Annual Financial Report

For the year ended 30 June 2020

phn NORTH WESTERN MELBOURNE

An Australian Government Initiative

Melbourne Primary Care Network (MPCN) operates North Western Melbourne Primary Health Network (NWMPHN)

North Western Melbourne Primary Health Network
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ABN 93 153 323 436

Cover image
GP Sara Nairn, IPC health
Photo: John Donegan

Acknowledgements
North Western Melbourne PHN acknowledges the peoples of the Kulin nation as the Traditional Owners of the land on which our work in the community takes place. We pay our respects to their Elders past and present. We also recognise, respect and affirm the central role played in our work by people with lived experience, their families and/or carers.

N20 000 21v1

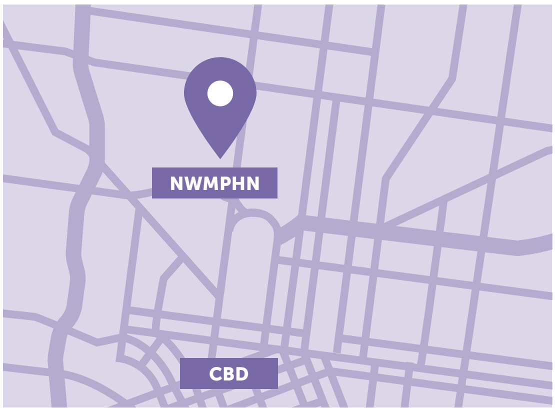
Jarnia Cameron and Sonia Zahra Packing masks for Distribution to general practices
Photo: Brendan Park

Contents

Corporate information

ABN 93 153 323 436

Directors	Dr Ines Rio (Chairperson) Ms Nancy Hogan (Deputy Chairperson) Mr Robert Gerrand Dr Catherine Hutton Mr Paul Montgomery Dr Kathy Alexander Dr Jennifer Anderson (ceased 22 November 2019) Mr Damian Ferrie Ms Genevieve Overell
Company Secretary	Mr Christopher Carter (CEO)
Registered office and principal place of business	Level 1, 369 Royal Parade Parkville, VIC, 3052



Banker	National Australia Bank Limited Level 30, 500 Bourke Street Melbourne, VIC, 3000
Auditor	William Buck Audit (VIC) Pty Ltd Level 20, 181 William Street Melbourne, VIC, 3000

Directors' report

Your directors present this report, together with the financial statements, on the company for the year ended 30 June 2020.

Director's appointment date and meetings attended:

Names	Date Appointed	Date of Cessation	A	B
Ines Rio (Chairperson)	20 Sep 2011		8	8
Nancy Hogan	20 Sep 2011		8	8
Robert Gerrand	01 Jul 2012		8	8
Catherine Hutton	20 Nov 2012		7	8
Paul Montgomery	01 July 2012		7	8
Kathy Alexander	31 Jul 2018		8	8
Jennifer Anderson	30 Nov 2018	22 Nov 2019	3	3
Damian Ferrie	31 Jul 2018		7	8
Genevieve Overell	31 Jul 2018		8	8

A – Number of meetings attended

B – Number of meetings held during the time the Director held office during the year

Staff from Darley Medical Centre conduct COVID-19 testing in the practice carpark. Photo: Leigh Henningham

Dr Ratan Mandel provides a check up for 3yr old Parker Lynch at Drs of Northcote.
Photo: Julie Sucksmith

Directors' report

Directors' qualifications, experience and special responsibilities

Dr Ines Rio

MBBS (Hons), MPH, GDip Venereology, DRCOG, FRACGP, FAICD

Responsibilities

Chairperson
Clinical Council Chair
Nominations and Remuneration Committee Chair

Experience

A local GP and senior clinician, Head of the GP Liaison Unit at The Royal Women's Hospital, and Medical Advisor for the City of Melbourne.

Dr Rio has extensive experience as an educator, service developer and manager, and public health advisor. She has held board and senior committee positions for more than 12 years in federal, state and local governments and in the not-for-profit and profit sectors, including the Victorian and federal branches of the Australian Medical Association (AMA).

Other current appointments/memberships:

- **Medical Practitioners Board of Victoria Board** member
- **Victorian AMA** Chair of the GP section
- **Federal AMA** Council of General Practice member

Ms Nancy Hogan

MBA, Grad Dip Rehab Studies, BA (Magna cum Laude), MAICD, FACHSM, Centenary Medal 2002

Responsibilities

Deputy Chairperson
Community Council Chair

Experience

Extensive health management experience includes CEO positions in public, private and not-for-profit hospitals and aged and community care. Her board positions include 10 years at Peninsula Health, the last five as chairperson, Chair of Aged and Community Care Australia, Victorian Aged and Healthcare Association, Melbourne GP Network and Catholic Healthcare Victoria.

Ms Hogan has also held board positions with Hazlewood Power Corporation, Superpartners, HESTA, Industry Funds Management, Victorian Healthcare Association, Inner North West Melbourne Medicare Local, Private Hospitals Association, Church and Charitable Hospitals Association and Mayfield Education Centre.

She has been a fellow of the Australian College of Health Services Management, serving as president of its Victorian branch and a federal councillor. She was a member of the Australian Institute of Company Directors for almost 25 years, until 2020. In 2016/17, she was a member of the Victorian Mental Health Review Team, which completed a major review for Victoria Police.

Other current appointments/memberships:

- **MSC Sisters** Finance Advisory Board
- **Galante Business Solutions** Executive Director Health and Aged Care

Directors' report

Directors' qualifications, experience and special responsibilities

Mr Robert Gerrand
BA, FAMI, FAICD

Responsibilities
Finance, Audit and Systems Committee Chair

Experience
Extensive governance experience includes serving as chair of Parks Victoria and of Healthy Parks Healthy People Global. He has been a director of Alfred Health, the Mental Health Research Institute, the Financial Planning Association of Australia (FPA) (serving on the Audit and Risk Management Committees of all of these), the Florey Institute of Neuroscience and Mental Health, Melbourne City Marketing, Melbourne Convention and Marketing Bureau and the Koorie Heritage Trust.

He has won awards for his professional work in marketing and communications, and is a former general manager of group public affairs at ANZ and director of the Australian marketing and communications agency Turnbull Fox Phillips. He is also a published author whose books include *Rewrite Your Life!* and *Rewrite Your Relationships!* co-authored with Eve Ash that show how to entrench new behaviours.

Other current appointments/memberships:

- **Gerrand & Associates** Principal
- **SANE Australia** Non-Executive Director
- **The Dax Centre** Non-Executive Director
- **Australian Institute of Company Directors: Nexus group** Chair

Dr Catherine Hutton
MPH, DRCOG, MBBS, FRACGP, GAICD, FAMA

Responsibilities
Commissioning, Quality and Performance Committee Chair

Experience
Has worked as a local GP for more than 30 years, mainly in Melbourne's north-west. Her extensive experience includes general family medicine, women's health and antenatal care, chronic disease management, preventative health and care of marginalised people.

Dr Hutton is an experienced board member specialising in clinical governance, strategy and GP–hospital integration. She has served as a director of North West Melbourne Division of General Practice, AMA Victoria and The Royal Women's Hospital. Dr Hutton was also on Peter MacCallum Cancer Centre's board for five years, where she was chair of the Community Advisory Committee and the Quality Committee.

Other current appointments/memberships:

- **Western Health** Board member
- **Victorian Clinical Council** Member
- **Medicare Professional Services Review** Member

Working together at the Dying Well Community Forum.

Photo: Mosaic Lab

Mr Paul Montgomery

LLB, BA, MAICD

Responsibilities

Commissioning, Quality and Performance Committee Member

Experience

Has helped a number of organisations grow strategically. He was a partner at Freehills, Melbourne for 28 years. Appointed managing partner, he led the firm to prime position in the Melbourne market.

Mr Montgomery was also president of Mental Illness Fellowship Victoria (now Wellways) and chair of its Carer and Consumer Committee, Chair of the Royal District Nursing Service (now Bolton Clarke), and a member of Deakin University Geelong's Clinical Leadership Advisory Board (Medical School).

Other current appointments/memberships:

- **Wellways** Board member, Consumer and Carer Committee member
- **Medisecure Ltd** Chair
- **Now Hiring Pty Ltd** Chair

Dr Kathy Alexander

BA (Hons), GDip Public Health, PhD (Public Health Management), Graduate of the London School of Business Proteus Program, 2012.

Responsibilities

Finance, Audit and Systems Committee Member

Experience

An experienced board member and chair who has served public, private and not-for-profit organisations. She has a strong reputation for stakeholder management, community engagement and effective public relations in complex and politically sensitive environments.

Dr Alexander has held many board positions in her previous roles as CEO of the City of Melbourne, as CEO of the Women's and Children's Health Service (incorporating the Royal Children's and the Royal Women's Hospitals in Melbourne) and as CEO of several health services in South Australia. Recent board roles include Chair of Administrators of the City of Greater Geelong, Chair of Eastern Melbourne Primary Health Network and member of the Advisory Board of Porter Davis Homes.

Dr Alexander has chaired numerous governance and management reviews for government across health and local government in New South Wales, Victoria and South Australia.

Other current appointments/memberships:

- **City of Wyndham** Chair, Audit and Risk Management Committee
- **Victorian Local Government Rating System** Review Chair
- **Porter Davis Homes** Independent Board Member
- **Naomi Milgrom Foundation** Chair

Directors' report

Directors' qualifications, experience and special responsibilities

Dr Jennifer Anderson
(ceased 22 November 2019)
BA (Hons), GDip, PhD

Responsibilities
Finance, Audit and Systems Committee Member

Experience
Current General Practitioner who practices part-time in the Melbourne CBD, Board chair of the Loddon Mallee Waste and Resource Recovery Group. GP Consultant at The Royal Children's Hospital.

Previous roles included GP Consultant at The Royal Children's Hospital for over 10 years, and various project consultant and advisory committee roles, particularly in the area of obstetric care.

Mr Damian Ferrie
B. Theol, GDip Conflict Resolution, MAppSc (Social Ecology), Graduate of the ANZSOG Executive Fellows Program and Judge Business School Cambridge Advanced Leadership Program.

Responsibilities
Commissioning, Quality and Performance Committee Member

Experience
Has had leadership roles in the health, housing, community development in New South Wales and Victoria. His work has been focused on tackling social, economic, health inequity.

Damian has developed and implemented many programs to narrow the gap between disadvantaged communities and the rest of the state, including as the first Director of Neighbourhood Renewal with DHHS.

He has initiated many place-based interventions to build community capacity through partnerships with community, business and the philanthropic sectors.

Other current appointments/memberships:

- **Star Health Group Ltd** CEO
- **Mental Health Victoria** Chair
- **Victorian Council of Social Services** Director
- **Community Mental Health Australia** Director

Ms Genevieve Overell
BA, LLB, Dip Financial Management, FIPAA, FAICD

Responsibilities
Finance, Audit and Systems Committee Member

Experience
Has a legal background and extensive corporate, government and community experience. She was a Victorian Government deputy secretary, responsible for land-use planning, building, environment and heritage. She was also Head of Environment with the Victorian Bushfire Reconstruction and Recovery Authority, with broad management, coordination and delivery responsibilities across federal, state and local governments.

Recent board roles include non-executive director for Starlight Children's Foundation and director, government advisory for Deutsche Bank Australia. Prior to this, she was a partner at KPMG, specialising in major public infrastructure projects.

Other current appointments/memberships:

- **Victorian Opera** Chair
- **Australian British Chamber of Commerce** Non-Executive Director National Board and Co-Chair Victorian Council
- **State Revenue Office Victoria Audit Committee** Independent Chair
- **Australian Institute of Architects** Independent Non-Executive Director
- **German–Australian Chamber of Commerce and Industry** Policy Advisory Committee Member

Directors' report

Principal activities and objectives

The principle strategic objectives and all of our activities this year continue to improve health outcomes for everyone in our community, strengthen primary health care and connect services across the system.

Melbourne Primary Care Network Strategic Objectives

1. **Develop a person-centred health system that people can access and navigate easily.**
2. **Improve the capacity of primary care and its integration, effectiveness and quality in a connected health system.**
3. **Increase recognition of primary care's key role in building a better health system.**
4. **Focus on priority health and population needs.**

The company achieves this by:

- supporting the Quadruple Aim as the foundation of better care – improving patient experience, improving provider experience, achieving better population health outcomes and keeping costs sustainable;
- considering the whole person. Health is about more than just medicine, so we think about more than just health – including family, community, work, housing and education;
- considering the whole system. The capacity for better and more equitable care already exists. We help unlock this potential through supporting primary care, evidence-based commissioning, care navigation, cross-sector partnerships and innovative tools like HealthPathways;
- working with our stakeholders and partners: the community, GP's, general practice staff, allied health, community health, pharmacists, hospitals and specialists, patients and consumers, carers, peak and community groups and government;
- build and strengthen our capacity as a trusted partner in health care reform. We are here for the long haul. We are responsive, innovative and reliable. We deliver.

Members' guarantee

In accordance with the company's constitution, each member is liable to contribute $50 in the event that the company is wound up. The total amount members would contribute is $250.00.

Significant Changes in State of Affairs

There was no significant change in the nature of the company's activities during the financial year.

Auditor's independence

The auditor's declaration of independence as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 appears on page 12 and forms part of the Directors' report for the year ended 30 June 2020.

Signed in accordance with a resolution of the directors made pursuant to section 60-15(2) of the Australian Charities and Not-for-profits Regulation 2013.

On behalf of the Directors:

Dr Ines Rio, Chairperson
Melbourne, 29 September 2020

Auditor's independence declaration

William Buck

AUDITOR'S INDEPENDENCE DECLARATION
IN ACCORDANCE WITH SECTION 60-40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012
TO THE DIRECTORS OF MELBOURNE PRIMARY CARE NETWORK LTD

I declare that, to the best of my knowledge and belief during the year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (VIC) Pty Ltd
ABN 59 116 151 136

A.P. Marks
Director
Dated this 29th day of September, 2020

ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 ($)	2019 ($)
Revenue From Operating Activities			
Grants	(3a)	58,329,472	48,716,360
Interest Income	(3a)	601,575	1,133,552
Realised Gain on Investments	(3a)	46,502	–
Other Income	(3b)	190,442	123,456
Total Operating Revenue		**59,167,991**	**49,973,368**
Expenses From Operating Activities			
Program Expenses	(3c)	55,987,939	46,560,816
Depreciation and Goodwill Amortisation	(3c)	630,481	179,534
Accountability and Administration Expense		1,836,129	2,014,776
Other Expense		296,117	672,665
Finance Costs	(3c)	107,405	–
Total Operating Expenses		**58,858,071**	**49,427,791**
Surplus Before Non-Operating Items		**309,920**	**545,577**
Non-Operating Activities			
Net Gain/(Loss) On Sale Of Fixed Assets		384	19,608
Surplus From Non-Operating Activities		**384**	**19,608**
Surplus Before Income Tax		310,304	565,185
Income Tax Expense	(1j)	–	–
Surplus After Income Tax		**310,304**	**565,185**
Other Comprehensive Income for the Year, Net of Tax		(11,268)	–
Net Other Comprehensive Income For The Year, Net of Tax		**(11,268)**	–
Total Comprehensive Income Attributable to Members of the Entity		**299,036**	**565,185**

The attached notes form part of these financial statements.

Statement of financial position

As at 30 June 2020

ASSETS	Notes	2020 ($)	2019 ($)
Current Assets			
Cash and Cash Equivalents	(4)	4,119,370	39,923,310
Trade and Other Receivables	(5)	830,422	328,212
Investments – Term Deposit	(6)	26,257,999	–
Investments at Fair Value	(6)	4,452,439	–
Other Assets	(7)	29,878,013	20,834,818
Total Current Assets		**65,538,243**	**61,086,340**
Non-Current Assets			
Property, Plant & Equipment	(8)	482,979	462,611
Right-of-Use Assets	(8)	1,720,921	–
Other Assets	(7)	16,661,201	17,283,798
Total Non Current Assets		**18,865,101**	**17,746,409**
Total Assets		**84,403,344**	**78,832,749**

LIABILITIES	Notes	2020 ($)	2019 ($)
Current Liabilities			
Trade and Other Payables	(9)	25,654,770	26,499,006
Provisions	(10)	35,952,975	30,741,392
Lease Liability	(11)	418,499	–
Total Current Liabilities		**62,026,244**	**57,240,398**

The attached notes form part of these financial statements.

Statement of financial position

As at 30 June 2020

LIABILITIES	Notes	2020 ($)	2019 ($)
Non-Current Liabilities			
Lease Liability	(11)	1,383,379	–
Provisions	(10)	16,233,850	17,131,516
Total Non Current Liabilities		**17,617,229**	**17,131,516**
Total Liabilities		**79,643,473**	**74,371,914**
Net Assets		**4,759,871**	**4,460,835**
Equity			
Reserves	(12)	(11,268)	–
Retained Earnings		4,460,835	3,895,650
Current Year Surplus/(Deficit)		310,304	565,185
Total Equity		**4,759,871**	**4,460,835**

The attached notes form part of these financial statements.

Staff participate in the walk against violence.

Statement of changes in equity

For the year ended 30 June 2020

	Notes	Retained Earnings 2020 ($)	Financial Asset Reserve 2020 ($)	Total 2020 ($)
Opening balance		4,460,835	–	4,460,835
Total comprehensive income for the year				
Surplus attributable to members		310,304	–	310,304
Total other comprehensive income		–	(11,268)	(11,268)
Total comprehensive income for the year attributable to members of the entity		**310,304**	**(11,268)**	**299,036**
Closing balance		**4,771,139**	**(11,268)**	**4,759,871**

	Notes	Retained Earnings 2019 ($)	Financial Asset Reserve 2019 ($)	Total 2019 ($)
Opening balance		3,895,650	–	3,895,650
Total comprehensive income for the year				
Surplus attributable to members		565,185	–	565,185
Total other comprehensive income		–	–	–
Total comprehensive income for the year attributable to members of the entity		**565,185**	**–**	**565,185**
Closing balance		**4,460,835**	**–**	**4,460,835**

The attached notes form part of these financial statements.

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 ($)	2019 ($)
Cash Flows from Operating Activities			
Grants Revenue Receipts		61,482,274	57,350,619
Receipts from Other Operating Activities		265,556	340,534
Interest Receipts		799,811	975,867
Receipts from Financial Investments		46,502	–
Payments to Employees, Directors and Creditors		(67,106,868)	(51,110,530)
Net Cash Provided by / (Used in) Operating Activities		**(4,512,725)**	**7,556,490**
Cash Flows From Investing Activities			
Payments for Office Equipment, Furniture & Fittings		(192,736)	(87,140)
Proceeds from the Sale of Office Equipment, Furniture & Fittings		1,183	19,823
Payments for investments – term deposit		(26,257,999)	–
Payments for investments at fair value		(4,463,707)	–
Net Cash Provided by / (Used in) Investing Activities		**(30,913,259)**	**(67,317)**
Cash Flows From Financing Activities			
Lease payments		(377,956)	–
Net Cash Provided by / (Used in) Financing Activities		**(377,956)**	**–**
Net Increase (Decrease) in Cash Held		**(35,803,940)**	**7,489,173**
Cash Held at the Beginning of the Year		39,923,310	32,434,137
Cash Held at the End of the Year	**(4)**	**4,119,370**	**39,923,310**

The attached notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2020

1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

Melbourne Primary Care Network Ltd (The company) has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 15 Revenue from Contracts with Customers
The company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Di Nally and Lee-Anne Boyle
Photo: Norm Oorloft

Notes to the financial statements

For the year ended 30 June 2020

The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

AASB 1058 Income of Not-for-Profit Entities

The company has adopted AASB 1058 from 1 July 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Notes to the financial statements

For the year ended 30 June 2020

Impact of adoption

AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 July 2019.

The impact of the new Accounting Standards compared with the previous Accounting Standards on the current reporting period is as follows:

	New	Previous	Difference
Statement of financial position			
Right-of-Use Assets (RoU Assets)	$2,179,834	–	$2,179,834
Accumulated Depreciation – RoU Assets	($458,913)	–	($458,913)
Lease Liabilities on RoU Assets	$1,801,878	–	$1,801,878
Net Assets	**($80,957)**	**–**	**($80,957)**

Statement of profit or loss and other comprehensive income			
Rent Expense	–	$485,361	($485,361)
Depreciation RoU Assets	$458,913	–	$458,912
Interest Expenses	$107,405	–	$107,405
Net Impact	**$566,318**	**$485,361**	**($80,957)**

Notes to the financial statements

For the year ended 30 June 2020

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and the Corporations Act 2001, as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

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 29 September 2020 by the directors of the company.

b. Revenue recognition

The company recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Notes to the financial statements

For the year ended 30 June 2020

Sales revenue
Events, fundraising and raffles are recognised when received or receivable.

Donations
Donations are recognised at the time the pledge is made.

Grants
Grant revenue is recognised in profit or loss when the company satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the company is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer services
The company has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

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

c. Property, plant and equipment

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

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 or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(d) 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 on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20% – 40%
Right-of-Use Assets	2.5% – 16.67%
Leasehold Improvements	2.5% – 16.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss

For revalued assets, 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. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. Impairment of non-financial assets

At the end of each reporting period, the entity 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 to sell 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, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Notes to the financial statements

For the year ended 30 June 2020

e. 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 equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). 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

Financial instruments are subsequently measured at fair value (refer to note 1(r)), amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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 amount with a consequential recognition of an income or expense item in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Notes to the financial statements

For the year ended 30 June 2020

Derecognition
Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Lease liabilities

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

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

g. 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, salaries and sick leave are recognised as 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.

Retirement benefit obligations

Defined contribution superannuation benefits
All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

h. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. 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).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

Notes to the financial statements

For the year ended 30 June 2020

j. Income tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

k. Provisions

Provisions are recognised when the entity 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 the end of the reporting period.

l. Comparative figures

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

m. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. Due to their short-term nature they are measured at amortised cost and are not discounted. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. 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.

o. Economic dependence

Melbourne Primary Care Network Ltd is dependent on the Department of Health for the majority 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 will not continue to support the company.

p. Current and non-current classification

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

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

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

q. Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

r. Fair value of assets and liabilities

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

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie 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 data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the 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 (ie the market that maximises the receipts from the sale of the asset or 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 instruments (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.

s. Contract assets and contract liabilities

Contract assets are recognised when the company has transferred goods or services to the customer but where the company is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Contract liabilities represent the company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the company has transferred the goods or services to the customer.

Notes to the financial statements

For the year ended 30 June 2020

t. Right-of-use assets

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

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

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3. Revenue, other income and expenses

a. Revenue

	Notes	2020 ($)	2019 ($)
Grants		58,329,472	48,716,360
Interest income		601,575	1,133,552
Realised gain on investments		46,502	–
Total Revenue		**58,977,549**	**49,849,912**

b. Other income

	Notes	2020 ($)	2019 ($)
Sponsorships/advertising/misc income		190,442	123,456
Total revenue and other income		**59,167,991**	**49,973,368**

Notes to the financial statements

For the year ended 30 June 2020

c. Expenses

	Notes	2020 ($)	2019($)
Program Expenditure			
Funds to Programs		8,518,947	7,704,726
Funds to other implementing agencies		44,770,761	36,245,620
Program support costs		2,698,231	2,610,470
Total Program Expenditure		**55,987,939**	**46,560,816**
Depreciation – plant and equipment and goodwill amortisation		630,481	179,534
Finance costs		107,405	–
Auditor remuneration			
Incurred for audit services		44,000	38,200
Total audit remuneration		**44,000**	**38,200**

4. Cash and cash equivalents

	Notes	2020 ($)	2019 ($)
Current			
Cash on hand and at bank		4,119,370	39,923,310
Total cash and cash equivalents	**(17)**	**4,119,370**	**39,923,310**

5. Trade and other receivables

	Notes	2020 ($)	2019 ($)
Trade receivables		587,235	241,815
Sundry Debtors		–	500
GST Receivable		243,187	85,897
Total receivables	**(17)**	**830,422**	**328,212**

6. Financial Assets

	Notes	2020 ($)	2019 ($)
Current			
Investments – term deposit		26,257,999	–
Current			
Investments at fair value		4,452,439	–

7. Other assets

	Notes	2020($)	2019 ($)
Current			
Prepaid expenses		29,876,885	20,635,455
Accrued Income		1,128	199,363
Total		**29,878,013**	**20,834,818**
Non-Current			
Prepaid expenses		16,379,555	17,002,152
Security Deposit – Level 1 & part Level 5 / 369 Royal Parade		281,646	281,646
Total		**16,661,201**	**17,283,798**

8. Property, plant & equipment and Right-of-Use Assets

	Notes	2020 ($)	2019 ($)
Plant and Equipment – at cost		871,253	680,597
Less accumulated depreciation		(610,786)	(486,689)
Total		**260,467**	**193,908**
Right-of-Use Assets		2,179,834	–
Less accumulated depreciation		(458,913)	–
Total		**1,720,921**	–

Notes to the financial statements

For the year ended 30 June 2020

8. Property, plant & equipment and Right-of-Use Assets (continued)

	Notes	2020 ($)	2019 ($)
Leasehold Improvements – at cost		624,387	624,387
Less accumulated depreciation		(411,875)	(370,684)
Total		**212,512**	**253,703**
Intangible Assets		15,000	15,000
Less accumulated amortisation		(5,000)	–
Total		**10,000**	**15,000**
Total written down value		**2,203,900**	**462,611**

Movements in property, plant & equipment, right-of-use assets and intangible assets	Plant & Equipment	Right-of-Use Assets	Leasehold Improvements	Intangible Assets	Total
Written down value at start of year	193,908	–	253,703	15,000	462,611
Additions	192,736	2,179,834	–	–	2,372,570
Disposals	(800)	–	–	–	(800)
Depreciation and amortisation charge for the year	(125,377)	(458,913)	(41,191)	(5,000)	(630,481)
Written down value at end of year	**260,467**	**1,720,921**	**212,512**	**10,000**	**2,203,900**

9. Trade and other payables

	Notes	2020 ($)	2019 ($)
Current			
Unexpended Grants		21,292,949	23,366,451
Trade and Sundry Creditors		3,532,738	1,888,861
Accrued expenses		829,083	1,243,694
Total payables		**25,654,770**	**26,499,006**

9a. Financial liabilities at amortised cost classified as trade and other payables

	Notes	2020 ($)	2019 ($)
Trade and other payables			
Total Current		25,654,770	26,499,006
Less deferred income		(21,292,949)	(23,366,451)
Total financial liabilities as trade and other payables	**(17)**	**4,361,821**	**3,132,555**

10. Provisions

	Outstanding psychologist sessions ($)	Contracts Payable ($)	Employee entitlements – current ($)	Employee entitlements – non-current ($)	Total ($)
Opening Balance as at 1 July 2019	1,821,690	45,201,282	720,572	129,364	47,872,908
Additional provisions raised during year	2,576,019	43,799,504	956,853	(21,010)	47,311,366
Amount used	(1,821,690)	(40,412,029)	(763,730)	–	(42,997,449)
Balance as at 30 June 2020	**2,576,019**	**48,588,757**	**913,695**	**108,354**	**52,186,825**

Notes to the financial statements

For the year ended 30 June 2020

10. Provisions (continued)

	Notes	2020 ($)	2019 ($)
ANALYSIS OF TOTAL PROVISIONS			
Current provisions			
Employee entitlements		913,695	720,572
Outstanding psychologist and mental health nurse sessions		2,576,019	1,821,690
Contracts Payable (current)		32,463,261	28,199,130
Total current provisions		**35,952,975**	**30,741,392**
Non current provisions			
Contracts Payable (non-current)		16,125,496	17,002,152
Employee entitlements		108,354	129,364
Total provisions		**52,186,825**	**47,872,908**

Provision for long-term employee benefits
A provision has been recognised for employee entitlements relating to long service leave. 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 on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 2 to this report.

11. Lease Liability

	Notes	2020 ($	2019 ($)
Current			
Current lease liability		418,499	–
Non current			
Non-current lease liability		1,383,379	–
Total		**1,801,878**	–

AASB 16 was adopted from 1 July 2019 by using a modified retrospective approach #1. On adoption of AASB16, the company recognised a new class of assets of right-of-use (RoU) assets with an opening balance of $2,179,834 and at the same time, lease liabilities of $2,179,834 relating to the RoU assets were recognised.

The RoU assets are the property lease for Level 1 & part Level 5 / 369 Royal Parade Parkville VIC 3052.
The lease is ending 31 March 2024.

11a. Operating lease commitments

	Notes	2020 ($)	2019 ($)
Non-cancellable operating leases contracted for but not capitalised			
Payable – minimum lease payments			
Within one year		–	463,056
After one year but not more than five years		–	1,898,639
More than five years		–	–
Total minimum lease payments		–	**2,361,695**

12. Reserves

	Notes	2020 ($)	2019 ($)
Financial asset revaluation reserve			
Balance at beginning of the financial year		–	–
Investment revaluations – at fair value		(11,268)	–
Total minimum lease payments		**(11,268)**	**–**

13. Events after reporting date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has not been any significant impact upon the company as at the reporting date as a result of COVID-19, it is not practicable to estimate the potential impact after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and Victorian Governments, such as locking down substantial parts of the economy, maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Notes to the financial statements

For the year ended 30 June 2020

14. Key management personnel compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of that entity is considered key management personnel.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2020 ($)	2019 ($)
Key management personnel compensation	**1,375,011**	**1,390,139**

15. Related party transactions

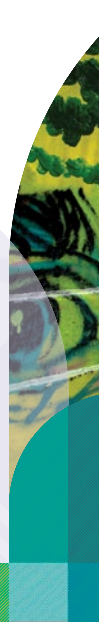
Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

There were no related party transactions during the financial year ended 30 June, 2020.

16. Contingent liabilities and contingent assets

A contingent liability exists in the form of a bank guarantee held by Riverlee Corporation Pty Ltd of $281,646 in relation to the property lease.



Richie Goonan, Youth projects
Photo: Leigh Henningham

17. Financial risk management

The entity's financial instruments consist mainly of deposits with banks, accounts receivable and payables. The entity does not have any derivative instruments at 30 June 2020.

The carrying amounts of each category of financial instruments, measured in accordance with AASB 139 as detailed in the account policies to these financial statement, are as follows:

Financial risk management policies

The organisation's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Finance Audit and Risk Management Committee on a regular basis. These include credit risk policies and future cash flow requirements.

	Notes	2020 ($)	2019 ($)
Financial assets			
Cash and cash equivalents	(4)	4,119,370	39,923,310
Receivables	(5)	830,422	328,212
Total		**4,949,792**	**40,251,522**
Financial liabilities			
Financial liabilities at amortised cost			
Trade and other payables	(9)	4,361,821	3,132,555
Total		**4,361,821**	**3,132,555**

Directors' declaration

In accordance with a resolution of the directors of Melbourne Primary Care Network Limited, the directors of the entity declare that:

1. The financial statements and notes, as set out on pages 18 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 of the performance for the year ended on that date of the entity.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

Dr Ines Rio (Chairperson)

Dated this 29th day of September 2020

A healthy community, a healthy system

Independent audit report

William Buck

Melbourne Primary Care Network Ltd

Independent auditor's report to members

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial report of Melbourne Primary Care Network Ltd (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the director's declaration.

In our opinion, the financial report of Melbourne Primary Care Network Ltd has been prepared in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

a) Giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
b) Complying with Australian Accounting Standards – Reduced Disclosure Regime and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

ACCOUNTANTS & ADVISORS
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williambuck.com

Independent audit report

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are require to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 Regime and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx

This description forms part of our independent auditor's report.

William Buck Audit (Vic) Pty Ltd
A.B.N. 59 116 151 136

A.P. MARKS
Director
Melbourne, 29th day of September, 2020