

## STATEMENT OF COMPREHENSIVE INCOME

|  | Notes | 2011<br>\$'000 | Restated<br>2010<br>\$'000 |
|--|-------|----------------|----------------------------|
| <b>Operating Revenue</b>                                     |       |                |                            |
| Government funding   | 2     | 43,432         | 41,655                     |
| Other revenue  | 3     | 10,845         | 11,337                     |
| <b>Total Operating Revenue</b>                               |       | <b>54,277</b>  | <b>52,992</b>              |
| <b>Operating Expenditure</b>                                 |       |                |                            |
| Employee expenses  | 4     | 47,305         | 44,691                     |
| Other expenditure  | 5     | 12,995         | 10,793                     |
| <b>Total Operating Expenditure</b>                           |       | <b>60,300</b>  | <b>55,484</b>              |
| <b>Operating Surplus / (Deficit) before financing income</b> |       | <b>(6,023)</b> | <b>(2,492)</b>             |
| Financial income   |       | 14,266         | 16,641                     |
| Financial expenses   |       | (6,929)        | (9,239)                    |
| <b>Net Financing Income</b>                                  | 6     | <b>7,337</b>   | <b>7,402</b>               |
| <b>Operating Surplus / (Deficit)</b>                         |       | <b>1,314</b>   | <b>4,910</b>               |
| <b>Other Comprehensive Income</b>                            |       |                |                            |
| Net change in fair value of available-for-sale investments   | 7     | (186)          | 681                        |
| <b>Total Other Comprehensive Income</b>                      |       | <b>(186)</b>   | <b>681</b>                 |
| <b>TOTAL COMPREHENSIVE INCOME</b>                            |       | <b>1,128</b>   | <b>5,591</b>               |

The Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the accounts set out on pages 4 to 13.

## STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011

|  | Notes | 2011<br>\$'000 | Restated<br>2010<br>\$'000 |
|--|-------|----------------|----------------------------|
| <b>Balance as at 1 July</b>                      |       | <b>72,495</b>  | <b>66,904</b>              |
| <b>Total Comprehensive Income for the Period</b> |       |                |                            |
| Minda Surplus/Deficit                            |       | 1,314          | 4,910                      |
| <b>Other Comprehensive Income</b>                |       |                |                            |
| Net change in fair value of investments          |       | (186)          | 681                        |
| <b>Total Other Comprehensive Income</b>          |       | <b>(186)</b>   | <b>681</b>                 |
| <b>Total Comprehensive Income for the Period</b> |       | <b>1,128</b>   | <b>5,591</b>               |
| <b>Balance as at 30 June</b>                     |       | <b>73,623</b>  | <b>72,495</b>              |

The Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the accounts set out on pages 4 to 13.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

|  | 2011<br>\$'000 | Restated<br>2010<br>\$'000 |
|--|----------------|----------------------------|
| <b>Cash Flows from Operating Activities</b>                  |                |                            |
| Receipts - Grants, Fees, Sales etc                           | 57,731         | 52,873                     |
| Payments - Employees, Goods & Services                       | (64,529)       | (53,501)                   |
| Interest received  | 1,664          | 1,472                      |
| <b>Net cash provided by / (used in) Operating Activities</b> | <b>(5,134)</b> | <b>844</b>                 |
| <b>Cash Flows from Investing Activities</b>                  |                |                            |
| Acquisition of property, plant & equipment                   | (10,715)       | (2,396)                    |
| Proceeds from sale of property, plant & equipment            | 477            | 270                        |
| Proceeds from sale of land held for resale                   | 4,252          | 5,707                      |
| Acquisition of investments                                   | (491)          | (1,000)                    |
| Dividends received from investments                          | 2,226          | 222                        |
| <b>Net cash provided by / (used in) Investing Activities</b> | <b>(4,251)</b> | <b>2,803</b>               |
| Net increase / (decrease) in cash held                       | <b>(9,385)</b> | <b>3,647</b>               |
| Add opening cash brought forward                             | 29,753         | 26,106                     |
| Closing cash carried forward                                 | 20,368         | 29,753                     |

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts set out on pages 4 to 13.

## BALANCE SHEET AS AT 30 JUNE 2011

|                                      | Notes | 30/06/2011<br>\$'000 | Restated<br>30/06/2010<br>\$'000 | Restated<br>1/07/2009<br>\$'000 |
|--------------------------------------|-------|----------------------|----------------------------------|---------------------------------|
| <b>Current Assets</b>                |       |                      |                                  |                                 |
| Cash and cash equivalents            | 8     | 20,368               | 29,753                           | 26,106                          |
| Inventories                          | 9     | 201                  | 201                              | 218                             |
| Receivables                          | 10    | 1,974                | 1,598                            | 1,151                           |
| Assets Held for Sale                 | 11    | 275                  | 55                               | 54                              |
| <b>Total Current Assets</b>          |       | <b>22,818</b>        | <b>31,607</b>                    | <b>27,529</b>                   |
| <b>Non Current Assets</b>            |       |                      |                                  |                                 |
| Available-for-sale investments       | 12    | 24,923               | 23,095                           | 21,413                          |
| Fixed Assets                         | 13    | 40,889               | 32,106                           | 31,518                          |
| Intangible assets                    | 14    | 1,200                | 1,200                            | 1,200                           |
| <b>Total Non Current Assets</b>      |       | <b>67,012</b>        | <b>56,401</b>                    | <b>54,131</b>                   |
| <b>Total Assets</b>                  |       | <b>89,830</b>        | <b>88,008</b>                    | <b>81,660</b>                   |
| <b>Current Liabilities</b>           |       |                      |                                  |                                 |
| Payables                             | 15    | 5,596                | 5,079                            | 3,142                           |
| Employee Benefits                    | 16    | 7,281                | 7,160                            | 7,233                           |
| <b>Total Current Liabilities</b>     |       | <b>12,877</b>        | <b>12,239</b>                    | <b>10,375</b>                   |
| <b>Non Current Liabilities</b>       |       |                      |                                  |                                 |
| Employee Benefits                    | 16    | 3,330                | 3,274                            | 4,381                           |
| <b>Total Non Current Liabilities</b> |       | <b>3,330</b>         | <b>3,274</b>                     | <b>4,381</b>                    |
| <b>Total Liabilities</b>             |       | <b>16,207</b>        | <b>15,513</b>                    | <b>14,756</b>                   |
| <b>NET ASSETS</b>                    |       | <b>73,623</b>        | <b>72,495</b>                    | <b>66,904</b>                   |
| <b>Equity</b>                        |       |                      |                                  |                                 |
| Accumulated Funds                    | 17    | 73,128               | 71,814                           | 66,904                          |
| Reserves                             | 18    | 495                  | 681                              | 0                               |
| <b>TOTAL EQUITY</b>                  |       | <b>73,623</b>        | <b>72,495</b>                    | <b>66,904</b>                   |

The Balance Sheet is to be read in conjunction with the notes to and forming part of the accounts set out on pages 4 to 13.

**NOTES TO & FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011****1. Statement of Accounting Policies**

Minda Incorporated (Minda) is domiciled in Australia.

This financial report was authorised for issue by the Board of Directors on 27th October 2011.

**(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 Associations Incorporation Act.

The Group early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards using Reduced Disclosure Requirements for the financial year beginning 1 July 2010 to prepare Tier 2 general purpose financial statements.

The consolidated financial report of the Group are 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 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 that available-for-sale investments 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 format of the accounts has been revised for the year ended 30 June 2011. In prior years Service & Corporate (Foundation) were presented in separate Statements of Comprehensive Income. In the current period, Service & Corporate (Foundation) has been combined into a single Statement of Comprehensive Income presented on a consolidated basis. The format change has had no impact on the Balance Sheet in the current or prior year.

The group revised the format of the statement of comprehensive income effective 1 July 2010. As a result, the Group presents in a single consolidated statement of comprehensive income the results of the Service Fund and the Corporate Fund, whereas in the previous year the results of the Service Fund and Corporate fund was presented separately. Comparative information has been re-presented so that it also is in conformity with the revised disclosures. The change in presentation does not impact the profit or loss for the period or previously reported profit or loss.

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.

The 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 effect on the amount recognised in the financial statements are described in the following areas:

\* Note 12 - available-for-sale investments

\* Note 16 - employee benefits

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

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. The assessment of the impact of these standards is that there would be no material impact on the reported results of Minda, had they been applied.

**(c) Taxation**

Minda is exempt from paying income tax due to being a charitable institution in terms of Section 50(5) of the Income tax Assessment Act 1997

**(d) 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 (see accounting policy 1(j)).

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.

**(ii) Subsequent Costs**

Minda 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 with the item will flow to Minda and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

**1. Statement of Accounting Policies (cont)****(iii) Depreciation**

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives 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      | 5 years      |
| - computers           | 3 - 4 years  |

**(e) Intangible Assets****(i) Nursing Home Bed Licences**

Minda holds 30 nursing home bed licences issued by the Commonwealth Government at no cost. Minda has recorded these bed licences at fair value at 1 July 2004 which has been treated as deemed cost.

**(ii) Amortisation**

There is no foreseeable limit to the period over which the bed licences are expected to provide service and generate income for Minda.

Therefore bed licences are considered to have an indefinite useful life and are not amortised. Impairment and useful life are assessed annually.

**(f) Trade and other receivables**

Trade and other receivables are stated at their cost less impairment losses (see accounting policy 1(j))

**(g) Inventories**

Inventory, with the exception of livestock which is valued at market rates, is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of disposal.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprises cash balances and call deposits.

**(i) 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 and fair value less cost to sell.

**(j) Impairment**

The carrying amount of Minda's assets other than inventories (see accounting policy 1(g)) are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 1(i)).

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss.

When a decline in the fair value of an available-for-sale investment, being investment assets, has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss.

**(i) Calculation of recoverable amount**

The recoverable amount of Minda's receivables carried at cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (ie the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of a non-current asset of a not-for-profit entity, "value-in-use" means "depreciated replacement cost" of an asset when the future economic "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

**1. Statement of Accounting Policies (cont)****(ii) Reversals of impairment**

An impairment loss in respect of receivables carried at cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Impairment losses recognised in the profit or loss for an investment in an equity instrument classified as available-for-sale, shall not be reversed through the profit or loss.

**(k) Available-for-sale investments**

Investments in equity securities are held directly, classified as being available-for-sale, and stated at fair value. Any resultant gain or loss is recognised directly in equity, except for impairment losses.

The fair value of investments held as available-for-sale is their quoted bid price at the balance sheet date.

If the cumulative loss recognised directly in equity in relation to any investment is considered to be due to impairment, that cumulative loss is recognised in the income statement. When investments are derecognised, as a result of sale, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Available-for-sale investments in equity securities are considered to be impaired if the value of the asset declines by more than 20% and the decline continues for a period greater than 9 months.

Investments are recognised/derecognised by Minda on the date it commits to purchase/sell the investments.

**(l) Employee benefits****(i) Long-term service benefits**

Minda's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating the terms of Minda's obligations.

**(ii) Wages, salaries and annual leave**

Liabilities for employee benefits for wages, salaries, and annual leave expected to be settled within 12 months of reporting date, represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wages and salary rates that Minda expects to pay as at reporting date including related on-costs.

**(iii) Worker's Compensation**

With effect from 1 July 2007, Minda Inc agreed with the State Government that its self insurance for workers compensation would include redemptions and lump sum settlements in return for an increase in annual funding of 1%. An actuarial report has been instituted to quantify Minda Inc's liability for known cases and as estimate of the liability for cases incurred but not yet known. This liability has been included as a current and non-current provision.

**(m) Trade and other payables**

Trade and other payables are stated at cost.

**(n) Revenue****(i) Charitable support**

Revenue is received from fundraising events, legacies and bequests and is brought to account on a cash received basis. 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 Minda gains control of such assets.

**(ii) Interest and dividend revenue**

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).

**(iii) Sale of goods**

Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer.

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

The net gain or loss of non-current asset sales are included as 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. Assets which satisfy the criteria in AASB 5 as assets held for sale are transferred to current assets and separately disclosed as assets held for sale on the face of the balance sheet. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date which they satisfy the held for sale criteria.

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

**1. Statement of Accounting Policies (cont)****(v) Government Grants**

Grants constituting non-reciprocal transfers received from the Government are recognised as income when Minda obtains control of the benefit. A non-reciprocal transfer is one in which Minda receives assets and services or has liabilities extinguished without giving approximately equal value in exchange to the other party or parties to the transfer. Grants in which Minda is required to repay unutilised funding are treated as reciprocal transfers and income is recognised by reference to the stage of completion of the transaction in accordance with AASB 118 "Revenue".

**(vi) Board and Lodging**

Board and lodging revenue is received from clients living on Brighton campus and is calculated at 50% of pension received. The revenue is used to provide all meals, laundry and cleaning services and to pay for all utilities, repairs and maintenance in the residential houses.

**(o) Finance Income and Expenses**

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that Minda's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

**(p) 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, net of returns, trade discounts and volume rebates. 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.

**(q) 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 Balance Sheet.

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.

**Correction of error - restatement of provision for annual leave and long service leave**

There was a system error identified with the annual and long service leave provision calculations in previous periods which misstated hours accrued for employees. Minda performed an employee-by-employee analysis to correct the provision. The financial report has been reinstated for the periods 1 July 2009 and 30 June 2010 to correct the annual leave and long service leave provisions. As at 1 July 2009, annual leave provision decreased by \$32,000, long service leave provision decreased by \$31,000 and retained earnings increased by \$63,000. As at 30 June 2010, annual leave provision increased by \$469,000, long service leave provision decreased by \$90,000 and retained earnings decreased by \$379,000.

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

|  | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| <b>2 REVENUE FROM GOVERNMENT FUNDING</b>   |                |                |
| Revenue from State Government  | 36,151         | 34,726         |
| Revenue from Commonwealth Government   | 7,281          | 6,929          |
|  | <u>43,432</u>  | <u>41,655</u>  |
| <b>3 OTHER REVENUE</b>   |                |                |
| Revenue received for Services Provided   | 4,631          | 4,303          |
| Sales Revenue  | 2,235          | 2,414          |
| Other Revenue  | 35             | 346            |
| Bequests and Fundraising   | 392            | 749            |
| Commercial Rent Received   | 1,505          | 1,546          |
| Residential Rent Received  | 2,047          | 1,967          |
| Specific Purpose Grants  | -              | 12             |
|  | <u>10,845</u>  | <u>11,337</u>  |
| <b>4 EMPLOYEE EXPENSES</b>   |                |                |
| Salaries and wages   | 37,082         | 35,112         |
| Superannuation   | 3,503          | 3,655          |
| Workcover  | 342            | 1,373          |
| Annual, sick, long service, maternity leave  | 6,378          | 4,551          |
|  | <u>47,305</u>  | <u>44,691</u>  |
| <b>5 OTHER EXPENSES</b>  |                |                |
| Depreciation Expenses  | 1,613          | 1,609          |
| Services Provided  | 3,504          | 3,064          |
| Cost of Goods Sold   | 568            | 643            |
| Administration Expenses  | 5,731          | 3,654          |
| Landlord Expenses  | 1,579          | 1,823          |
|  | <u>12,995</u>  | <u>10,793</u>  |
| <b>6 FINANCING INCOME &amp; EXPENDITURE</b>  |                |                |
| Interest income  | 1,663          | 765            |
| Investment Revenue   | 2,240          | 2,020          |
| Land Sales Income  | 10,363         | 13,856         |
| Investment Expenses  | (110)          | (1,090)        |
| Land Sales Expenses  | (6,819)        | (8,149)        |
|  | <u>7,337</u>   | <u>7,402</u>   |
| <b>7 OTHER COMPREHENSIVE INCOME</b>  |                |                |
| During the 2010/2011 financial year the increase in the fair value of the available-for-sale investments was taken directly to equity and presented as other comprehensive income. |                |                |
| <b>8 Cash and Cash Equivalents</b>   |                |                |
| Cash   | 618            | 253            |
| Short-Term Deposits  | 19,750         | 29,500         |
| <b>Total Cash and Cash Equivalents</b>   | <u>20,368</u>  | <u>29,753</u>  |
| <b>9 Inventories</b>   |                |                |
| Livestock  | 58             | 70             |
| Stock on Hand  | 143            | 131            |
| <b>Total Inventories</b>   | <u>201</u>     | <u>201</u>     |
| <b>10 Receivables</b>  |                |                |
| Trade receivables  | 355            | 481            |
| Provision for Doubtful Debts   | (7)            | (5)            |
| Accrued Income   | 696            | 759            |
| Other Debtors  | 930            | 363            |
| <b>Total Receivables</b>   | <u>1,974</u>   | <u>1,598</u>   |
| <b>11 Assets held for sale</b>   |                |                |
| Blackwood Park lots  | 275            | 55             |
| <b>Total Assets held for sale</b>  | <u>275</u>     | <u>55</u>      |
| <b>12 Available-for-sale investments</b>   |                |                |
| Reconciliation of Carrying Amount  |                |                |
| Carrying Amount at beginning of year   | 23,095         | 21,413         |
| Net Income Reinvested  | 1,961          | 1,018          |
| Net change in Fair Value   | (186)          | 681            |
| Addition   | 490            | 1,000          |
| Loss on Market Value of assets   | (437)          | (1,017)        |
| <b>Carrying Amount at end of year</b>  | <u>24,923</u>  | <u>23,095</u>  |

During the year, \$8,332 of investments were transferred from ANZ and 360 Private to JB Were.

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

|   | Land & Buildings<br>\$'000 | Plant & Equipment<br>\$'000 | Motor Vehicles<br>\$'000 | WIP<br>\$'000  | Total<br>\$'000 |
|---|----------------------------|-----------------------------|--------------------------|----------------|-----------------|
| <b>13 Fixed Assets</b>                    |                            |                             |                          |                |                 |
| <b>Cost or deemed cost</b>                |                            |                             |                          |                |                 |
| Balance at 1 July 2009                    | 30,808                     | 5,609                       | 3,265                    | -              | 39,682          |
| Additions                                 | 1,309                      | 310                         | 433                      | -              | 2,052           |
| Adjustments                               | (18)                       | 9                           | (1)                      | -              | (10)            |
| Disposals                                 | -                          | (642)                       | (453)                    | -              | (1,095)         |
| WIP                                       | 109                        | 256                         | -                        | -              | 365             |
| Balance at 30 June 2010                   | <b>32,208</b>              | <b>5,542</b>                | <b>3,244</b>             | -              | <b>40,994</b>   |
| Balance at 1 July 2010                    | 32,208                     | 5,542                       | 3,244                    | -              | 40,994          |
| Additions                                 | 4,020                      | 412                         | 1,041                    | 7,100          | 12,573          |
| Disposals                                 | (60)                       | (271)                       | (695)                    | (1,512)        | (2,538)         |
| Work in progress                          | (417)                      | 66                          | 2                        | -              | (349)           |
| Balance at 30 June 2011                   | <b>35,751</b>              | <b>5,749</b>                | <b>3,592</b>             | <b>5,588</b>   | <b>50,680</b>   |
| <b>Depreciation and impairment losses</b> |                            |                             |                          |                |                 |
| Balance at 1 July 2009                    | 3,346                      | 3,657                       | 1,162                    | -              | 8,165           |
| Depreciation for the year                 | 442                        | 573                         | 594                      | -              | 1,609           |
| Disposals                                 | -                          | (617)                       | (269)                    | -              | (886)           |
| Balance at 30 June 2010                   | <b>3,788</b>               | <b>3,613</b>                | <b>1,487</b>             | -              | <b>8,888</b>    |
| Balance at 1 July 2010                    | 3,788                      | 3,613                       | 1,487                    | -              | 8,888           |
| Depreciation for the year                 | 490                        | 547                         | 576                      | -              | 1,613           |
| Disposals                                 | (3)                        | (256)                       | (451)                    | -              | (710)           |
| Balance at 30 June 2011                   | <b>4,275</b>               | <b>3,904</b>                | <b>1,612</b>             | -              | <b>9,791</b>    |
| <b>Carrying amounts</b>                   |                            |                             |                          |                |                 |
| at 1 July 2009                            | 27,462                     | 1,952                       | 2,103                    | -              | 31,517          |
| at 30 June 2010                           | 28,420                     | 1,929                       | 1,757                    | -              | 32,106          |
| at 1 July 2010                            | 28,420                     | 1,929                       | 1,757                    | -              | 32,106          |
| at 30 June 2011                           | <b>31,476</b>              | <b>1,845</b>                | <b>1,980</b>             | <b>5,588</b>   | <b>40,889</b>   |
|   |                            |                             |                          | 2011<br>\$'000 | 2010<br>\$'000  |
| <b>14 Intangible Assets</b>               |                            |                             |                          |                |                 |
| Nursing Home Bed Licences                 |                            |                             |                          | 1,200          | 1,200           |
| <b>Total Intangible Assets</b>            |                            |                             |                          | <b>1,200</b>   | <b>1,200</b>    |
| <b>Bed Licences</b>                       |                            |                             |                          |                |                 |
| Reconciliation of Carrying Amount         |                            |                             |                          |                |                 |
| Carrying amount at beginning of year      |                            |                             |                          | 1,200          | 1,200           |
| <b>Carrying amount at end of year</b>     |                            |                             |                          | <b>1,200</b>   | <b>1,200</b>    |
| <b>15 Payables</b>                        |                            |                             |                          |                |                 |
| Creditors                                 |                            |                             |                          | 981            | 897             |
| Accruals                                  |                            |                             |                          | 4,514          | 1,801           |
| Enterprise Bargaining Accrual             |                            |                             |                          | -              | 2,204           |
| Prepaid Income                            |                            |                             |                          | 51             | 126             |
| Other Creditors                           |                            |                             |                          | 50             | 51              |
| <b>Total Payables</b>                     |                            |                             |                          | <b>5,596</b>   | <b>5,079</b>    |
| <b>16 Employee Benefits</b>               |                            |                             |                          |                |                 |
| <b>Current</b>                            |                            |                             |                          |                |                 |
| Annual Leave                              |                            |                             |                          | 4,967          | 4,806           |
| Long Service Leave                        |                            |                             |                          | 1,488          | 1,493           |
| Worker's Compensation                     |                            |                             |                          | 826            | 861             |
| <b>Total Employee Benefits</b>            |                            |                             |                          | <b>7,281</b>   | <b>7,160</b>    |
| <b>Non-Current</b>                        |                            |                             |                          |                |                 |
| Long Service Leave                        |                            |                             |                          | 1,651          | 1,508           |
| Worker's Compensation                     |                            |                             |                          | 1,679          | 1,766           |
| <b>Total Employee Benefits</b>            |                            |                             |                          | <b>3,330</b>   | <b>3,274</b>    |

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

**17 Accumulated Funds**

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Opening Balance                     | 71,814        | 66,904        |
| Total recognised income and expense | 1,314         | 4,910         |
| Closing Balance                     | <u>73,128</u> | <u>71,814</u> |

**18 Fair Value Reserve**

|                                     |            |            |
|-------------------------------------|------------|------------|
| Opening Balance                     | 681        | 0          |
| Total recognised income and expense | (186)      | 681        |
| Closing Balance                     | <u>495</u> | <u>681</u> |

**Total Equity**

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Opening Balance                     | 72,495        | 66,904        |
| Total recognised income and expense | 1,128         | 5,591         |
| Closing Balance                     | <u>73,623</u> | <u>72,495</u> |

**19 Commitments**

|   |   |   |
|---|---|---|
| Capital expenditure commitments               | - | - |
| Contracted commitment payable within one year | - | - |

**20 Contingent Liabilities and Contingent Assets**

The Directors are not aware of any contingent liabilities or assets.

**21 Events subsequent to reporting date**

No events have arisen since the end of the financial year which significantly or may significantly affect the operations of Minda, the results of those operations, or the state of affairs of the Association in future financial years.

**22 Related Party Transactions****Board of Directors**

The names of each person who held office as a Board Member during the year and the dates of any changes to the Board of Directors are:

|  |   |
|--|---|
| Mr Tony Harrison                           | Mr Kym Hancock                                  |
| Mr Peter Krieg                             | Mrs Lyn Magee                                   |
| Mr Michael Negri - appointed 31 March 2011 | Mr Wesley Ashman                                |
| Mr Roy Arnold - resigned 25 November 2010  | Dr Bronwyn Halliday - resigned 23 February 2011 |
| Ms Kate Thiele                             | Mr Richard Bruggeman                            |
| Mr Robert Crabbe                           | Mr Shaun Hughes - appointed 26 May 2011         |

During the 2011 financial year, Minda paid for Mr Tony Harrison to undertake an Australian Institute of Company Directors course.

No other officer above received directly or indirectly any payment or other benefit.

In addition to the above the Chief Executive Officer and the Chief Financial Officer attend all meetings of the Board.

The Chief Executive Officer receives a remuneration package which has been approved by the Board after consideration of general market conditions.

**Key Management Personnel Compensation**

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

The compensation for Key Management Personnel was as follows:

|                              | 2011<br>\$'000 | 2010<br>\$'000 |
|------------------------------|----------------|----------------|
| Short Term Employee Benefits | 1,197          | 1,112          |
| Other Long Term Benefits     | 19             | 43             |
| Post Employment Benefits     | 99             | 92             |
| TOTAL                        | <u>1,315</u>   | <u>1,247</u>   |

**23 Auditors Remuneration****Audit services:**

|                          |    |    |
|--------------------------|----|----|
| Auditors of Minda - KPMG | 83 | 51 |
|--------------------------|----|----|

**Other services:**

|                          |    |   |
|--------------------------|----|---|
| Auditors of Minda - KPMG | 36 | 3 |
|--------------------------|----|---|

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

**24 Controlled Entity**

Minda, has a controlled entity, Minda Community Housing Association Inc ('the Controlled Entity'). Consolidated Financial statements comprising Minda and the Controlled Entity are not prepared as the Controlled Entity's results, assets, liabilities and cash flows are not material.

The Controlled Entity has recorded income and expenses for the year of nil (2010: nil) and cash flows for the year of nil (2010: nil).

The Controlled Entity has an asset of land and buildings at fair value of \$852,200 (2010: \$781,000), and a liability represented by a debenture of \$640,000 (2010: \$590,000). The controlled Entity has net assets of \$212,200 (2009: \$191,000). Unity housing Company is the appointed agent to receive income and incur expenses in the operation of the community house under an agreement.

**25 Residential Aged Care Services Disclosure**

The Residential Aged Care Services financial data presented below has been prepared for the purpose of fulfilling the requirements of the Australian Government of Health and Ageing "Conditional Adjustment Payment" (CAP).

The figures represent residential aged care operations as defined under the Aged Care Act 1997 and not other aged care operations such as community or flexible care, or independent living units for seniors.

Minda has recognised a provision of \$2.5m as at 30 June 2011 to cover Minda's liability for known workcover cases and an estimate of Minda's liability for cases not yet know. The provision covers all staff employed by Minda including those working within the Residential Aged Care Services division. The full provision has been recorded in the financial statements of Minda, none of the provision has been allocated to the Residential Aged Care Services division as it is not possible to reliably determine and measure the level of the provision which relates to the Aged Care Services division.

| Revenue and Expenses                           | 2011<br>\$'000 | 2010<br>\$'000 |
|--|----------------|----------------|
| <b>Operating Revenue</b>                       |                |                |
| Revenue from respite, rent and fee for service | -              | 2              |
| Revenue from board and lodging                 | 342            | 312            |
| Revenue from Commonwealth Govt                 | 2,143          | 1,954          |
| <b>Total Operating Revenue</b>                 | <b>2,485</b>   | <b>2,268</b>   |
| <b>Operating Expenditure</b>                   |                |                |
| Direct Services                                |                |                |
| Salary & Wages                                 | 2,467          | 2,681          |
| Goods & Services                               | 738            | 686            |
| <b>Total Direct Service Expenditure</b>        | <b>3,205</b>   | <b>3,367</b>   |
| Support Services                               |                |                |
| <b>Total Support Services</b>                  | <b>122</b>     | <b>117</b>     |
| <b>Total Operating Expenditure</b>             | <b>3,327</b>   | <b>3,484</b>   |
| <b>Operating Surplus / (Deficit)</b>           | <b>(842)</b>   | <b>(1,216)</b> |
| <b>Contribution from Minda Services</b>        | <b>894</b>     | <b>1,144</b>   |
| <b>Total Surplus/(Deficit)</b>                 | <b>52</b>      | <b>(72)</b>    |

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

## 25 Residential Aged Care Services Disclosure continued

## BALANCE SHEET AS AT 30 JUNE 2011

|                                      | 2011<br>\$'000 | 2010<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Current Assets</b>                |                |                |
| Cash and cash equivalents            | -              | -              |
| Investments                          | -              | -              |
| Receivables                          | -              | -              |
| <b>Total Current Assets</b>          | <b>-</b>       | <b>-</b>       |
| <b>Non Current Assets</b>            |                |                |
| Freehold Land and Buildings          | -              | -              |
| Plant Equipment and Furniture        | 40             | 24             |
| Motor Vehicles                       | 9              | 14             |
| Intangible assets - Bed Licences     | 1,200          | 1,200          |
| <b>Total Non Current Assets</b>      | <b>1,249</b>   | <b>1,238</b>   |
| <b>Total Assets</b>                  | <b>1,249</b>   | <b>1,238</b>   |
| <b>Current Liabilities</b>           |                |                |
| Payables                             | 83             | 181            |
| Employee Benefits                    | 215            | 178            |
| <b>Total Current Liabilities</b>     | <b>298</b>     | <b>359</b>     |
| <b>Non Current Liabilities</b>       |                |                |
| Employee Benefits                    | 89             | 69             |
| <b>Total Non Current Liabilities</b> | <b>89</b>      | <b>69</b>      |
| <b>Total Liabilities</b>             | <b>387</b>     | <b>428</b>     |
| <b>NET ASSETS</b>                    | <b>862</b>     | <b>810</b>     |
| <b>TOTAL EQUITY</b>                  | <b>862</b>     | <b>810</b>     |

## 26 Risk Management

## (a) Risk management framework

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

- Credit risk
- Liquidity risk
- Market risk

This note presents information about Minda's exposure to each of the above risks, Minda Incorporated's objectives, policies and processes for measuring and managing risk, and Minda'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 Minda Incorporated on time and in full, as contracted. It arises principally from Minda's receivables from customers and investment securities

## Management of credit risk

Minda's exposure to credit risk is reduced due to the stability of its funding sources. Although Minda derives 58% of its income from Government departments it has implemented a robust credit risk management procedure.

Minda has established a credit procedure under which each new customer is analysed individually for creditworthiness before Minda's standard payment and delivery terms and conditions are offered. Minda's review includes external ratings and credit references. Purchase limits are established for each customer and the application for credit must be recommended by the Financial Controller and the Executive Manager Lifestyle Services before final approval of the Chief Executive Officer. Customers that fail to meet Minda's benchmark creditworthiness may transact with Minda only on a cash sales basis.

## NOTES TO &amp; FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2011

**26 Risk Management continued****Impaired trade receivables**

Minda has established an allowance for impairment that represents their 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

The \$4,509 impaired as at 30 June 2010 was made up of one customer that had gone into receivership and other minor customers with unpaid fees. During the 2010/11 year \$1,809 of the impaired debt from 2009/10 (\$4,509) was repaid, \$1,860 was credited, \$350 was written off after the debt collection agency was unable to obtain payments and \$490 remained impaired. The 2010/11 impaired debtors of \$6,919 consists of eight customers with unpaid fees, including the \$490 remaining from 2009/10 from one company that has gone into receivership. Minda will continue to pursue

**Investments**

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 an internet based at-call account or fixed interest accounts for 30, 60 or 90 days with counterparties that have a credit rating of at least A from Standard & Poor's or are subject to the Government \$1m guarantee. A maximum of \$5m can be placed with counterparties that have a credit rating of at least A from Standard & Poor's and a maximum of \$1m can be placed with counterparties that have a lower rating but are covered by the government \$1m guarantee. At least 3 investment managers are appointed to manage the long term investment portfolio and are provided with guidelines designed to meet the Board's risk profile. management does not expect any counterparty to fail to meet its

**(c) Liquidity risk**

Liquidity risk is the risk that Minda 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**

Minda's 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 Minda's reputation.

**Exposure to liquidity risk**

Minda maintains an internet based at-call account which has an average balance of \$4.0m and funds are able to be accessed instantaneously. Another \$20.3m in cash funds are invested on a short term basis with varying maturity dates but always ensuring that at least \$1m is due for maturity the day before Minda pay days. These two strategies ensure that Minda is able to meet its short term liabilities. Long term investments are able to be sold as required to meet long term needs.

The only contractual financial liability Minda holds is for trade payables which have a balance of \$5.6m (2010: \$5.1m). The carrying amount of these liabilities is equal to its contractual cash flow and all cashflows are expected to take place within three months or less.

**(d) Market risks**

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

**Management of market risks**

Whilst Minda does have some exposure to risks due to movements in interest rates and equity prices, Minda's Investment Policy ensures the risk due to movements in foreign exchange rates is minimised. Minda's Investment Policy directs Investment Managers to allocate a maximum of 5% in international shares and nil in international property. Movements in the investment market are managed by appointing at least three investment managers and by directing that the portfolio is spread across a range of investments in line with Minda's investment policy.

**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 repricing 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 13, are drawn up so as to present fairly the results and cash flows for the financial year ended 30 June 2011, and the state of affairs as at 30 June 2011; 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.
2. 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.
3. Since the end of the previous financial year no Officer of Minda Incorporated has received directly or indirectly, any payment or other benefit of a pecuniary value.
4. The financial statements have been made out in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the provisions of the Associations Incorporation Act and the requirement of law.

Dated at Adelaide this 27<sup>th</sup> day of October 2011.

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



A. Harrison  
President



W. Ashman  
Vice President



## **Independent audit report to the members of Minda Incorporated**

### **Report on the financial report**

We have audited the accompanying financial report of Minda Incorporated (the Association), which comprises the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information, and the statement by the board.

#### *Directors' responsibility for the financial report*

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Associations Incorporation Act 1985, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Associations Incorporation Act 1985, a view which is consistent with our understanding of the Association's financial position, and of its performance.

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



*Independence*

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board.

*Auditor's opinion*

In our opinion, the financial report of Minda Incorporated is properly drawn up so as to present fairly, in all material respects, the financial position of the Association as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with the Associations Incorporation Act 1985 and Australian Accounting Standards – Reduced Disclosure Requirements.

*KPMG*

KPMG

A handwritten signature in black ink, appearing to read 'Derek Meates', written in a cursive style.

Derek Meates  
*Partner*

Adelaide

27 October 2011