

# Annual Financial Report

For the year ended 30 June 2021

**phn**  
NORTH WESTERN  
MELBOURNE

An Australian Government Initiative





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

### North Western Melbourne Primary Health Network

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Telephone: (03) 9347 1188  
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Parkville, Victoria 3052

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Parkville, Victoria 3052

ABN 93 153 323 436

### Cover image

Naomi Carter from the Victorian Alcohol and Drug Association talked to NWMPHN about how the sector is shifting to digital engagement due to COVID.

Photo: Leigh Henningham

### Disclaimer

While the Australian Government Department of Health has contributed to the funding of this material, the information contained in it does not necessarily reflect the views of the Australian Government and is not advice that is provided, or information that is endorsed, by the Australian Government. The Australian Government is not responsible in negligence or otherwise for any injury, loss or damage however arising from the use of or reliance on the information provided herein.

### Acknowledgements

Melbourne Primary Care Network and North Western Melbourne Primary Health Network acknowledges the peoples of the Kulin nation as the Traditional Custodians 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.



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*Kathleen Wunhym at home in Brookfield.  
Kathleen receives Merri Health Stepped Care  
for Older Adults service. She sees Rebecca  
Avery for grief counselling.  
Photo: Leigh Henningham*



# General information

The financial statements cover Melbourne Primary Care Network Ltd (trading as North Western Melbourne Primary Health Network) ABN: 93 153 323 436. The financial statements are presented in Australian dollars, which is Melbourne Primary Care Network Ltd's functional and presentation currency.

Melbourne Primary Care Network Ltd (The company) is a company limited by guarantee, incorporated and domiciled in Australia. Its key operation details are as follow:

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## Directors

Dr Ines Rio (Chairperson)
Ms Nancy Hogan (Deputy Chairperson)
Mr Robert Gerrand
Dr Catherine Hutton
Mr Paul Montgomery
Dr Kathy Alexander
Mr Damian Ferrie
Ms Genevieve Overell AM

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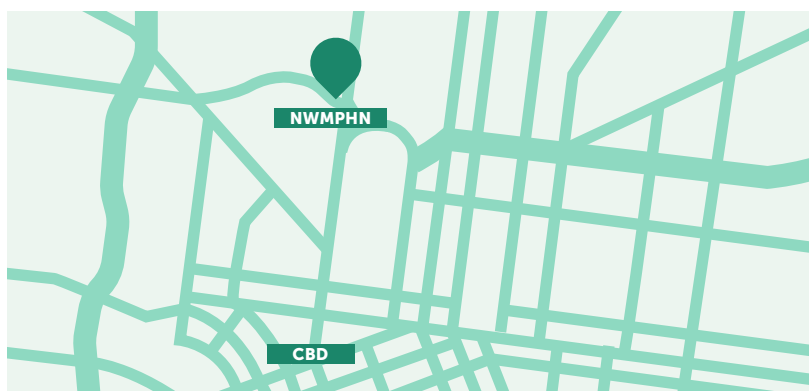
## Company secretary

Mr Christopher Carter (CEO)
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## Registered office and principal place of business

Level 1, 369 Royal Parade Parkville, VIC, 3052
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## Banker

National Australia Bank Limited Level 30, 500 Bourke Street Melbourne, VIC, 3000
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## Auditor

William Buck Audit (VIC) Pty Ltd Level 20, 181 William Street Melbourne, VIC, 3000
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A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2021. The directors have the power to amend and reissue the financial statements.





Good Samaritan Catholic Primary School in Roxburgh Park runs the ASPIRE program. The program for playgroups is supported by bicultural workers. Image courtesy of Good Samaritan Catholic Primary School



# Directors' report


Your directors present this report, together with the financial statements, on the company for the year ended 30 June 2021.

## Directors' appointment dates and meetings attended:

Names	Date Appointed	Date of Cessation	A	B
Ines Rio (Chairperson)	20 Sep 2011	–	10	11
Nancy Hogan	20 Sep 2011	–	11	11
Robert Gerrand	01 Jul 2012	–	10	11
Catherine Hutton	20 Nov 2012	–	11	11
Paul Montgomery	01 Jul 2012	–	11	11
Kathy Alexander	31 Jul 2018	–	10	11
Damian Ferrie	31 Jul 2018	–	11	11
Genevieve Overell AM	31 Jul 2018	30 Nov 2020	5	5
Genevieve Overell AM	Reappointed on 29 June 2021	–	1	1

**A** – Number of meetings attended

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



Kora told her story of a supporting family for the #SpeakingUpSpeaksVolumes suicide prevention campaign. Photo: The Shannon Company

# 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

Ines Rio is 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 Australia** Notifications Committee Member
- **Victorian AMA** Member GP section
- **Federal AMA** Council of General Practice member and on Executive Council
- **Department of Health** Member, Culturally and Linguistically Diverse Communities COVID-19 Health Advisory Group and Vaccine Strategy Group
- **Victorian COVID-19 cancer taskforce** Member



### Ms Nancy Hogan

*MBA, GDip Rehab Studies,  
BA (Magna cum Laude), MAICD, FACHSM,  
Centenary Medal 2002, Harvard Fellow 2002*

#### Responsibilities

Deputy Chairperson  
Community Council Chair

#### Experience

Nancy Hogan has been the CEO in public, private and not-for-profit hospitals and aged and community care organisations. Board positions have included chairs of Peninsula Health, Aged and Community Care Australia, Victorian Aged and Healthcare Association, Melbourne GP Network and Catholic Healthcare Victoria.

Other board positions include Hazelwood 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.

A Fellow, President of the Victorian Branch and Federal Councillor of the ACHSM, she also was a member AICD for 25 years. In 2016/17, she was a member of the Victoria Police Mental Health Review Team. Nancy was awarded a Centenary Medal and a Harvard Fellowship in 2002.

#### 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

Director  
Finance, Audit and Systems Committee Chair

### Experience

Rob Gerrand is also a director of SANE Australia and the Dax Centre, and has served as chair of Parks Victoria and of Healthy Parks Healthy People Global. Former directorships include Alfred Health, the Mental Health Research Institute, the Financial Planning Association of Australia, the Florey Institute of Neuroscience and Mental Health, and the Koorie Heritage Trust.

He is a former general manager of group public affairs at ANZ and a director of the marketing and communications agency Turnbull Fox Phillips. He is a published author.

### 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

Director  
Commissioning, Quality and Performance Committee Chair

### Experience

Catherine Hutton has worked as a local GP for over 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 Quality Committee.

### Other current appointments/memberships

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

# Directors' report

## Directors' qualifications, experience and special responsibilities



**Mr Paul Montgomery**

LLB, BA, MAICD

### Responsibilities

Director

Commissioning, Quality and Performance Committee Member

### Experience

Paul Montgomery 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

- **Medisecure Ltd** Chair
- **CandleFox Pty Ltd** Chair
- **Australian Print Workshop** Director



**Dr Kathy Alexander**

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

### Responsibilities

Director

Finance, Audit and Systems Committee Member

### Experience

Kathy Alexander has served as board member and chair of public, private and not-for-profit organisations. She has chaired numerous governance and management reviews for government across health and local government in New South Wales, Victoria and South Australia.

Dr Alexander was CEO of the City of Melbourne, CEO of Melbourne's Royal Children's and Royal Women's Hospitals in Melbourne and CEO of several health services in South Australia. Recent board roles include Chair of Administrators of the City of Greater Geelong, Eastern Melbourne Primary Health Network and NSW Government Review of the Governance of the Sydney Children's Hospitals Network.

She has a strong reputation for stakeholder management, community engagement and effective public relations in complex and politically sensitive environments.

### Other current appointments/memberships

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

# Directors' report

## Directors' qualifications, experience and special responsibilities



### Mr Damian Ferrie

*B. Theol, GDip Conflict Resolution, MAppSc (Social Ecology), ANZSOG Executive Fellows Program, and graduate of several leadership programs at Judge Business School Cambridge*

#### Responsibilities

Director  
Commissioning, Quality and Performance  
Committee Member

#### Experience

Damian Ferrie has held executive leadership roles in the health, housing and community development within the public and not-for-profit sectors. His career has been focused on tackling social, economic and health equity.

For the past decade Mr Ferrie has led a highly regarded community health service in the Inner south of Melbourne. His work is focused on prevention and social justice. He has initiated many place-based interventions to build community capacity through partnerships with the community, business and the philanthropic sectors.

#### Other current appointments/memberships

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



### Ms Genevieve Overell AM

*BA, LLB, Dip Financial Management, FIPAA, FAICD*

#### Responsibilities

Director  
Finance, Audit and Systems Committee Member

#### Experience

Genevieve Overell is an independent non-executive director on several boards. Her career spans leading executive and non-executive roles in financial services, infrastructure projects, professional services, government, healthcare, health sector, not-for-profits and the arts.

An experienced chairperson, Ms Overell brings significant commercial, legal, governance and advocacy skills. She was a Victorian Government deputy secretary and KPMG Partner advising on Infrastructure projects. She is a Fellow of the Australian Institute of Company Directors and Institute of Public Administration of Australia. In the 2020 Queen's Birthday Honours, she was made a Member of the Order of Australia, in recognition of her service to the community.

#### Other current appointments/memberships

- **Australian Institute of Architects** Chair
- **Victorian Opera** Chair
- **State Revenue Office Victoria** Audit Committee Chair
- **Australian British Chamber of Commerce** Deputy National Chair
- **Cladding Safety Victoria** Non-Executive Director
- **German–Australian Chamber of Commerce and Industry** Non-Executive Director



# 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 Ltd's Strategic Objectives

- 1. Transform primary health care:** Support the delivery of high-quality, integrated and person-centred primary care services in the north western Melbourne region.
- 2. Evidence based commissioning:** Undertake strategic, evidence-based and targeted commissioning for priority populations that improves health outcomes, delivers high-quality, equitable and accessible care, that demonstrates value.
- 3. Activate community and partnerships:** Contribute to the development of an interconnected health care system in the north western Melbourne region through our community and stakeholder engagement, research activities and partnerships.
- 4. Organisational excellence and impact:** Strive for excellence in our organisational capability and culture to deliver impact.

The company achieves this by:

- Identifying and understanding the priority needs in our region.
- Supporting, developing, innovating, coordinating and measuring service responses to address priorities.
- Strengthening and supporting general practice and the system.
- Demonstrating a commitment to quality, safety, efficiency, genuine value and innovation in everything we do.
- Working closely with government (federal, state and local), general practice and other primary health care services providers, local hospital networks, non-government organisations, the private sector and patients, consumers and carers.

## 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 \$1,250.

## Review of operations

The total comprehensive income attributable to members of the entity amounted to \$582,945 (30 Jun 2020: \$299,036).

## Significant Changes in State of Affairs

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

## Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

# Directors' report

## Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001.

## Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor or any related entity.

## Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

## Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## 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 14 and forms part of the Directors' report for the year ended 30 June 2021.

*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, 28 September 2021

*Belinda Tomnic is a nurse and Clinical Council member – helping to guide NWMPHN’s work and ensure the success of our efforts to strengthen primary health care and connect services across the health care system.  
Photo: Leigh Henningham*





# Auditor's declaration of independence



**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 2021 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.

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink that reads 'C.L. Siddles'.

**C.L. Siddles**  
Director  
Dated this 28<sup>th</sup> day of September, 2021

**ACCOUNTANTS & ADVISORS**  
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Melbourne VIC 3000  
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[williambuck.com](http://williambuck.com)

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(WB015\_2007)



# Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

	Notes	2021 (\$)	2020 (\$)
<b>Revenue From Operating Activities</b>			
Grants	(3a)	57,741,276	58,329,472
Provision of Services	(3a)	268,879	601,575
Investment Income	(3a)	148,936	46,502
Other Income	(3b)	173,812	190,442
<b>Total Operating Revenue</b>		<b>58,332,903</b>	<b>59,167,991</b>
<b>Expenses From Operating Activities</b>			
Program Expenses	(3c)	54,928,162	55,987,939
Depreciation	(3c)	735,103	625,481
Impairment of Goodwill	(3c)	5,000	5,000
Accountability and Administration Expense		1,950,612	1,836,129
Other Expense		330,792	296,117
Finance Costs	(3c)	86,277	107,405
<b>Total Operating Expenses</b>		<b>58,035,946</b>	<b>58,858,071</b>
<b>Surplus Before Non-operating Items</b>		<b>296,957</b>	<b>309,920</b>
<b>Non-Operating Activities</b>			
Net Gain/(Loss) On Sale Of Fixed Assets		–	384
<b>Surplus From Non-operating Activities</b>		<b>–</b>	<b>384</b>
Surplus Before Income Tax		296,957	310,304
Income Tax Expense	(1c)	–	–
<b>Surplus After Income Tax</b>		<b>296,957</b>	<b>310,304</b>
Net Other Comprehensive Income for the Year, Net of Tax	(14)	285,988	(11,268)
<b>Total Comprehensive Income Attributable to Members of the Entity</b>		<b>582,945</b>	<b>299,036</b>

The attached notes form part of these financial statements.

# Statement of financial position

As at 30 June 2021

Assets	Notes	2021 (\$)	2020 (\$)
<b>Current Assets</b>			
Cash and Cash Equivalents	(4)	3,345,033	4,119,370
Trade and Other Receivables	(5)	1,186,999	830,422
Investments – Term Deposit	(6)	39,053,197	26,257,999
Investments at Fair Value	(6)	5,215,778	4,452,439
Other Assets	(7)	128,131	124,231
<b>Total Current Assets</b>		<b>48,929,138</b>	<b>35,784,461</b>
<b>Non-Current Assets</b>			
Property, Plant & Equipment	(8)	321,437	482,979
Right-of-Use Assets	(8)	1,262,009	1,720,921
Other Assets	(7)	281,646	281,646
<b>Total Non Current Assets</b>		<b>1,865,092</b>	<b>2,485,546</b>
<b>Total Assets</b>		<b>50,794,230</b>	<b>38,270,007</b>

The attached notes form part of these financial statements.



Community members supported by the psychosocial support program at cohealth. Image courtesy of cohealth



# Statement of financial position

As at 30 June 2021

Liabilities	Notes	2021 (\$)	2020 (\$)
<b>Current Liabilities</b>			
Trade and Other Payables	(9)	7,992,085	6,817,241
Other Liabilities	(10)	32,313,930	21,292,949
Provisions	(11)	2,623,302	2,576,019
Employee Benefits	(12)	967,226	913,695
Lease Liability	(13)	462,084	418,499
<b>Total Current Liabilities</b>		<b>44,358,627</b>	<b>32,018,403</b>
<b>Non-Current Liabilities</b>			
Lease Liability	(13)	921,295	1,383,379
Employee Benefits	(12)	171,492	108,354
<b>Total Non-Current Liabilities</b>		<b>1,092,787</b>	<b>1,491,733</b>
<b>Total Liabilities</b>		<b>45,451,414</b>	<b>33,510,136</b>
<b>Net Assets</b>		<b>5,342,816</b>	<b>4,759,871</b>
<b>Equity</b>			
Reserves	(14)	274,720	(11,268)
Retained Earnings		4,771,139	4,460,835
Current Year Surplus/(Deficit)		296,957	310,304
<b>Total Equity</b>		<b>5,342,816</b>	<b>4,759,871</b>

The attached notes form part of these financial statements.


# Statement of changes in equity

For the year ended 30 June 2021

	Notes	Retained Earnings (\$)	Financial Asset Reserve (\$)	Total (\$)
Opening Balance as at 01/07/2020		4,771,139	(11,268)	4,759,871
<b>Total Comprehensive Income for the Year</b>				
Surplus attributable to members		296,957	–	296,957
Total other comprehensive income			285,988	285,988
<b>Total Comprehensive Income for the Year Attributable to Members of the Entity</b>		<b>296,957</b>	<b>285,988</b>	<b>582,945</b>
<b>Closing Balance as at 30/06/2021</b>		<b>5,068,096</b>	<b>274,720</b>	<b>5,342,816</b>

Opening Balance as at 01/07/2019		4,460,835	–	4,460,835
<b>Total Comprehensive Income for the Year</b>				
Surplus attributable to members		310,304	–	310,304
Total other comprehensive income			(11,268)	(11,268)
<b>Total Comprehensive Income for the Year Attributable to Members of the Entity</b>		<b>310,304</b>	<b>(11,268)</b>	<b>299,036</b>
<b>Closing Balance as at 30/06/2020</b>		<b>4,771,139</b>	<b>(11,268)</b>	<b>4,759,871</b>

The attached notes form part of these financial statements.



Strengthening care for children program: Dr Victoria McKay (paediatrician in front) at the Gap Road Medical Centre with the medical team. Photo: Leigh Henningham

# Statement of cash flows

For the year ended 30 June 2021

	Notes	2021 (\$)	2020 (\$)
<b>Cash Flows From Operating Activities</b>			
Grants Revenue Receipts		75,319,335	61,482,274
Receipts from Other Operating Activities		239,621	265,556
Interest Receipts		269,756	799,811
Receipts from Financial Investments		148,936	46,502
Payments to Employees, Directors and Creditors		(62,941,288)	(67,106,868)
<b>Net Cash Provided by / (Used in) Operating Activities</b>		<b>13,036,360</b>	<b>(4,512,725)</b>
<b>Cash Flows From Investing Activities</b>			
Payments for Office Equipment, Furniture & Fittings		(119,649)	(192,736)
Proceeds from the Sale of Office Equipment, Furniture & Fittings		–	1,183
Payments for investments – term deposit		(12,795,198)	(26,257,999)
Payments for investments at fair value		(477,351)	(4,463,707)
<b>Net Cash Provided by / (Used in) Investing Activities</b>		<b>(13,392,198)</b>	<b>(30,913,259)</b>
<b>Cash Flows From Financing Activities</b>			
Lease payments		(418,499)	(377,956)
<b>Net Cash Provided by / (Used in) Financing Activities</b>		<b>(418,499)</b>	<b>(377,956)</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(774,337)</b>	<b>(35,803,940)</b>
Cash Held At The Beginning Of The Year		4,119,370	39,923,310
<b>Cash Held at the End of the Year</b>	<b>(4)</b>	<b>3,345,033</b>	<b>4,119,370</b>

The attached notes form part of these financial statements.

# Notes to the financial statements

For the year ended 30 June 2021

## 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 Limited (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 except the early adoption of Simplified Disclosures issued by the Australian Accounting Standards Board (AASB).

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:

#### *Conceptual Framework for Financial Reporting (Conceptual Framework)*

The company has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the company's financial statements.

#### *AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

The company has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties and financial instruments.

### **a. Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Simplified Disclosures 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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### **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.



# Notes to the financial statements

## For the year ended 30 June 2021

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.

### b. Revenue recognition

The company recognises revenue as follows:

#### Grants

##### *Department of Health funding*

The majority of the company's programs are funded by the Commonwealth Department of Health (DoH) for specific primary health services and activities and these funding agreements are for defined periods that DoH review periodically. DoH also set the funding for each of the 31 PHNs across Australia based on applicable pricing at the time.

The methodology adopted by the company in revenue recognition is as follows:

- Contract identification with a customer or service provider.
- Verification of deliverables and performance obligations have been fulfilled.
- Set transaction and deliverable pricing.
- Allocation of the pricing above to the fulfilment of deliverable and the performance of the obligation.
- Recognition of revenue upon an obligation performed satisfactorily according to the contract.

Revenue is recognised either at a point in time or over time as the company satisfies performance obligations by transferring the contracted goods or services to its customers/ service providers. The company employs an input-based method (e.g. as costs incurred) in order to measure progress towards performance obligations over time.

The company's annual Activity Work Plans approved by DoH set out the performance obligations each year and specific approvals will be required from DoH for any significant variations to the approved plan. The role of the company is to commission primary health services, rather than provide health services.

The company usually receives Commonwealth funding in advance of delivering the Activity Work Plans, and the gap period between the company receiving the funding and the company delivering the activities is expected to be less than twelve months. The company recognises liabilities, 'Unexpended Grants' in the statement of financial position, for consideration received in respect of unsatisfied performance obligations.

Unused and uncommitted funds may be recouped by DoH. These funds are recognised as 'Unexpended Grants' until such time as the company receives a written notice requiring the return of funds, at which time they are recognised within trade and other payables.

##### *Other government program funding*

Other funding consists of other miscellaneous program funding. Apart from certain capital grants, program funding is accounted for under AASB15 where the funding arises from an agreement which is enforceable and contains sufficient specific performance obligations.

# Notes to the financial statements

## For the year ended 30 June 2021

Revenue is then recognised when each performance obligation is fulfilled satisfactorily. The performance obligations and payment terms are specific to program and funder. Receipt of cash could be in advance of service delivery for some grants and on other occasion, cash could be on the achievement of certain payment milestones under other agreements.

Each performed obligation is considered so that the recognition of revenue reflects the transfer of control. Within funding agreements, there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, the company generally use the input methods, being either costs or time incurred, to be the most appropriate proxy for the transfer of benefits.

Other grants, including certain capital grants, are generally accounted for under AASB 1058.

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
- the intention is to principally enable the entity to further its objectives.

### 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. Income tax

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

# Notes to the financial statements

For the year ended 30 June 2021

## d. 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.

## e. 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within short-term borrowings in current liabilities on the statement of financial position.

## f. Trade and other receivables

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

## g. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

# Notes to the financial statements

For the year ended 30 June 2021

## Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

## Impairment of financial assets

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

The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

## h. Property, Plant and Equipment

**Plant and equipment** is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**Depreciation** is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives.

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 residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

**Leasehold improvements** are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.



# Notes to the financial statements

For the year ended 30 June 2021

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## i. 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.

## j. Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## k. 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.

# Notes to the financial statements

For the year ended 30 June 2021

## **l. Lease liabilities**

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, 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.

## **m. Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

## **n. Provisions**

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## **o. Employee benefits**

### **Short-term employee benefits**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are 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.

# Notes to the financial statements

For the year ended 30 June 2021

## **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.

## **p. Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

## **q. 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 tax authority, are presented as operating cash flows.

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 2021

## r. Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

## s. 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.

## t. Restatement of Comparatives

The comparative balances for the year ended 30 June 2020 have been restated following a review which determined that the prepaid contract expenses and contract liabilities did not meet the criteria for recognition.

Each of the affected line items within the statement of financial position for the prior period have been restated. This results in the prepaid contract expenses and the contract liabilities being decreased by \$46,133,337. The restatement had no impact on the reported surplus for the years ended 30 June 2020 and 30 June 2019 and therefore there was no adjustment required to the opening retained earnings balance at 1 July 2019.

## 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 activities, commissioning services offered, customers, supply chain, staffing and geographic regions in which the company operates in supporting primary health. 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. Despite the fluid nature of the pandemic and the uncertainty in the Australian and global economies, directors have confidence that the company will still be able to support primary health care in the region continuously including targeted Coronavirus (COVID-19) support to the stakeholders of the region.

# Notes to the financial statements

For the year ended 30 June 2021

## 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.

## Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

## 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	2021 (\$)	2020 (\$)
Grants		57,741,276	58,329,472
Interest income		268,879	601,575
Realised gain on investments		148,936	46,502
<b>Total Revenue</b>		<b>58,159,091</b>	<b>58,977,549</b>

### b. Other Income

	Notes	2021 (\$)	2020 (\$)
Sponsorships/advertising/misc income		173,812	190,442
<b>Total Other Income</b>		<b>173,812</b>	<b>190,442</b>
<b>Total Revenue and Other Income</b>		<b>58,332,903</b>	<b>59,167,991</b>



# Notes to the financial statements

For the year ended 30 June 2021

## c. Expenses

	Notes	2021 (\$)	2020 (\$)
<b>Program Expenditure</b>			
Funds to programs		8,345,209	8,518,947
Funds to other implementing agencies		44,111,918	44,770,761
Program support costs		2,471,035	2,698,231
<b>Total program expenditure</b>		<b>54,928,162</b>	<b>55,987,939</b>
Depreciation – plant and equipment		735,103	625,481
Impairment of goodwill		5,000	5,000
<b>Total</b>		<b>740,103</b>	<b>630,481</b>
<b>Finance costs</b>			
Interest and finance charges paid/payable on lease liabilities		86,277	107,405
<b>Total finance costs expensed</b>		<b>86,277</b>	<b>107,405</b>
<b>Auditor remuneration</b>			
– incurred for audit services		43,500	44,000
<b>Total audit remuneration</b>		<b>43,500</b>	<b>44,000</b>

## 4. Cash and cash equivalents

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Cash on hand		300	262
Cash at bank		3,344,733	4,119,108
<b>Total cash and cash equivalents</b>	(19)	<b>3,345,033</b>	<b>4,119,370</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 5. Trade and other receivables

	Notes	2021 (\$)	2020 (\$)
Trade receivables		521,218	587,235
Sundry debtors		368,915	–
GST receivable		296,866	243,187
<b>Total receivables</b>	(19)	<b>1,186,999</b>	<b>830,422</b>

## 6. Financial assets

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Investments – Term deposit		39,053,197	26,257,999
Investments – Financial assets at fair value		5,215,778	4,452,439
<b>Total assets at fair value</b>		<b>44,268,975</b>	<b>30,710,438</b>

## 7. Other assets

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Prepaid expenses		127,880	123,103
Accrued income		251	1,128
<b>Total current</b>		<b>128,131</b>	<b>124,231</b>
<b>Non-Current</b>			
Security deposit – Level 1 & part Level 5 / 369 Royal Parade		281,646	281,646
<b>Total non-current</b>		<b>281,646</b>	<b>281,646</b>

# Notes to the financial statements

For the year ended 30 June 2021

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

	Notes	2021 (\$)	2020 (\$)
Plant and Equipment – at cost		990,901	871,253
Less accumulated depreciation		(851,448)	(610,786)
<b>Total</b>		<b>139,453</b>	<b>260,467</b>
Right-of-Use Assets		2,179,834	2,179,834
Less accumulated depreciation		(917,825)	(458,913)
<b>Total</b>		<b>1,262,009</b>	<b>1,720,921</b>
Leasehold Improvements – at cost		624,387	624,387
Less accumulated depreciation		(447,403)	(411,875)
<b>Total</b>		<b>176,984</b>	<b>212,512</b>
Intangible Assets – Goodwill		15,000	15,000
Less accumulated impairment		(10,000)	(5,000)
<b>Total</b>		<b>5,000</b>	<b>10,000</b>
<b>Total written down value</b>		<b>1,583,446</b>	<b>2,203,900</b>

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	260,467	1,720,921	212,512	10,000	2,203,900
Additions	119,649	–	–	–	119,649
Disposals	–	–	–	–	–
Depreciation and impairment charge for the year	(240,663)	(458,912)	(35,528)	(5,000)	(740,103)
<b>Written down value at end of year</b>	<b>139,453</b>	<b>1,262,009</b>	<b>176,984</b>	<b>5,000</b>	<b>1,583,446</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 9. Trade and other payables

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Trade and sundry creditors		3,743,533	3,532,738
Accrued expenses		4,248,552	3,284,503
<b>Total payables</b>	(19)	<b>7,992,085</b>	<b>6,817,241</b>

## 10. Other liabilities

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Unexpended grants		32,313,930	21,292,949

## 11. Provisions

	Outstanding psychologist sessions (\$)	Contracts Payable (\$)	Total (\$)
Opening Balance as at 1 July 2020	2,576,019	–	2,576,019
Additional provisions raised during year	2,623,302	33,597,509	36,220,811
Amount used	(2,576,019)	(33,597,509)	(36,173,528)
Balance as at 30 June 2021	2,623,302	–	2,623,302

Analysis of total provisions	Notes	2021 (\$)	2020 (\$)
<b>Current provision</b>			
Outstanding psychologist and mental health nurse sessions		2,623,302	2,576,019
<b>Total current provisions</b>		<b>2,623,302</b>	<b>2,576,019</b>

# Notes to the financial statements

For the year ended 30 June 2021

## 12. Employee benefits

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Provision for Annual Leave		705,113	630,229
Provision for Long Service Leave		262,113	283,466
<b>Total current employee benefits</b>		<b>967,226</b>	<b>913,695</b>
<b>Non-current</b>			
Provision for Long Service Leave		171,492	108,354
<b>Total – non-current employee benefits</b>		<b>171,492</b>	<b>108,354</b>
<b>Total employee benefits</b>		<b>1,138,718</b>	<b>1,022,049</b>

## 13. Lease liability

	Notes	2021 (\$)	2020 (\$)
<b>Current</b>			
Current lease liability		462,084	418,499
<b>Non-current</b>			
Non-current lease liability		921,295	1,383,379
<b>Total lease liability</b>		<b>1,383,379</b>	<b>1,801,878</b>

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.



# Notes to the financial statements

For the year ended 30 June 2021

## 14. Reserves

	Notes	2021 (\$)	2020 (\$)
<b>Financial asset revaluation reserve</b>			
Balance at beginning of the financial year		(11,268)	–
Investment revaluations – at fair value	(1g)	285,988	(11,268)
<b>Total reserves</b>		<b>274,720</b>	<b>(11,268)</b>

This reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

## 15. Events after the reporting period

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 2021 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.

## 16. 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:

	Notes	2021 (\$)	2020 (\$)
Key management personnel compensation		1,438,031	1,375,011

## 17. 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, 2021.

# Notes to the financial statements

For the year ended 30 June 2021

## 18. 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.

## 19. 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 2021.

The carrying amounts of each category of financial instruments, measured in accordance with AASB9 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 Systems Committee on a regular basis. These include credit risk policies and future cash flow requirements.

	Notes	2021 (\$)	2020 (\$)
<b>Financial assets</b>			
Cash and cash equivalents	(4)	3,345,033	4,119,370
Receivables	(5)	1,186,999	830,422
<b>Total</b>		<b>4,532,032</b>	<b>4,949,792</b>
<b>Financial liabilities</b>			
Financial liabilities at amortised cost			
– Trade and other payables	(9)	7,992,085	6,817,241
<b>Total</b>		<b>7,992,085</b>	<b>6,817,241</b>

# Directors' declaration

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

1. The financial statements and notes, as set out on pages 15–36 are in accordance with the Australian Charities and Not-for-profit Commission Act 2012 and:
  - a. comply with Australian Accounting Standards – Simplified Disclosures; and
  - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the company.
2. 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.

On behalf of the directors



**Dr Ines Rio (Chairperson)**

Dated this 28th day of September 2021



***A healthy  
community,  
a healthy  
system***

# Independent audit report



## Melbourne Primary Care Network Ltd

### Independent auditor's report to members

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Melbourne Primary Care Network Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Company, is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

### 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (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 2021, but does not include the financial report and the 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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(WB019\_2007)



# 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 conclude that there is a material misstatement of this other information, we are required 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 -Simplified Disclosures and the *Corporations Act 2001* 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 ability of the Company 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.

#### **Auditor's Responsibilities 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. 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/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

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

A handwritten signature in blue ink that reads "William Buck".

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

A handwritten signature in blue ink that reads "C.L. Siddles".

**C.L. SIDDLES**  
Director  
Melbourne, 28<sup>th</sup> day of September 2021

