Murray PHN Limited

ABN: 92 156 423 755

Financial Report

For the year ended 30 June 2020

Murray PHN Limited

30 June 2020

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Murray PHN Limited
Directors' Report
For the Year Ended 30 June 2020

Your directors present their report of Murray PHN Limited for the year ended 30 June 2020.

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 (Appointed 20 November 2019)	Mr M. Sharp (Appointed 18 March 2020)
Dr C Atkins (Resigned 20 November 2019)	Mr T. Rayment (Resigned 18 January 2020)
Ms Y. Wrigglesworth (Resigned 23 March 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. Mrs. Clear has lead major change programs, implemented risk and driven financial strategy to purpose.

Principal Activities

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

Murray PHN services an expansive area of northern Victoria from Mildura to Woodend and eastward to Wodonga, including Albury (NSW), with a population of 644,000 people spread over almost 100,000 sq. kms. This covers 55 hospital services, 198 general practices and 22 local government areas. Working closely with health services and stakeholders across the region, Murray PHN will continue with health promotion activities and identify ways to improve health outcomes. Our national PHN objectives are to increase the efficiency and effectiveness of health services for patients, particularly those at risk of poor health outcomes and improve the coordination of care to ensure patients receive the right care in the right place at the right time. The work and partnerships of Murray PHN will take into account the national health priorities, identified by the Australian Government. These include 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.

New Accounting Standards Implemented

The company has implemented one new Accounting Standards that is applicable for the current reporting period and have come into effect, which are included in the results. AASB 16: *Leases* has been applied using the modified retrospective method; that is, by recognising the cumulative effect of initially applying AASB 16 as an adjustment to the opening balance of equity at 1 July 2019.

Therefore, the comparative information has not been restated and continues to be reported under AASB 117: *Leases.*

Significant Changes

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and business as the Australian and global economies face significant slowdowns and uncertainties.

Murray PHN Ltd has continued to operate throughout this time, within the social distancing requirements imposed by the Government.

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

Operating Results

The company recorded a profit of $469,558 for the year ended 30 June 2020 (2019: $452,179).

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. As responses by government continue to evolve, 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 16 August 2020 until 13 September 2020 and was then further extended for six months on 2 September 2020. The state of disaster is still in place.

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, the results of those operations or the state of affairs of Murray PHN in future financial years.

Future Developments

The company Operating Budget for 2020/2021 is $57.6million. 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.

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

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, 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

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 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

Information on Directors *(continued)*

Prof. H. Swerissen

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

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

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

Information on Directors *(continued)*

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 recently chaired committees within the Hume Region to assist with planning during the recent COVID-19 pandemic.

Dr C Atkins

Qualifications	MB,BS; MHA; LLB(Hons); GAICD; MRACGP
Tenure:	Appointed 22 March 2012 (Resigned 20 November 2019)
Experience:	Dr Atkins is a GP and director of Brooke Street Medical Centre, Woodend. Dr Atkins is involved in acute and emergency care, paediatrics, aged care, adult health and chronic disease management. Dr Atkins is also a qualified lawyer, practicing in health law and tutors at Monash Rural Medical School, Bendigo. Chris is also Chair of the VMO group at Kyneton Health.

Mr T. Rayment

Qualifications	B.Bus, Grad Dip PSEM, FAIM, AFACHSE, GAICD
Tenure:	Appointed 22 March 2012 (Resigned 18 January 2020)
Experience:	Ted Rayment has been the chief executive officer of Swan Hill District Health for the past 12 years. Mr Rayment has held many CEO positions including Royal Hobart Hospital and Canberra Hospital. Mr Rayment was on the boards of Primary Care Partnership and deputy chair of the Loddon Mallee Rural Health Alliance. He was also previously a director of the Health Roundtable and Royal Hobart Hospital Research Foundation.

Information on Directors *(continued)*

Ms Y. Wrigglesworth

Qualifications	BSc(Hons), Grad Dip Fin Mgmt, Dip Frontline Mgt, Prof Cert Health System Mgmt, GAICD.
Tenure:	Appointed 21 November 2018 (Resigned 23 March 2020)
Experience:	Yvonne Wrigglesworth is the Regional Strategic Implementation Consultant at Bendigo Health, and was an elected councillor in the City of Greater Bendigo (until September 2019). Yvonne is also the Chair of the Rural Communities Committee. Yvonne also has 20 years' experience in the health sector, having worked in general practice management, the acute health sector, clinical trials and research.

Directors' Meetings

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

	Board of Directors		Governance Committee		Programs and Quality Committee	
	Eligible	*Attended*	*Eligible*	*Attended*	*Eligible*	*Attended*
Mr F Reid	12	12	-	-	-	-
Ms L Burrows	12	12	4	4	-	-
Dr T Barrett	12	12	-	-	4	4
Mr V Hamit	12	11	4	4	-	-
Prof H Swerissen	12	9	-	-	4	4
Dr A Green	12	11	-	-	4	3
Dr M Fernando (appointed 20 November 2019)	7	6	2	2	-	-
Mr M Sharp (appointed 18 March 2020)	4	4	-	-	-	-
Dr C Atkins (resigned 20 November 2019)	5	5	2	2	-	-
Mr T Rayment (resigned 18 January 2020)	3	3	1	1	-	-
Ms Y Wrigglesworth (resigned 23 March 2020)	9	8	-	-	3	2
Mr R Saville (Independent)	-	-	3	3	-	-
Mr A Woods (Independent)	-	-	3	3	-	-

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 2020 the collective liability of the 8 members was $80 (2019: 9 members, $90).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 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.

Fabian Reid

Mr F. Reid, Chair

Dated this 16th day of September 2020

Partners in success
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03 5443 0344
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Lead auditor's independence declaration under *section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012* to the directors of Murray PHN Limited

As lead auditor for the audit of Murray PHN Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit
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 16th day of September 2020

Adrian Downing
Lead Auditor

Murray PHN Limited
Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Notes	2020 $	2019 $
Income			
Revenue	2	43,357,117	38,859,401
Total Income		43,357,117	38,859,401
Expenditure			
Employee benefits expense		10,453,095	9,247,551
Depreciation, amortisation and impairment expenses	3(i)	560,381	43,734
Finance costs	3(ii)	68,331	-
Rental and occupancy expenses	3(iii)	209,502	636,333
Program expenses		29,929,920	26,460,337
Motor vehicle expenses		69,476	178,866
Administration		1,143,332	1,383,099
Other expenses		426,321	457,302
Loss on disposal of asset		27,201	-
Total Expenditure		42,887,559	38,407,222
Surplus before income tax		469,558	452,179
Income tax expense	1i	-	-
Surplus for the year		469,558	452,179
Other comprehensive income		-	-
Total Comprehensive Income for the Year		469,558	452,179

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 2020

	Notes	2020 $	2019 $
Current Assets			
Cash and cash equivalents	4	21,841,263	22,601,136
Trade and other receivables	5	365,550	207,742
Other assets	6	1,400,532	458,236
Total Current Assets		23,607,345	23,267,114
Non-Current Assets			
Intangible assets	7	77,915	157,674
Property, plant and equipment	8	171,534	234,440
Right of use assets	9(a)	1,088,228	-
Total Non-Current Assets		1,337,677	392,114
Total Assets		24,945,022	23,659,228
Current Liabilities			
Employee entitlements	10	935,712	796,005
Lease liability	12	428,556	-
Trade and other payables	13	2,604,377	5,534,675
Interest bearing liabilities	14	6,431	4,403
Grants refundable	16i	263,785	263,785
Unearned grants	16ii	15,293,428	12,905,158
Total Current Liabilities		19,532,289	19,504,026
Non-Current Liabilities			
Employee entitlements	10	420,539	322,003
Provisions	11	90,000	90,000
Lease liability	12	689,437	-
Total Non-Current Liabilities		1,199,976	412,003
Total Liabilities		20,732,265	19,916,029
Net Assets		4,212,757	3,743,199
Members' Equity			
Retained surplus		4,212,757	3,743,199
Total Members' Equity		4,212,757	3,743,199

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 2020

	Retained Surplus $	Total Equity $
Balance at 1 July 2018	3,291,020	3,291,020
Surplus for the year	452,179	452,179
Total other comprehensive income for the year	-	-
Balance at 30 June 2019	**3,743,199**	**3,743,199**
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**

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 2020

	Notes	2020 $	2019 $
Cash flows from operating activities			
Grants revenue and other receipts		45,161,493	41,005,572
Interest received		426,086	604,946
Payments to employees, directors and suppliers		(45,863,969)	(36,254,598)
Interest paid on lease liabilities		(68,331)	-
Net cash provided by / (used in) operating activities	15	**(344,721)**	**5,355,920**
Cash Flows from investing activities			
Payments for plant and equipment		(11,246)	(254,109)
Payments for intangibles		-	(157,674)
Net cash used in investing activities		**(11,246)**	**(411,783)**
Cash flows from financing activities			
Repayment of lease commitments		(403,906)	-
Net cash provided by / (used in) financing activities		**(403,906)**	**-**
Net increase / (decrease) in cash held		(759,873)	4,944,137
Cash and cash equivalents at the beginning of the financial year		22,601,136	17,656,999
Cash and Cash Equivalents at the End of the Financial Year	4	**21,841,263**	**22,601,136**

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

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 16 September 2020 by the directors of the company.

Accounting policies

(a) New and amended accounting policies adopted during the reporting period

Initial application of AASB 16

The company has applied AASB 16: *Leases* retrospectively without restatement of comparatives. The company has elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions. As a result, there was no impact on retained earnings. The comparative information has not been restated and continues to be reported under AASB 117: *Leases* .

Prior to 1 July 2019, leases of property, plant and equipment were classified as either finance leases or operating leases. From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company.

The company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: *Leases* where the company is the lessee.

The lease liabilities are measured at the present value of the lease payments. The company's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured and recognised in the Statement of Financial Position as at 1 July 2019 by taking into account the lease liability and prepaid and accrued lease payments previously recognised at 1 July (that are related to the lease).

Note 1. Summary of Significant Accounting Policies (continued)

(a) New and amended accounting policies adopted during the reporting period (continued)

Practical expedients applied

The following practical expedients have been used by the company in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied
- leases that have a remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term leases
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate
- applying AASB 16 to leases previously identified as leases under AASB 117 and Interpretation 4: *Determining whether an arrangement contains a lease* without reassessing whether they are, or contain, a lease at the date of initial application
- not applying AASB 16 to leases not previously identified as containing a lease under AASB 117 and Interpretation 4.

Measurement of lease liabilities at 1 July 2019

The company measured lease liabilities at 1 July 2019 as follows:

Description	2019 $
Operating lease commitments disclosed as at 30 June 2019	1,479,654
Discounted using the lessee's incremental borrowing rate at the date of initial application	(115,308)
Add:	
- remeasurement of lease liabilities	16,058
- adjustments as a result of different treatment of extension options	586,030
Less:	
- excluded from the scope of AASB 16	(365,635)
- low value leases not recognised as a liability	(147,876)
- short term leases not recognised as a liability	(7,625)
Lease liability recognised as at 1 July 2019	1,445,298

The difference of $34,359 between the lease liability ($1,445,298) as at 1 July 2019 and the discounted lease commitments as at 30 June 2019 ($1,479,654) comprises adjustments as a result of the different treatment of extension options ($586,030) and minor remeasurements ($16,055) less amounts not within the scope of AASB 16 ($365,635), amounts excluded as low value ($147,876) and amounts excluded as short term leases ($7,625).

The company's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 5.11% for property leases, 6.45% for motor vehicle leases and equipment leases. The difference between the undiscounted amount of operating lease commitments as at 30 June 2019 of $1,479,654 and the discounted operating lease commitments as at 1 July 2019 was $115,308.

Note 1. Summary of Significant Accounting Policies (continued)

(a) New and amended accounting policies adopted during the reporting period (continued)

Measurement of right-of-use assets at 1 July 2019

The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

Description	2019 $
Right-of-use assets	1,445,298
Lease liabilities	(1,445,298)
Net adjustment recorded to retained earnings on 1 July 2019	-

Impact on the Statement of Financial Position as at 30 June 2020

Right-of-use assets:

Initial recognition on adoption	1,445,298
Add:	
- additional right-of-use assets recognised	76,601
Less:	
- depreciation expense	(433,671)
Right-of-use assets as at 30 June 2020	1,088,228

Lease liabilities:

Initial recognition on adoption	1,445,298
Add:	
- additional lease liabilities recognised	76,601
- borrowing costs	68,331
Less:	
- lease repayments	(472,237)
Lease liabilities as at 30 June 2020	1,117,993

Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2020

Revenue and expenditure:

Decrease in operating lease expense	(472,237)
Increase in borrowing costs on lease liabilities	68,331
Increase in right-of-use asset depreciation expense	433,671

Surplus/(deficit):

Decrease in surplus	(29,765)

Note 1. Summary of Significant Accounting Policies (continued)

(b) Revenue

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

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

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

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

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

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

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

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

(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.

Note 1. Summary of Significant Accounting Policies (continued)

(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 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 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 the entity commencing from the time the asset is held ready for use. Structural improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

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

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

(e) Leases

Lease recognition

The company has applied AASB 16: *Leases* retrospectively without restatement of comparatives. The company has elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition as allowed under the transition provisions. As a result, there was no impact on retained earnings.

Therefore, the comparative information has not been restated and continues to be presented under AASB 117: *Leases.* The details of accounting policies under AASB 117 are disclosed separately since they are different from those under AASB 16, and the impact of those changes is disclosed in Note 1(a).

In the current reporting period

The company as a lessee

At inception of a contract, the company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the company where the company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets (i.e. fair value less than $5,000 - $10,000) are recognised as an operating expense on a straight-line basis over the term of the lease.

Note 1. Summary of Significant Accounting Policies (continued)

(e) Leases (continued)

Initially, the lease liability is measured at the present value of the lease payments still to be paid at lease commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- lease payments under extension options, if the lessee is reasonably certain to exercise the options

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Each of the company's lease arrangements are for use in the production of supply of goods or services, or for administrative purposes.

In the comparative period

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

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

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

Note 1. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Classification and Subsequent Measurement

Financial liabilities

Financial liabilities are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

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

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

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

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

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

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

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

Note 1. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

A financial asset that meets the following conditions is subsequently measured at amortised cost:
- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

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

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

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

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

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

Derecognition

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

Derecognition of financial instruments

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

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

Derecognition of financial assets

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

Note 1. Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

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

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

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

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

Loss allowance is not recognised for:
- financial assets measured at fair value through profit or loss.

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

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

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

Recognition of expected credit losses in financial statements

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

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

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

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

(g) Cash and cash equivalents

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

Note 1. Summary of Significant Accounting Policies (continued)

(h) Goods and Services Tax (GST)

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

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

(i) Income tax

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

(j) Provisions

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

(k) Impairment of assets

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

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

(l) Comparative figures

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

(m) Critical Accounting Estimates and Judgments

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

Note 1. Summary of Significant Accounting Policies (continued)

(m) Critical Accounting Estimates and Judgments (continued)

Key Estimates

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. The entity 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

The company 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 2020. 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

The company assesses impairment at each reporting period by evaluating the conditions and events specific to the company 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.

Useful lives of property, plant and equipment

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

Key Judgements

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 defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the company will make.

Note 1. Summary of Significant Accounting Policies (continued)

(m) Critical Accounting Estimates and Judgments (continued)

The company determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the company, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 30 June 2020, potential future cash outflows of $700,653 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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 the company's leases, the company's incremental borrowing rate is used, being the rate that the company 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, the company:

- 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.

(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.

Note 1. Summary of Significant Accounting Policies (continued)

(n) Employee benefits (continued)

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

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

(o) Economic dependence

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

(p) Fair Value of Assets and Liabilities

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

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

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

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

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

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

Note 2. Revenue

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

	Department of Health $	Other Federal Funding $	State Government $	Other $	Total $
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
2019					
Grant revenue	35,793,889	384,234	1,517,552	504,751	38,200,426
Other services	-	-	-	53,906	53,906
Interest	-	-	-	605,069	605,069
Total	35,793,889	384,234	1,517,552	1,163,726	38,859,401

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

	Department of Health $	Other Federal Funding $	State Government $	Other $	Total $
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
2019					
Goods transferred at a point in time	-	-	-	658,975	658,975
Services transferred over time	35,793,889	384,234	1,517,552	504,751	38,200,426
Total	35,793,889	384,234	1,517,552	1,163,726	38,859,401

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 2020:

	2021 $	2022 $	2023 $	Total $
Revenue expected to be recognised	15,293,428	-	-	15,293,428

Note 3. Surplus for the Year	Notes	2020 $	2019 $
Surplus for the year has been determined after:			
(i) Depreciation and amortisation expenses			
Property, plant and equipment:			
Furniture and equipment		41,015	19,105
Leasehold improvements		32,304	11,746
Artwork		833	-
Computer software		52,558	12,883
		126,710	43,734
Right-of-use assets:			
Buildings		317,130	-
Motor Vehicles		99,639	-
Equipment		16,902	-
		433,671	-
Total depreciation and amortisation		560,381	43,734
(ii) Finance Costs			
Lease liabilities		68,331	-
		68,331	-
(iii) Rental expenses on operating leases			
Occupancy Rent		3,706	387,333
Rental Outgoings - Other		43,562	46,017
Electricity & Gas		55,310	70,854
Office Cleaning & Maintenance		106,924	132,129
Total rental expenses on operating leases		209,502	636,333

Note 4. Cash and Cash Equivalents	Notes	2020 $	2019 $
Cash at bank		12,420,946	5,361,189
Term deposits		9,420,317	17,239,947
Total cash and cash equivalents	19	21,841,263	22,601,136

Note 5. Trade and Other Receivables	Notes	2020 $	2019 $
Trade receivables		367,402	212,734
Provision for impairment		(1,852)	(4,992)
Total trade and other receivables	19	365,550	207,742

(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 9:

	2020 $	2019 $
Balance at beginning of year	(4,992)	-
- Net measurement of loss allowance	-	(4,992)
- Amounts written off	3,140	-
Balance at year end	(1,852)	(4,992)

Note 6. Other Assets	2020 $	2019 $
Accrued income	78,892	164,642
Receivable from the ATO	372,236	38,719
Prepaid expenses	949,404	254,875
Total other current assets	1,400,532	458,236

(i) Financial assets classified as loans and receivables (note 19)

	Notes	2020 $	2019 $
Total other assets		1,400,532	458,236
Receivable from the ATO		(372,236)	(38,719)
Prepaid expenses		(949,404)	(254,875)
Total financial assets classified as loans and receivables	19	78,892	164,642

Note 7. Intangible assets	2020 $	2019 $
Computer software	155,523	196,324
Less amortisation expense	(77,608)	(38,650)
Total intangible assets	77,915	157,674

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

2020	Computer software $	Total $
Balance at 30 June 2019	157,674	157,674
Additions	-	-
Less Disposals	(27,201)	(27,201)
Less amortisation expense	(52,558)	(52,558)
Carrying amount at 30 June 2020	77,915	77,915

Note 8. Property, Plant and Equipment	2020 $	2019 $
Leasehold improvements at cost	155,737	153,156
Less accumulated depreciation	(83,506)	(51,202)
	72,231	101,954
Artwork at cost	10,000	-
Less accumulated depreciation	(833)	-
	9,167	-
Furniture, fittings and equipment at cost	489,114	490,449
Less accumulated depreciation	(398,978)	(357,963)
	90,136	132,486
Total property, plant and equipment	171,534	234,440

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

	Furniture, fittings & equipment $	Artwork	Leasehold improvements $	Total $
2019				
Balance at 1 July 2018	8,182	-	3,000	11,182
Additions	143,409	-	110,700	254,109
Less disposals	-	-	-	-
Less depreciation expense	(19,105)	-	(11,746)	(30,851)
Carrying amount at 30 June 2019	132,486	-	101,954	234,440
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

Note 9. Right-of-use assets

The company'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	2 - 3 years
Equipment	5 years

Options to extend or terminate

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

	2020 $	2019 $
(a) AASB 16 related amounts recognised in the statement of financial position		
Right-of-use assets		
Leased building	1,267,295	-
Accumulated depreciation	(317,130)	-
	950,165	-
Leased motor vehicles	226,609	-
Accumulated depreciation	(99,639)	-
	126,970	-
Leased equipment	27,995	-
Accumulated depreciation	(16,902)	-
	11,093	-
	1,088,228	-

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 $
Balance at the beginning of year	-	-	-	-
Recognised on initial application of AASB 16	1,267,295	150,008	27,995	1,445,298
Addition to right-of-use asset	-	76,601	-	76,601
Depreciation expense	(317,130)	(99,639)	(16,902)	(433,671)
Carrying amount at the end of the year	950,165	126,970	11,093	1,088,228

	2020	2019
Note 9. Right-of-use assets (continued)	$	$
(b) AASB 16 related amounts recognised in the statement or profit or loss		
Depreciation charge related to right-of-use assets	433,671	-
Interest expense on lease liabilities	68,331	-
Short-term leases expense	7,625	-
Low-value leases expense	147,876	-
	657,503	-

Note 10. Employee Entitlements

	2020	2019
Current		
Provision for annual leave	712,566	587,624
Provision for long service leave	223,146	170,447
Provision for personal leave	-	36,474
Provision for parental leave	-	1,460
Total current employee entitlements	935,712	796,005
Non-current		
Provision for long service leave	420,539	322,003
Total non-current employee entitlements	420,539	322,003
Total employee entitlements	1,356,251	1,118,008

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

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

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

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

Note 11. Provisions	2020 $	2019 $
Provision for 'make good' lease	90,000	90,000
Total provisions	90,000	90,000
Reconciliation of movement in provisions		
Opening balance	90,000	110,000
Additional provisions raised during the year	-	-
Amounts used	-	(20,000)
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.

Note 12. Lease liabilities	Notes	2020 $	2019 $
CURRENT			
Lease liability		471,685	-
Unexpired interest		(43,129)	-
		428,556	-
NON-CURRENT			
Lease liability		732,986	-
Unexpired interest		(43,549)	-
		689,437	-

Note 13. Trade and Other Payables			
Accounts payable		127,899	115,489
Other accrued expenses		2,476,478	5,419,186
Total trade and other payables	19	2,604,377	5,534,675

Note 14. Interest Bearing Liabilities	Notes	2020 $	2019 $
Credit cards		6,431	4,403
Total interest bearing liabilities	19	6,431	4,403

Note 15. Cash flow Information	2020 $	2019 $
Reconciliation of profit to net cash provided by operating activities		
Surplus	469,558	452,179
Non cash items:		
- Depreciation, amortisation and impairment expenses	560,381	43,734
- Loss on disposal of asset	27,201	-
Changes in assets and liabilities		
- Increase in trade and other receivables	(157,808)	(115,330)
- Increase in other assets	(942,296)	(122,117)
- Increase/(decrease) in trade and other payables	(2,928,270)	2,130,340
- Decrease in grants refundable	-	(239,653)
- Increase in unearned grants	2,388,270	3,106,223
- Increase in employee entitlements	238,243	120,544
- Decrease in provisions	-	(20,000)
Net cash flows provided by/(used in) operating activities	(344,721)	5,355,920

Note 16. Grant Obligations

Note reference	Grants refundable (i) 2020	Unearned grants (ii) 2020	Grants refundable (i) 2019	Unearned grants (ii) 2019
Department of Health Funding Schedule	$	$	$	$
Flexible Fund	-	3,087,548	-	2,575,009
Health Systems Improvement	-	768,809	-	570,976
Corporate Governance	-	88,419	-	-
Quarantined 16/17 Carry Forward	-	1,682,336	-	1,682,336
After Hours	-	1,471,249	-	1,107,786
Drug & Alcohol Planning	-	1,182,836	-	764,446
Integrated Team Care	-	381,884	-	538,363
Mental Health 18/19	-	4,597,378	-	2,373,295
Mental Health 16/17	263,785	-	263,785	-
National Psychosocial Support	-	611,565	-	1,601,859
COVID-19	-	270,831	-	-
Bushfire Relief	-	176,010	-	-
Headspace Enhancement	-	232,929	-	-
Partners in Recovery	-	-	-	301,577
Total Department of Health Funding Schedule	263,785	14,551,794	263,785	11,515,647
Other Grants				
Australian Digital Health Agency - My Health Records	-	113,592	-	319,697
Department of Education - General Practice in Schools	-	(294)	-	53,639
DHHS - Cancer Survivorship	-	-	-	6,703
DHHS - Community Led Cancer	-	35,681	-	69,508
DHHS - Looking After Children	-	9,366	-	19,733
DHHS - Pandemic Preparedness	-	65,088	-	90,484
DHHS - Suicide Prevention	-	199,905	-	164,262
Ballarat Community Health - Orticare Liaison Position	-	14,117	-	42,783
Ballarat Community Health - Orticare Nurse Led	-	-	-	9,500
Eastern Melbourne PHN - Lymphoedema Capacity Building	-	-	-	10,000
Eastern Melbourne PHN - Acute Specialist Clinics	-	73,877	-	144,865
Melbourne Primary Care Network - HIV Pathways	-	-	-	5,500
Melbourne Primary Care Network - Optimal Care Pathways	-	11,344	-	66,730
Western Victoria PHN - Real Time Prescription Monitoring	-	5,728	-	30,362
Bushfires of 2009 Community Support Project	-	-	-	12,999
Kyabram DHS - Murray Health Partnership Secondment	-	32,539	-	12,746
National Stepped Care	-	59,858	-	-
Murray Exchange Income	-	120,833	-	330,000
Total Other Grants	-	741,634	-	1,389,511
Total Grant Obligations	263,785	15,293,428	263,785	12,905,158

Note 17. Capital and leasing commitments

Following the Company's adoption of AASB 16: *Leases* on 1 July 2019, the Company no longer distinguishes its lease arrangements between operating and finance leases.

The Company's lease commitments, which are captured under AASB 16, are disclosed at Note 9 and Note 12.

Lease commitments measured under either previous Accounting Standards or those commitments which may meet an exemption under AASB 16, including their relevant commitments, are disclosed as follows.

	2020 $	2019 $
(a) Operating lease commitments		
Operating leases and licences which were contracted for but were not capitalised in the financial statements:		
- not later than 12 months	-	874,667
- between 12 months and 5 years	-	604,997
- greater than 5 years	-	-
	-	1,479,664
(b) Low value lease commitments		
The Company'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	61,663	-
- between 12 months and 5 years	48,385	-
- greater than 5 years	-	-
	110,048	-

The Company'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 June 2023.

(c) Capital expenditure commitments

No capital expenditure commitments were contracted for at year end.

Note 18. Contingent Assets and Contingent Liabilities

Contingent assets

The company is not aware of any contingent assets as at 30 June 2020.

Contingent liabilities

The company is not aware of any contingent liabilities at 30 June 2020.

Note 19. 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 2020.

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

	Notes	2020 $	2019 $
Financial assets			
Cash and cash equivalents	4	21,841,263	22,601,136
Trade and other receivables	5	365,550	207,742
Other assets	6(i)	78,892	164,642
Total financial assets		22,285,705	22,973,520
Financial liabilities			
Trade and other payables	13	2,604,377	5,534,675
Interest bearing liabilities	14	6,431	4,403
Grants refundable	16(i)	263,785	263,785
Total financial liabilities		2,874,593	5,802,863

Note 20. 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.

	2020 $	2019 $
Compensation paid and payable	1,390,515	1,459,848

Note 21. Auditor's Remuneration	2020 $	2019 $
Audit services	19,700	18,850
Audit services of acquittals	14,010	18,145
Other services	980	855
Total auditor's remuneration	34,690	37,850

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 2020 is as follows:

Board Chair, Mr Fabian Reid is a Director of Access Australia Group. Access Australia Group received payments from the company for car cleaning and catering services during the FY20. The total value of these transactions is $6,187.

Board Member, Ms Leonie Burrows is Chair of the Sunraysia Community Health Services. Sunraysia Community Health Services received payments from the company for contractual relationships involving the provision of Doctor’s in Secondary Schools, General Practice Investment Strategy, Primary Mental Health, Chronic Disease and Alcohol & Other Drug Services during the FY20. The total value of these transactions is $726,513.

Board Member, Mr Victor Hamit is associated with Echuca Regional Health Service. Echuca Regional Health Service received payments from the company for contractual relationships involved with the provision of Potentially Avoidable Hospitalisations, Remote Patient Monitoring, Primary Mental Health, Psychological Therapy Services and After-Hours services and room hire during FY20. The total value of these transactions is $280,433.

Board Member, Dr Alison Green is associated with Albury Wodonga Health. Albury Wodonga Health received payments from the company relating to the provision of Psychological Therapy Services and invoiced for the facilitation & speaker fees of a workshop during the FY20. The total value of these transactions is $62,348.

Board Member, Mr Matt Sharp (appointed 18/3/2020) is the Chief Executive Officer of Goulburn Valley Health. Goulburn Valley Health received payments from the company for contractual relationships involving the provision of Primary Mental Health, Headspace, Residential Aged Care and Alcohol & Other Drug Services during the FY20. The total value of these transactions is $1,226,910.

Board Member, Mr Ted Rayment (resigned 18/01/2020) was the Chief Executive Officer of Swan Hill District Health until June 2019. Swan Hill District Health received payments from the company for contractual relationships involved with the provision of Doctor’s in Secondary Schools, Headspace and Primary Mental Health Services, Potentially Avoidable Hospitalisations & Chronic Disease Services during the FY20. The total value of these transactions is $1,761,468.

Board Member, Ms Yvonne Wrigglesworth (resigned 23/03/2020) is the Regional Strategic Implementation Consultant of Bendigo Health Care Group. Bendigo Health Care Group received payments from the company for contractual relationships involved with Aged Care, Chronic Disease and Diabetes Services and the E-Referral Program during the FY20. The total value of these transactions is $231,988.

Board Member, Mr Chris Atkins (resigned 20/11/2019) is the General Practitioner & Director at Brooke Street Medical Centre. Brooke Street Medical Centre received payments from the company for contractual relationships involved with General Practice Investment Strategy during the FY20. The total value of these transactions is $100,000.

Executive Director Strategy, Ms Anne Sommerville (resigned 3/1/2020) is the Partner of The Drawing Board Pty. Ltd. The Drawing Board Pty. Ltd received a payment from the company for consulting services during the FY20. The total value of this transaction is $14,229.

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. As responses by government continue to evolve, management recognisese 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 16 August 2020 until 13 September 2020 and was then further extended for six months on 2 September 2020. The state of disaster is still in place.

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, 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 the company is:	The principal place of business is:
3 - 5 View Point	3 - 5 View Point
Bendigo VIC 3550	Bendigo VIC 3550

Murray PHN Limited
Directors' Declaration

For the Year Ended 30 June 2020

The directors of the company declare that the financial statements on pages 1 to 39 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 2020 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

Fabian Reid

Dated this 16th day of September 2020

Partners in success
Chartered Accountants
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PO Box 454, Bendigo 3552
03 5443 0344
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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 2020 and of its performance for the year ended on that date
ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulations 2013.*

What we have audited
Murray PHN Limited’s (the company) financial report comprises the:

- ✓ Statement of financial position as at 30 June 2020
- ✓ 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.

Partners in success
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Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Independence

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial report

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 16th day of September 2020

Adrian Downing
Lead Auditor