

**Mallee District Aboriginal Services Limited**  
**ABN: 54 334 685 198**

**Consolidated Financial Report**

**For the year ended 30 June 2020**



**MDAS**  
MALLEE DISTRICT ABORIGINAL SERVICES

*"Generations of vibrant, healthy  
and strong Aboriginal communities."*

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
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**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Directors' report**

The Directors present their report together with the financial statements of the consolidated entity ('Group'), being Mallee District Aboriginal Services Limited (the Company) and its Controlled Entity; MDAS Limited, for the year ended 30 June 2020 and the Independent Audit Report thereon.

## Directors

The following persons were Directors of the Group during or since the end of the financial year up to the date of this report:

<b>Directors</b>	<b>Details</b>
<b>Keith Hampton</b>	<b>Director and Chair</b> Board member since 2000, Chairman, Manager of the Warrakoo Rehabilitation Hostel since 2011. Prior experience with the Department of Primary Industries and working with Koori trainees in horticulture and labouring.
<b>Pamela McCormack</b> Secretary	<b>Director and Secretary</b> Board member since 2011, Customer Service Officer, Team Leader, MDAS Family Services reception and mother of three.
<b>Joshua Kirby</b>	<b>Director</b> Board member since 2015, previously served on the Balranald Land Council, the Dareton Youth Centre, the Swan Hill Aboriginal Co-operative, and the Bendigo & District Aboriginal Co-operative.
<b>Melanie Lane</b>	<b>Director</b> Completing Certificate 4 ATSI Primary Health Care Practice. Board member since 2017, Board member Kerang District Health since 2016. Kerang Coordinator/Senior ATSI Health Worker/Kerang Community Facilitator MDAS Kerang, Current role at MDAS - Swan Hill Corporate Services Manager. Member of LMARG.
<b>Cara-Lee Brown</b>	<b>Director</b> Bachelor Social Work (Hons); Social Worker with the Department of Human Services; Mother of four children. Board member since 2019.
<b>Kieaminda Charles</b> (Appointed 23/08/2019) (Resigned 15/04/2020)	<b>Director</b> Mutthi Mutthi person; Aboriginal Discovery Ranger at Yanga National Park & Mungo National Park. Board member since 2019.
<b>Jason Kirby</b> (Appointed 15/04/2020)	<b>Director</b> Teacher's Assistant over 5 years at primary schools and TAFE. Co-ordinates, coaches and mentors the Mallee Tigers Football Team.

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Group.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Directors' report**

**Secretary**

Pamela McCormack has been Group secretary since 13 June 2018. Pamela's experience and qualifications are disclosed on the prior

**Directors' meetings**

Attendances by each Director during the year were as follows:

Director	Board meetings		Risk & Audit Committee meetings	
	A	B	A	B
Keith Hampton	11	11	-	-
Pamela McCormack Secretary	11	11	-	-
Joshua Kirby	11	11	-	-
Melanie Lane	11	11	-	-
Cara-Lee Brown	11	7	-	-
Kieaminda Charles	6	1	-	-
Jason Kirby	3	1	-	-

*A - The number of meetings eligible to attend.*

*B - The number of meetings attended.*

*N/A - not a member of that committee.*

**Principal activities**

The principal activity of the Group during the financial year was to promote aboriginal health, wellbeing, culture and economic prosperity through delivery of health, family and community services to clients in Mildura, Swan Hill, Kerang and Robinvale. Services are targeted to address areas of need created through social disadvantage, drug and alcohol misuse, sickness, disability, family violence, youth suicide, homelessness, teen pregnancy, low levels of childhood wellbeing, unemployment, disengagement with the education system and high levels of involvement with the criminal justice system.

There has been no significant changes in the nature of these activities during the year.

**Our Objectives**

The Group's short-term objectives are to:

- Strengthen individual and community capacity;
- Provide culturally-appropriate services that are accessible to all;
- Facilitate cultural connection and healing; and
- Facilitate sustainable commercial enterprise opportunities and economic independence.

The Group's long-term objectives are to:

- Deliver an increase in Aboriginal Health checks;
- Ensure Mallee Aboriginal kids are looked after; and
- Ensure community housing applicants are housed.

**Strategies for Achieving Our Objectives**

To achieve its stated objectives, the Group has adopted the following strategies:

- Improve housing options and standards;
- Work to create education and leadership options for young Mallee Aboriginals;
- Invest in capacity building models to care for the very young;
- Create scope for family networks to help build stronger families;
- Expand health and aged care capabilities; and
- Develop more expansive cultural awareness program.

**Contribution on Winding Up**

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Directors' report**

The Group is incorporated under the Corporations Act 2001 and is a Group limited by guarantee. If the Group is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the Group are liable to contribute if the Group is wound up is \$102.

**Auditor independence declaration**

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included in page 5 of this financial report and forms part of this Director's Report. No Officer of the Group is or has been a partner of the Auditor of the Group.

The director's report is signed in accordance with a resolution of the Board of Directors.



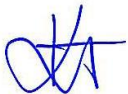
**Deb Chaplin**  
Chairperson  
Dated: 12 November 2020

**Auditor's Independence Declaration under Australian Charities and Not-for-profits Commission Act s 60-40 to the Directors of Mallee District Aboriginal Services**

In accordance with Subdivision 60-C of the Australian Charities and Not-for-profits Commission Act 2012, as the auditor of Mallee District Aboriginal Services Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there has been no contraventions of:

- (i) the Auditor independence requirements of the Australian Charities and Not for Profits Commission Act 2012 in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

**RSD Audit**

A handwritten signature in blue ink, appearing to be 'Kathie Teasdale', is written over a faint, light blue circular watermark.

**Kathie Teasdale**  
**Partner**  
41A Breen Street  
Bendigo VIC 3550

Dated: 12 November 2020

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**for the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Revenue</b>			
Government funding	4	24,805,458	31,364,403
Other revenue	4	2,998,177	3,280,499
<b>Total Revenue</b>		<b><u>27,803,635</u></b>	<b><u>34,644,902</u></b>
<b>Expenses</b>			
Employee benefits expense	5	19,481,563	16,463,574
Client costs and program development / delivery		5,140,975	4,868,908
Depreciation expense	9	1,202,219	682,706
Interest expense		23,770	63,201
Occupancy costs and utilities		1,608,108	1,561,872
Motor vehicle expenses		466,157	947,042
IT costs		602,691	541,959
Travel expenses		503,013	624,563
Grants returns		5,968	139,993
Repairs and equipment replacement		680,203	660,570
Other expenses		916,712	1,219,771
<b>Total expenses</b>		<b><u>30,631,379</u></b>	<b><u>27,774,159</u></b>
<b>Net current year profit</b>		<b><u>(2,827,744)</u></b>	<b><u>6,870,743</u></b>
<b>Other comprehensive income</b>			
<i>Items that will not be subsequently reclassified to profit and loss</i>			
Revaluation of property		-	-
Revaluation of intangible assets		80,290	110,110
<b>Total other comprehensive income for the year</b>		<b><u>80,290</u></b>	<b><u>110,110</u></b>
<b>Total comprehensive income for the year</b>		<b><u>(2,747,454)</u></b>	<b><u>6,980,853</u></b>

These financial statements should be read in conjunction with the accompanying notes.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Consolidated Statement of Financial Position**  
**as at 30 June 2020**

	Note	2020 \$	2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	3,780,521	9,520,692
Trade and other receivables	7	1,357,057	626,506
Other financial assets	8	794,195	835,214
<b>Total current assets</b>		<b>5,931,773</b>	<b>10,982,412</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	26,820,077	25,041,713
Right of use	10	575,471	-
Intangible assets	10	1,099,700	1,019,410
<b>Total non-current assets</b>		<b>28,495,248</b>	<b>26,061,123</b>
<b>Total assets</b>		<b>34,427,021</b>	<b>37,043,535</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	1,264,568	1,870,650
Leases	12	444,406	-
Provisions	13	1,680,819	1,365,284
<b>Total current liabilities</b>		<b>3,389,793</b>	<b>3,235,934</b>
<b>Non-current liabilities</b>			
Leases	12	134,925	-
Provisions	13	257,365	415,209
<b>Total non-current liabilities</b>		<b>392,290</b>	<b>415,209</b>
<b>Total liabilities</b>		<b>3,782,083</b>	<b>3,651,143</b>
<b>Net assets</b>		<b>30,644,938</b>	<b>33,392,392</b>
<b>Equity</b>			
Retained earnings		26,497,120	29,324,864
Reserves		4,147,818	4,067,528
<b>Total equity</b>		<b>30,644,938</b>	<b>33,392,392</b>

These financial statements should be read in conjunction with the accompanying notes.



**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Consolidated Statement of Changes in Equity**  
**for the year ended 30 June 2020**

Note	Retained earnings \$	Property revaluation surplus \$	Water revaluation surplus \$	Total equity \$
<b>Balance at 1 July 2019</b>	<b>29,324,864</b>	<b>3,305,424</b>	<b>762,104</b>	<b>33,392,392</b>
<i>Comprehensive income for the year</i>				
Deficit for the year	(2,827,744)	-	-	(2,827,744)
Other comprehensive income for the year	-	-	80,290	80,290
	<u>(2,827,744)</u>	<u>-</u>	<u>80,290</u>	<u>(2,747,454)</u>
<b>Balance at 30 June 2020</b>	<b><u>26,497,120</u></b>	<b><u>3,305,424</u></b>	<b><u>842,394</u></b>	<b><u>30,644,938</u></b>
<b>Balance at 1 July 2018</b>	<b>22,454,121</b>	<b>3,305,424</b>	<b>651,994</b>	<b>26,411,539</b>
<i>Comprehensive income for the year</i>				
Profit for the year	6,870,743	-	-	6,870,743
Other comprehensive income for the year	-	-	110,110	110,110
	<u>6,870,743</u>	<u>-</u>	<u>110,110</u>	<u>6,980,853</u>
<b>Balance at 30 June 2019</b>	<b><u>29,324,864</u></b>	<b><u>3,305,424</u></b>	<b><u>762,104</u></b>	<b><u>33,392,392</u></b>

These financial statements should be read in conjunction with the accompanying notes.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Consolidated Statement of Cash Flows**  
**for the year ended 30 June 2020**

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Grants receipts		24,434,209	26,972,461
Other receipts		2,598,106	4,525,860
Payments to suppliers and employees		(29,901,282)	(26,537,835)
Interest received		102,590	96,688
Interest paid		(23,770)	(63,201)
<b>Net cash flows from/(used in) operating activities</b>	16b	<b><u>(2,790,147)</u></b>	<b><u>4,993,973</u></b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		25,907	148,734
Proceeds from sale of investments		56,980	58,983
Purchase of property, plant and equipment		(2,473,682)	(2,106,641)
Purchase of investments		(48,763)	-
<b>Net cash flows used in investing activities</b>		<b><u>(2,439,558)</u></b>	<b><u>(1,898,924)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(510,466)	-
Repayment of borrowings		-	(2,402,500)
<b>Net cash flows used in financing activities</b>		<b><u>(510,466)</u></b>	<b><u>(2,402,500)</u></b>
<b>Net increase/(decrease) in cash held</b>		<b>(5,740,171)</b>	<b>692,549</b>
Cash and cash equivalents at beginning of financial year		9,520,692	8,828,143
<b>Cash and cash equivalents at end of financial year</b>	16a	<b><u>3,780,521</u></b>	<b><u>9,520,692</u></b>

These financial statements should be read in conjunction with the accompanying notes.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

The financial report includes the consolidated financial statements and notes of Mallee District Aboriginal Services Limited and Controlled Entities ('Group'), both of which are incorporated and domiciled in Australia and are companies limited by guarantee.

The financial statements were authorised for issue by the Directors on 12 November 2020.

## **1. Summary of Significant Accounting Policies**

### **Basis of preparation**

These consolidated financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. The Group is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

### **Accounting Policies**

#### **(a) Basis of consolidation**

The Group's financial statements consolidate those of the Mallee District Aboriginal Services Limited and entity it controls as of 30 June 2020. Mallee District Aboriginal Services Limited controls an entity if it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The controlled entity has a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

#### **(b) New and amended accounting policies adopted by the company**

MDAS has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

#### **(c) Comparative figures**

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

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**1. Summary of Significant Accounting Policies (continued)**

**(d) Income tax**

The Group is exempt from income tax by virtue of Division 50, of the *Income Tax Assessment Act 1997*. Therefore no provision for income tax expense is made.

**(e) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(f) Fair value of assets and liabilities**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**1. Summary of Significant Accounting Policies (continued)**

**(g) Impairment of 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. The 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.

**(h) Critical accounting estimates and judgements**

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The depreciation charge will increase where useful lives are less than previously estimated lives.

*Fair value assessment of non-current physical assets*

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

*Impairment*

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

*Employee benefits provision*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the entity expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows, the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore are required to be measured at the present value of the expected future payments to be made to employees.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**1. Summary of Significant Accounting Policies (continued)**

**(i) Leases**

**The Group as a lessee**

At inception of a contract, the Entity assesses if the contract contains a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**Changes in accounting policy**

The Group has applied AASB16 Leases with a date of initial application of 1 July 2019. AASB16 Leases replaces AASB117 Leases and three associated Interpretations. The new Standard has been applied using the modified retrospective approach, with any cumulative effect of adopting AASB16 to be recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated, as permitted under the specific transition provisions in the standard.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value-assets (less than \$10,000) the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**1. Summary of Significant Accounting Policies (continued)**

**Changes in accounting policy (continued)**

The following is a reconciliation of total operating lease commitments at 30 June 2019 to the lease liabilities recognised at 1 July 2019.

	<b>Amount</b>
	<b>\$</b>
Total operating lease commitments disclosed at 30 June 2019	889,279
Leases not previously recognised	121,346
Operating lease liabilities before discounting	<b>1,010,625</b>
Lease liability discounted using incremental borrowing rate at date of initial application (1 July 19)	971,052
 Lease Liability as at 1 July 2019	 971,052
Represented by:	
Current lease liabilities	510,466
Non-current lease liabilities	460,586
	<u>971,052</u>

*Adjustments recognised in the balance sheet on 1 July 2019*

The recognised right-of-use assets relate to the following types of assets:

	<b>30 June 2020</b>	<b>1 July 2019</b>
	<b>\$</b>	<b>\$</b>
Motor Vehicles	575,471	971,052
<b>Total right-of-use assets</b>	<u>575,471</u>	<u>971,052</u>

The change in accounting policy affected the following items in the balance sheet on 1 July 2019:

<b>Balance sheet item</b>	<b>Effect</b>	<b>Amount</b>
		<b>\$</b>
Right of use assets	Increase	971,052
Lease liabilities	Increase	971,052

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

## **1. Summary of Significant Accounting Policies (continued)**

### **(j) Revenue**

#### ***In the Current Year***

The Entity has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions.

The Group has elected to apply AASB1058 retrospectively only to contracts that are not completed contracts at the date of initial application. There have been no adjustments to retained earnings as a result of the initial application of AASB15 or AASB1058. The details of accounting policies under AASB118 and AASB1004 are disclosed separately since they are different from those under AASB15 or AASB1058.

Revenue is recognised in accordance with AASB15: Revenue from Contracts with Customers and AASB1058: Income of Not-for-profit Entities. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as Income received in Advance. Amounts disclosed as revenue, are, where applicable, net of returns, allowances and duties, and taxes.

#### **Operating Grants, Donations and Bequests**

When the entity receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15. When both these conditions are satisfied, the Group:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Group:

- recognises revenue in accordance with AASB1058 Income of not-for-profit entities;
- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

#### **Capital Grants**

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under terms of the grant.

#### ***In the Comparative period***

Revenue was recognised in accordance with AASB118 Revenue. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income in advance.



## **1. Summary of Significant Accounting Policies (continued)**

### **(k) Financial instruments**

#### **Initial recognition and measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: Revenue from Contracts with Customers.

#### **Classification and subsequent measurement**

##### **Financial Liabilities**

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributed transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method.

The Group recognises the following liabilities in this category:

- accounts payable and other payables;
- borrowings; and
- lease liabilities.

##### **Financial assets**

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial assets;
- the business model for managing the financial assets.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial assets;
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

## **1. Summary of Significant Accounting Policies (continued)**

### **(k) Financial instruments (continued)**

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss

### **(l) Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

#### **Derecognition of financial liabilities**

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss

#### **Derecognition of financial assets**

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and

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**1. Summary of Significant Accounting Policies (continued)**

**(k) Financial instruments (continued)**

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

**(m) New accounting standards for application in future periods**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided against early adoption of these standards.

The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on Financial Statements
AASB1059 - Service Concession Arrangements: Grantors	This applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor, typically known as Public-Private Partnerships (PPP).	2020-21	No Impact

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**4. Revenue**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Government funding		
- Department of Health	4,066,704	7,038,354
- Department of Prime Minister & Cabinet	1,398,670	1,596,806
- Department of Health & Human Services	16,024,856	17,948,152
- Department of Justice	1,236,679	998,899
- Other Grants	<u>2,078,549</u>	<u>3,782,192</u>
	<u>24,805,458</u>	<u>31,364,403</u>
Other revenue		
- Rebates & refunds	1,723,647	1,622,249
- Reimbursements	482,836	384,010
- Rental income	487,621	489,287
- Farm income	13,968	6,171
- Sale of temporary water	-	164,750
- Sundry revenue	201,835	457,600
- Interest & investment income received	102,590	96,688
- Unrealised gain/(loss) on investments	(61,292)	5,382
- Realised gain/(loss) on sale of investments	28,490	58,983
- Profit/(loss) on disposals of property, plant and equipment	<u>18,482</u>	<u>(4,621)</u>
	<u>2,998,177</u>	<u>3,280,499</u>
<b>Total revenue</b>	<u><b>27,803,635</b></u>	<u><b>34,644,902</b></u>

Revenue comprises revenue from the grants, rebates and refunds, reimbursements and rental income.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. Details of the activity-specific recognition criteria are described in Note 1.

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

*Rebates, refunds and reimbursements*

Fees charged for care or services provided to clients are recognised when the service is provided.

*Rental income*

Rental income from operating leases (net of any incentives given to the lessee) is recognised in accordance with the lease agreement, which is considered to best represent the pattern of service rendered through the provision of the leased asset. Income for short term rental is recognised as income when the service is provided.

*Sale of temporary water*

Sales of temporary water relates to the temporary allocation of water rights to customers. Revenue is recognised when the control of goods passes to the customer.

*Interest and other income*

Interest income is recognised on an accrual basis using the effective interest rate method.

Donations and bequests are recognised as revenue when received.

Unrealised gains/losses on investments are recognised as the difference between the carrying value and the fair value of the investments at year end. Realised gains/losses are recognised when the investments are sold.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Other income is recognised when the amount of revenue can be measured reliably and collection is probable.

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**5. Expenses**

	2020	2019
	\$	\$
Employee benefits expense		
- wages and salaries	17,639,580	15,098,484
- superannuation costs	1,561,474	1,345,263
- workers compensation insurance	280,509	19,827
	<u>19,481,563</u>	<u>16,463,574</u>
Auditors' remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit of the financial report	26,600	28,850
- Other Services	-	-
	<u>26,600</u>	<u>28,850</u>

Our auditors for the year ended 30 June 2020 were RSD Audit Pty Ltd (2019: RSD Audit Pty Ltd). No non-audit services were performed by RSD Audit during the 2020 financial year.

*Operating expenses*

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

*Interest expenses*

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

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**6. Cash and cash equivalents**

	2020	2019
	\$	\$
Cash at bank and on hand	3,780,521	9,320,692
Short-term bank deposits	-	200,000
	<u>3,780,521</u>	<u>9,520,692</u>

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

In 2020, Mallee District Aboriginal Services Limited and MDAS Limited have received grant funding of \$1,986,096 (\$5,673,198 in 2019) that will be expended in future years therefore, has been classified as restricted cash held for specific purpose.

The Group does not hold any short-term bank deposits as at 30 June 2020.

**7. Trade and other receivables**

	2020	2019
	\$	\$
<b>Current</b>		
Trade receivables	568,045	243,390
Other receivables	668,455	370,374
Accrued revenue	102,713	-
Loans and advances	17,844	12,742
	<u>1,357,057</u>	<u>626,506</u>

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

All of the Group's trade and other receivables have been reviewed for indicators of impairment. No amounts are considered to be impaired, therefore the group has not recognised any allowance for credit losses. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established in accordance with the expected credit loss model, or when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

**8. Other financial assets**

	2020	2019
	\$	\$
<i>Fair value through profit and loss</i>		
Listed investments	794,195	835,214
	<u>794,195</u>	<u>835,214</u>

Securities in listed corporations held for trading purposes to generate income through receipt of dividends and capital gains. Such investments are measured as fair value through profit and loss.

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**9. Property, plant and equipment**

	2020			2019		
	At cost/valuation \$	Accumulated depreciation \$	Written down value \$	At cost/valuation \$	Accumulated depreciation \$	Written down value \$
Land and buildings - at fair value	22,778,573	(730,073)	22,048,500	22,592,000	(363,114)	22,228,886
Land and buildings - at cost	3,591,485	(52,844)	3,538,641	1,830,000	(4,744)	1,825,256
Property and leasehold improvements - at cost	317,412	(109,949)	207,463	317,412	(86,302)	231,110
Plant and equipment - at cost	5,346,519	(4,589,662)	756,857	5,111,681	(4,486,045)	625,636
Works in progress - at cost	268,616	-	268,616	130,825	-	130,825
<b>Total property, plant and equipment</b>	<b>32,302,605</b>	<b>(5,482,528)</b>	<b>26,820,077</b>	<b>29,981,918</b>	<b>(4,940,205)</b>	<b>25,041,713</b>

*Land and buildings*

Freehold land and buildings are carried at their fair value (refer note 26), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings. Buildings purchased since the last formal revaluation are carried at cost.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value. This includes buildings purchased since the last formal revaluation.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same asset are recognised in other comprehensive income under the heading of revaluation surplus and against revaluation reserve directly in equity; all other decreases are recognised in profit or loss.

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.

*Property and leasehold improvements & Plant and equipment*

Property and leasehold improvements & Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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**9. Property, plant and equipment (continued)**

**(a) Movements in carrying amounts of PP&E**

	Opening written down value	Additions	Transfers	Disposals	Revaluations	Depreciation	Closing written down value
<b>2020</b>	\$	\$	\$	\$	\$	\$	\$
Land and buildings - at fair value	22,228,886	186,573	-	-	-	(366,959)	22,048,500
Land and buildings - at cost	1,825,256	1,761,485	-	-	-	(48,100)	3,538,641
Property and leasehold improvements - at cost	231,110	-	-	-	-	(23,646)	207,464
Plant and equipment - at cost	625,636	387,833	-	(7,425)	-	(249,188)	756,856
Works in progress - at cost	130,825	137,791	-	-	-	-	268,616
<b>Total property, plant and equipment</b>	<b>25,041,713</b>	<b>2,473,682</b>	<b>-</b>	<b>(7,425)</b>	<b>-</b>	<b>(687,893)</b>	<b>26,820,077</b>

	Opening written down value	Additions	Transfers	Disposals	Revaluations	Depreciation	Closing written down value
<b>2019</b>	\$	\$	\$	\$	\$	\$	\$
Land and buildings - at fair value	22,672,000	-	-	(79,125)	-	(363,989)	22,228,886
Land and buildings - at cost	-	1,830,000	-	-	-	(4,744)	1,825,256
Property and leasehold improvements - at cost	191,534	56,884	-	-	-	(17,308)	231,110
Plant and equipment - at cost	834,838	110,666	51,026	(74,229)	-	(296,665)	625,636
Works in progress - at cost	72,760	109,091	(51,026)	-	-	-	130,825
<b>Total property, plant and equipment</b>	<b>23,771,132</b>	<b>2,106,641</b>	<b>-</b>	<b>(153,354)</b>	<b>-</b>	<b>(682,706)</b>	<b>25,041,713</b>

**(b) Capital expenditure commitments**

The entity does not have any capital expenditure commitments at 30 June 2020 (2019: None).



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**9. Property, plant and equipment (continued)**

**(c) Depreciation**

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<b>Class of asset</b>	<b>Rate</b>	<b>Method</b>
Buildings	2.5-5%	Straight Line
Property and leasehold improvements	2.5-5%	Straight Line
Plant and equipment, furniture and vehicles	15-40%	Straight Line

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

**(d) Right of use assets**

The Company's lease portfolio includes 81 Motor Vehicles.

(i) AASB 16 related amounts recognised in the statement of financial position

	<b>Leased Motor Vehicles</b>	<b>Total Right of use asset</b>
	<b>\$</b>	<b>\$</b>
Leased Asset	1,089,797	1,089,797
Accumulated depreciation	(514,326)	(514,326)
	<b>575,471</b>	<b>575,471</b>

*Movements in carrying amounts:*

	<b>Leased Motor Vehicles</b>	<b>Total Right of use asset</b>
	<b>\$</b>	<b>\$</b>
Recognised on initial application of AASB 16		
- previously classified as operating leases	971,052	971,052
Additions	118,745	118,745
Depreciation expense	(514,326)	(514,326)
Net carrying amount	<b>575,471</b>	<b>575,471</b>

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**9. Property, plant and equipment (continued)**

**(d) Right of use assets (continued)**

(ii) AASB 16 related amounts recognised in the statement of profit or loss

	<b>2020</b>
	<b>\$</b>
Depreciation charge related to right-of-use assets	<b>514,326</b>
Interest expense on lease liabilities	<b>11,649</b>
 Total cash outflows for leases	 <b>525,975</b>

**10. Intangible assets**

	<b>2020</b>			<b>2019</b>		
	<b>At valuation</b>	<b>Accumulated amortisation</b>	<b>Written down value</b>	<b>At valuation</b>	<b>Accumulated amortisation</b>	<b>Written down value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Water rights	1,099,700	-	1,099,700	1,019,410	-	1,019,410

Water rights have been initially recorded at cost. Subsequent to initial recognition, the rights are recognised at fair value (refer note 26). Water rights are not subject to amortisation as the permanent water entitlements have an indefinite life.

Increases in the carrying amount arising on revaluation of water rights are recognised in other comprehensive income and accumulated in the revaluation reserve in equity. Revaluation decreases that offset previous increases of the same asset are recognised in other comprehensive income under the heading of revaluation surplus and against revaluation reserve directly in equity; all other decreases are recognised in profit or loss.

**Movements in carrying amounts**

	<b>2020</b>			<b>2019</b>		
	<b>Opening written down value</b>	<b>Revaluations</b>	<b>Closing written down value</b>	<b>Opening written down value</b>	<b>Revaluations</b>	<b>Closing written down value</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Intangible asset						
Water rights	1,019,410	80,290	1,099,700	909,300	110,110	1,019,410

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**11. Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<i>Unsecured liabilities:</i>		
Trade and other payables	877,294	1,580,520
Accrued expenses	339,774	290,130
Deferred income	47,500	-
	<b>1,264,568</b>	<b>1,870,650</b>

All above liabilities are short-term. The carrying values are considered to be a reasonable approximation of fair value.

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

**12. Leases**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Motor Vehicles	444,406	-
	<b>444,406</b>	-
<b>Non-current</b>		
Motor Vehicles	134,925	-
	<b>134,925</b>	-
<b>Total leases</b>	<b>579,331</b>	-

The Group has a total of 81 leases for Motor Vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

The Group classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see note 9).

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2020 were as

	<b>Minimum lease payments due</b>				<b>Total</b>
	<b>Within 1 year</b>	<b>1-2 Years</b>	<b>3-5 years</b>	<b>After 5 years</b>	
<b>30 June 2020</b>					
Lease payments	451,325	126,330	9,894	-	587,549
Finance charges	(6,319)	(1,760)	(139)	-	(8,218)
<b>Net present values</b>	<b>445,006</b>	<b>124,570</b>	<b>9,755</b>	<b>-</b>	<b>579,331</b>
<b>30 June 2019</b>					
Lease payments	-	-	-	-	-
Finance charges	-	-	-	-	-
<b>Net present values</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Lease payments not recognised as a liability**

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

At 30 June 2020, the Company was not committed to short-term leases.

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**13. Provisions**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Annual leave	1,269,772	1,319,149
Long service leave	411,047	46,135
	1,680,819	1,365,284
<b>Non-current</b>		
Long service leave	257,365	415,209
	257,365	415,209
<b>Total provisions</b>	<b>1,938,184</b>	<b>1,780,493</b>

*Short-term employee benefits*

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave expected to be settled wholly before 12 months is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

*Other long-term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**14. Reserves**

Other components of equity include the following:

**a) Property Revaluation Reserve**

The revaluation surplus records the revaluations of property, plant and equipment.

**b) Water Revaluation Reserve**

The revaluation surplus records the revaluations of intangible assets (water rights).

Retained earnings include all current and prior period retained profits.

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**15. Members Guarantee**

MDAS Ltd and its controlled entity are both incorporated under the *Corporations Act 2001* and are Companies limited by guarantee. If the Companies are wound up, the constitution states that each member is required to contribute a maximum \$1 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the Companies are liable to contribute if the Companies are wound up is below:

	2020 \$	2019 \$
MDAS Limited	9	9
Mallee District Aboriginal Services Limited	93	98
	<u>102</u>	<u>107</u>

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**16. Cash flow information**

	2020	2019
	\$	\$
<b>(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:</b>		
Cash and cash equivalents (Note 6)	3,780,521	9,520,692
As per the Statement of Cash Flow	<u>3,780,521</u>	<u>9,520,692</u>
<b>(b) Reconciliation of cash flow from operations with net profit</b>		
Net current year profit	(2,827,744)	6,870,743
Non-cash flows in profit		
- Depreciation and amortisation	1,202,219	682,706
- Unrealised gains / loss on investments	61,292	(81,918)
- Realised gains / loss on investments	(28,490)	(58,983)
- Net profit / loss on disposal of property, plant & equipment	(18,482)	4,621
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(730,551)	463,814
- (Increase) / decrease in prepayments and other assets	-	37,400
- (Decrease) / increase in trade and other payables	(606,082)	(3,387,687)
- (Decrease) / increase in provisions	157,691	463,277
Net cash flows from / (used in) operating activities	<u>(2,790,147)</u>	<u>4,993,973</u>

**17. Key management personnel and related party disclosures**

**(a) Key management personnel**

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

Key management of the Group are the executive members of the Board of Directors and the Chief Executive Officer of both MDAS Limited and the controlled entity.

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

	2020	2019
	\$	\$
Total key management personnel compensation	<u>1,029,913</u>	<u>531,717</u>

The MDAS Board of Directors were paid a sitting fee during 2019/20.

During the year termination payments to the CEO amounted to \$280,578 and Acting CEOs in place prior to the termination of the previous CEO.

**(b) Related parties**

The Group's related parties include its key management personnel, including close family members of key management personnel, and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

**(c) Transactions with key management personnel and related parties**

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

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**18. Parent entity information**

Information relating to Mallee District Aboriginal Services Limited ('the Parent Entity'):

	2020	2019
	\$	\$
<b>Statement of financial position</b>		
Current assets	5,558,168	2,866,864
Total assets	22,361,701	23,194,354
Current liabilities	1,046,225	3,029,893
Total liabilities	1,046,225	3,029,893
<b>Net assets</b>	<b>21,315,476</b>	<b>20,164,461</b>
Reserves	4,147,818	4,067,527
Retained earnings	17,167,658	16,096,934
<b>Total equity</b>	<b>21,315,476</b>	<b>20,164,461</b>
 <b>Statement of profit or loss and other comprehensive income</b>		
Profit for the year	(341,131)	1,789,283
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>(341,131)</b>	<b>1,789,283</b>

The Parent Entity does not have any capital commitments 2020:Nil (2019:Nil).

The Parent Entity does not have any contingent assets or contingent liabilities at year end.

**19. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian and State Governments, including but not limited to maintaining social distancing requirements, home quarantining, significant travel restrictions and increased focus on testing for COVID-19. MDAS understands that the Australian and State Governments may provide economic stimulus in the form of funding, however it is not clear at this time.

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

**20. Contingent liabilities and contingent assets**

*Contingent liabilities*

MDAS is currently under an Independent Broad-based Anti-corruption Commission (IBAC) investigation. At date of report it is unclear the ramifications and any possible damages that may arise due to the investigation.

*Contingent assets*

Mallee District Aboriginal Services Ltd Limited currently controls two properties, 9 Delamere Court, Merbein and 30 Avoca Street, Dareton from which they derive rental income. These properties were originally owned by the company but were transferred to the Warrakoo Aboriginal Assistance Trust several years ago to be used as security on loans. The titles for the two properties are registered in the name of the corporate trustees (Doompah Pty Ltd and Doompah Investments Pty Ltd) of the Trust. The Trust has since ceased all operations and trading activities and both corporate trustees have been deregistered. As the titles of both properties were not transferred back to the company prior to deregistration, the assets now vest with ASIC.

The company's legal representatives are currently working with ASIC to have the titles of both properties transferred back and the matter is expected to be settled in 2021.

**Mallee District Aboriginal Services Limited**  
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**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**21. Operating segments**

The company operates predominantly in one business and geographical segment, being the provision of community assistance, including health services and housing to community members within regional Victoria and New South Wales, including Mildura, Swan Hill, and Kerang areas.

**22. Commitments**

**Operating lease commitments**

The Group's future minimum operating lease payments are as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Payable:		
- no later than 12 months	-	26,958
- between 12 months and five years	-	910,080
- greater than five years	-	-
<b>Minimum lease payments</b>	<b>-</b>	<b><u>937,038</u></b>

As at 1 July 2019 operating leases have been treated under AASB16 and are recorded as right of use assets and lease liabilities on the Statement of Financial Position. The 2019 disclosure has remained for comparison purposes only.

**23. Economic Dependence**

The Group is dependent upon government funding from several departments for the majority of its revenue used to operate the business. At the date of this report the Directors have no reason to believe these government departments will not continue to support the Group.

**24. Company details**

The registered office and principal place of business is:

118-124 Madden Avenue  
Mildura, Victoria 3500.



**Mallee District Aboriginal Services Limited**  
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**25. Financial instruments**

Note 1 (k) provides a description of each category of financial assets and financial liabilities and the related accounting policies.

The Group's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, and bank loans. The totals for each category of financial instruments measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies are as follows:

	Note	Amortised cost \$	Fair value through profit and loss \$	Loans and receivables \$	Total \$
<b>30 June 2020</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6	3,780,521	-	-	3,780,521
Trade and other receivables	7	1,357,057	-	-	1,357,057
Other financial assets	8	-	794,195	-	794,195
<b>Total financial assets</b>		<b><u>5,137,578</u></b>	<b><u>794,195</u></b>	<b><u>-</u></b>	<b><u>5,931,773</u></b>
<b>Financial liabilities</b>					
Trade and other payables	11	1,264,568	-	-	1,264,568
Lease liabilities	12	579,331	-	-	579,331
<b>Total financial liabilities</b>		<b><u>1,843,899</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,843,899</u></b>
<b>30 June 2019</b>					
<b>Financial assets</b>					
Cash and cash equivalents	6	9,520,692	-	-	9,520,692
Trade and other receivables	7	626,506	-	-	626,506
Financial assets	8	-	835,214	-	835,214
<b>Total financial assets</b>		<b><u>10,147,198</u></b>	<b><u>835,214</u></b>	<b><u>-</u></b>	<b><u>10,982,412</u></b>
<b>Financial liabilities</b>					
Trade and other payables	11	1,870,650	-	-	1,870,650
<b>Total financial liabilities</b>		<b><u>1,870,650</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,870,650</u></b>

Refer to Note 26 for detailed disclosures regarding the fair value measurement of the entity's financial assets.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Notes to the Consolidated Financial Statements**  
**for the year ended 30 June 2020**

**26. Fair value measurements**

The Group measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings
- water rights
- listed investments

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

**(b) Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

	2020	2019
	\$	\$
<b>Recurring fair value measurements</b>		
Other financial assets		
- listed investments (i)	794,195	835,214
	<u>794,195</u>	<u>835,214</u>
Non-financial assets		
- freehold land & buildings (ii)	25,587,141	24,054,142
- water rights (iii)	1,099,700	1,019,410
	<u>27,481,036</u>	<u>25,908,766</u>

(i) For investments in listed shares, the fair values have been determined using a market approach based on closing quoted bid prices at the end of the reporting period.

(ii) For freehold land and buildings, the fair values determined using market and income approaches. The freehold land and buildings were independently valued at 30 June 2018 by Herron Todd White Pty Ltd. The valuation resulted in a revaluation increment of \$3.3m being recognised for the year ended 30 June 2018.

At 30 June 2020, the directors have performed a directors' valuation on the freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers in 2018 and do not believe there has been a significant change in the assumptions at 30 June 2020. The directors therefore believe the carrying amount of the land and buildings correctly reflects the fair value less costs of disposal at 30 June 2020.

(iii) For water rights, the fair values have been determined using a market approach based on closing quoted bid prices at the end of the reporting period.

**Mallee District Aboriginal Services Limited**  
**ABN 54 334 685 198**  
**Directors' Declaration**

In the opinion of the Directors of Mallee District Aboriginal Services Limited, the Directors of the group declare that:

1. The consolidated financial statements and notes, as set out on pages 6 to 29, satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and:
  - (i) Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Non-for-profits Commission Regulation 2013*; and
  - (ii) give a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
2. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.



**Deb Chaplin**  
Director

Dated 12 November 2020

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MALLEE DISTRICT ABORIGINAL SERVICES LIMITED

### Opinion

We have audited the consolidated financial report of Mallee District Aboriginal Services Limited, which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying consolidated financial report of Mallee District Aboriginal Services Limited, is in accordance with Division 60 of the *Australian Charities and Non-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Non-for-profits Commission Regulation 2013*.

### Basis for Opinion

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

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

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Non-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the board of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Information Other than the Financial Report and Auditor's Report Thereon**

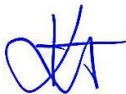
The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **RSD Audit**

A handwritten signature in blue ink, appearing to read 'Kathie Teasdale'.

Kathie Teasdale  
Partner

Dated: 12 November 2020