

# Mind Australia Limited and controlled entities

**Consolidated Financial Statements**  
**For the year ended 30 June 2021**

## **Mind Australia Limited and controlled entities**

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**30 June 2021**

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### **General information**

The financial statements cover Mind Australia Limited as a consolidated company consisting of Mind Australia Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mind Australia Limited's functional and presentation currency.

Mind Australia Limited is a not-for-profit unlisted public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Mind Australia Limited  
86-92 Mount Street  
Heidelberg VIC 3084

A description of the nature of the consolidated 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 30 September 2021. The directors have the power to amend and reissue the financial statements.

## Mind Australia Limited and controlled entities

### Directors' report

30 June 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated company') consisting of Mind Australia Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

#### Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

<b>Name</b>	<b>Experience</b>	<b>Responsibilities</b>
M.J. Field	Chartered Accountant	Chair
C. Gibbs	Senior Executive	Deputy Chair
J. Coggin	Senior Executive	Director
A. Fels	Professor	Director
T. Fels	Barrister and Solicitor	Director
B.J. McCormick (retired 30 November 2020)	Consumer Consultant	Director
A. Ford	Certified Practising Accountant	Director
E. Jayakody (appointed 10 February 2021)	Mental Health Advocate (consumer perspective)	Director
R. Vine	Psychiatrist	Director

#### Principal activities

The principal activities of the consolidated company during the financial year consisted of provision of support to people with mental ill-health in their recovery and to actively participate in social and economic life through the provision of services, accommodation, information and education.

No significant changes in the nature of the consolidated company's activity occurred during the financial year.

#### Operating results

The consolidated company's operating surplus for the financial year ended 30 June 2021 was \$8,325,808 (2020: \$2,739,933).

#### Dividends paid or recommended

Mind Australia Limited is a company limited by guarantee and is not permitted to pay dividends.

#### Review of operations

During the financial year, the consolidated company grew the provision of services in Victoria, Queensland, South Australia and Western Australia by winning additional contracts in sub-acute services.

The consolidated company continued to transition clients into NDIS services and developed community housing and specialist accommodation.

#### Future developments and results

The consolidated company will continue to carry on the principal activities disclosed within this report. Further service opportunities will be pursued.

#### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the consolidated company during the year.

#### Environmental issues

The company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

## Mind Australia Limited and controlled entities

### Directors' report

30 June 2021

#### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	Directors' Meetings Held	Attended	Finance, Audit & Risk (FAaR) Committee Held	Attended	Governance and Nominations (GAN) Committee Held	Attended
M.J. Field (Chair)	10	8	7	6	5	5
C.Gibbs (Deputy Chair)	10	10	-	-	5	5
J. Coggin	10	10	-	-	5	5
A. Fels	10	9	7	6	2	2
T. Fels	10	9	7	7	-	-
A. Ford	10	10	7	7	3	3
B.J. McCormick	5	5	-	-	-	-
E. Jayakody	5	5	-	-	-	-
R. Vine	10	10	-	-	-	-

			Program Practice and Quality (PPaQ) Committee Held	Attended	Culture People and Remuneration (CPaR) Committee Held	Attended
M.J. Field (Chair)			5	5	2	2
C.Gibbs (Deputy Chair)			5	5	2	2
J. Coggin			-	-	-	-
A. Fels			-	-	-	-
T. Fels			3	2	1	1
A. Ford			-	-	1	1
B.J. McCormick			3	3	-	-
E. Jayakody			1	1	-	-
R. Vine			5	4	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

#### Indemnification and insurance of officers and auditors

During the financial year the consolidated company insured the directors of the consolidated company against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director other than conduct involving wilful breach of duty in relation to Mind Australia Limited or its controlled entities.

Otherwise, no indemnities have been given during or since the end of the financial year, for any person who is or has been an officer or auditor of Mind Australia Limited or its controlled entities.

#### Contributions on winding up

In the event of the consolidated company being wound up, members are required to contribute a maximum of \$10 each.

The total amount that members of the consolidated company are liable to contribute if the consolidated company is wound up is \$180, based on 18 current members.

#### Events after the reporting period

Since the end of the financial year, Home Base Services has entered into a contract of sale for the disposal of assets with a carrying value of \$367,500. The gain on sale is expected to be approximately \$130,000.

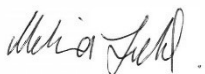
**Mind Australia Limited and controlled entities**  
**Directors' report**  
**30 June 2021**

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated company's operations, the results of those operations, or the consolidated company's state of affairs in future financial years.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not for Profits Commission Act 2012* is set out immediately after this directors' report.

On behalf of the directors



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M.J. Field



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A. Ford

30 September 2021

**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF MIND AUSTRALIA LIMITED AND CONTROLLED ENTITIES**

As lead auditor of Mind Australia Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mind Australia Limited and the entities it controlled during the period.



**James Mooney**  
Director

**BDO Audit Pty Ltd**

Melbourne, 30 September 2021

**Mind Australia Limited and controlled entities**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2021**

	Note	Consolidated 2021 \$	2020 \$
<b>Revenue</b>	3	100,140,906	89,278,105
Other income	4	1,453,678	684,038
Total revenue		<u>101,594,584</u>	<u>89,962,143</u>
<b>Expenses</b>			
Administrative and other expenses	5	(2,299,677)	(2,758,865)
Employee benefits expense		(77,544,924)	(76,044,803)
Depreciation and amortisation expense		(4,735,191)	(5,256,041)
Property expenses		(4,127,460)	(3,719,593)
Client expenses		(1,009,069)	(1,010,346)
Information technology and communication expenses		(2,483,547)	(2,336,734)
Motor vehicle and travel expenses		(936,070)	(1,501,297)
Finance costs		(132,838)	(74,397)
Total expenses		<u>(93,268,776)</u>	<u>(92,702,076)</u>
<b>Surplus/(deficit) for the year</b>		8,325,808	(2,739,933)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings		-	1,361,786
Gain/(loss) on equity instruments at fair value through other comprehensive income		643,616	(220,867)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Gain/(loss) on debt instruments at fair value through other comprehensive income		<u>8,215</u>	<u>(23,816)</u>
Other comprehensive income for the year		<u>651,831</u>	<u>1,117,103</u>
<b>Total comprehensive income for the year</b>		<u><u>8,977,639</u></u>	<u><u>(1,622,830)</u></u>

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Mind Australia Limited and controlled entities**  
**Consolidated statement of financial position**  
**As at 30 June 2021**

	Note	Consolidated 2021 \$	2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	9,751,184	6,793,319
Trade and other receivables	7	6,245,756	6,047,613
Other financial assets	8	12,877,494	13,225,218
		<u>28,874,434</u>	<u>26,066,150</u>
Non-current assets classified as held for sale	10	503,020	-
Total current assets		<u>29,377,454</u>	<u>26,066,150</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	40,194,629	30,608,216
Right-of-use assets	9	2,373,241	1,461,731
Intangibles	12	4,014,730	3,269,224
Total non-current assets		<u>46,582,600</u>	<u>35,339,171</u>
<b>Total assets</b>		<u>75,960,054</u>	<u>61,405,321</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	6,344,958	5,698,605
Contract liabilities	14	7,997,551	8,215,044
Borrowings	15	1,640,000	-
Lease liabilities	16	1,429,051	812,044
Employee benefits	17	6,103,896	5,549,101
Provisions	18	310,000	343,000
Total current liabilities		<u>23,825,456</u>	<u>20,617,794</u>
<b>Non-current liabilities</b>			
Borrowings	15	2,734,538	1,540,000
Lease liabilities	16	1,587,789	510,336
Employee benefits	17	1,369,906	1,272,465
Total non-current liabilities		<u>5,692,233</u>	<u>3,322,801</u>
<b>Total liabilities</b>		<u>29,517,689</u>	<u>23,940,595</u>
<b>Net assets</b>		<u>46,442,365</u>	<u>37,464,726</u>
<b>Equity</b>			
Reserves	19	23,442,925	23,051,207
Retained surpluses		<u>22,999,440</u>	<u>14,413,519</u>
<b>Total equity</b>		<u>46,442,365</u>	<u>37,464,726</u>

*The above consolidated statement of financial position should be read in conjunction with the accompanying notes*



**Mind Australia Limited and controlled entities**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2021**

	Asset revaluation reserve \$	Asset contribution reserve \$	General reserve \$	Career development funds \$	Fair value through OCI reserve \$	Retained earnings \$	Total equity \$
<b>Consolidated</b>							
Balance at 1 July 2019	8,237,397	8,704,249	4,323,354	627,837	501,873	17,579,800	39,974,510
Prior year adjustment	-	-	-	-	-	(886,954)	(886,954)
Balance at 1 July 2019 - restated	8,237,397	8,704,249	4,323,354	627,837	501,873	16,692,846	39,087,556
Deficit for the year	-	-	-	-	-	(2,739,933)	(2,739,933)
Other comprehensive income for the year	1,361,786	-	-	-	(244,683)	-	1,117,103
Total comprehensive income for the year	1,361,786	-	-	-	(244,683)	(2,739,933)	(1,622,830)
Transfers in/(out) of reserve accounts	(460,606)	(8,704,249)	9,332,086	(627,837)	-	460,606	-
Balance at 30 June 2020	<u>9,138,577</u>	<u>-</u>	<u>13,655,440</u>	<u>-</u>	<u>257,190</u>	<u>14,413,519</u>	<u>37,464,726</u>
<b>Consolidated</b>							
Balance at 1 July 2020	9,138,577	-	13,655,440	-	257,190	14,413,519	37,464,726
Surplus for the year	-	-	-	-	-	8,325,808	8,325,808
Other comprehensive income for the year	-	-	-	-	651,831	-	651,831
Total comprehensive income for the year	-	-	-	-	651,831	8,325,808	8,977,639
Transfers in/(out) of reserve accounts	-	-	-	-	(268,662)	268,662	-
Balance at 30 June 2021	<u>9,138,577</u>	<u>-</u>	<u>13,655,440</u>	<u>-</u>	<u>640,359</u>	<u>23,007,989</u>	<u>46,442,365</u>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Mind Australia Limited and controlled entities**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2021**

	Note	Consolidated 2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		110,393,009	97,262,718
Payments to suppliers and employees		(98,410,852)	(89,456,143)
Net cash from operating activities		<u>11,982,157</u>	<u>7,806,575</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(16,039,583)	(10,349,427)
Payments for financial assets at amortised cost		-	(4,000,000)
Payments for financial assets at fair value through profit or loss		-	(1,000,000)
Investment in term deposit to support bank guarantee		(987,000)	-
Proceeds from disposal of financial assets at amortised cost		2,000,000	-
Proceeds from sale of assets held for sale		-	10,070,405
Proceeds from disposal of property, plant and equipment		4,124,347	609,239
Investment income received		296,919	324,876
Net cash used in investing activities		<u>(10,605,317)</u>	<u>(4,344,907)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,800,000	1,200,000
Repayment of lease liabilities		(1,125,211)	(1,003,664)
Interest paid		(93,764)	(74,397)
Net cash from financing activities		<u>1,581,025</u>	<u>121,939</u>
Net increase in cash and cash equivalents		2,957,865	3,583,607
Cash and cash equivalents at the beginning of the financial year		<u>6,793,319</u>	<u>3,209,712</u>
Cash and cash equivalents at the end of the financial year	6	<u><u>9,751,184</u></u>	<u><u>6,793,319</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

**Mind Australia Limited and controlled entities**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 1. Significant accounting policies**

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

**New or amended Accounting Standards and Interpretations adopted**

The consolidated 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.

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

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

*Conceptual Framework for Financial Reporting (Conceptual Framework)*

The consolidated 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 consolidated entity's financial statements.

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

The consolidated 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, tax and financial instruments. As permitted by AASB 1053 for early adoption of AASB 1060, comparative information has not been provided for these new disclosures.

**Going concern**

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of the business.

The directors have assessed the going concern basis is appropriate for the following reason:

- The consolidated company has cash reserves of \$9.8m and in other financial assets of \$12.9m at the reporting date.
- The consolidated company has generated positive operating cash flows of \$12m in the reporting period.
- The directors have prepared budgets which demonstrate that consolidated company can continue to meet its commitments for a period beyond twelve months from the date of this report.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), the Australian Charities and Not-for-profits Commission Act 2012 and associated regulations, 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 consolidated 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.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated company only. Supplementary information about the parent entity is disclosed in note 25.

**Mind Australia Limited and controlled entities**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 1. Significant accounting policies (continued)**

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of Mind Australia Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all controlled entities for the year then ended. Mind Australia Limited and its controlled entities together are referred to in these financial statements as the 'consolidated company'.

Controlled entities are all those entities over which the consolidated company has control. The consolidated company controls an entity when the consolidated company 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 company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated company 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 consolidated company.

The acquisition of controlled entities are accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated company loses control over a controlled entity, it derecognises the assets including goodwill, liabilities and non-controlling interest in the controlled entity together with any cumulative translation differences recognised in equity. The consolidated company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Income tax**

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax. The consolidated company is also exempt from certain other government levies such as payroll tax.

**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 the consolidated company's 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 the 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 the consolidated company's 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.

**Non-current assets or disposal groups classified as held for sale**

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

**Note 1. Significant accounting policies (continued)**

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

**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 consolidated 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 other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated 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 consolidated 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 consolidated 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.

**Impairment of non-financial assets**

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.

**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.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

**Note 1. Significant accounting policies (continued)**

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 tax authority is included in other receivables or other 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.

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

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

*Allowance for expected credit losses*

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

*Estimation of useful lives of assets*

The consolidated 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 consolidated 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 consolidated 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.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Incremental borrowing rate*

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 consolidated company 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.

*Employee benefits provision*

As discussed in note 17, 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.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

**Note 3. Revenue**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from rendering services</b>		
Capital grants	10,346,360	2,177,813
Government grants	15,568,944	17,529,082
	<u>25,915,304</u>	<u>19,706,895</u>
Rent	1,077,775	1,013,672
Provision of services	72,108,466	67,532,748
Donations	465,291	526,529
Other revenue	574,070	498,261
	<u>74,225,602</u>	<u>69,571,210</u>
Revenue	<u><u>100,140,906</u></u>	<u><u>89,278,105</u></u>

*Accounting policy for revenue recognition*

The consolidated company recognises revenue as follows:

*Revenue from the provision of services*

Revenue from the rendering of a service is recognised by the consolidated company upon the delivery of the service to the client.

*Donations*

Donations are immediately recognised on receipt as revenue where there is no obligation to refund the monies. Where these are tied to a specific purpose the donations are initially recognised as "Funds received in advance", a liability, and are recognised as income only when the funds have been utilised in accordance with their purpose or conditions.

*Government grants*

Grant income consists of revenue received directly and indirectly from State and Australian Federal governments for the provision of services. Amounts received which relate to unfulfilled performance obligations under AASB 15 are recognised as part of contract liabilities as detailed within note 14.

**Mind Australia Limited and controlled entities**  
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**Note 3. Revenue (continued)**

*Capital grants*

For capital grants received under an enforceable agreement where it includes a transfer to enable the consolidated company to acquire or construct a recognisable non-financial asset to identified specifications which will be controlled by the consolidated company when completed, the consolidated company recognises a liability for the excess of the fair value of the transfer over any related amounts recognised and recognises income as it satisfies its obligations under the transfer. As the capital grants received by the consolidated company are primarily for the acquisition of land and the construction of buildings, the consolidated company recognises income as the land is acquired and the buildings are constructed (when it satisfies its obligations).

*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.

*Rent*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of each lease, in accordance with AASB 16 Leases. There is no change to this policy from that applied prior to the date of initial application of this standard.

*Other revenue*

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

**Note 4. Other income**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Net gain on disposal of property, plant and equipment	1,143,044	359,162
Investment income	296,919	324,876
Net gain on disposal of debt instruments	13,715	-
	<u>1,453,678</u>	<u>684,038</u>

**Note 5. Administrative and other expenses**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Legal and accounting	253,436	307,308
Consultancy	1,058,984	1,113,967
Bank charges	-	17,167
Bad and doubtful debts	87,852	138,808
Marketing and communications	203,091	281,070
Other expenses	696,314	900,545
	<u>2,299,677</u>	<u>2,758,865</u>



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**Note 6. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Cash at bank	9,751,184	6,793,319

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, 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.

**Note 7. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Trade receivables	3,445,114	3,366,449
Less: Allowance for expected credit losses	(138,185)	(81,424)
	<u>3,306,929</u>	<u>3,285,025</u>
Prepayments	833,825	705,947
Other accrued income and receivables	2,105,002	2,056,641
	<u>2,938,827</u>	<u>2,762,588</u>
	<u><u>6,245,756</u></u>	<u><u>6,047,613</u></u>

*Accounting policy for trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables vary and are generally due for settlement within 30 to 60 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. Bad debts are written off when identified.

**Note 8. Other financial assets**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Equity instruments designated at fair value through other comprehensive income	5,002,752	4,318,202
Debt instruments at fair value through other comprehensive income	887,742	907,016
Financial assets at amortised cost	6,000,000	8,000,000
Financial assets at amortised cost - term deposit to support bank guarantee	987,000	-
	<u>12,877,494</u>	<u>13,225,218</u>

**Mind Australia Limited and controlled entities**  
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**Note 9. Right-of-use assets**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land and buildings - right-of-use	3,300,541	2,662,658
Less: Accumulated depreciation	<u>(1,889,391)</u>	<u>(1,200,927)</u>
	<u>1,411,150</u>	<u>1,461,731</u>
Motor vehicles - right-of-use	1,023,914	-
Less: Accumulated depreciation	<u>(61,823)</u>	<u>-</u>
	<u>962,091</u>	<u>-</u>
	<u><u>2,373,241</u></u>	<u><u>1,461,731</u></u>

Additions to the right-of-use assets during the year totalled \$1,072,341 (2020: \$801,501).

*Accounting policy for 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 consolidated 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 consolidated 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, other than in respect of motor vehicles where all leases have been recognised. Lease payments on these assets are expensed to profit or loss as incurred.

The consolidated company leases various offices around Australia and the rental contracts are generally for period up to five years, but may contain extension options which the consolidated company uses to maximise operational flexibility in terms of managing the assets used in the consolidated company's operations. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

During the financial year, the consolidated company entered into a transaction whereby it sold and leased back its motor vehicle fleet. The transaction occurred on 1 June 2021 and resulted in the consolidated company recognising an addition to right of use-assets totalling \$839,048. The lease back transactions are for varying periods up to five years. The transaction was with an external party and undertaken on an arm's length basis.

**Note 10. Non-current assets classified as held for sale**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current assets</i>		
Property held for sale	<u>503,020</u>	<u>-</u>

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**Note 11. Property, plant and equipment**

	<b>Consolidated</b>	<b>2020</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Land and buildings - at independent valuation	27,905,360	19,827,500
Less: Accumulated depreciation	(213,035)	-
	<u>27,692,325</u>	<u>19,827,500</u>
Leasehold improvements - at cost	5,656,268	5,739,701
Less: Accumulated depreciation	(4,578,203)	(3,471,327)
	<u>1,078,065</u>	<u>2,268,374</u>
Motor vehicles - at cost	10,336	5,344,174
Less: Accumulated depreciation	(10,336)	(2,323,972)
	<u>-</u>	<u>3,020,202</u>
Furniture, fittings and equipment - at cost	3,845,837	4,414,170
Less: Accumulated depreciation	(3,267,869)	(3,522,101)
	<u>577,968</u>	<u>892,069</u>
Capital work in progress	<u>10,846,271</u>	<u>4,600,071</u>
	<u><u>40,194,629</u></u>	<u><u>30,608,216</u></u>

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Land and buildings \$	Leasehold improvements \$	Motor vehicles \$	Furniture, fittings and equipment \$	Capital work in progress \$	Total \$
Balance at 1 July 2019	16,150,971	3,035,465	3,381,273	1,127,644	1,104,196	24,799,549
Additions	2,481,756	888,318	973,322	464,225	3,495,875	8,303,496
Disposals	-	(21,779)	(377,484)	(18,276)	-	(417,539)
Revaluation decrements	1,361,786	-	-	-	-	1,361,786
Depreciation expense	(167,013)	(1,633,630)	(956,909)	(681,524)	-	(3,439,076)
Balance at 30 June 2020	19,827,500	2,268,374	3,020,202	892,069	4,600,071	30,608,216
Additions	-	61,536	-	144,986	14,834,205	15,040,727
Classified as held for sale (note 10)	(503,020)	-	-	-	-	(503,020)
Disposals	-	(1,638)	(2,204,493)	(953)	-	(2,207,084)
Transfers in/(out)	8,588,005	-	-	-	(8,588,005)	-
Depreciation expense	(220,160)	(1,250,207)	(815,709)	(458,134)	-	(2,744,210)
Balance at 30 June 2021	<u><u>27,692,325</u></u>	<u><u>1,078,065</u></u>	<u><u>-</u></u>	<u><u>577,968</u></u>	<u><u>10,846,271</u></u>	<u><u>40,194,629</u></u>

**Note 11. Property, plant and equipment (continued)**

*Valuations of land and buildings*

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 30 June 2020 based on independent assessments by Charter Keck Cramer and m3property, both members of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. Where the properties are currently under development, they have been assessed on the direct comparison approach with view to comparable transactions and industry data. For the properties under occupation the various methods of valuation have been used include i) a sale in one line or single transaction ii) on the basis of Income yield (gross) and iii) direct sales comparison, or a combination thereof.

As detailed in note 2, the valuation of land and buildings is a critical accounting estimate. Given COVID-19 this is further illustrated by the fact that the above valuations have been prepared on the basis of 'material valuation uncertainty', as recommended by the API, to highlight the difficulties in undertaking valuations in the current environment. A "material valuation uncertainty" statement implies the valuation is current at the date of valuation only and that less certainty and a higher degree of caution should be attached to the valuation. In addition, the valuations should be kept under frequent review and the assessed value may change significantly and unexpectedly over a relatively short period of time.

*Accounting policy for property, plant and equipment*

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

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) at the expected rate as follows:

Buildings	2.5% - 10%
Furniture, fittings and equipment - at cost	10% - 33%
Motor Vehicles	15% - 20%
Leasehold improvements	10% - 33%

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.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated 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.

**Note 12. Intangibles**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Non-current assets</i>		
Software - at cost	6,818,910	6,567,691
Less: Accumulated amortisation	<u>(2,804,180)</u>	<u>(3,298,467)</u>
	<u>4,014,730</u>	<u>3,269,224</u>

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**Note 12. Intangibles (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

<b>Consolidated</b>	Software at cost \$
Balance at 1 July 2020	3,269,224
Additions	1,573,829
Amortisation expense	<u>(828,323)</u>
Balance at 30 June 2021	<u><u>4,014,730</u></u>

*Accounting policy for intangible assets*

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

*Software*

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years.

**Note 13. Trade and other payables**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	\$	\$
<i>Current liabilities</i>		
Trade payables and accrued expenses	5,961,378	5,487,053
Goods and services tax (GST)	<u>383,580</u>	<u>211,552</u>
	<u><u>6,344,958</u></u>	<u><u>5,698,605</u></u>

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the consolidated company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**Mind Australia Limited and controlled entities**  
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**Note 14. Contract liabilities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Subsidies and grants received in advance	<u>7,997,551</u>	<u>8,215,044</u>

*Accounting policy for contract liabilities*

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

**Note 15. Borrowings**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Deferred consideration payable (ii)	340,000	-
Loan facility (iii)	<u>1,300,000</u>	<u>-</u>
	1,640,000	-
<i>Non-current liabilities</i>		
Loan facility (i)	2,734,538	1,200,000
Deferred consideration payable (ii)	<u>-</u>	<u>340,000</u>
	2,734,538	1,540,000
	<u>4,374,538</u>	<u>1,540,000</u>

Included within borrowings are:

- (i) A facility of \$9,000,000 granted to the consolidated company for a period of 10 years. The facility is repayable in instalments commencing in the financial year ending 30 June 2027. Interest is charged at a rate of 3.5% above the Australian Bank Bill Swap Reference Rate (Mid) administered by ASX Benchmarks. The facility is subject to a mortgage over seven properties and is subject to a charge and guarantee across the consolidated company's assets.
- (ii) A loan of \$340,000, which the consolidated company entered into as part of an acquisition of land. This loan is repayable to the seller on 26 June 2022 with interest charged at 3.25% per annum and this debt is secured over the property to which it relates.
- (iii) In addition, the consolidated company has a facility for an amount of \$7.03 million to assist with funding various developments. When drawn down the interest rates will be set and aligned to treasury bond rates. This facility is subject to a mortgage over four properties, and a second mortgage, but prioritised through a deed of subordination, over a further property, and a charge and guarantee across the consolidated company's assets. At 30 June 2021 \$1.3 million has been drawn under the facility representing Tranche A loan which is a current liability under the facility agreement has been renegotiated to a Tranche B loan on 21 August 2021 at which date the repayment terms will result in the loan being reclassified to non current.

*Accounting policy for borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

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**Note 16. Lease liabilities**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Lease liability	<u>1,429,051</u>	<u>812,044</u>
<i>Non-current liabilities</i>		
Lease liability	<u>1,587,789</u>	<u>510,336</u>
	<u><u>3,016,840</u></u>	<u><u>1,322,380</u></u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	1,566,294	912,916
One to five years	<u>1,598,774</u>	<u>548,656</u>
	<u><u>3,165,068</u></u>	<u><u>1,461,572</u></u>

*Accounting policy for 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 consolidated 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.

**Note 17. Employee benefits**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Employee entitlements	<u>6,103,896</u>	<u>5,549,101</u>
<i>Non-current liabilities</i>		
Employee entitlements	<u>1,369,906</u>	<u>1,272,465</u>
	<u><u>7,473,802</u></u>	<u><u>6,821,566</u></u>

*Accounting policy for 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.

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**Note 17. Employee benefits (continued)**

*Other long-term employee benefits*

The liability for annual leave 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Defined contribution superannuation expense*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

**Note 18. Provisions**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Restoration	<u>310,000</u>	<u>343,000</u>

*Accounting policy for 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.

*Restoration*

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated company at the end of the respective lease terms.

**Note 19. Reserves**

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Asset revaluation reserve	9,138,577	9,138,577
Financial assets at fair value through other comprehensive income reserve	648,908	257,190
General reserve	<u>13,655,440</u>	<u>13,655,440</u>
	<u>23,442,925</u>	<u>23,051,207</u>

*Accounting policy for reserves*

*Asset revaluation reserve*

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

*Financial assets at fair value through other comprehensive income reserve*

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

*General reserve*

The general reserve records funds set aside for future expansion of Mind Australia Limited. The asset contribution reserve and Mind carer development fund have been consolidated into this reserve.



**Mind Australia Limited and controlled entities**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 20. Key management personnel disclosures**

*Compensation*

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Aggregate compensation	<u>232,663</u>	<u>228,661</u>

The members approved a remuneration pool of \$250,000 for the directors. Total director remuneration paid in the 2021 financial year was \$232,663 (2020: \$228,661).

The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	2,000,704	2,021,684
Post-employment benefit	<u>182,176</u>	<u>192,060</u>
	<u>2,182,880</u>	<u>2,213,744</u>

**Note 21. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by BDO (2020: Crowe Horwarth Melbourne), the auditor of the company:

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services</i>		
Audit of the financial statements	<u>65,100</u>	<u>101,365</u>
<i>Other services</i>		
Audited acquittals	9,000	3,410
Lease management services	36,000	-
Preparation of financial statements	<u>10,400</u>	<u>-</u>
	<u>55,400</u>	<u>3,410</u>
	<u>120,500</u>	<u>104,775</u>

**Note 22. Contingent liabilities**

The consolidated company had no contingent liabilities as at 30 June 2021 and 30 June 2020.

**Note 23. Commitments**

At 30 June 2021 the consolidated company was committed to short-term leases and the total commitment at that date was nil (2020: \$57,535).

At 30 June 2021 the consolidated company had capital commitments in relation to building works of \$8,181,183 (2020: \$6,814,645). These commitments will be funded by government grants and a low interest loan.

At 30 June 2021 the consolidated company had capital commitments in relation to the purchase of land of \$675,000 (2020: nil).

**Mind Australia Limited and controlled entities**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 24. Related party transactions**

*Parent entity*

Mind Australia Limited is the parent entity.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 20.

*Controlled entities*

Interests in controlled entities are set out in note 26.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**Note 25. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Deficit	<u>(2,064,850)</u>	<u>(8,010,496)</u>
Other comprehensive income for the year	<u>651,831</u>	<u>1,101,816</u>
Total comprehensive income	<u>(1,413,019)</u>	<u>(6,908,680)</u>

*Statement of financial position*

	<b>Parent</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Total current assets	<u>24,324,634</u>	<u>22,514,440</u>
Total assets	<u>39,859,972</u>	<u>42,219,715</u>
Total current liabilities	<u>18,555,644</u>	<u>18,457,279</u>
Total liabilities	<u>18,783,025</u>	<u>19,729,746</u>
Total equity	<u>21,076,947</u>	<u>22,489,969</u>

*Guarantees entered into by the parent entity in relation to the debts of its controlled entities.*

The parent entity provides guarantees in relation to the debts of The Haven Foundation Limited and Home Base Services Limited as at 30 June 2021 and 30 June 2020.

**Mind Australia Limited and controlled entities**  
**Notes to the consolidated financial statements**  
**30 June 2021**

**Note 25. Parent entity information (continued)**

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated company, as disclosed in the notes.

**Note 26. Interests in controlled entities**

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Controlling interest	
		2021 %	2020 %
The Haven Foundation	Australia	100.00%	100.00%
Home Base Services Limited	Australia	100.00%	100.00%
The Haven Foundation (Australia) Limited	Australia	100.00%	-

**Note 27. Events after the reporting period**

Since the end of the financial year, Home Base Services has entered into a contract of sale for the disposal of assets with a carrying value of \$367,500. The gain on sale is expected to be approximately \$130,000.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated company's operations, the results of those operations, or the consolidated company's state of affairs in future financial years.

**Mind Australia Limited and controlled entities**

**Directors' declaration**

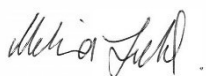
**30 June 2021**

In the directors' opinion:

- the attached financial statements and notes comply with the Australian Accounting Standards - Simplified Disclosure Requirements, the Australian Charities and Not-for-profits Commission Act 2012 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated company's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



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M.J. Field



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A. Ford

30 September 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Mind Australia Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Mind Australia Limited (the company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit 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 directors' declaration.

In our opinion the accompanying financial report of Mind Australia Limited, 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 2021 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Simplified Disclosure and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Mind Australia Limited's directors' report, 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.



### **Other matter**

The financial report of Mind Australia Limited, for the year ended 30 June 2020 was audited by another auditor who expressed an unmodified opinion on that report on 30 September 2020.

### **Responsibilities of directors for the Financial Report**

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosure and the ACNC Act, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

### **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 is located 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](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'James Mooney'. Above the signature is a stylized, handwritten 'BDO' logo.

James Mooney  
Director

Melbourne, 30 September 2021

A trusted provider of  
community mental health  
support services to people  
and their families, friends  
and carers for over 40 years.



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