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Annual Report







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From the Chair & Acting Chief Executive Officer

When Charles Dickens wrote: “It was the best of times, it was the worst of times” it was unlikely he had the 2019/20 year in mind, but on reflection it aptly summarises a period where Australians had their resolve put to the test by drought, devastating bushfires, economic uncertainty, international turmoil and a global pandemic.

We have all seen people united in song in support of care workers, neighbourhood balcony workouts by rooftop fitness trainers, and perfect strangers checking in on older residents nearby.

There can be no doubt that COVID-19 has showcased our ability to rally together in times of greatest need – and rallying together when it was needed most is exactly what the Minda community did.

By the time the World Health Organisation declared a global pandemic in March 2020, we had already activated our pandemic response plan to minimise the risk of infection and best protect the people we support. As South Australia saw increased infection rates in the local community, we looked to protect our residents in the knowledge that many have medical conditions that put them most at risk. We delivered home-based activities to keep people active and engaged, and redeployed staff to help make that happen.

We made the difficult decision to temporarily suspend some services, closed a number of public-use facilities such as our pool and INC Café at Brighton and suspended some supported employment activities.

A great deal of behind the scenes effort went into supporting staff. Enhanced hygiene and cleaning practices were introduced along with visitor registration, hand sanitiser stations installed in high traffic areas and daily temperature checking conducted. We also cancelled or postponed a

number of planned events and non-essential interstate and international travel by staff.

We proactively contacted the Department of Health and the NDIS Quality and Safeguards Commission to better understand their planned response should we experience a COVID-19 outbreak. We continue to remain vigilant and be guided by health authorities.

We established strong communication links with family members through a weekly bulletin and established hotlines for staff and families to call with queries. We also introduced a twice-weekly staff bulletin and developed a series of podcasts for the Minda community.

Of course, the year saw a number of highlights as well.

We were particularly excited to launch our new values – heart, opportunity, respect, community and empathy. As a values-based organisation they underpin our decision-making, keep us on the right path and unite us as a family.

These values drive how we work, demonstrate who we are to the community and identify what can be expected from us as an organisation, in our teams and as individuals. It has been rewarding to see people embrace these values and work together to achieve the best outcomes in the lives of our clients and for Minda.

We welcomed the formation of the Clinical Governance Committee, which now supports the Board in oversight of clinical and service



governance across our organisation and provides advice to management on contemporary best practice and training. Their efforts mean we are well underway in the delivery of a Quality, Safety and Wellbeing framework which delivers great outcomes for our clients.

The year also saw success in supported employment, with Commercial Enterprises opening a new site at Ottoway, in addition to our existing Reynella site. Our Ottoway facility provides meaningful employment for people with disability, including diverting e-waste from landfill with Electronic Recycling Australia.

We ended 2019 on a high with our popular Minda BankSA Christmas Carols and Markets at Brighton in December, with about 3,000 people getting into the festive spirit and enjoying the carnival atmosphere. Special mention goes to the many volunteers who gave up their time to support gift wrapping booths throughout the month at major shopping centres and other locations to raise an impressive \$12,800 to support people with disability.

We unveiled our Strategic Plan 2020-2023 to ensure our organisation can continue to grow, thrive and keep pace in response to the unprecedented transformation of the disability sector because of the NDIS. The strategic plan will help realise our vision to be the world leader in cognitive disability care, services and housing. It is a roadmap that ensures focus on eight key areas so South Australians with disability can live their best life.

It was also pleasing to see formation of the Minda Consultative Committee, with a strong response from family members wanting to share their invaluable insight to enhance our Voice of Customer framework. Their support will help to understand key areas of need, which will allow us to develop and provide services that deliver on those needs with family expectations firmly front of mind.

While it has certainly been a year of challenge it has also been a year of great achievement. We have successfully adapted with the global pandemic to best protect our clients, worked to strengthen our governance and leadership capability and provided enhanced opportunity for families to influence and refine our service delivery focus. Ultimately, these collective efforts will help to make Minda better on so many levels.

On behalf of the Minda Board and Executive team, thank you for your support, trust and ongoing commitment.

JOANNE DENLEY
Minda President

KYM SHREEVE
Acting Chief
Executive Officer

The Board & Executives

Board of Directors



Joanne Denley
Chair



Judy Curran



Kylie Gallasch



Andrew Heard



Peter Krieg



Terry McGuirk



Darryl Gobbett



Michael Good



Richard Mellows



Michael Ward

We would also like to acknowledge Noelene Wadham, Fiona McDonald and Jerry Adams for their service as Board Directors during the financial year.

Thank you to Minda Housing Inc Board Directors: Joanne Denley (Chair), Richard Mellows, Jamie Dreckow, Michael Ward, Rosemary Clancy, Terry McGuirk and Darrin Wright.

Thank you to SA Group Enterprises Board Directors: Darryl Gobbett (Chair), Joanne Denley, Andrew Ford, Kylie Gallasch and Andrew Heard. Also to Steven Yeo and Mark McAllister for their service until February 2020.

Executive Team



Kym Shreeve

*Acting Chief Executive
Officer and Executive
Manager Quality,
People and Safety*



Jocelyn Graham

*Executive Manager
Client Services*



Nick Stevens

*Chief Financial
Officer*



Marcus Gehrig

*Executive Manager
Business & Client
Development*



Michelle Gheorghiu

*Executive Manager
Infrastructure*



Andrew Wallace

*Executive Manager
Commercial
Enterprises*

We would also like to acknowledge Dr Clare Allen for her service as Chief Executive Officer during the 2019-20 financial year.

Minda 2020 at a Glance



3500

people **supported**
by Minda



2000

staff members
(approximately)



360

supported
employees



220

people accessing
Mentoring services



411

people in
accommodation
at Minda



26,507

visits to the
Minda **Aquatic**
Centre



260

people attending
MyPATH day
programs



257

volunteers
contributing



18,950

training **modules**
completed by
Minda staff at SALC

+ 434

external
enrolments
& **218 parchments**
issued to external
graduates at SALC



39

students completed
VETiS training
at SALC



5488

hours
equating to...



105

tonnes per week
achieved by Laundry
& Linen Services



3.25

million kilograms
of e-waste
processed by ERA



\$383,000

direct economic
benefit provided by
Blend Creative



\$235,397

in paid
equivalent

COVID-19 Response

While we were all in uncharted waters due to Coronavirus (COVID-19), the Minda community pulled together as we put in place our Coronavirus Response Plan.

Our support staff went above and beyond to achieve the best outcomes for clients during the COVID-19 restrictions.

Team Leader Jen Warncken did everything she could to keep clients smiling during this unprecedented time. She was one of many staff who worked in a different area, moving from day options to accommodation, and enjoyed engaging clients from Brighton in fun and meaningful ways.

In the community, Support Leader Kahlim Conroy was on constant lookout for ways to ease the isolation factors for clients. He took clients to unused soccer fields to enjoy kicking the ball around, while also tapping into Netflix for clients who normally loved going to the movies.



All staff completed infection control and hand hygiene training



Temperature checking and health declarations were implemented for all staff and visitors



Our day options program moved to home-based and community settings



The Minda Brighton site was closed to the public



Regular updates were emailed to family members and a hotline established



Easy-read COVID-19 information prepared for clients to help keep them safe



Alert and information posters displayed across the business

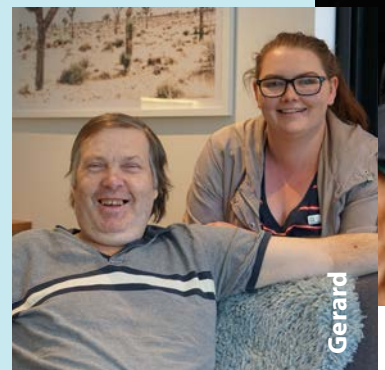


A staged return to normal operations made in line with SA Health advice.





Supported Independent Living



Sports fan Gerard loves living in his one bedroom apartment at Minda Brighton.

Gerard says the three things he enjoys most about Supported Independent Living are having independence, receiving good support from staff, and being able to follow his likes and interests – which includes watching the cricket and AFL.

A proud Aboriginal and Torres Strait Islander, Maria's apartment at Minda Brighton has a balcony with a view along the coastline to Glenelg.

The balcony is where she looks after her pot plants – a mix of flowers and succulents. Her apartment is decorated with artwork she created herself, as well as prints that show stories from the Dreamtime.

Minda

ASSIST Therapy



Minda ASSIST Therapy is one of SA's leading multidisciplinary teams of allied health professionals supporting people with disability of all ages to maximise skills and enhance quality of life, personal development, health and wellbeing.

Minda ASSIST Therapy offers a holistic, whole of life approach, with the team of professionals providing services that include occupational therapy, developmental education, physiotherapy, speech pathology, exercise physiology, dietetics and psychology.

Physiotherapist Chloe Boundy started working at Minda ASSIST Therapy in January 2020 and enjoys learning something new every day.

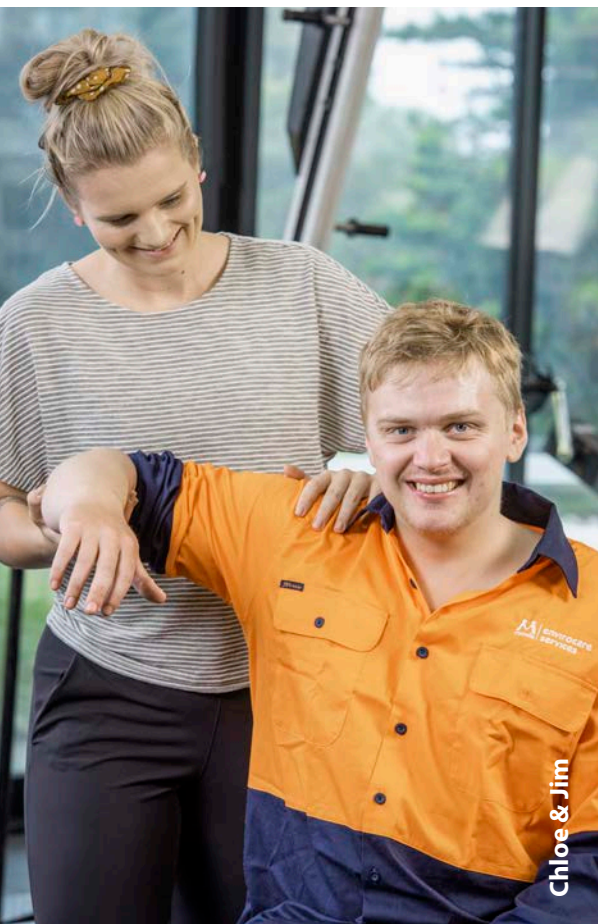
"I didn't want to do something where I ended up treating routine sports injuries all day. The work at Minda is challenging, as you need to be able to adapt all the time, and very rewarding when you are able to achieve client goals," Chloe says.

As an exercise physiologist, Melissa Czabania's work is about looking at both medical history and client goals to create an individualised program.



It's about finding the best ways to meet a client's lifestyle goals by managing the underlying factors involved with their disability.

Melissa Czabania





Jackson & Rodney:
foam recycling



ERA at Ottoway

Electronic Recycling Australia

Electronic Recycling Australia (ERA) recorded its biggest year in 2019-20, processing 3.25 million kilograms of e-waste and moving to a huge new site at Ottoway.



It's been a great effort from everyone involved, from members of the public to local councils, downstream customers, and most of all, our fantastic team.

Paul Marshall, ERA Operations Manager

ERA provides meaningful, ongoing employment for 50 people with disability, who focus on dismantling and sorting old electronic equipment including computers, phones and televisions that would otherwise go to landfill. Polystyrene foam recycling was also introduced this year.

Envirocare's Certificate II Graduates

Envirocare team members Luke, Michael, Ian, Caleb, James, Timon and Jim, all celebrated graduating from their Certificate II in Horticulture, which they completed through the South Australian Learning Centre (SALC). To graduate, the team had to prepare and maintain plant displays, undertake propagation activities and care for nursery plants.



**Caleb, Michael, Timon, Ian, Nakita,
Jim, James, Luke & Alan**

Reconciliation

Action Plan Launch

Our Reconciliation Action Plan (RAP) was officially launched, signifying Minda's commitment to promoting diversity and greater inclusion of the Aboriginal and Torres Strait Islander community across all areas of the organisation.

The launch included a traditional Kurna welcome and smoking ceremony performed by Kurna representatives Allan Sumner and Corey Turner, and was attended by artist Lorelle Hunter who painted Minda's RAP artwork.



Minda Coast Park

The \$5.3 million Minda Coast Park was opened by City of Holdfast Bay Mayor Amanda Wilson, along with SA Government MPs Corey Wingard and Stephen Patterson. Minda worked with the City of Holdfast Bay to establish an easement for the pathway on Minda's land title, which enabled Council to construct the pathway for public access.

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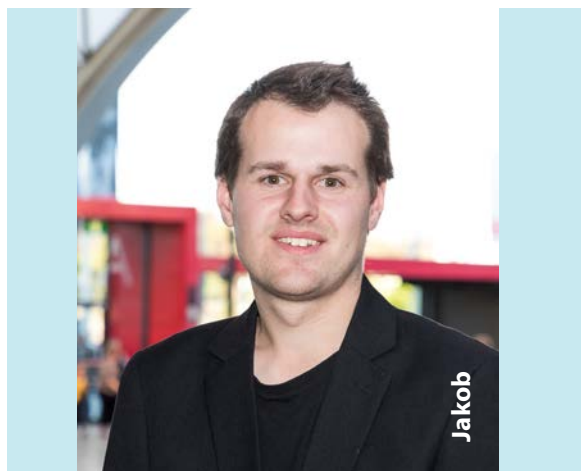
I like seeing the joy
on people's faces

Ron

Bagpipes Bring Joy

Our volunteers play a valuable role in enriching the lives of people with disability. Volunteer bagpipers Ron and Carolyn visit Minda Brighton once a month to play for clients and staff. Ron has been playing the bagpipes for 50 years and his instrument is an incredible 130 years old.

"I like seeing the joy on people's faces," says Ron, of his monthly visits, where he is always warmly welcomed by his number one fan, Warwick.



Stars of Minda

Jakob Crossfield from TRAK Furniture won the top award at Stars of Minda, the AccessPay Star (Unsung Hero) Award which recognises a supported employee who has worked quietly behind the scenes and demonstrated endless dedication.

Jakob leads a team of colleagues to produce bed frames for two major manufacturers in South Australia.

Our Values

We launched our new values – Heart, Opportunity, Respect, Community and Empathy – which were developed through staff consultation and feedback.



We work with heart



To create opportunity



Operating with respect



To build a community



Inspired by empathy

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINDA INCORPORATED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Minda Incorporated (the Registered Incorporation) and its subsidiaries (the Group), which comprises the consolidated balance sheet as at 30 June 2020, the consolidated statement of surplus or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the responsible entities' declaration.

In our opinion the accompanying financial report of Minda Incorporated, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*.

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 Group in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* 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 obtained at the date of this auditor's report is information included in the registered incorporation'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.

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 on the other information obtained prior to the date of this auditor's report, 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 - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 group 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 Group 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 the financial report at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.



BDO Audit (SA) Pty Ltd



G K Edwards
Director

Adelaide, 24 September 2020

Financial Overview

Minda continues to be a significant player in the disability sector, with the ability to grow and deliver quality service while navigating through the largest unprecedented change to the industry as we continue our strong progress and transition into the National Disability Insurance Scheme (NDIS).

An operating surplus of \$1.2 million was achieved and while it appeared behind last year's surplus of \$8.7 million, the prior year included a net \$8.7 million revaluation to Brighton Dunes Retirement Village.

It is imperative that Minda continues to generate operating surpluses that facilitate the delivery of improved outcomes for the people we support. In the past 12 months, we have made significant investments into new systems to enable more efficient operation and delivery of our services. We also completed builds of two new state-of-the-art disability houses in the community.

Our continued investment in the organisation's transition to the NDIS is imperative and we have built a very strong cash position.

A significant component of the revenue growth achieved relates to the following:

- o Department of Child Protection contracts, which provide supported independent living to children across multiple sites as well as emergency services; and
- o Increased complex high care clients; and
- o Extra funding received for clients in our facility for ageing in place to further support the care plans of these clients.

Minda is well placed for the future. A key financial measure of this is the strength of our balance sheet. Net assets have grown to \$108 million.

Another challenge we faced this year was one experienced by all, COVID-19. We had no cases and were recognised for our quick actions. We continued to provide the care our clients needed, and took precautions to minimise the impact. It did impact

our managed funds which initially dropped from \$25 million to \$21 million then rebounded back to \$23.8 million by 30 June (and since improved further). It also impacted on the April-June results of some of our SA Group Enterprises businesses.

This year brought the introduction of operating leases onto our balance sheet upon adoption of a new accounting standard. We have recognised \$12 million of leases which is represented by a lease asset (our right to use) and a lease liability.

The strength (and liquidity) of our balance sheet remains strong, despite current liabilities exceeding current assets. This mainly arises from the requirement to classify Resident Loans of \$51.8 million and Current Employee Entitlements of \$15.2 million as current liabilities. Minda has \$23.8 million of managed funds at 30 June 2020 and a \$15 million cash offset against its borrowings which are readily liquefiable to re-pay any departing residents' loans, should it be required. More detail can be found under Note 1(e) of the financial statements.

Other matters of note include:

- o Operating revenue from Government funding increased from \$139 million to 159 million due to growth in services provided and acquisition of new business in Children's Services.
- o Other revenue is down \$3.3 million due to the impact of COVID-19 on investment and managed funds returns, fundraising and Brighton Dunes.
- o Employee expenses increased by 18.5 per cent and other expenses reduced by \$2.6 million.
- o From a cash flow perspective, the cash flows from operating activities have been very strong at \$22.7 million, another \$12.7 million increase from 2019 and \$24 million improvement from 2018.
- o Cash flows from Financing activities are related to repayments of loans upon sale of the apartments, as well as lease repayments.

Statement of Surplus or Loss

and other comprehensive income

for the year ended 30 June 2020

		Consolidated Group	
		2020	2019
	Notes	\$'000	\$'000
Operating Revenue			
Revenue recognised from contracts with customers	2	159,493	138,895
Changes in fair value of Investment Properties	13	112	8,742
Other revenue	3	7,308	10,642
Total Operating Revenue		166,913	158,279
Operating Expenditure			
Employee expenses	4	124,954	105,387
Other expenditure	5	39,288	41,856
Total Operating Expenditure		164,242	147,243
Operating Surplus from continuing operations		2,671	11,036
Operating Surplus/(Loss) from discontinued operations	10	(1,485)	(2,418)
Operating Surplus		1,186	8,618
Other Comprehensive Income			
Items that may not be reclassified through surplus or loss:			
Net change in fair value of financial assets		(2,072)	112
Total Other Comprehensive Income		(2,072)	112
Total Comprehensive Income		(886)	8,730

The Statement of Surplus or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2020

		Consolidated Group	
		2020	2019
	Notes	\$'000	\$'000
Current Assets			
Cash and cash equivalents	7	6,270	5,050
Trade and Other Receivables	8	13,379	23,932
Inventories	9	400	498
Assets Classified as Held for Sale	10	7,755	-
Financial Assets	11	-	3,000
Total Current Assets		27,804	32,480
Non Current Assets			
Trade and Other Receivables	8	544	28
Land Held for Sale - Blackwood Park Lots		117	174
Financial Assets	11	23,751	22,207
Property Plant & Equipment	12	105,544	112,937
Investment Property (Retirement Village)	13	94,298	94,093
Right of Use Assets	24	11,960	-
Intangible Assets	15	7,074	7,074
Total Non Current Assets		243,288	236,513
Total Assets		271,092	268,992

Current Liabilities

Payables	17	19,133	16,495
Employee Entitlements	18	15,194	13,556
Provisions	19	699	539
Interest bearing liabilities	20	8,629	11,414
Residents loans	21	51,805	49,927
Lease liabilities	25	1,915	-
Liabilities directly associated with Assets Classified as Held for Sale	10	4,619	-
Total Current Liabilities		101,994	91,931

Non Current Liabilities

Employee Entitlements	18	1,222	1,163
Provisions	19	858	674
Interest bearing liabilities	20	37,209	56,849
Deferred revenue	22	10,873	9,317
Lease liabilities	25	10,764	-
Total Non Current Liabilities		60,925	68,003
Total Liabilities		162,919	159,934

Net Assets		108,173	109,059
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Equity

Accumulated funds		107,603	106,417
Reserves	23	570	2,642
Total Equity		108,173	109,059

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

for year ended 30 June 2020

	Notes	Consolidated Group 2020 \$'000	2019 \$'000
Balance as at 1 July		109,059	100,329
Total Comprehensive Income for the Period			
Operating Surplus		1,186	8,618
Other Comprehensive Income			
<i>Items that will not be reclassified to surplus or loss</i>			
Net change in fair value of investments		(2,072)	112
Total Other Comprehensive Income		(2,072)	112
Total Comprehensive Income for the Period		(886)	8,730
Balance as at 30 June		108,173	109,059

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Statement of Cash Flows

for year ended 30 June 2020

		Consolidated Group	
		2020	2019
	Notes	\$'000	\$'000
Cash Flows from Operating Activities			
Receipts - grants, fees, sales		183,113	173,558
Payments - employees, goods & services		(161,856)	(193,017)
Net receipts from issue of retirement village licences		3,435	31,882
Interest received		27	40
Interest paid		(2,054)	(2,514)
Net cash provided by Operating Activities		22,665	9,948
Cash Flows from Investing Activities			
Payments for construction of property, plant & equipment		(4,089)	(5,640)
Proceeds from sale of property, plant & equipment		285	1,941
Proceeds from sale of land held for resale		3,578	3,341
Withdrawals from investments		-	3,911
Transfers to term deposits for bank guarantees		(516)	-
Dividends received from investments		1,140	846
Business combination		-	(2,295)
Net cash provided by Investing Activities		398	2,105
Cash Flows from Financing Activities			
Repayments of borrowings		(19,451)	(28,595)
Proceeds from borrowings		-	15,751
Payments for principal - lease liabilities		(2,015)	-
Payments for interest - lease liabilities		(378)	-
Net cash (used in) Financing Activities		(21,844)	(12,844)
Net increase/(decrease) in cash held		1,220	(791)
Add opening cash brought forward		5,050	5,841
Closing cash carried forward	7	6,270	5,050

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Accounts for year ended 30 June 2020

1. Statement of Accounting Policies

Minda Incorporated is domiciled in Australia and is a not-for-profit organisation. The principal activities of the organisation are the provision of accommodation, employment, lifestyle and development services and respite to South Australians with a disability.

This financial report was authorised for issue by the Board of Directors on 23 September 2020.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, including Australian Interpretations, adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-For-Profits Commission (ACNC) Act as appropriate for not-for-profit oriented entities.

The financial report of the organisation is Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act.

(b) Basis of preparation

The financial report is presented in Australian dollars rounded to the nearest \$'000.

The financial report is prepared on the historical cost basis except available-for-sale investments and Investment properties are stated at their fair value. Other non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

In the current year the Board has chosen to present its Statement of Financial Position under the traditional method. In the prior period the Statement of Financial Position was presented under the liquidity presentation method (AASB 101: Presentation of Financial Statements). A Going Concern note has been included below as the treatment of retirement village resident liabilities as current liabilities does not reflect the true liquidity of the entity as a proportion of these liabilities are not likely to be repaid within 12 months.

Going Concern

The financial report has been prepared on a going concern basis which assumes that the Group will be able to meet its obligations as and when they fall due. The Group's current liabilities exceed current assets by \$74,190,000 as at 30 June 2020 (2019: \$59,451,000) resulting in a net deficiency of current assets. This mainly arises because of the requirement to classify Resident Loans of \$51,805,000 (2019: \$49,927,000) and Current Employee Entitlements of \$15,194,000 (2019: \$13,556,000) as current liabilities. Resident Loans are classified as a current liability as the Group does not have an unconditional right to defer settlement of any specific resident loan for at least twelve months after the reporting date.

The total resident loan liability represents the sum of separate payments from residents in different apartments, and a departing resident is replaced shortly afterwards with a new paying resident. The

repayment of individual balances that make up the total current balance will be dependent upon the actual tenure of individual residents, which can be more than twenty years but averages approximately 15 years per the actuarial assumptions made as part of the Independent Valuation conducted during the year.

The current employee entitlement provision represents all present obligations for annual leave and pro rata long service leave for employees that have reached 7 years of service. Our history suggests that approximately 50% of the amount classified as current is actually paid out as leave in each subsequent financial year. The deficiency excluding resident liabilities and 50% employee entitlements is \$14,788,000.

The current portion of the interest bearing liabilities represents expected repayment of debt from planned apartment sales in the following year. These sales will derive proceeds from sales of Investments which are classified as non current assets.

The Group has managed funds of \$23,751,000 as at 30 June 2020, a \$15,000,000 cash offset against its long term debt facility which is at call and can be drawn down at any time and a \$3,000,000 bank overdraft facility. These are both readily available and can be drawn down to re-pay departing resident loans should the Group require.

Accounting Estimates and Assumptions

Accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant affect on the amount recognised in the financial statements are described in the following areas:

- * *Note 11 - Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss*
- * *Note 13 - Investment Property*
- * *Note 18 - Employee Entitlements*
- * *Note 21 - Retirement Village residents interest (Residents Loans)*
- * *Note 24 - Right of Use Assets*
- * *Note 25 - Lease Liabilities*

The accounting policies set out below have been applied consistently to all periods presented in the financial report except as disclosed.

New Accounting Standards

AASB 15 - Revenue from Contracts with Customers and AASB 1058 - Income of Not-for-Profit Entities Impact of Adoption

In the current year, the Group has applied AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers which is effective for an annual period that begins on or after 1 January 2019. The date of initial application of AASB 1058 and AASB 15 for the Group is 1 July 2019. The Group has applied AASB 1058 and AASB 15 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated. Instead, the Group has recognised the cumulative effect of initially applying AASB 1058 and AASB 15 for the first time for the year ending 30 June 2020 against retained earnings as at 1 July 2019. The Group has also elected to apply AASB 1058 and AASB 15 retrospectively only to contracts and transactions that are not 'completed contracts' as at 1 July 2019. AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations.

The core principle of the new income recognition requirements in AASB 1058 is that when a NFP entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of

the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately. An example of a 'related amount' is AASB 15 and in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, income is recognised when (or as) the performance obligations are satisfied under AASB 15, as opposed to any excess above the related amounts that would be immediate income recognition under AASB 1058.

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. AASB 15 introduces a 5-step approach to revenue recognition, which is more prescriptive than AASB 118.

The Group has assessed the new income requirements to its main revenue / income streams below.

- * Revenue from Government and the National Disability Insurance Scheme
- * Services provided
- * Sale of goods
- * Charitable support

The accounting policies for its revenue / income streams are detailed in Note q) below. The application of AASB 15 and AASB 1058 have not had a significant impact on the financial position and/or financial performance of the group.

AASB 16 Leases

Impact of Adoption

In the current year, the Group has applied AASB 16 Leases. AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. The date of initial application of AASB 16 for the Group is 1 July 2019. The Group has chosen to apply AASB 16 in accordance with the modified retrospective (cumulative catch-up) method where the comparative years are not restated.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

As a lessee AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The impact of adoption on opening retained surplus at 1 July 2019 was as follows:

	Consolidated Group
	\$'000
Operating lease commitments as at 1 July 2019 (AASB 117)	10,455
Operating lease commitments discount based on the weighted average incremental borrowing rate of 3.46% (AASB 16)	(1,082)
Short-term and low value leases not recognised as a right of use asset (AASB 16)	(1,240)
Right of use assets (AASB 16)	8,133
Lease liabilities (current) (AASB 16)	1,705
Lease liabilities (non-current) (AASB 16)	6,428
Lease Liabilities (AASB 16)	8,133
Reduction in operating retained surplus as at 1 July 2019	-

The accounting policies for the leases of the group are detailed in Note g) below.

(c) Principles of consolidation

Minda and controlled entities together are referred to in these financial statements as "the Group".

Controlled entities are all those entities over which the Group has control. The Group controls an entity when the consolidated group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Controlled entities are fully consolidated from the date on which control is transferred to the consolidated group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of controlled entities is accounted for using the acquisition method of accounting.

(d) Taxation

Minda and all of its controlled entities are exempt from paying income tax as a result of its status as a charitable institution under the terms of Section 50(5) of the Income Tax Assessment Act 1997.

(e) Retirement villages

The Group has Retirement Villages that are investment properties held to earn revenues and capital appreciation over the long-term, comprising of serviced apartments, common facilities and integral plant and equipment.

As the apartments are all available for occupancy, the retirement village is classified as Investment Property and re-valued at fair value annually. The movement in fair value is taken to surplus or loss.

The retirement village was independently valued in January 2019 by a certified practising valuer using a discounted cash flow actuarial model of valuation to determine the fair value of the village. An internal directors valuation has been used for FY2020 and an independent valuation will be engaged every 3 years.

(f) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Land and Buildings are classed as property held at cost when the primary objective of holding the asset is service delivery for the group as a whole, this includes residential housing assets managed by Minda Housing Limited.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

Buildings	50 years
Plant and equipment	5 - 10 years
Motor vehicles	7 years
Information technology	3 - 4 years

(g) Leases

The Group has entered into commercial leases for properties for the conduct of Commercial Operations and Community Programs in the suburbs of Adelaide. The lease agreements have terms of up to 12 years. There are no restrictions placed upon the lessee by entering into these leases. At the commencement date the Group has

assessed it is not reasonably certain to exercise any option to extend the leases as it is not its current intention to do so. The Group also has leases for motor vehicles with lease agreements up to 3 years and residential leases for community housing.

Applying AASB 16, for all leases (except as noted below), has had the following impact on the Group:

- o Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments
- o Recognised depreciation of right-of-use assets and interest on lease liabilities in the statement of surplus or loss
- o Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under AASB 117 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses generally on a straight-line basis. Under AASB 16, right-of-use assets are tested for impairment in accordance with AASB 136 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by AASB 16. This expense is presented within 'other expenditure' in surplus or loss.

The Group leases to tenants under operating leases for residential accommodation. The leases are either periodic or for a fixed term of no longer than 24 months. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The maturity analysis of minimum lease payments receivable on fixed term leases are detailed in Note 26. The Groups primary activity is to provide support services to our clients.

The property assets are held to meet service delivery objectives rather than to earn rental or for capital appreciation, to provide a social service, where the rental revenue is incidental to the purpose for holding the property.

Accordingly, the properties are classified as Property, Plant and Equipment and accounted for under AASB 116.

(h) Intangible assets

(i) Aged care bed licences

Bed licences are carried at deemed cost which is the balance when the last licence was acquired.

There is no foreseeable limit to the period over which the bed licences are expected to provide service and generate income for the Group. Therefore bed licences are considered to have an indefinite useful life and are not amortised. Impairment and useful life are assessed annually.

(ii) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the consideration transferred over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination shall form the cost of the investment in the separate financial statements.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored and not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

(i) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses.

(j) Inventories

Inventory is valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of disposal.

(k) Cash and cash equivalents

Cash and cash equivalents comprises of cash balances and at call deposits with maturity dates of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short term commitments.

(l) Short term deposits

Short term deposits are cash deposits with maturity dates of more than three months from the acquisition date and are used by the Group to manage working capital.

(m) Assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets are measured at the lower of their carrying amount or fair value less cost to sell. Assets which satisfy the criteria in AASB 5 as Assets Held for Sale are transferred to current assets and separately disclosed on the Statement of Financial Position and in Note 10.

These assets cease to be depreciated from the date which they satisfy the held for sale criteria.

(n) Financial Assets

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 entity 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.

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are measured at cost. The measurement of the loss allowance depends upon the entity'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 measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in surplus or loss.

(o) Employee benefits

(i) Long-term employee benefits

The liability for annual and long service leave not expected to be settled within 12 months of the reporting

date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(ii) Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 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.

(iii) Worker's compensation

An annual actuarial report is prepared to quantify Minda's liability for known cases and an estimate of the liability for cases incurred but not yet known. This liability has been included as a current and non current provision.

Controlled entities are insured through Return to Work SA and recognises the cost of workers compensation insurance when incurred.

(p) Trade and other payables

Trade and other payables are stated at cost.

(q) Revenue / Income of Not for Profit Entities

(i) Revenue from Government and the National Disability Insurance Scheme

AASB 1058 requires that in cases where there is an 'enforceable' contract with a customer with 'sufficiently specific' performance obligations, the transaction should be accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Group has conducted an analysis of its government funding and contracts and the National Disability Insurance Scheme and analysed the terms of each contract to determine whether the arrangement meets the enforceability and the 'sufficiently specific' criteria under AASB 15. For those grant contracts that are not enforceable or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058. Income will be deferred under AASB 15 otherwise and recognised when (or as) the performance obligations are satisfied.

(ii) Services provided

Revenue from the provision of services to clients is provided under a service agreement and recognised at a point in time upon performance of that service.

(iii) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(iv) Charitable support

Revenue is received from fundraising events, legacies and bequests and is recognised at a point in time. When assets, such as investments or properties, are received from a bequest or donation, an asset is recognised at fair value, with a corresponding amount of revenue, when the Group gains control of such assets.

(v) Interest and dividends

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive payment is established. Where dividends are franked the dividend is not recognised inclusive of imputation credits, but instead franking credits are recognised when receivable from the Australian Taxation Office (ATO).

(vi) Deferred management fees

Deferred management fees are recognised using an actuarial approach taking into account an expected length of stay per resident discounted to present value and recognised over time.

(vii) **Sale of non-current assets**

The net gain or loss of non-current asset sales are included as other revenue at the date control passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(viii) **Investment income and expenses**

Investment income and expenses comprises land sales, interest income on funds invested (including financial assets), interest expense on funds borrowed, and dividend income. Interest income is recognised as it accrues in surplus or loss, using the effective interest method. Dividend income is recognised in surplus or loss on the date that the right to receive payment is established, which in the case of quoted securities is the ex-dividend date. Gains or losses on disposal of financial assets deemed fair value through other comprehensive income are not recognised in income or expense.

(ix) **Sale of land**

Revenue from the sale of land in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of land can be estimated reliably, there is no continuing management involvement with the land, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfers of risks and rewards varies depending on the individual terms of the contract of sale.

(r) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(s) **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.

(t) **Business combinations**

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent

consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in surplus or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(u) Critical Accounting Estimates and Judgements

As disclosed in Note 1e, the Investment Property asset has been measured at fair value. This valuation includes a number of assumptions and estimates with respect to the expected tenure of the apartments, turnover of apartments etc. There have been no significant changes to the assumptions adopted by the independent valuer in 2019.

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

No impairment has been recognised in respect of goodwill at the end of the reporting period. Should the projected EBIT figures fall below those incorporated in the value-in-use calculations, an impairment loss would be recognised up to the maximum carrying amount of \$5.028 million as disclosed in Note 15.

The lease term is a significant component in the measurement of both the right of use asset at Note 24 and lease liabilities at Note 25. As disclosed at Note 1g, judgement is exercised in determining whether there is a reasonable certainty that an option to extend a lease, option to purchase the underlying asset will be exercised, or 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 economic 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 group'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 group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, if there is a significant event or significant change in circumstances.

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right of use asset, with similar terms, security and economic environment.

Consolidated Group**2020** **2019****\$'000** **\$'000****2. Revenue recognised from contracts with customers**

Revenue from Government and the National Disability Insurance Scheme	129,149	105,277
Revenue from commercial operations	13,686	15,962
Land sales income	10,134	10,510
Revenue from services provided	3,706	4,484
Residential rent	2,818	2,662
	159,493	138,895

3. Other revenue/income

Deferred management fee	1,870	2,686
Bequests and fundraising	1,382	1,619
Interest income	76	105
Dividend revenue	534	910
Investment revenue	772	1,808
Changes in fair value of Financial Assets	(340)	(192)
Other income	3,013	3,706
	7,307	10,642

4 Employee expenses

Salaries and wages	99,686	84,664
Superannuation	9,864	8,098
Workers compensation	1,770	1,348
Annual, sick, long service, maternity leave	13,634	11,277
	124,954	105,387

5 Other expenses

Depreciation	5,710	3,932
Services provided	2,778	4,260
Cost of goods sold	4,205	5,681
Administration expenses	13,570	11,289
Interest expense	1,872	2,362
Investment expenses	128	151
Land sales expenses	6,557	7,169
Operating lease expenses	-	2,298
Landlord expenses	4,468	4,714
	39,288	41,856

6 Other comprehensive income

During the financial year, financial assets designated held at fair value were taken through other comprehensive income.

7 Cash and cash equivalents**Current**

Cash	6,262	4,125
Short term deposits	8	925
	6,270	5,050

Consolidated Group	
2020	2019
\$'000	\$'000

8 Trade and other receivables

Current

Trade receivables	6,341	9,070
Provision for doubtful debts	(531)	(360)
Accrued income	7,084	13,392
Other debtors	485	1,830
	13,379	23,932

Non Current

Bank guarantee deposit	544	28
	544	28
	13,923	23,960

9 Inventories

Stock on hand	400	498
	400	498

10 Assets classified as held for sale

Commercial Operations	7,755	-
	7,755	-

In March 2020 the Group committed to a plan to sell one of its commercial operations. This has been classified as an asset held for sale and recorded at its carrying value.

The financial performance and cash flow information for the commercial operations classified as held for sale are detailed below:

Statement of Financial Position

Assets Classified as Held for Sale

Commercial Operations	6,140	-
Right of Use Assets	1,615	-
	7,755	-

Liabilities directly associated with Assets Classified as Held for Sale

Interest Bearing Liabilities	2,975	-
Lease Liabilities of Commercial Operations	1,644	-
	4,619	-

Net assets of discontinued operations	3,136	-
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Statement of Surplus or Loss from discontinued operations

Operating Surplus/(Loss) from discontinued operations	(1,485)	(2,418)
Operating Surplus of discontinued operations	(1,485)	(2,418)

Statement of Cash flows from discontinued operations

Net cash provided by Operating Activities	(881)	(2,099)
Net cash used in Financing Activities	(642)	(380)
Net cash provided by / (used in) discontinued operations	(1,523)	(2,479)

Consolidated Group**2020** **2019****\$'000** **\$'000****11 Financial Assets****Current**

Financial Investments	-	3,000
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-	3,000
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Non Current

Loans and Receivables (Fixed Term)	1,893	417
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Financial assets at fair value through other comprehensive income	17,223	16,321
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Financial assets at fair value through profit or loss	4,635	5,469
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23,751	22,207
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23,751	25,207
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Loans and Receivables investments include deposits. Investments include investments in listed companies, managed share funds and other tradeable securities.

Carrying amount at beginning of year	25,207	27,283
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Net income reinvested	956	1,915
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Net change in fair value	(2,072)	112
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Additions	-	1,341
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Withdrawals	-	(5,252)
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Net change in fair value reclassified to surplus / (loss)	(340)	(192)
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Carrying amount at end of year	23,751	25,207
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12 Property, Plant And Equipment

	Buildings	Land & Equipment	Plant & Vehicles	Motor WIP	Total
Consolidated Group	\$'000	\$'000	\$'000	\$'000	\$'000
Cost or deemed cost					
Assets not subject to an operating lease	42,673	24,639	4,749	3,352	75,413
Assets subject to an operating lease	64,751	-	-	-	64,751
Balance at 1 July 2018	107,424	24,639	4,749	3,352	140,164
Additions	2,062	2,872	1	8,717	13,652
Disposals	(2,578)	(294)	-	(10,478)	(13,350)
WIP	-	64	-	-	64
Balance at 30 June 2019	106,908	27,281	4,750	1,591	140,530
Additions	-	57	-	4,032	4,089
Disposals	-	(145)	(486)	-	(631)
Transfers from WIP	392	1,296	-	(1,688)	-
Reclassification to assets held for sale	-	(7,876)	-	-	(7,876)
Balance at 30 June 2020	107,300	20,613	4,264	3,935	136,112
Depreciation and impairment losses					
Balance at 1 July 2018	10,186	10,832	2,043	-	23,061
Depreciation for the year	1,906	2,821	558	-	5,285
Impairment	-	-	-	-	-
Disposals	(684)	(69)	-	-	(753)
Balance at 30 June 2019	11,408	13,584	2,601	-	27,593
Depreciation for the year	1,917	2,869	516	-	5,302
Impairment	-	-	-	-	-
Disposals	-	(193)	(398)	-	(591)
Reclassification to assets held for sale	-	(1,736)	-	-	(1,736)
Balance at 30 June 2020	13,325	14,524	2,719	-	30,568
Carrying amounts					
Balance at 1 July 2019	95,500	13,697	2,149	1,591	112,937
Balance at 30 June 2020	93,975	6,089	1,545	3,935	105,544

Consolidated Group	
2020	2019
\$'000	\$'000

13 Investment Property

Retirement Investment Property

Balance at 1 July	94,093	71,542
Addition to WIP	93	7,652
Change in fair value of investment properties	112	14,898
Closing balance at 30 June	94,298	94,093
Carrying amount of investment property	94,298	94,093
Less:		
Residents Loans	(51,805)	(49,927)
Deferred revenue	(10,873)	(9,317)
Valuation	31,620	34,850

An Actuarial basis is used and represents the future deferred management fee of \$7 million (2019: \$7.3 million) and fair value of unsold properties of \$24.6 million (2019: \$27.5 million).

14 Assets pledged as security

The carrying amounts of assets pledged as security for interest bearing liabilities (refer note 20) are:

First mortgage		
Land and buildings	93,975	95,500
Capital WIP	3,935	1,591
Investment in retirement village	94,298	94,093
Total assets pledged as security	192,208	191,184

15 Intangible assets

Goodwill	5,028	5,028
Nursing home bed licences	2,040	2,040
Other Intangible Assets	6	6
Carrying amount at end of year	7,074	7,074

2020	2019
Ownership Interest	Ownership Interest
%	%

16 Investment in controlled entities

SA Group Enterprises Incorporated (SAGE)	100%	100%
Wine Storage & Logistics Pty Ltd	100%	100%
Repack Pty Ltd	100%	100%
Minda Community Housing Association Incorporated	100%	100%
Minda Housing Limited	100%	100%

		Consolidated Group	
		2020	2019
		\$'000	\$'000
17	Payables		
	Current		
	Creditors	3,555	6,873
	Accruals	7,033	7,469
	Prepaid income	7,559	841
	Other creditors	986	1,312
		19,133	16,495
18	Employee Entitlements		
	Current		
	Annual leave	9,472	7,812
	Long service leave	5,717	5,721
	Retention Leave	5	23
		15,194	13,556
	Non Current		
	Long Service Leave	1,222	1,163
		1,222	1,163
	Total Employee Entitlements	16,416	14,719
19	Provisions		
	Current		
	Worker's compensation	699	539
		699	539
	Non Current		
	Worker's Compensation	858	674
		858	674
	Total Provisions	1,557	1,213
	Current		
	Balance at 1 July	539	560
	Employee expenses reimbursed	(1,055)	(1,113)
	Provision movement	1,215	1,092
	Closing balance at 30 June	699	539
	Non Current		
	Balance at 1 July	674	699
	Provision movement	184	(25)
	Closing balance at 30 June	858	674

Consolidated Group	
2020	2019
\$'000	\$'000

20 Interest Bearing Liabilities

Current

Bank Loan - Secured	8,629	11,414
	8,629	11,414

Non Current

Bank Loan - Secured	37,209	56,849
	37,209	56,849

Total Interest Bearing Liabilities	45,838	68,264
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The Group has a bank loan facility in place for the retirement village in North Brighton. The loan is secured by a first mortgage over freehold land and buildings (refer note 14).

21 Residents loans

Opening balance	49,927	25,661
Deferred management fees (movement for year)	(2,454)	(3,035)
Net cash receipts on resident departures and arrivals	5,018	28,359
Marketing fees (movement for year) (a)	(89)	(491)
Capital replacement fund (movement for year) (b)	(596)	(568)
Closing balance	51,805	49,927

- (a) Marketing fees are calculated at 2% of the settlement price of the Retirement Village apartments each year.
(b) Capital Replacement Funds are calculated at 1% of the settlement price of the Retirement Village apartments for each year of occupation for the first 7 years.

22 Deferred Revenue

Provision for unearned income	8,705	7,744
Residents share of capital replacement fund	2,168	1,572
	10,873	9,317

23 Reserves

Fair Value Reserve

Opening balance	2,642	2,530
Fair value movement recognised in other comprehensive income	(2,072)	112
Closing Balance	570	2,642

This reserve recognises the movement of financial assets at fair value through other comprehensive income.

24 Right of use assets

	IT	Vehicles	Property	Total
Balance on initial adoption - 1 July 2019	275	462	5,566	6,303
Additions	-	-	7,601	7,601
Depreciation for the year	(78)	(217)	(1,648)	(1,944)
Balance at 30 June 2020	196	245	11,519	11,960

Consolidated Group	
2020	2019
\$'000	\$'000

25 Lease Liabilities

Lease liabilities at 30 June 2020 2019

Current	1,915	-
Non current	10,764	-
	12,679	-
Amounts recognised in surplus or loss		
Interest on lease liabilities	319	-
Expenses relating to short-term leases	1,240	-
	1,559	-

26 Leasing arrangements

Minimum lease payments receivable on fixed term leases of residential properties are as follows:

	2020	2019
Within 1 year	258	381
Between 1 and 5 years		258
	258	639

27 Contingent liabilities and contingent assets

Nil

28 Events subsequent to reporting date

The Directors are not aware of any events that have arisen since the end of the financial year which significantly or may significantly affect the operations, the results of those operations, or the state of affairs of Minda or it's controlled entities in future financial years.

29 Related party transactions

Key management personnel compensation

The Directors, Chief Executive Officer and the Executive Managers are considered to be Key Management Personnel.

The compensation for key management personnel was as follows:

Short Term Employee Benefits	2,016	1,278
Other Long Term Benefits	16	18
Post Employment Benefits	154	118
Termination Benefits	136	393
	2,322	1807

Included in the above are the following costs relating to the Directors. The Board has approved an ongoing sitting fee to be paid to each board member of Minda.

Board Sitting Fee

Chairperson	7	5
Other board members	41	24
	48	29

30 Financial management risk

(a) Risk management framework

The Group has exposure to the following risks from its use of financial instruments:

- o Credit risk
- o Liquidity risk
- o Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(b) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of a client to meet their obligations to the Group on time and in full, as contracted. It arises principally from the Group's receivables from customers and investment securities.

Management of credit risk

The Group's exposure to credit risk is reduced due to the stability of its funding sources. Although the Group derives most of its income from Government departments it has implemented a credit risk management procedure.

The Group has established a credit procedure under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions and purchase limits are offered. The Group's review includes external ratings and credit references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a cash sales basis and still need to sign the Group's terms and conditions.

In addition, accounts receivable balances are monitored regularly with the intention that the Group's exposure to bad debts is minimised.

Impaired trade receivables

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individual exposures including debts that currently remain outstanding and are unlikely to be paid, together with historic levels of impaired debts.

A credit loss model for trade receivables is prepared each year to review specific doubtful debts and the likelihood of other doubtful debts from current and debts less than 90 days. The table below represents the larger debts for Minda split between Government and Non Government debts. The provision for doubtful debts also includes specific debts to be written off in addition to the credit loss allowance below.

	Expected Default Rate	Gross Carrying Amount (\$000)	Credit Loss Allowance
Non Government			
Current	0.25%	514	1
31-60 days past due	0.60%	65	0
61-90 days past due	1.20%	175	2
More than 90 days past due	25.00%	59	15
		813	19
Government			
Current	0.00%	878	-
31-60 days past due	4.50%	251	11
61-90 days past due	3.60%	189	7
More than 90 days past due	26.77%	605	162
		1,923	180

Investments

The Group has an Investments - Funds Management Policy authorised by the Board. This policy aims to ensure that funds are available when required to meet both short and long term cash requirements and to maintain the value of the investment portfolio in real terms. To meet short-term cash requirements, cash is placed in either at-call accounts or fixed term accounts for up to 365 days with authorised institutions that have a credit rating of at least A from a rating agency such as Standard & Poor's. A maximum of \$5m can be placed with any one authorised institution. To manage the long term investment portfolio at least 3 investment managers are appointed and provided with guidelines designed to meet the Board's risk profile. Management does not expect any counterparty to fail to meet its obligations.

The Group's cash management policy is to maintain cash in a highly liquid and low risk portfolio with investments made in high quality, short-term money market instruments to ensure the preservation of capital at all times.

(c) Liquidity risk

Liquidity risk is the risk that the Group does not have sufficient financial resources to meet its obligations when they come due, or will have to do so at excessive cost.

Management of liquidity risk

The Investment Policy is designed to ensure it has sufficient funds to meet its short and long term obligations as they fall due under both normal and stressed conditions, without risking damage to the Group's reputation.

Exposure to liquidity risk

The Group maintain high interest at-call accounts where funds are able to be promptly accessed when required. Additional cash funds are invested on a short- term basis with maturity dates matching anticipated future cash requirements. These strategies ensure that the Group is able to meet its short-term liabilities when due. Long-term investments are able to be sold as required to meet both short term and long term needs.

(d) Market risks

Market risk is the risk that movements in interest rates, foreign exchange rates, equity prices or commodity prices will affect the Group's income and capital. Market risk arises in the Group's Investment portfolio.

Management of market risks

Whilst the Group does have some exposure to risks due to movements in interest rates and equity prices, the Investment Policy ensures the risk due to movements in foreign exchange rates is minimised. Movements in the investment market are managed by appointing at least three investment managers who are directed to spread the portfolio across a range of investments in line with the Investment Policy. Foreign exchange risk is negligible as all amounts are received and paid in AUD.

Interest rate risk

Interest rate risk arises from changes in the shape and direction of interest rates (yield curve risk) as well as mismatches in the re-pricing term of assets and liabilities.

Management of interest rate risk

Interest rate risk is managed by diversifying investments across a range of cash, equity and property investments.

Statement

by the Board of Directors

1. In the opinion of the Board of Directors of Minda Incorporated:

- (a) the financial statements, set out on pages 1 to 18, are drawn up so as to present fairly the results and cash flows for the financial year ended 30 June 2020, and the state of affairs as at 30 June 2020 in accordance with Australian Accounting Standards (including the Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the provisions of the Australian Charities and Not-for-Profits Commission Act and the requirement of law; and
- (b) at the date of this statement, there are reasonable grounds to believe that Minda Incorporated will be able to pay its debts as and when they fall due.

Dated at Adelaide this 23 September 2020.

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



JOANNE DENLEY

Director



ANDREW HEARD

Director

Report

by the Board of Directors

The Board of Directors submit the following report for the financial year ended 30 June 2020 under subsection 35(5) of the Associations Incorporation Act 1985 as follows:

1. Since the end of the previous financial year no Officer of Minda Incorporated, no firm of which an Officer is a member, and no body corporate in which an Officer has a substantial financial interest, has received or become entitled to receive any benefit as a result of a contract between the Officer, firm or body corporate and Minda Incorporated.
2. Since the end of the previous financial year no Officer of Minda Incorporated has received directly or indirectly, other than as disclosed in Note 29, any payment or other benefit of a pecuniary value.

Dated at Adelaide this 23 September 2020.

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



JOANNE DENLEY

Director



ANDREW HEARD

Director







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