 2017 the collective liability of the 10 members was \$100 (2016: 10 members \$100).

Murray PHN Limited Directors' Report

For the Year Ended 30 June 2017

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page nine of the Financial Report.

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

A handwritten signature in black ink, appearing to read 'F. Reid', is positioned above a horizontal line.

Mr F. Reid, Chair

Dated this 20th day of September 2017

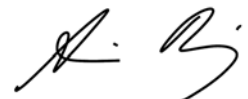
Auditor's Independence Declaration under section 60.40 of the *Australian Charities and Not for Profits Commission Act 2012* to the Directors of Murray PHN Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there has been:

- i. no contraventions of the auditor's independence requirements as set out in the *Australian Charities and Not for Profits Commission Act 2012* in relation to the audit
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 20th day of September 2017



Adrian Downing
Lead Auditor

Murray PHN Limited

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
Income			
Revenue	2	35,480,646	25,117,284
Total Income		35,480,646	25,117,284
Expenditure			
Employee benefits expense		8,211,580	7,109,545
Depreciation, amortisation and impairment expenses	3i	164,634	170,662
Rental and occupancy expenses		630,573	478,084
Program expenses		24,129,875	15,036,908
Motor vehicle expenses		157,196	162,493
Administration		1,029,089	1,224,416
Loss on disposal of fixed assets		-	10,573
Other expenses		123,612	410,398
Total Expenditure		34,446,559	24,603,079
Profit/(loss) before income tax		1,034,087	514,205
Income tax expense	1i	-	-
Profit/(loss) for the year		1,034,087	514,205
Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		1,034,087	514,205

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 2017

	Notes	2017 \$	2016 \$
Current Assets			
Cash and cash equivalents	4	14,981,605	11,458,469
Trade and other receivables	5	4,663	160,035
Other assets	6	309,146	167,766
Intangible assets	7	25,767	38,650
Total Current Assets		15,321,181	11,824,920
Non-Current Assets			
Property, plant and equipment	8	109,619	127,079
Total Non-Current Assets		109,619	127,079
Total Assets		15,430,800	11,951,999
Current Liabilities			
Employee entitlements	9	623,597	492,733
Trade and other payables	11	4,251,743	3,516,412
Interest bearing liabilities	12	11,248	2,549
Grants refundable	14i	1,018,305	1,043,206
Unearned grants	14ii	6,738,950	5,310,155
Total Current Liabilities		12,643,843	10,365,055
Non-Current Liabilities			
Employee entitlements	9	160,820	104,894
Provisions	10	110,000	-
Total Non-Current Liabilities		270,820	104,894
Total Liabilities		12,914,663	10,469,949
Net Assets		2,516,137	1,482,050
Members' Equity			
Retained surplus		2,516,137	1,482,050
Total Members' Equity		2,516,137	1,482,050

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 2017

	Retained Earnings \$	Program Reserves \$	Total Equity \$
Balance at 1 July 2015	967,845	-	967,845
Profit for the year	514,205	-	514,205
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2016	1,482,050	-	1,482,050
Balance at 1 July 2016	1,482,050	-	1,482,050
Profit for the year	1,034,087	-	1,034,087
Total other comprehensive income for the year	-	-	-
Balance at 30 June 2017	2,516,137	-	2,516,137

Murray PHN Limited

Statement of Cash Flows

For the Year Ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash Flows from Operating Activities			
Grants revenue and other receipts		36,391,297	28,451,827
Interest received		507,235	319,621
Payments to employees, directors and suppliers		(33,241,105)	(21,783,124)
Net Cash Provided by Operating Activities	13	3,657,427	6,988,324
Cash Flows from Investing Activities			
Payments for plant and equipment		(134,291)	(257,803)
Payments for intangible assets		-	(38,650)
Proceeds from held-to-maturity investments		-	658,527
Net Cash Provided by / (Used in) Investing Activities		(134,291)	362,074
Net increase in cash held		3,523,136	7,350,398
Cash and cash equivalents at the beginning of the financial year		11,458,469	4,108,071
Cash and Cash Equivalents at the End of the Financial Year	4	14,981,605	11,458,469

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 2017

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 20 September 2017 by the directors of the company.

Accounting Policies

(a) Revenue

Grant revenue is recognised in the statement of comprehensive income when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the company incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

(a) Revenue (continued)

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)

(b) Unearned grants

The company receives grant monies to fund projects either for contracted periods of time or for specific projects irrespective of the period of time required to complete those projects. It is the policy of the company to treat grant monies as unearned grants in the statement of financial position where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(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 the 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 the statement of comprehensive income.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 1. Summary of Significant Accounting Policies (continued)

(d) Property, Plant and Equipment (continued)

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.

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset. Financial instruments are initially measured at fair value plus transactions 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.

Classification and subsequent measurement

The company only has financial instruments that are measured at amortised cost using the effective interest rate method or cost. The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of comprehensive income.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(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 three months or less.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

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*.

(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 2017

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 (DoH) 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 DoH will not continue to support the company.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 2.	Revenue	2017 \$	2016 \$
	<i>Revenue from government grants and other grants</i>		
	Grant revenue	34,416,360	23,522,355
	<i>Other revenue</i>		
	Patient medical services	-	1,149,240
	Other services	35,354	126,068
	Donations	521,697	-
	Interest	507,235	319,621
	Total revenue	35,480,646	25,117,284

Note 3. Profit/(Loss)

Profit/(Loss) for the year has been determined after:

(i) Depreciation, amortisation and impairment expenses

Furniture and equipment	135,144	132,417
Leasehold improvements	16,607	38,245
Computer software	12,883	-
Total depreciation, amortisation and impairment	164,634	170,662

(ii) Rental expenses on operating leases

Occupancy	333,546	262,075
Motor vehicle	111,562	123,672
Hardware	55,320	-
Other	16,290	17,936
Total rental expenses on operating leases	516,718	403,683

Note 4. Cash and Cash Equivalents

Cash at bank	11,927,499	9,409,048
Term deposits	3,054,016	2,049,031
Petty cash	90	390
Total cash and cash equivalents	14,981,605	11,458,469

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017	2016
Note 5. Trade and Other Receivables	\$	\$
Trade receivables	4,663	160,035
Provision for impairment	-	-
Total trade and other receivables	4,663	160,035

(i) *Provision for impairment of receivables*

Current trade receivables are generally on 30-day terms. These receivables are assessed for recoverability and a provision for impairment is recognised where there is objective evidence that an individual trade receivable is impaired. No impairment is recognised in the current financial year as all trade receivables are considered collectable.

(ii) *Credit risk*

The following table details the company's trade and other receivables exposed to credit risk ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company. The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Total \$	Impaired \$	Current \$	< 30 days \$	Past due 31-60 days \$	> 60 days \$
2017						
Trade receivables	4,663	-	3,114	-	500	1,049
Total	4,663	-	3,114	-	500	1,049
2016						
Trade receivables	160,035	-	160,035	-	-	-
Total	160,035	-	160,035	-	-	-

	2017	2016
Note 6. Other Assets	\$	\$
Accrued income	101,428	40,652
Receivable from the ATO	149,942	32,082
Prepaid expenses	57,776	95,032
Total other current assets	309,146	167,766
(i) <i>Financial assets classified as loans and receivables (note 17)</i>		
Total other assets	309,146	167,766
Receivable from the ATO	(149,942)	(32,082)
Prepaid expenses	(57,776)	(95,032)
Total financial assets classified as loans and receivables	101,428	40,652

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017	2016
Note 7. Intangible assets	\$	\$
Computer software	38,650	38,650
Less amortisation expense	(12,883)	-
Total intangible assets	25,767	38,650

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

	Computer software	Total
	\$	\$
2017		
Balance at 30 June 2016	38,650	38,650
Additions	-	-
Less Disposals	-	-
Less amortisation expense	(12,883)	(12,883)
Carrying amount at 30 June 2017	25,767	25,767

	2017	2016
Note 8. Property, Plant and Equipment	\$	\$
Leasehold improvements at cost	34,963	48,588
Less accumulated depreciation	(18,203)	(8,654)
Less headspace impairment	-	(29,591)
	16,760	10,343
Furniture, fittings and equipment at cost	338,241	317,915
Less accumulated depreciation	(245,382)	(144,029)
Less headspace impairment	-	(57,150)
	92,859	116,736
Total property, plant and equipment	109,619	127,079

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

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
	\$	\$	\$
2016			
Balance at 1 July 2015	50,511	-	50,511
Additions	209,214	48,588	257,802
Less disposals	(10,572)	-	(10,572)
Less depreciation expense	(75,267)	(8,654)	(83,921)
Less asset Impairment	(57,150)	(29,591)	(86,741)
Carrying amount at 30 June 2016	116,736	10,343	127,079
2017			
Balance at 1 July 2016	116,736	10,343	127,079
Additions	111,267	23,024	134,291
Less disposals	-	-	-
Less depreciation expense	(135,144)	(16,607)	(151,751)
Less asset Impairment	-	-	-
Carrying amount at 30 June 2017	92,859	16,760	109,619

	2017	2016
Note 9. Employee Entitlements	\$	\$
<i>Current</i>		
Provision for annual leave	457,400	400,384
Provision for long service leave	142,861	92,349
Provision for personal leave	21,291	-
Provision for parental leave	2,045	-
Total current employee entitlements	623,597	492,733
<i>Non-current</i>		
Provision for long service leave	160,820	104,894
Total non-current employee entitlements	160,820	104,894
Total employee entitlements	784,417	597,627

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 9. Employee Entitlements (Continued)

Provisions for employee benefits represents amounts accrued for annual leave 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, 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).

	2017	2016
Note 10. Provisions	\$	\$
Provision for 'make good' lease	110,000	-
Total provisions	110,000	-
<i>Reconciliation of movement in provisions</i>		
Opening balance at 1 July	-	-
Additional provisions raised during the year	110,000	-
Amounts used	-	-
Total provisions	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 2017

	2017	2016
Note 11. Trade and Other Payables		
Accounts payable	1,713,887	1,333,065
Payable to the ATO	95,976	87,399
Other accrued expenses	2,441,880	2,095,948
Total trade and other payables	<u>4,251,743</u>	<u>3,516,412</u>
(i) Financial liabilities classified as trade and other payables (note 17)		
Total trade and other payables	4,251,743	3,516,412
Payable to the ATO	(95,976)	(87,399)
Total financial liabilities classified as trade and other payables	<u>4,155,767</u>	<u>3,429,013</u>
Note 12. Interest bearing liabilities		
Credit cards	11,248	2,549
Total interest bearing liabilities	<u>11,248</u>	<u>2,549</u>
Note 13. Cashflow information		
Reconciliation of profit/(loss) to net cash provided by operating activities		
Profit	1,034,087	514,205
Non cash items:		
- Depreciation, amortisation and impairment expenses	164,634	170,662
- Loss on disposal of assets	-	10,573
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	155,372	(143,865)
- (Increase)/decrease in other assets	(141,380)	17,040
- Increase in trade and other payables	744,030	2,564,511
- Increase/(decrease) in grants refundable	(24,901)	219,096
- Increase in unearned grants	1,428,795	3,559,344
- Increase in employee entitlements	186,790	76,758
- Increase in provisions	110,000	-
Net cashflows provided by operating activities	<u>3,657,427</u>	<u>6,988,324</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 14. Grant obligations				
Note reference	Grants refundable	Unearned grants	Grants refundable	Unearned grants
	(i)	(ii)	(i)	(ii)
	2017	2017	2016	2016
	(\$)	(\$)	(\$)	(\$)
DOH Primary Health Network Funding Schedule				
Operating & Flexible funds 16/17	-	1,160,701	-	1,344,525
After Hours 16/17	-	1,494,400	-	752,878
Innovation 16/17	-	415,296	-	474,200
Drug & Alcohol Planning 16/17	-	467,036	-	105,725
Drug & Alcohol Planning 17/18	-	212,020	-	-
Integrated Team Care 16/17	-	280,422	-	253,205
Partners In Recovery 16/17 (LMM)	-	38,854	12,916	-
Partners In Recovery 16/17 (HUME)	-	39,265	43,249	-
Partners In Recovery 17/18	-	374,172	-	-
Mental Health 15/16 ATAPS	318,087	-	310,257	-
Mental Health 16/17	574,116	60,000	-	2,194,094
Mental Health 17/18	-	1,753,007	-	-
Headspace - Swan Hill District Health 15-16	126,102	-	528,119	-
Total Primary Health Network Funding Schedule	1,018,305	6,295,173	894,541	5,124,627
Other grants				
BDHS - Cancer Survivorship 15/16	-	-	148,665	-
BHCG - eReferral Project BH 16/17	-	20,524	-	-
BHCG - HP Intell Disability 17/18	-	2,604	-	-
BHCG - Telehealth Clinics 17/18	-	42,500	-	-
DET - GP in schools 16/17	-	73,534	-	-
DHHS - Bowel Cancer 15/16	-	-	-	1,774
DHHS - Looking After Children 17/18	-	50,000	-	-
DHHS - Out of Home Care 16/17	-	56,820	-	183,754
DHHS - Suicide Prev 16/17	-	141,100	-	-
MCPN - Hep C 16/17	-	16,510	-	-
MCPN - Optimal Care Pathways 16/17	-	28,777	-	-
Stigma 16/17	-	11,408	-	-
Total other grants	-	443,777	148,665	185,528
Total grant obligations	1,018,305	6,738,950	1,043,206	5,310,155

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 15. Contingent assets and contingent liabilities

Contingent assets

The company is not aware of any contingent assets as at 30 June 2017.

Contingent liabilities

The company is not aware of any contingent liabilities at 30 June 2017.

	2017	2016
Note 16. Capital and Leasing Commitments	\$	\$
Significant operating lease commitments		
Operating lease commitments payable		
- not later than 12 months	1,042,500	855,383
- later than 12 months but not later than 5 years	237,661	456,986
- greater than 5 years	-	-
Total minimum lease payments	1,280,161	1,312,369

As at 30 June 2017 the company was committed to the following operating leases:

- A non-cancellable operating lease contract with Monash University for the rental of 37 Rowan St premises. This term is to December 2018 with a 2 plus 2 plus 1 year option.
- A non-cancellable operating lease contract with Jenham Nominees Pty Ltd for the rental of Hovell St Albury premises. This term is to September 2018 with a 3 year option.
- A non-cancellable operating lease contract with PP Spirit Pty Ltd for the rental of Pine Street Mildura premises. This term is to November 2018 with a 3 plus 3 year option.
- 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 2018 with a 3 year option.
- A non-cancellable operating lease contract with D & C Cutri Land Holdings Pty Ltd for the rental of View Point Bendigo premises. This term is to August 2018 with a 3 year option.
- Sixteen non-cancellable operating lease contracts with Weblease for the use of sixteen motor vehicles. Each lease has different end dates with the last expiry date being August 2019.
- A non-cancellable operating lease contract with BOQ Finance for lease of computers. This contract expires in July 2017.
- A non-cancellable operating lease contract with Fuji Xerox for lease of photocopiers. This contract expires in February 2021.
- Fifty-five non-cancellable operating lease contracts with Telstra for the use of fifty-five mobile phones, iPads etc. Each lease has different end dates with the last expiry date being July 2019.

Significant finance lease commitments

The company does not have any capital lease commitments.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

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 2017.

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

	Notes	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	4	14,981,605	11,458,469
Trade and other receivables	5	4,663	160,035
Other assets	6i	101,428	40,652
Total financial assets		<u>15,087,696</u>	<u>11,659,156</u>
Financial liabilities			
Trade and other payables	11(i)	4,155,767	3,429,013
Interest bearing liabilities	12	11,248	2,549
Grants refundable	14(i)	1,018,305	1,043,206
Total financial liabilities		<u>5,185,320</u>	<u>4,474,768</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.

	2017 \$	2016 \$
Compensation paid and payable	<u>1,300,335</u>	<u>1,174,884</u>

Note 19. Auditor's remuneration

	2017	2016
Audit services	21,000	15,700
Audit services of acquittals	8,050	8,200
Other services (GST advice)	1,675	3,065
Total auditor's remuneration	<u>30,725</u>	<u>26,965</u>

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

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 2017 is as follows:

Board Member , Dr. Chris Atkins is associated with the Brooke Street Medical Centre . Brooke Street Medical Centre received payments from the company for a contractual relationship involved with the provision of Psychological Therapy services and the Mental Health Nurse Incentive Program during the year ended 30 June 2017. The total value of these transactions is \$107,580.

Board Member , Mr Kevin Boote is Chair of Primary Care Connect. Primary Care Connect received payments from the company for a contractual relationship involved with the provision of services for Indigenous Health - Integrated Team Facility as well as an invoice for support for NAIDOC 2017 event during the year ended 30 June 2017. The total value of these transactions is \$63,250.

Board Member , Ms Leonie Burrows is Chair of the Sunraysia Community Health Services. Sunraysia Community Health Services received payments from the company for a contractual relationship involved with the provision of Primary Health Services for Opioid Replacement Therapy Services, Pain Management Services and Movement Disorder Nurse Services and after hours Palliative Care during the year ended 30 June 2017. The total value of these transactions is \$541,326.

Board Member , Ms Leonie Burrows is Chair of the Sunraysia Institute of TAFE. Sunraysia Institute of TAFE received payments from the company for an invoice in relation to Occupational Health & Safety Training for a staff member during the year ended 30 June 2017. The total value of these transactions is \$772.

Board Member, Ms Sue Clarke is a Director of the Board with Bendigo Health. Bendigo Health received payments from the company for a contractual relationship involved with the provision of Primary Health Services , Potentially Avoidable Hospitalisations, Investigation into Models of After Hours Palliative Care support for Southern Mallee and extended hours of operation for residential in-reach as well as invoice for Ethics Core Activities and STIGMA Action Grant during the year ended 30 June 2017. The total value of these transactions is \$186,488.

Board Member , Mr Victor Hamit is associated with Echuca Regional Health Service. Echuca Regional Health Service received payments from the company for an invoice in relation to room hire for a practice manager meeting during the year ended 30 June 2017. This transaction was for \$136.

Board Member, Mr Ted Rayment is the Chief Executive Office of Swan Hill District Health. Swan Hill District Health received payments from the company for contractual relationships involved with the provision of services related to Headspace and Primary Health Services as well as invoice payments for Training Support and North West Health Pathways Launch Catering during the year ended 30 June 2017. The total value of these transactions is \$1,162,612.

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 during the year ended 30 June 2017. The total value of these transactions is \$4,809.

Regional Manager, Ms Janice Radrekusa is associated with St Anthony's Medical Practice. St Anthony's Medical Practice received payments from the company for contractual relationships involved with the provision of services related to Alcohol & Other Drugs and Introduction of Telehealth Consultants in After Hours in Boort, as well as invoice payments for Cancer Screening and Development of the Integrated Primary Health Model during the year ended 30 June 2017. The total value of these transactions is \$170,960.

Murray PHN Limited

Notes to the Financial Statements

For the Year Ended 30 June 2017

Note 20. Related party transactions (continued)

Regional Manager, Mr David Kirby is associated with Mildura Private Hospital. Mildura Private Hospital received payments from the company for invoices for Catering for the CPD-Lung Function Information Night and Ipinkican Mildura during the year ended 30 June 2017. The total value of these transactions is \$1,718.

Regional Manager, Mr Richard McClelland is an Active Student of Smartair Albury. Smartair Albury received payments from the company for provision of services related to Flights to Board Meetings for the CEO & Chair during the year ended 30 June 2017. The total value of these transactions is \$3,401.

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:
37 Rowan Street
Bendigo Vic 3550

The principal place of business is:
37 Rowan Street
Bendigo Vic 3550

Murray PHN Limited

Directors' Declaration

For the Year Ended 30 June 2017

The directors of the company declare that the financial statements on pages 1 to 29 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 2017 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 20th day of September 2017

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 2017 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
- ✓ Statement of profit or loss and other comprehensive income
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ 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.

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.

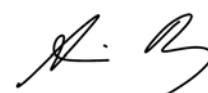
A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart

61 Bull Street, Bendigo, 3550

Dated this 20th day of September 2017



Adrian Downing

Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners
in success



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