



MISSION AUSTRALIA | Housing

Consolidated Annual Financial Report 2021

ABN 13 003 68 3261

Better homes in vibrant communities

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Directors' Report

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The Directors present their report together with the consolidated financial statements of the Group comprising Mission Australia Housing (the Company) and its controlled entities for the financial year ended 30 June 2021 and the auditor's report thereon.

1. Directors

The Directors of Mission Australia Housing at any time during or since the end of the financial year are:

Name qualifications and status	Experience, special responsibilities and other Directorships
Simon Miller MBA, MPA, BA, MAICD Chairman Independent Non-Executive Director	Simon was appointed as Chairman and as a Director of Mission Australia Housing on 1 February 2021. Simon is Managing Director and Senior Partner of The Boston Consulting Group, an Independent Director of City to City Australia and a Councillor of Trinity Grammar School. Based in Sydney, Simon is a Non-Executive Director of Mission Australia and Chairman and Non-Executive Director of Mission Australia Housing (Victoria). He previously worked with the Commonwealth Government as First Assistant Secretary at the Department of Prime Minister and Cabinet and with the New South Wales Government including as Deputy Director-General of the Department of Water and Energy, Senior Adviser to the Premier, and Chief of Staff to the Treasurer. Prior to his time in Government, Simon worked with the Social Issues Committee of the Anglican Diocese of Sydney.
Kenneth Dean BCom (Hons), FCPA, FAICD Independent Non-Executive Director	Ken was appointed as a Director of the Mission Australia Housing on 1 February 2021 and has been a President and Chairman of Mission Australia since 1 June 2015. Ken is a Non-Executive Director of Mission Australia Housing (Victoria) and Reformed Theological College Limited and is Chair for the Goodstart Syndicate. He has previously held directorships with Bluescope Steel Limited, Energy Australia Holdings Limited, Virgin Australia Holdings Limited, Alcoa of Australia Limited, Santos Limited, Woodside Petroleum Limited. Ken was a Member of the ASIC Director Advisory Panel. He has over 40 years' experience in energy and manufacturing industries. Based in Melbourne, Ken is a member of the Mission Australia People Culture & Remuneration Committee and as Chair of the Mission Australia Board attends the Board Audit & Risk Committee and Service Impact Committee.
Ian Hammond BA (Hons), FCPA, FCA, FAICD Independent Non-Executive Director	Ian was appointed as a Director of Mission Australia Housing on 1 February 2021. Ian is a Non-Executive Director of Mission Australia, Mission Australia Housing (Victoria), Suncorp Group Limited, Perpetual Limited, Venues NSW and a board member of several not-for-profit organisations including Chris O'Brien Lifehouse and Quiz Worx. Previously, he was a Partner of PricewaterhouseCoopers for 26 years and has held a range of senior management positions, including lead partner for several major financial institutions. Based in Sydney, Ian is Chair of the Mission Australia Board Audit & Risk Committee, and a member of the Mission Australia Service Impact Committee.

Directors' Report

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1. Directors (Continued)

Name, qualifications and status	Experience, special responsibilities and other Directorships
Ian Robins BA (Accounting), CA, GAICD Independent Non-Executive Director	Ian was appointed as a Director of Mission Australia Housing on 1 February 2021. With 22 years dedicated real estate and capital markets experience, comprising senior management positions in REIT and Real Estate Funds, and operational management and investment banking roles in Asia, Australia (AUS) and USA, Ian is an experienced Senior Management and Board resource for listed and unlisted real estate businesses. Ian holds an established track record of sustainable value creation to enhance and accelerate the multiple linkages and alignments between real estate performance and shareholder return targets. Ian promotes high standards for financial and business risk management, transparency, governance, escalation reporting, reputational management, and has strong understanding and access to multi-jurisdictional institutional equity capital.
Kate Heaney BConstMgt, MProjMgt Independent Non-Executive Director	Kate was appointed as a director of Mission Australia Housing on 30 June 2021. Kate is a member of CBRE's Executive Committee (Australia and New Zealand) and the Head of Client Care, leading CBRE's Corporate Business Development and Research teams. For the past 18 years, Kate has been a board member and current Chair of The Station Limited, a non-for-profit organisation and support centre serving the homeless of Sydney. Kate's career spans construction and site management, through to project management, management consulting, change management and corporate real estate advisory for major organisations including Macquarie Bank and CBRE. Kate's experience includes managing large teams, complex projects and contracts across Australia, New Zealand and EMEA.
James Toomey MSc, MBA, GAICD Executive Director	Appointed as Chairman on 28 November 2017 and as a Director on 17 September 2015. James is Chief Executive Officer at Mission Australia, the parent Company of Mission Australia Housing. James joined Mission Australia in 2010 as National Manager Community Services Operations and subsequently became Executive, Operations and Fundraising in May 2014. A qualified Social Worker, he has extensive experience in children and family services. James is a former Executive Director of Mission Australia Housing (Victoria) and is an Executive Director of Mission Australia Housing Partnership Limited, Mission Australia Housing Tasmania, Mission Australia Services and Mission Australia Capital Fund Pty Ltd. James is a founding Director and Co-chair of End Street Sleeping Collaboration Limited. James resigned as Chairman and as a Director with effect from 1 February 2021.
Sally Ascroft BEc LLB, GAICD Executive Director & Company Secretary	Appointed as a Director on 21 March 2014. Sally has over 25 years' legal experience, is a former partner of King Wood Mallesons and former General Counsel and Company Secretary of The Trust Company. Sally is a Executive Director and Secretary of Mission Australia Housing (Victoria) and Mission Australia Services. She is Company Secretary of Mission Australia, Mission Australia Housing Partnership Limited, Mission Australia Housing Tasmania and Mission Australia Capital Fund Pty Ltd. Sally resigned as Director with effect from 1 February 2021.

Directors' Report

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1. Directors (Continued)

Name, qualifications and status	Experience, special responsibilities and other Directorships
Chris Bratchford LLB, MBA, GAICD Executive Director	Appointed as a Director on 17 September 2015. Chris joined Mission Australia in January 2015 and is Executive Housing & Property. Prior to joining Mission Australia, Chris worked in leadership roles across the not-for-profit and commercial sectors both nationally and internationally. Chris previously held roles as CEO of Argyle Community Housing, COO of Lake Maintenance, COO and CFO of Avant and CEO of Ample, a London-based financial services business. Chris is a former Executive Director of Mission Australia Housing (Victoria) and an executive Director of Mission Australia Housing Partnership Limited, Mission Australia Housing Tasmania as well Power Housing Australia (an Industry Association). Chris resigned as Director with effect from 1 February 2021.
Iain Keddle BSc (Hons), FCA, GAICD Executive Director	Appointed as a Director on 19 November 2014 after having joined Mission Australia as Chief Financial Officer. Previously, Iain has been CFO and Executive of listed and private companies and has worked in London and Sydney for PricewaterhouseCoopers and Ernst & Young. Iain is a former Executive Director of Mission Australia Housing (Victoria) and an Executive Director of Mission Australia Services, Mission Australia Housing Tasmania, Mission Australia Housing Partnership Limited and Mission Australia Capital Fund Pty Ltd. Iain resigned as Director with effect from 1 February 2021.
Ms Marion Bennett BA (Hons) GAICD Executive Director	Appointed as a Director on 6 February 2018, Marion is Executive, Practice, Evidence and Impact, having joined Mission Australia in 2015 as Head of Policy & Advocacy. Marion was formerly Executive Director of Housing Policy and Homelessness in the NSW Department of Family and Community Services, where she led housing and homelessness policy, inter-governmental negotiations, research, and delivery of affordable housing and homelessness programs. Marion is a former Executive Director of Mission Australia Housing (Victoria). Marion resigned as Director with effect from 1 February 2021.

Up until 1 February 2021, all Directors of Mission Australia Housing were executives or senior management employees of Mission Australia. No Director of Mission Australia Housing has received or become entitled to receive a benefit by reason of a contract made by the Company with the Director or with a firm of which they are a member, or with a Company in which the Director has a substantial financial interest.

Directors' Report

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

2. Company Secretary

Ms Sally Ascroft was appointed to the position of Company Secretary on 31 October 2014.

3. Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of Mission Australia Housing during the financial year were:

Director	Number of meetings attended	Number of meetings eligible to attend
Kenneth A Dean	4	4
Ian Hammond	4	4
Simon Miller	4	4
Ian Robins	4	4
Kate Heaney	1	1
James Toomey	6*	8
Iain Keddie	8	8
Chris Bratchford	8	8
Marion Bennett	7*	8
Sally Ascroft	8	8

* Leave of absence

4. Corporate governance

Mission Australia Housing and its parent Mission Australia are committed to proper and effective corporate governance arrangements. Mission Australia Housing has access to shared governance and management resources of Mission Australia and benefits from the Mission Australia Board Committees including the Mission Australia Board Audit & Risk Committee and People Culture & Remuneration Committee. As a registered charity regulated by Australian Charities and Not-for-profit Commission (ACNC), Mission Australia Housing applies the ACNC Governance Standards. As a registered community housing provider, Mission Australia Housing is regulated by the Registrar of Community Housing (NSW) under the National Regulatory System for Community Housing and is required to comply with the National Law, including the National Regulatory Code. Within the Mission Australia corporate governance framework, Mission Australia Housing is part of its commitment to good standards of corporate governance also seeks to meet or exceed the National Regulatory Code Governance and Probity Performance Requirements.

The Mission Australia's full corporate Governance Statement is available on the Mission Australia website at www.missionaustralia.com.au.

5. Principal activities and objectives

The principal activity of Mission Australia Housing during the financial year was to supply housing solutions that enable Australians in need to participate in their communities.

The social housing program is available to individuals, couples and families on low incomes who are eligible for public housing. Under this program, rent is set at 25% of a tenant's income plus 100% of their Commonwealth Rent Assistance (CRA) payment entitlement.

The affordable housing program is available for eligible individuals, couples and families on low to moderate incomes who are having difficulty securing housing in the private rental market. Rent is set at 75 - 80 per cent of the market rate.

Directors' Report

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

6. Operating and financial review

6.1 Operating results

In thousands of AUD

	2021	2020 <i>* Restated</i>
Operating revenue	38,009	34,700
Expenditure	33,592	31,013
Underlying operating surplus	4,417	3,687
Revenue from housing grants	1,196	2,700
Movement in fair value of investment property	6,328	(11,787)
Net finance costs	(1,309)	(2,504)
Net surplus / (deficit)	10,632	(7,904)

** As a result of an IFRS Interpretation Committee agenda decision the Company has changed its accounting policy for software as a service (SAAS) arrangements (refer Note 22)*

Mission Australia Housing reported an underlying operating surplus of \$4.4 million for the current financial year (2020: \$3.7million). Mission Australia Housing revalued its portfolio of investment properties in accordance with policy resulting in an increase of \$6.3 million being recorded.

The scale of services delivered by the Group are broadly similar to the previous financial year with an increase in overall operational revenues delivering an increase in the underlying surplus.

The Group was eligible for, and received, payments between March 2020 and September 2020 under the first phase of the Commonwealth Government's JobKeeper program, which provided a wage subsidy to extend employment and wages to staff who would otherwise have seen their employment reduced or ended.

The Covid-19 pandemic continues to have direct and indirect financial impacts beyond the period over which JobKeeper payments were made. To the extent that payments received were not spent in the financial year for the purpose intended, they will be utilised to mitigate ongoing negative impacts in ways consistent with the JobKeeper program objectives of maintaining employment opportunities for staff.

6.2 Significant changes in the state of affairs

In June 2021, a controlled entity Mission Australia Housing Partnership Limited (MAHPL) entered into contracts to purchase a property containing 130 residential units at Macquarie Park, Sydney. Simultaneously, MAHPL entered into a \$67.9 million loan facility with National Housing Finance and Investment Corporation (NHFIC) to finance the purchase. At 30 June 2021, the proceeds from new NHFIC facility were held in bank accounts which will be restricted until released progressively to fund the property purchase.

The COVID-19 pandemic has required changes to the operation of services and support functions across the Group. The impact on individual services and functions is varied and not necessarily uniform across the Group.

7. Events subsequent to reporting date

The financial impacts arising from COVID-19, directly and indirectly, are expected to continue in future. The Directors acknowledge that there exists uncertainty over the impacts given the changes that may arise in the course of the pandemic and subsequent responses by Governments.

In the opinion of the Directors, there are no other likely known changes in the operations of the Group that will adversely or significantly affect the results of the Group in subsequent financial years.

Directors' Report

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

8. Likely developments

Mission Australia Housing is in a consortium with Frasers Property Group to develop a new mixed tenure community in Sydney's Macquarie Park, which will ultimately deliver 950 new social housing dwellings over a 10-year period with the first social housing and services expected to be active in FY2022. In addition to the social housing, the development includes the acquisition by MAHPL of 130 residential units to be rented to tenants largely as affordable housing.

Mission Australia Housing Tasmania (MAHT) was established in 2021 to manage the Group's social and affordable housing operations in Tasmania. From November 2021, MAHT's contract with the Tasmanian Government under its Community Housing Growth Program will increase the social and affordable housing managed by the Group in Tasmania to over 1200 dwellings.

The Directors are cognisant that, because of the COVID-19 pandemic, uncertainty remains over the future of services currently operated by the Group. The impact on individual services is likely to vary according to changes by Commonwealth and State Governments in response to the COVID-19 pandemic and services commissioned by those governments. Risks to service delivery and expenditure are identified; however, forecasts of financial impact are not able to be made with reasonable certainty.

9. Indemnification and insurance of officers and Directors

Mission Australia pays premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director other than conduct involving a wilful breach of duty.

To the extent permitted by law, Mission Australia Housing indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy.

Mission Australia has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Directors and Officers of Mission Australia Housing. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified under Section 199 of the *Corporations Act 2001*. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

10. Performance measurements

Mission Australia Housing monitors its performance against budget and a rolling forecast. The budget is approved by the Board of Directors. Financial results are presented to the Board regularly by senior management of Mission Australia Housing. The Board also reviews the medium and long term plans to assess Mission Australia Housing ability to deliver on long term projects and commitments. The Board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

11. Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for financial year ended 30 June 2021.

Directors' Report

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

12. Registered office

The registered office and principal place of business is Level 7, 580 George Street, Sydney, New South Wales.

13. Founder

Mission Australia Housing was founded by its parent, Mission Australia.

14. Founding Purpose

Mission Australia Housing exists for the public charitable purposes of providing relief of poverty, sickness, destitution, helplessness and distress to people with low incomes by the provision of housing solutions that enables Australians in need, to participate in their communities.

15. Rounding off

Mission Australia Housing is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Reports have been rounded off to the nearest thousand dollars otherwise stated.

16. Annual General Meeting

Mission Australia Housing is not required to hold an Annual General Meeting as it only has one member.

This report is made in accordance with a resolution of the Directors:



Simon Miller

Chairman

Sydney, 23 September 2021



Ian Hammond

Director

Sydney, 23 September 2021



Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Mission Australia Housing

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Stephen Isaac

Partner

Sydney

23 September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

For the year ended 30 June 2021

In thousands of AUD

	Note	2021	2020
			<i>* Restated</i>
Revenue from rental	3	30,499	29,958
Government contributions and other fees for revenue	3	1,154	1,670
Revenue from housing grants	3	1,196	2,700
Other government grants	3	5,477	2,010
Other revenue	3	879	1,062
Total revenue for the year		39,205	37,400
Change in fair value on investment property	3	6,328	(11,787)
Personnel expenses	15	(7,503)	(7,265)
Utility expenses		(6,723)	(6,515)
Repair and maintenance expenses		(11,299)	(9,597)
Management fees - Mission Australia		(1,635)	(1,242)
Insurance expenses		(1,393)	(1,348)
Legal and other consultancy expenses		(492)	(425)
Depreciation and amortisation	5,6	(1,172)	(998)
Software development expenses		-	(130)
Bad debts expenses		(538)	(577)
Communication expenses		(395)	(276)
Rent expenses		(288)	(205)
Transport and equipment hire expenses		(119)	(357)
Other expenses		(2,035)	(2,078)
Total expenses for the year		(33,592)	(31,013)
Results from operating activities		11,941	(5,400)
Finance income		65	60
Finance costs		(1,374)	(2,564)
Net finance costs	13	(1,309)	(2,504)
Net Surplus / (deficit) for the year		10,632	(7,904)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges reclassified to profit or loss		-	193
Other comprehensive income for the year		-	193
Total comprehensive income / (loss) for the year		10,632	(7,711)

* As a result of an IFRS Interpretation Committee agenda decision the Company has changed its accounting policy for software as a service (SAAS) arrangements (refer Note 22)

Consolidated Statement of Financial Position

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

As at 30 June 2021

In thousands of AUD

	Note	2021	2020
Assets			* Restated
Cash and cash equivalents	12	6,971	7,518
Restricted cash	12	67,662	-
Investments	9	11,024	18,010
Trade and other receivables	8	2,886	1,874
Prepayments		1,088	52
Total current assets		89,631	27,454
Trade and other receivables	8	2,187	2,187
Property, plant and equipment	5	248	635
Investment property	4	426,585	412,715
Prepayments		3,000	-
Total non-current assets		432,020	415,537
Total assets		521,651	442,991
Liabilities			
Trade and other payables		5,549	4,416
Employee benefits		694	655
Lease liability	6	346	769
Contract liability		1,690	1,397
Total current liabilities		8,279	7,237
Other payables		-	523
Lease liability	6	52	297
Loans and borrowings	10	132,035	64,316
Employee benefits		178	142
Total non-current liabilities		132,265	65,278
Total liabilities		140,544	72,515
Net assets		381,108	370,476
Equity			
Accumulated surplus - restricted	11	357,189	355,993
Accumulated surplus		23,919	14,483
Total equity		381,108	370,476

* As a result of an IFRS Interpretation Committee agenda decision the Company has changed its accounting policy for software as a service (SAAS) arrangements (refer Note 22)

Consolidated Statement of Changes in Equity

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

For the year ended 30 June 2021

<i>In thousands of AUD</i>	Note	Cash flow Hedge Reserve	Restricted Accumulated Surplus	Accumulated (Deficit) / Surplus	Total Equity
Balance at 1 July 2019		(360)	315,906	62,641	378,187
Total comprehensive income for the year					
* Surplus / (Deficit)		-	2,700	(10,604)	(7,904)
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges		360	(167)	-	193
Transfer to surplus allocation		-	37,554	(37,554)	-
Total comprehensive income / (loss) for the year		360	40,087	(48,158)	(7,711)
Balance at 30 June 2020		-	355,993	14,483	370,476
Balance at 1 July 2020		-	355,993	14,483	370,476
Total comprehensive income for the year					
Surplus		-	1,196	9,436	10,632
Other comprehensive income					
Total comprehensive income for the year		-	1,196	9,436	10,632
Balance at 30 June 2021		-	357,189	23,919	381,108

* As a result of an IFRS Interpretation Committee agenda decision the Company has changed its accounting policy for software as a service (SAAS) arrangements (refer Note 22)

Consolidated Statement of Cash Flows

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

For the year ended 30 June 2021

In thousands of AUD

	Note	2021	2020 <i>* Restated</i>
Cash flows from operating activities			
Cash receipts from customers		32,086	37,755
Cash paid to suppliers and employees		(30,216)	(26,687)
Cash from operations		1,870	11,068
Interest received		65	60
Interest paid		(1,374)	(1,359)
Net cash from operating activities		561	9,769
Cash flows from investing activities			
Proceeds from sale of investment properties		117	246
Payments for fixed assets and investments		(874)	(22,741)
Net cash (used in) investing activities		(757)	(22,495)
Cash flows from financing activities			
Payment to borrowings - parent		-	(19,151)
Payment of lease liability		(351)	(506)
Payment to bank borrowings		-	(38,307)
Proceeds from borrowings		67,662	74,386
Payment to restricted cash balance		(67,662)	-
Net cash (used in) / from financing activities		(351)	16,422
Net increase in cash and cash equivalents		(547)	3,696
Cash and cash equivalents at 1 July		7,518	3,822
Restricted cash balance		67,662	-
Cash and cash equivalents at 30 June	12	74,633	7,518

** As a result of an IFRS Interpretation Committee agenda decision the Company has changed its accounting policy for software as a service (SAAS) arrangements (refer Note 22)*

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

About this report

1. Reporting entity

Mission Australia Housing (the 'Company') is a Company domiciled in Australia. The address of the Company's registered office is Level 7, 580 George Street, Sydney, NSW, 2000, Australia. Mission Australia Housing is a not-for-profit entity and exists for the public charitable purposes of providing relief of poverty, sickness, destitution, helplessness and distress to people with low incomes by the provision of high quality housing solutions that enables Australians in need to participate in their communities. The consolidated financial statements of the Company as at and for the year ended 30 June 2021 comprise the Company and its controlled entities (together referred to as "the Group" and individually as "Group entities") and the Group's interest in associates.

The methods used to measure fair values are discussed further in Note 14. The financial report has been prepared on a going concern basis.

2. Basis of preparation

As a not for profit Group these consolidated financial statements are Tier 2 general purpose consolidated financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board Australian Charities and Not-for-profits Commission Act 2012.

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- financial instruments at fair value through profit or loss are measured at fair value; and
- investment properties are measured at fair value.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

Our key numbers

This section provides the information that is the most relevant to understanding the financial performance of Mission Australia Housing during the financial year.

3. Revenue

In thousands of AUD

Revenue recognised under AASB 16 Leases

Rental revenue from housing services

Revenue recognised under AASB 1058 Income of NFP entities

Government contribution - rent

Revenue from housing grants

Other government grants

JobKeeper subsidy

Revenue recognised under AASB15 Revenue from Contracts with Customers

Fee for service income

Management fees

Other revenue

Other miscellaneous revenue

Total revenue for the year

Change in fair value on investment property

	2021	2020
	30,499	29,958
	1,055	1,564
	1,196	2,700
	5,477	2,010
	635	638
	32	37
	67	69
	244	424
	39,205	37,400
	6,328	(11,787)

Accounting policy

Revenue recognition policy for revenue from rental services (AASB16).

Revenue from lease rental.

Future contractual rental payments from the tenants are recognised as receivables over the lease term as the payments become receivable. Lease income from operating leases is recognised by Mission Australia Housing in income on a straight-line basis from the commencement date over the lease term.

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058).

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Group at significantly below its fair value.

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Revenue from capital and housing grants

Capital grants received under an enforceable agreement to enable Mission Australia Housing to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by Mission Australia Housing (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed.

For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin.

For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by Mission Australia Housing.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

3. Revenue (Continued)

Accounting Policy (Continued)

JobKeeper subsidy

In response to the economic impacts on Australian employers of the Covid-19 pandemic, from 30 March 2020 the federal Government introduced the JobKeeper program, which broadly comprised a temporary subsidy to help businesses keep staff employed. From 30 March 2020 to 27 September 2020 the Group received the subsidy of \$1500 per fortnight per eligible employee.

Revenue from rental grants

Grants include contribution received from Government to cover up the difference between lease rental compared to the rent received from the tenant upon the delivery of social and affordable housing services.

Revenue is recognised in accordance with the period tenanted.

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount, which reflects the expected consideration.

The customer for these contracts is the fund provider. Revenue is recognised by applying a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of Mission Australia Housing has any significant financing terms, as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Other Income

Change in Fair Value of Investment Properties

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

Our assets platform

This section provides information relating to the operating assets and liabilities of the Group. Mission Australia Housing is committed to long term financial sustainability and growth.

4. Investment property

<i>In thousands of AUD</i>	<i>Purchased from SHGF</i>	<i>Received under NBESP</i>	<i>Common Ground</i>	<i>Owned & Leased Properties</i>	<i>Total</i>
Fair value					
Balance at 1 July 2019	42,393	301,070	37,830	33,914	415,207
Purchased	-	-	-	8,822	8,822
Recognition of net right-of-use assets	-	-	-	472	472
Received as property transfer	-	-	-	2,700	2,700
Disposal	-	-	-	(2,700)	(2,700)
Change in fair value	(403)	(11,639)	(950)	1,205	(11,787)
Balance at 30 June 2020	41,990	289,431	36,880	44,413	412,715
Balance at 1 July 2020	41,990	289,431	36,880	44,413	412,715
Purchased	-	-	-	7,999	7,999
Received as property transfer	-	-	-	1,253	1,253
Disposal	-	-	-	(1,710)	(1,710)
Change in fair value	(28)	(552)	(1,615)	8,523	6,328
Balance at 30 June 2021	41,962	288,879	35,265	60,479	426,585

4.1 Social Housing Growth Fund grant (SHGF)

Mission Australia Housing received grants in the past from the New South Wales Land and Housing Corporation to purchase properties that could be affordably rented by people in need. One of the grant conditions provided that Mission Australia Housing secured finance, by using the properties purchased from the SHGF grant as a security which was achieved with a facility in 2011.

4.2 Nation Building Economic Stimulus Plan (NBESP)

In 2011, Mission Australia Housing took on the ownership and management of 68 property sites containing 1,055 dwelling units from Housing NSW. The project is being delivered under the NSW Nation Building Economic Stimulus Plan (NBESP), a Social Housing Initiative.

4.3 Camperdown Common Ground

In December 2014, Mission Australia Housing received ownership from Housing NSW in relation to 104 units at 31 Pyrmont Bridge Road, Camperdown that were previously managed under a leasehold agreement as part of the Camperdown Common Ground Project.

4.4 Other owned & leased Properties

Mission Australia Housing other owned and leased properties include investment properties owned by the Group.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

4. Investment property (continued)

4.4.1 Social Housing Management Transfer program (SHMT) (continued)

In July 2019 Mission Australia Housing commenced operation of the Coffs Harbour / Bellingen package under the NSW Government Social Housing Management Transfer Program.

The transfer resulted in the management of over 1,050 social housing dwellings for a 20-year term. Right of use assets includes 38 Mission Australia Housing head leases. These 'head leases' are properties leased from private landlords at commercial rates and then leased to tenants in accordance with the requirements of the agreement.

4.4.2 Peppercorn leases

Mission Australia Housing holds a number of peppercorn lease contracts or premises provided for nil or below market consideration. Mission Australia Housing adopted the option not to apply the fair value initial measurement requirement to Right-of-use assets as permitted by AASB 2018-8 until further guidance is developed. This adoption was taken due to the small size of many of the locations and, also, difficulties in obtaining valuations for specific premises being provided to achieve the purpose of Mission Australia Housing.

Security

At 30 June 2021 Investment Properties with a carrying amount of \$231.4 million (2020: \$225.84

million) are subject to a mortgage to secure bank loans (see Note 10).

Accounting Policy

Recognition and measurement

Investment property, including both owned property and right to use assets is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit and loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Valuation methodology

Independent valuations are obtained for all investment properties at least once every three years. Investment properties in Mission Australia Housing are used for rental purposes to provide social and affordable housing.

In accordance with AASB 13 *Fair Value Measurement*, Mission Australia Housing has determined the highest and best use for the properties to be residential dwellings.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

5. Property, plant and equipment

In thousands of AUD

	<i>Leasehold Improvement</i>	<i>IT Assets</i>	<i>Plant and Equipment</i>	<i>Total</i>
Carrying amount as at 1 July 2019	139	1	10	150
Recognition of Right-of-use asset on initial application of AASB16	137	-	-	137
Additions	650	-	195	845
Depreciation	(417)	-	(80)	(497)
Balance at 30 June 2020	509	1	125	635
Assets cost	1,617	85	653	2,355
Accumulated depreciation	(1,108)	(84)	(528)	(1,720)
Carrying amount as at 1 July 2020	509	1	125	634
Additions	410	-	58	468
Depreciation	(770)	(1)	(84)	(855)
Balance at 30 June 2021	149	(0)	99	248
Assets cost	2,027	85	711	2,823
Accumulated depreciation	(1,878)	(85)	(612)	(2,575)

Accounting Policy

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. If significant parts of items of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Mission Australia Housing.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, using the straight-line basis over the estimated useful lives, and is generally recognised in profit or loss.

Mission Australia Housing policy to depreciating right of use assets is detailed in note 7.

The estimated useful lives are as follows:

- IT Assets 3-5 years
- Leasehold improvement 3-10 years
- Plant and equipment 3-5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end.

Impairment

Non-financial assets

The carrying amounts of Mission Australia Housing non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

6. Leases

6.1 Leases as lessee

Mission Australia Housing leases property, motor vehicles, computer and printing. The leases typically run for a period of 3 to 10 years, and may include an option to renew the lease after that date. Lease payments are renegotiated at the end of lease period to reflect market rentals.

Mission Australia Housing leases plant and equipment (computer & printing equipment) with

contract terms of three years. These leases are leases of low-value items. Mission Australia Housing has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which Mission Australia Housing is a lessee is presented below.

Right of use assets

<i>In thousands of AUD</i>	Land and buildings	Investment Properties	Plant and Equipment	Total
Balance at 1 July 2020	453	472	119	1,044
Addition during the year	-	-	53	53
Remeasurement during the year	409	-	6	415
Depreciation charge for the year	(714)	(317)	(80)	(1,111)
Balance at 30 June 2021	148	155	98	401

Amounts recognised in profit or loss

<i>In thousands of AUD</i>	2021
Interest on lease liabilities	(35)
Variable lease payments not included in the measurement of lease liabilities	(41)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-

Amounts recognised in statement of cash flows

<i>In thousands of AUD</i>	2021
Cash outflow for lease payment	(351)
Cash outflow for lease interest payment	(35)
	(386)

Lease Liability

<i>In thousands of AUD</i>	2021	2020
Maturity analysis - contractual undiscounted cash flows		
Less than one year	455	822
Between one and five years	410	325
More than five years	-	0
Total undiscounted lease liabilities	865	1,147
Lease liabilities included in the statement of financial position	398	1,066
Current - Lease liability	346	769
Non- Current lease liability	52	297

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

6. Leases (continued)

6.1 Leases as lessee (continued)

Extension options

Some property leases contain extension options exercisable by Mission Australia Housing up to one year before the end of the non-cancellable contract period. Where practicable, Mission Australia Housing seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by Mission Australia Housing and not by the lessors. Mission Australia Housing assesses at lease commencement date whether it is reasonably certain to exercise the extension options. Mission Australia Housing reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Accounting Policy

At inception of a contract, Mission Australia Housing assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

I. As a lessee

At commencement or on modification of a contract that contains a lease component, Mission Australia Housing allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property Mission Australia Housing has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Mission Australia Housing recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or

6.2 Leases as lessor

Mission Australia Housing leases out its investment property consisting of its social and affordable housing. All leases are classified as operating leases from a lessor perspective because Mission Australia Housing does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Mission Australia Housing by the end of the lease term or the cost of the right-of-use asset reflects that Mission Australia Housing will exercise a purchase option.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Mission Australia Housing incremental borrowing rate. Generally, Mission Australia Housing uses its incremental borrowing rate as the discount rate.

Mission Australia Housing determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

6. Leases (continued)

Accounting policy (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Mission Australia Housing is reasonably certain to exercise, lease payments in an optional renewal period if Mission Australia Housing is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Mission Australia Housing estimate of the amount expected to be payable under a residual value guarantee, if Mission Australia Housing changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Mission Australia Housing presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment.

Short-term leases and leases of low-value assets

Mission Australia Housing has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. Mission Australia Housing recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

II. As a lessor

At inception or on modification of a contract that contains a lease component, Mission Australia Housing allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When Mission Australia Housing acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, Mission Australia Housing makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

As part of this assessment, Mission Australia Housing considers certain indicators such as whether the lease is for the major part of the economic life of the asset. If an arrangement contains lease and non-lease components, then Mission Australia Housing applies AASB 15 to allocate the consideration in the contract.

Notes to the Consolidated Financial Statements

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7. Commitments

7.1 Capital commitments

Mission Australia Housing has contractual commitments with Housing NSW, as a condition of the transfer of properties under the NBESP scheme and with Housing Tasmania, towards increasing the social and affordable housing stock in NSW and Tasmania.

In thousands of AUD

Less than one year
Between one and five years

	2021	2020
Less than one year	1,794	1,756
Between one and five years	72	280
	1,866	2,036

During the year, \$30.5 million (2019: \$30.0 million) was recognised as rental income in profit or loss.

7.3 Housing commitments

As a Community Housing Provider, Mission Australia Housing has set aside investment and cash assets to scheduled repairs and maintenance of housing properties. Refer to Note 9 Investments and Note 12 Cash and Cash Equivalents for details of assets set aside in the current financial year.

7.2 Leases as lessor

Mission Australia Housing leases out its investment properties (see Note 4).

The future minimum lease receipts under non-cancellable leases are as follows:

Failure to meet these obligations may result in withdrawal of Mission Australia Housing registration as Community Housing Provider and other consequences of default within its contract with Housing NSW and Housing Tasmania.

Failure to meet maintenance obligations may result in withdrawal of Mission Australia Housing registration as a Community Housing Provider and other consequences of default within its contract with Housing NSW and Housing Tasmania.

Notes to the Consolidated Financial Statements

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8. Trade and other receivables

In thousands of AUD

Current

Trade receivables

Non-current

Other receivables - related parties

2021	2020
2,886	1,874
2,187	2,187
5,073	4,061

No security is held against related entity balances.

Accounting Policy

Financial instruments

Trade and other receivables are classified as financial assets at amortised cost.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when Mission Australia Housing becomes a party to the contractual provisions of the instrument. Trade and other receivables are initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Mission Australia Housing has no contract assets as at 30 June 2021.

Mission Australia Housing applied an 'expected credit loss' ("ECL") model in assessing impairment losses.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in an accordance with the contract and the cash flows that Mission Australia Housing expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

COVID impact on credit risk

The Mission Australia Housing exposure to COVID credit risk is influenced mainly by the characteristics of its customer. Mission Australia Housing customers are mainly individual tenants with many receiving Government varying level of support.

Due to the nature of Mission Australia Housing customers impact of COVID impact has not had any significant impact on credit risk.

9. Investments

In thousands of AUD

Current

Term deposits

2021	2020
11,024	18,010

Mission Australia Housing sets aside resources for the periodic repair and maintenance of housing properties in accordance with its long-term asset management plan. The resources held as sinking fund are assets in the form of investments included in above amounts and cash (see note 12).

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

Our financing and capital structure

This section provides information relating to Mission Australia Housing capital structure and its exposure to financial risk, how they affect Mission Australia Housing financial position and performance and how the risks are managed.

10. Loans and borrowings

This note provides information about Mission Australia Housing interest-bearing loans and borrowings which are measured at amortised cost.

Bank loans are secured by properties owned by Mission Australia Housing and are disclosed as non-current liabilities.

Terms and conditions of outstanding loans were as follows:

<i>In thousands of AUD</i>	Currency	Fixed interest rate	Year of maturity	30 June 2021		30 June 2020	
				Face Value	Carrying amount	Face value	Carrying amount
Non - Current							
Secured loan - NHFIC (MAH)	AUD	2.06%	2032	64,373	64,373	64,316	64,316
Secured loan - NHFIC (MAHPL)	AUD	2.14%	2031	67,662	67,662	-	-
Total interest-bearing liabilities				132,035	132,035	64,316	64,316

On 30 June 2020, Mission Australia Housing successfully completed a refinancing of its corporate loan facilities through a \$65.0 million loan facility with National Housing Finance and Investment Corporation (NHFIC). The new NHFIC facility enabled the repayment of Commonwealth Bank Australia facilities. The NHFIC facility is fixed at a rate of 2.06% for a term of 12 years

At 30 June 2021, the NHFIC facility was secured over 46 investment properties with a carrying value of \$231.4 million (2020: \$225.8 million).

In June 2021, Mission Australia Housing Partnership Limited (MAHPL) secured a \$67.9 million loan facility with National Housing Finance and Investment Corporation (NHFIC). The new NHFIC facility is to enabled the Group to commit to purchase 130 residential units at Macquarie Park Sydney. Up until the purchase of the residential units the Group is required to hold an equivalent cash holding as restricted cash holding (disclosed as restricted cash in Note 12)

The NHFIC facility is fixed at rate of 2.14% for a term of 10 years.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

11. Capital and reserves

11.1 Accumulated surplus

The hedging reserve comprised the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that had not yet occurred.

11.2 Accumulated surplus

Accumulated surplus comprises an aggregate of the retained earnings and total comprehensive income.

11.3 Accumulated surplus - restricted

Restricted accumulated surplus relates to BHF, SHGF, Camperdown Common Ground and NBESP vested properties and their subsequent fair value movements. Mission Australia Housing has recognised an additional restricted accumulated surplus of \$1.2 million (2020: \$2.7 million) in the current financial year.

In thousands of AUD

	2021	2020
Opening balance	355,993	315,906
Effective portion of changes in fair value of cash flow hedges	-	(167)
Fair value of restricted properties	1,196	2,700
Transfer to restricted surplus allocation	-	37,555
	357,189	355,993

12. Cash and cash equivalents

In thousands of AUD

	2021	2020
Bank balances	6,971	7,518
Restricted cash balance	67,662	-
Cash and cash equivalents in the statement of cash flows	74,633	7,518

The Group held the restricted bank balance of \$67.9 million through its subsidiary MAHPL to secure a loan to acquire 130 investment properties in tower

building at Midtown, Macquarie Park Sydney (Refer Note 10).

Notes to the Consolidated Financial Statements

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13. Finance income and finance costs

In thousands of AUD

Recognised in profit or loss

Interest income on financial assets

Finance income

Interest expense on financial liabilities

Interest expense on lease liability

Finance expense

Net finance costs

	2021	2020
	65	60
	65	60
	(1,339)	(2,514)
	(35)	(50)
	(1,374)	(2,564)
	(1,309)	(2,504)

Accounting Policy

Finance income and expense

Mission Australia Housing finance income and finance costs include:

- interest income;
- interest expenses; and
- interest on lease liabilities.

Interest income or expense is recognised using the effective interest method.

14. Determination of fair values

A number of Mission Australia Housing accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

14.1 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

14.2 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

14.3 Investment property

Investment properties are held at fair value based on a determination of their highest and best use and follows the fair market. An external, independent company, having appropriate professional qualifications and experience in the location and category of property is appointed to undertake investment property valuations. Properties are selected for independent valuation on a rotational basis to ensure each property is valued at least once every three years.

The fair values are based on highest and best use market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Notes to the Consolidated Financial Statements

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Our people

This section provides details of Mission Australia Housing employee costs, including Key Management Personnel.

15. Personnel expenses

In thousands of AUD

	2021	2020
Wages and salaries	6,440	6,055
Other associated personnel expenses	476	633
Contributions to defined contribution plans	587	577
	7,503	7,265

Short-term benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid if Mission Australia Housing has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

Mission Australia Housing net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

That benefit is discounted to determine its present value. Re-measurement is recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when Mission Australia Housing can no longer withdraw the offer of those benefits and when Mission Australia Housing recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

16. Related parties

The key management personnel compensation is as follows:

In AUD

	2021	2020
Short-term employee benefits	2,628,641	2,669,873
Long-term benefits	216,900	219,020
Post-employment benefits	170,395	174,797
	3,015,936	3,063,690

Key management personnel includes Directors of Mission Australia Housing, and Executives of Mission Australia who are primarily responsible for managing the affairs of Mission Australia Housing. Directors of Mission Australia Housing receive no remuneration in respect of their services provided as Directors. The compensation disclosed above represents the key

management personnel's compensation in relation to their services rendered to Mission Australia and includes compensation paid in respect of their services rendered to Mission Australia Housing.

17. Parent entity

Mission Australia Housing is a company limited by guarantee with Mission Australia the only member.

Consequently, Mission Australia Housing is deemed a 100% controlled entity of Mission Australia.

Notes to the Consolidated Financial Statements

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Our group structure

This section explains significant aspects of the Mission Australia Housing group structure including joint arrangements that the Group has an interest in. It also provides information on Mission Australia Housing's related parties.

18. Group entities

Controlled entities, Mission Australia Housing Tasmania and Mission Australia Housing Partnership Limited, are incorporated in Australia and 100% owned by Mission Australia Housing.

Mission Australia Housing Tasmania and Mission Australia Housing Partnership Limited have restrictions on the distribution of dividends and capital to the Company.

Accounting Policy

Basis of consolidation

Controlled entities

The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of controlled entities have been changed when necessary to align them with the policies adopted by the Group.

Mission Australia Housing Tasmania and Mission Australia Housing Partnership Limited have been registered as Housing Associations, which are subject to various restrictions in New South Wales, Tasmania

in particular around their ability to make distributions of profit or capital to the Group. AASB 10 Consolidated Financial Statements require that these entities be consolidated, as control, rather than appropriation of capital, is the overriding determinant of whether an entity is consolidated.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

Notes to the Consolidated Financial Statements

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19. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2021 the parent entity of the Group was Mission Australia Housing.

In thousands of AUD

Result of parent entity

Surplus /(deficit) for the period

Total comprehensive income for the period

Financial position of parent entity at year end

Current assets

Non-current assets

Total assets

Current liabilities

Non-current liabilities

Total liabilities

Net assets

Total equity of the parent entity comprising of:

Accumulated surplus

Total equity

	2021	2020
		<i>* Restated</i>
Surplus /(deficit) for the period	10,632	(7,711)
Total comprehensive income for the period	10,632	(7,711)
Financial position of parent entity at year end		
Current assets	25,294	27,454
Non-current assets	429,020	415,537
Total assets	454,314	442,991
Current liabilities	8,842	7,237
Non-current liabilities	64,365	65,278
Total liabilities	73,207	72,515
Net assets	381,108	370,476
Total equity of the parent entity comprising of:		
Accumulated surplus	381,108	370,476
Total equity	381,108	370,476

** As a result of an IFRS Interpretation Committee agenda decision the Company has changed its accounting policy for software as a service (SAAS) arrangements (refer Note 22)*

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2021 | Mission Australia Housing and its controlled entities

Other disclosures

This section provides details of other disclosures relating to Mission Australia Housing to comply with accounting standards and other pronouncements.

20. Subsequent events

The financial impacts arising from COVID-19, directly and indirectly, are expected to continue in future. The Directors acknowledge that there exists uncertainty over the impacts given the changes that may arise in the course of the pandemic and subsequent responses by Governments.

In the opinion of the Directors, there have been no likely changes in the operations of Mission Australia Housing that will adversely or significantly affect the

results of Mission Australia Housing in subsequent financial years.

21. Members' guarantee

Mission Australia Housing is a Company limited by guarantee. In the event of the Company being wound up, each member might be liable to contribute an amount not exceeding 10 cents.

22. Significant and changed accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

22.1 Income tax

Mission Australia Housing entities are appropriately endorsed (as required by the Australian Tax Office) from the date of incorporation, for income tax exemptions.

22.2 Changes in accounting policy

Software-as-a-Service (SaaS) arrangements

The International Financial Reporting Standards Interpretations Committee (IFRIC) has issued two final agenda decisions which impact SaaS arrangements:

- Customer's right to receive access to the supplier's software hosted on the cloud (March 2019) – this decision considers whether a customer receives a software asset at the contract commencement date or a service over the contract term.

- Configuration or customisation costs in cloud computing arrangement (April 2021) this decision discusses whether configuration or customisation expenditure relating to SaaS arrangements can be recognised as an intangible asset and if not, over what time period the expenditure is expensed.

Notes to the Consolidated Financial Statements

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22. Significant accounting policies (Continued)

22.2 Changes in accounting policy (Continued)

Software-as-a-Service (SaaS) arrangements (Continued)

The Group accounting policy has historically been to capitalise all costs related to SaaS arrangements as intangible assets in the Statement of Financial Position. The adoption of the above agenda decisions has result in a reclassification of these intangible assets to either a prepaid asset in the Statement of Financial Position and/or recognition as an expense in the Statement of Comprehensive Income, impacting both the current and/or prior periods presented.

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such, the Group does not receive a software intangible asset at the contract commencement date. A right to receive future access to the supplier's software does not, at the contract commencement date, give the customer the power to obtain the future economic benefits flowing from the software itself and to restrict others' access to those benefits.

The following outlines the accounting treatment of costs incurred in relation to SaaS arrangements:

Recognise as an operating expense over the term of the service contract

- Fee for use of application software
- Customisation costs that are not distinct from the application software

Recognise as an operating expense as the service is received

- Configuration costs
- Data conversion and migration costs
- Testing costs
- Training costs

The Group's SAAS arrangements have typically been configured and customised by third parties which is consider distinct from the underlying SAAS software. As such, these services are expensed.

Costs incurred for the development of software code that enhances or modifies, or creates additional capability to, existing on-premise systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible software assets.

Notes to the Consolidated Financial Statements

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22. Significant accounting policies (Continued)

22.2 Changes in accounting policy (Continued)

Impact on consolidated statements of profit or loss and other comprehensive income

2020

In thousands of AUD

Software development expenses

Total Software development expenses

As previously reported	Adjustments	As reported
26	104	130
26	104	130

Impact on consolidated statement of financial position

2020

In thousands of AUD

Intangible assets

Total assets

Net assets

Accumulated surplus

Total equity

As previously reported	Adjustments	As reported
104	(104)	-
104	(104)	-
370,580	(104)	370,476
14,587	(104)	14,483
370,580	(104)	370,476

22.3 New Standards and interpretations not yet adopted

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were issued but not yet effective:

- AASB 2020-1 and 2020-6 Classification of liabilities as current or non-current.
- AASB 2020-4 COVID-19 Related Rent Concessions Beyond 30 June 2021 (AASB 2020-4).
- AASB 2020-3 Narrow scope improvements to AASB 116, AASB 137 and AASB 3. Annual improvements to AASB 16, AASB 1, AASB 9 and AASB 141.
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2.

- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates.
- AASB 2021-3 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions Beyond 30 June 2021.
- AASB 17 Insurance Contracts (effective to annual reporting periods beginning on or after 1 January 2023).

The Group is assessing the potential impact on its financial statements of these new and revised Standards.

Directors' Declaration

Annual Financial Report 30 June 2021 | Mission Australia Housing

Directors' Declaration

In the opinion of the Directors of Mission Australia Housing:

- a) the consolidated financial statements and notes set out on pages 10 to 33 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of Mission Australia Housing financial position as at 30 June 2021 and of its performance, for the financial year ended on that date; and
 - ii. complying with Australian Accounting Standards (including *the Australian Accounting Interpretations*) and *the Australian Charities and Not-for-profits Commission Regulation 2013*.
- b) there are reasonable grounds to believe that Mission Australia Housing will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Sydney, 23 September 2021.



Simon Miller
Chairman



Ian Hammond
Director

Independent Auditor's Report

To the members of Mission Australia Housing

Opinion

We have audited the **Financial Report**, of Mission Australia Housing (the Company) and its controlled entities (the Group).

In our opinion, the accompanying **Financial Report** of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2021, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2021.
- ii. 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.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.

The Group consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the ACNC Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



Other information

Other Information is financial and non-financial information in Mission Australia Housing's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards-Reduced Disclosure Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- i. 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.
- ii. 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 registered Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' 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 registered Company'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 registered Group to cease to continue as a going concern.
- v. 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 Directors of the Group 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.

KPMG

KPMG

Stephen Isaac

Partner

Sydney

23 September 2021