

**MISSION
AUSTRALIA**

Together we stand

Consolidated Annual Financial Report 2019
ABN 15 000 00 2522



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Directors' Report

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

The Directors present their report together with the consolidated financial statements of the Group comprising Mission Australia (the Company) and its controlled entities, and the Group's interest in associates and jointly controlled entities for the financial year ended 30 June 2019 and the auditor's report thereon.

1. Directors

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

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Mr Kenneth A Dean BCom (Hons), FCPA, FAICD President and Chairman Independent Non-Executive Director	Ken was appointed President and Chairman of the Mission Australia Board on 23 November 2016 and has been a Director of Mission Australia since 1 June 2015. Ken is an Independent Non-Executive Director of Energy Australia Holdings Limited and Virgin Australia Holdings Ltd. He has previously held directorships with Bluescope Steel Limited, Alcoa of Australia Limited, Santos Limited, Woodside Petroleum Limited and Shell Australia Limited, and Chief Financial Officer of Alumina Limited. Ken is a Member of the ASIC Director Advisory Panel and has over 40 years' experience in energy and manufacturing industries. Based in Melbourne, Ken is Chairman of the Housing Committee and a member of the Nomination, Remuneration and Succession Committee of Mission Australia.
Ms Evelyn Horton BEc, MSocSci (Econs), GAICD Independent Non-Executive Director	Appointed as a Director on 22 November 2011, Evelyn is an independent Director of the Tasmanian Public Finance Corporation, the Motor Accidents Insurance Board, Centuria Life Limited, Over Fifty Guardian Limited and the Glebe Administration Board. She is a member of SMART Advisory Council of University of Wollongong and of the Diocesan Financial Advisory Task Force of the Anglican Church. Evelyn previously held senior executive roles in government, investment banking and risk management. Based in Sydney, Evelyn is a member of the Board Audit and Risk Committee and the Nomination, Remuneration and Succession Committee of Mission Australia.
Mr Ian Hammond BA (Hons), FCPA, FCA, FAICD Independent Non-Executive Director	Appointed as a Director on 1 February 2016, Ian is a Non-Executive Director of Perpetual Limited, Suncorp Group Limited, and Venues NSW and a Board Member for several not-for-profit organisations including Chris O'Brien Lifehouse and Quiz Worx. Previously, he was a non-executive Director with Citigroup Australia. Ian 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 the Chairman of the Board Audit and Risk Committee and a member of the Housing Committee and Service Impact Committee of Mission Australia.
Ms Jennifer Lambert BBus, MEd, CA, FAICD Independent Non-Executive Director	Appointed as a Director on 27 April 2005, Jennifer is a Non-Executive Director of Place Management NSW, Bluescope Steel Limited, and the Sydney Church of England Grammar School Council, Chairman of the Mosman Church of England Preparatory School and a Member of the Reporting Committee of the Australian Institute of Company Directors. Jennifer is the former Group Chief Financial Officer of 151 Property. Based in Sydney, Jennifer is a member of the Board Audit and Risk Committee, Service Impact Committee and the Housing Committee of Mission Australia.

Directors' Report

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Mr Simon Miller MBA, MPA, BA, MAICD Independent Non-Executive Director	<p>Simon was appointed as a Director of Mission Australia on 22 February 2017. He is a Partner and Managing Director of The Boston Consulting Group and an Independent Director of City to City Australia. He previously worked with the Commonwealth Government as First Assistant Secretary at the Department of the 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. Based in Sydney, Simon is a member of the Housing Committee of Mission Australia.</p>
Ms Debra Stirling BA, GAICD Independent Non-Executive Director	<p>Debra was appointed a Director of Mission Australia on 22 February 2017. She is a member and former Chairperson of the Monash University Mining and Resources Advisory Board, a non-executive director of MegaRail Pty Ltd, a member of the PNG Government Lae Technical Training Centre of Excellence Task Force, and a member of the Victorian Government Resources Roundtable. Debra has previously served as a senior executive for over 25 years in Newcrest Mining, Rinker, CSR and Coles Myer, across industries including building & construction, retail, property, mining, financial services, agriculture and manufacturing. Based in Melbourne, Debra is Chairperson of the Service Impact Committee and a member of the Nomination, Remuneration and Succession Committee of Mission Australia.</p>
Dr Robert Mitchell AM LLB, MPhil, GradDipTax, Grad DipTheol, MThSt, GradCertMin, PhD, MAICD Independent Non-Executive Director	<p>Bob was appointed as a Director of Mission Australia on 27 February 2019. He is currently Chief Executive Officer of Anglican Overseas Aid and was previously a senior executive at World Vision Australia, serving in both strategic and operational roles. He is a solicitor and served as a partner at PwC for nearly 15 years. He is currently a director of Eastern Health, the global board of ACT Alliance, and the Melbourne Anglican Diocesan Corporation. Bob is an ordained Anglican minister and is a member of the Council of the University of Divinity, and is Deputy Chair of Global Health and Development (Australia) Inc. In the 2019 Australia Day Honours, he was made a Member of the Order of Australia (AM) for significant services to the community through charitable organisations and to the Anglican Church of Australia. Based in Melbourne, Bob is a member of the Board Audit and Risk Committee and Service Impact Committee.</p>

Directors' Report

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1. Directors (continued)

Name, qualifications and independence status	Experience, special responsibilities and other Directorships
Mark Hutchinson DBus, BCom Independent Non-Executive Director	Mark was appointed as a Director of Mission Australia on 3 March 2019. He is a Non-Executive Director of Bluescope Steel Limited and has extensive business and leadership experience at senior executive level. Mark has held various roles at General Electric (GE) over a 25-year career, most recently as President and Chief Executive Officer Europe, and earlier, China. His responsibilities included strengthening GE's operations and developing and executing a shared growth strategy for all GE businesses. Mark was formerly President of GE Capital Real Estate International. He previously held various financial services roles at Barclays Capital Asia Limited in Australia and Hong Kong. Mark brings a global perspective including direct operational experience in Asia. He also has extensive experience in companies which have used technology and digital to undertake transformational change. Based in Brisbane, Mark is a member of the Service Impact Committee and Nomination, Remuneration and Succession Committee of Mission Australia.
Mr Grant A Dempsey BComm Independent Non-Executive Director	Appointed as a Director on 23 February 2010, Grant retired as a Director of Mission Australia with effect from 30 June 2019.
The Hon. Dean Brown AO Dr. Sc. (honor causa), M.Rur.Sc, Grad.Dipl. Bus Admin, FAICD Independent Non-Executive Director	Appointed as a Director on 30 October 2012, Dean retired as a Director of Mission Australia with effect from 31 December 2018.

Directors' Report

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2. Company Secretary

Ms Sally Ascroft was appointed to the position of Company Secretary on 31 October 2014. She is also General Counsel of Mission Australia.

3. Directors' meetings

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Board Meetings		Board Audit and Risk Committee Meetings		Nomination, Remuneration and Succession Committee		Service Impact Committee Meetings		Housing Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Kenneth A Dean	13	13	4^	4	3	3	3^	3	8	8
Dean Brown AO*	7	7	-	-	-	-	2	2	-	-
Grant A Dempsey*	11	13	-	-	2	3	3	3	-	-
Ian Hammond	9	13	4	4	-	-	3	3	8	8
Evelyn Horton	13	13	4	4	-	-	-	-	-	-
Jennifer Lambert	13	13	4	4	-	-	-	-	8	8
Simon Miller	12	13	-	-	-	-	-	-	1	1
Debra Stirling	13	13	-	-	3	3	3	3	-	-
Dr Robert Mitchell AM#	5	5	1	1	-	-	-	-	-	-
Mark Hutchinson#	8	8	-	-	1	1	-	-	-	-

A - Number of meetings attended

B - Number of meetings held during the time the Director held office during the year

* Retired during the year ^Attended by invitation # Appointed during the year

4. Corporate governance

Mission Australia is committed to proper and effective corporate governance arrangements. As a registered charity regulated by the Australian Charities and Not-for-profit Commission (ACNC), Mission Australia applies the ACNC Governance Standards and in applying them is guided by the Not-for-Profit Governance Principles established by Australian Institute of Company Directors.

The Mission Australia Board has overall responsibility for the financial performance of the Mission Australia Group and the achievement of its founding purpose. The Mission Australia Board recognises its role in overseeing the determination and implementation of policies and processes that reflect good corporate governance aligned with the ACNC Governance Standards, its contractual commitments and stakeholder expectations that together with our Values inform and guide the organisation.

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

5. Principal activities and objectives

In pursuit of its founding purpose, the principal activities of Mission Australia during the financial year were to meet human need and spread the knowledge and the love of God through actions and deeds. Mission Australia assists people in need, regardless of their beliefs, through activities such as accommodation provision, family support services, child care, aged care, and youth and employment services. No significant changes in the nature of these activities occurred during the year.

Directors' Report

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

6. Operating and financial review

6.1 Overview of the Group

Reference in this financial report to the Group relates to the consolidated results of Mission Australia and its controlled entities including Mission Australia Housing, Mission Australia Housing (Victoria), Mission Australia Early Learning and Sir David Martin Foundation.

6.2 Review of operations and results

The Group reported an underlying operating surplus of \$3.5 million (2018: \$9.5 million) which includes fundraising revenue from generous donors and supporters of both Mission Australia and Sir David Martin Foundation. The net deficit for the year of (\$5.8) million (2018 surplus of \$28.2 million) also includes a range of non-operating items, receipts of capital and housing grants and movements in the fair value of social and affordable housing properties.

	Community Services	Housing Services	Early Learning	Fundraising	Other	Total
2019						
<i>In thousands of AUD</i>						
Operating revenue	221,952	20,787	37,338	-	592	280,669
Fundraising revenue	-	-	-	24,016	-	24,016
Changes in fair value of investment properties	-	(15,080)	-	-	-	(15,080)
Capital and housing grants	-	2,055	-	-	58	2,113
Other	1,825	-	4	-	612	2,441
Segment revenues	223,777	7,762	37,342	24,016	1,262	294,159
Underlying Segment surplus / (deficit)	1,823	(3,167)	(3,261)	16,536	(8,467)	3,464
Net investing and finance income	8	(910)	(9)	(3)	4,600	3,686
Capital and housing grants	-	2,055	-	-	57	2,112
Changes in fair value of investment properties	-	(15,080)	-	-	-	(15,080)
Reportable segment surplus / (deficit)	1,831	(17,102)	(3,270)	16,533	(3,810)	(5,818)
2018						
<i>In thousands of AUD</i>						
Operating revenue	188,318	20,243	45,448	-	151	254,160
Fundraising revenue	-	-	-	27,085	-	27,085
Changes in fair value of investment properties	-	7,967	-	-	-	7,967
Capital and housing grants	-	188	-	-	57	245
Other	2,330	-	21	-	-	2,351
Segment revenues	190,648	28,398	45,469	27,085	208	291,808
Underlying Segment surplus	4,299	(777)	(3,179)	17,997	(8,840)	9,501
Net investing and finance income	6	215	-	-	3,827	4,048
Movement in net assets of joint venture	-	-	-	-	6,458	6,458
Capital and housing grants	-	187	-	-	58	245
Changes in fair value of investment properties	-	7,967	-	-	-	7,967
Reportable segment surplus / (deficit)	4,305	7,593	(3,179)	17,997	1,503	28,219

Mission Australia is primarily focused on the provision of community, family and children's services and social and affordable housing that are aligned with the organisations strategic goal to reduce homelessness and strengthen communities. A substantial proportion of services are contracted by Federal, State and Territory Government agencies and are subject to contestable procurement processes. Consequently, Mission Australia establishes and decommissions services each year as part of normal operating activities and the focus and mix of services may vary from year to year.

Directors' Report

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

6. Operating and financial review (continued)

6.2 Review of operations and results (continued)

Financial discipline and viability of services has continued to be an important factor in service delivery to ensure long term sustainability of the organisation. The underlying surplus continues to benefit from generous donations and bequests received from supporters of Mission Australia and Sir David Martin Foundation.

6.3 Significant changes in the state of affairs

In the opinion of the Directors, other than as set out in this report, there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

7. Events subsequent to reporting date

In June 2019, the Board of Mission Australia resolved to enter into a transfer of Mission Australia Early Learning with Good Start Early Learning Ltd. The transfer completed on 15 September 2019.

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 will result in the management of over 1,050 social housing dwellings for a 20-year term.

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

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

9. Directors' interests

The Directors had no material interests in contracts or proposed contracts with the Group during the course of the financial year.

10. Indemnification and insurance of officers and Directors

As Mission Australia is a company limited by guarantee, none of the Directors has any interest in the profit and assets of Mission Australia but each, as a member, is liable to contribute an amount not exceeding 10 cents. 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 in the capacity of Director.

To the extent permitted by law, Mission Australia 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. Mission Australia 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. The insurance is in the normal course of business and grants indemnity for liabilities permitted to be indemnified by Mission Australia 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.

Directors' Report

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11. Performance measurements

The Group monitors its performance against budget and a rolling forecast. The budget is approved by the Board of Directors prior to commencement of the financial year. Financial results are presented to the Board of Directors by senior management of the Group. The Board uses this information for future planning, tracking progress over time and determining whether agreed objectives or standards have been met.

The Board reviews performance based on business segments, which are identified by the type of services being provided.

12. Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 10 and forms part of the Directors' Report for the financial year ended 30 June 2019.

13. Registered office

The registered office and principal place of business is Level 7, 580 George Street, Sydney, New South Wales 2000.

14. Founder

In 1862 Benjamin Short founded the Sydney City Mission - the antecedent organisation of Mission Australia. It came into being three years after the Town and Country Mission (later to be known as the Brisbane City Mission) was established in Queensland. In the decades that followed many more missions were set up to proclaim the gospel of Jesus Christ and to care for the colonial poor. In 1997 many of them officially came together as Mission Australia, a single, unified, non-denominational Christian organisation with an integrated approach to meeting Australia's social needs.

15. Founding Purpose

Inspired by Jesus Christ, Mission Australia exists to meet human need and to spread the knowledge of the love of God without reference to denomination or other distinction.

16. Rounding off

The Group 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' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

17. Notice of meeting

The Annual General Meeting of Mission Australia will be held on Wednesday 27 November 2019 at Level 7, 580 George Street, Sydney NSW 2000, where this report will be presented.

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



Kenneth Dean

President and Chairman

Sydney, 18 October 2019



Ian Hammond

Chairman, Board Audit and Risk Committee

Sydney, 18 October 2019



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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 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

18 October 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

For the year ended 30 June 2019

In thousands of AUD

	Note	2019	2018
			Restated*
Revenue from rendering services	3	215,719	181,617
Revenue from rental	3	23,840	22,775
Revenue from sale of goods	3	3,771	4,039
Revenue from fundraising	3	24,016	27,085
Change in fair value of investment properties	3	(15,080)	7,967
Revenue from capital and housing grants	3	2,113	245
Other revenue	3	2,438	2,350
Total revenue for the year		256,817	246,078
Personnel expenses	21	(171,983)	(144,888)
Occupancy and accommodation expenses		(21,216)	(18,446)
Transport and equipment hire expenses		(10,137)	(8,855)
Communication expenses		(14,035)	(12,682)
Client expenses		(7,423)	(7,590)
Depreciation and amortisation expense	6,7	(4,137)	(4,630)
Subcontractor expenses		(15,540)	(13,917)
Other expenses		(18,580)	(12,587)
Total expenses for the year		(263,051)	(223,593)
Results from operating activities for continuing operations		(6,234)	22,485
Discontinued Operations			
Results from discontinued operations	20	(3,270)	(3,179)
Results from operating activities		(9,504)	19,307
Finance income		5,088	4,048
Finance costs		(1,402)	(1,594)
Net finance income	15	3,686	2,454
Share of profit of joint venture		-	6,458
Net surplus / (deficit) for the year		(5,818)	28,219
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges		(83)	705
Other comprehensive income for the year		(83)	705
Total comprehensive income / (loss) for the year		(5,901)	28,924

*Restated for Discontinued Operation (refer note 20)

Consolidated Statement of Financial Position

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

As at 30 June 2019

In thousands of AUD

	Note	2019	2018
Assets			
Cash and cash equivalents	14	12,617	24,265
Trade and other receivables	9	6,026	8,681
Investments	10	96,325	71,657
Prepayments and other assets		3,956	5,034
Assets held for sale	20	1,140	-
Total current assets		120,063	109,637
Trade and other receivables	9	6,705	6,743
Investments	10	1,782	2,200
Investment property - unrestricted	5	36,853	31,896
Investment property - restricted	5	381,293	393,762
Property, plant and equipment	6	82,468	82,648
Intangible assets	7	4,651	2,362
Total non-current assets		513,752	519,611
Total assets		633,815	629,248
Liabilities			
Trade and other payables		25,078	21,563
Provisions	12	3,324	4,588
Loans and borrowings	11	26,930	-
Employee benefits		11,958	12,237
Deferred income	16	20,045	19,594
Liabilities held for sale	20	5,804	-
Total current liabilities		93,139	57,982
Other payables		4,004	3,713
Provisions	12	1,133	2,990
Loans and borrowings	11	-	22,930
Employee benefits		2,810	3,003
Total non-current liabilities		7,947	32,636
Total liabilities		101,086	90,618
Net assets		532,729	538,630
Equity			
Cash flow hedging reserve		(360)	(277)
Accumulated surplus		152,130	141,805
Restricted accumulated surplus	13	380,959	397,102
Total equity		532,729	538,630

Consolidated Statement of Changes in Equity

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

For the year ended 30 June 2019

In thousands of AUD

	Cash flow Hedge Reserve	Accumulated Surplus	Restricted Accumulated Surplus	Total Equity
Balance at 1 July 2017	(982)	121,179	389,509	509,706
Total comprehensive income for the year				
Surplus	-	20,626	7,593	28,219
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedging reserve	705	-	-	705
Total comprehensive income for the year	705	20,626	7,593	28,924
Balance at 30 June 2018	(277)	141,805	397,102	538,630
Balance at 1 July 2018	(277)	141,805	397,102	538,630
Total comprehensive income for the year				
Surplus	-	10,325	(16,143)	(5,818)
Other comprehensive income				
Effective portion of changes in fair value of cash flow hedging reserve	(83)	-	-	(83)
Total comprehensive income for the year	(83)	10,325	(16,143)	(5,901)
Balance at 30 June 2019	(360)	152,130	380,959	532,729

Consolidated Statement of Cash Flows

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

For the year ended 30 June 2019

In thousands of AUD

	Note	2019	2018
Cash flows from operating activities			
Cash receipts from customers		269,192	315,187
Cash paid to suppliers and employees		(253,506)	(295,284)
Cash generated from operations		15,686	19,903
Interest received		2,097	1,823
Interest paid		(1,091)	(1,255)
Net cash from operating activities		16,692	20,471
Cash flows from investing activities			
Proceeds from dividend		165	203
Proceeds from sale of equity investment		-	6,717
Payments for fixed assets and investment properties		(8,243)	(10,428)
Proceeds from sale of Fixed assets and Investment properties		49	-
Payments for investments		(24,249)	(15,439)
Net cash (used in) investing activities		(32,278)	(18,947)
Cash flows from financing activities			
Proceeds from bank borrowings	11	4,000	-
Net cash from financing activities		4,000	-
Net decrease in cash and cash equivalents		(11,586)	1,524
Cash and cash equivalents at 1 July		24,203	22,741
Cash and cash equivalents at 30 June	14	12,617	24,265

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

About this report

1. Reporting entity

Mission Australia (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. The consolidated financial statements of the Company as at and for the year ended 30 June 2019 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.

2. Basis of preparation

In the opinion of the directors, the Group is not publicly accountable. 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 and the Corporations Act 2001/ Australian Charities and Not-for-profits Commission Act 2012.

These consolidated financial statements comply with Australian Accounting Standards-Reduced Disclosure Requirements.

This is the first set of the Group's annual financial statements in which AASB 9 Financial Instruments have been applied. Changes to significant accounting policies are described in Note 26.

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

- derivative financial instruments are measured at fair value;
- financial instruments at fair value through profit or loss are measured at fair value; and Investment properties are measured at fair value.
- The financial report has been prepared on a going concern basis.

Notes to the Consolidated Financial Statements

Annual Financial Report 30 June 2019 | Mission Australia and its controlled entities

Our key numbers and fundraising

Mission Australia continues to receive generous financial support from a broad cross section of Australian society.

3. Revenue

In thousands of AUD

Revenue from rendering services :

Community Services

Housing

Other

Revenue from rental

Revenue from sale of goods

Revenue from fundraising

Change in fair value of investment properties

Revenue from capital and housing grants

Other miscellaneous revenue

	2019	2018
		Restated
	212,546	179,227
	2,194	2,190
	979	200
	215,719	181,617
	23,840	22,775
	3,771	4,039
	24,016	27,085
	(15,080)	7,967
	2,113	245
	2,438	2,350
	256,817	246,078

Accounting Policy

Services revenue

Revenue from services rendered is recognised upon the delivery of service to the customers.

Rental revenue

Rental revenue from investment property is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental revenue from other property is recognised as other revenue.

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the

amount of revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

Fundraising revenue

Fundraising revenue is recognised on receipt of cash or credit card donations. Pledges are only recognised as income if they are enforceable.

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.

Revenue from capital and housing grants

Revenue from capital and housing grants is recognised to the extent that the significant risks and rewards associated with the grant have been transferred to the Group; the significant act underlying the grant agreement has been fulfilled; and the funds have been expended (where applicable) for the grant purpose.

Notes to the Consolidated Financial Statements

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4. Fundraising information

As required by the *Charitable Fundraising Act (NSW) 1991* and regulations (similar but not identical provisions exist in Queensland, Western Australia and South Australia Fundraising Acts).

Various fundraising activities were conducted during the year including appeals, regular giving, major gifts and corporate partnerships.

Fundraising appeals conducted during the year

In thousands of AUD

Results of fundraising appeals

	2019	2018
(a) Gross proceeds from fundraising appeals	24,016	27,085
Less: direct costs of fundraising appeals	(5,794)	(4,937)
Net surplus obtained from fundraising appeals	18,222	22,148
(b) The proceeds of fundraising are primarily applied to support Community Service Programs that are considered important in pursuing the funding purpose and strategic goals of Mission Australia	201,603	171,673

Gross proceeds from fundraising appeals for 2019 includes bequests of \$8.7 million (2018: \$8.2 million).

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Our assets platform

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

5. Investment property

	<i>Unrestricted</i>	<i>Restricted</i>			
<i>In thousands of AUD</i>	<i>Owned Properties</i>	<i>SHGF</i>	<i>NBESP</i>	<i>Common Ground</i>	<i>Total</i>
Fair value					
Balance at 1 July 2017	28,368	44,363	303,487	39,000	386,850
Purchased and capital expenditure	1,938	-	-	-	-
Received as stock transfer	594	-	-	-	-
Disposal	(59)	-	-	-	-
Change in fair value	1,055	567	6,345	-	6,912
Balance at 30 June 2018	31,896	44,930	309,832	39,000	393,762
Balance at 1 July 2018	31,896	44,930	309,832	39,000	393,762
Purchased and capital expenditure	7,797	-	-	-	-
Received as stock transfer	1,035	-	-	-	-
Disposal	(1,264)	-	-	-	-
Change in fair value	(2,611)	(2,537)	(8,762)	(1,170)	(12,469)
Balance at 30 June 2019	36,853	42,393	301,070	37,830	381,293

Unrestricted Properties

Mission Australia Unrestricted Owned Properties include investment properties owned by Mission Australia and Mission Australia Housing.

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 additional finance of \$14.0 million, by using the properties as security for a loan facility, established in 2011 which remains fully drawn.

Nation Building Economic Stimulus Plan (NBESP)

In 2011, Mission Australia Housing assumed ownership of 68 property sites containing 1,055 dwelling units from Housing NSW. The properties are governed by NSW Nation Building Economic Stimulus Plan (NBESP), a Social Housing Initiative.

Common Ground

In 2014, Mission Australia Housing became the owner of 104 units at 31 Pyrmont Bridge Road, Camperdown that are part of the Camperdown Common Ground Project.

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5. Investment property (continued)

Restrictions

The NBESP and Camperdown Common Ground grants are subject to certain conditions. Failure to comply with these conditions could result in returning the assets to the funding bodies. Mission Australia Housing has assessed the likelihood of returning the assets to the funding bodies as less than remote.

The SHGF agreements restrict sale of assets for the term of the agreement. The assets received under the NBESP scheme restrict the use of sale proceeds where these proceeds can only be used towards purchase of similar social housing stock.

Security

At 30 June 2019, investment properties with a carrying amount of \$343.4 million; (2018: \$354.8 million) are subject to a mortgage to secure bank loans.

Accounting Policy

Recognition and measurement

Investment property 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.

Valuation methodology

Independent valuations are obtained for each investment property 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*, the Group has determined the highest and best use for the properties in Mission Australia Housing to be residential dwellings.

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6. Property, plant and equipment

	<i>Land and buildings</i>	<i>Leasehold Improvement</i>	<i>Plant and Equipment</i>	<i>IT Assets</i>	<i>Work In Progress</i>	<i>Total</i>
<i>In thousands of AUD</i>						
Carrying amount as at 1 July 2017	75,343	4,485	1,197	1,265	-	82,290
Additions	1,839	1,720	1,546	2,896	-	8,002
Disposals	-	(1,118)	(1,262)	(2,406)	-	(4,786)
Depreciation	(1,034)	(891)	(209)	(723)	-	(2,858)
Balance at 30 June 2018	76,148	4,196	1,272	1,032	-	82,648
Assets cost	83,291	12,216	5,934	5,647	-	107,088
Accumulated depreciation	(7,143)	(8,020)	(4,662)	(4,615)	-	(24,440)
Carrying amount as at 1 July 2018	76,148	4,196	1,272	1,032	-	82,648
Reclassification to asset held for sale	-	-	(837)	-	-	(837)
Additions	951	215	1,259	1,357	111	3,893
Disposals	-	(7)	(15)	(91)	-	(113)
Depreciation	(1,050)	(873)	(352)	(848)	-	(3,123)
Balance at 30 June 2019	76,049	3,531	1,327	1,450	111	82,468
Assets cost	84,242	12,424	6,341	6,913	111	110,032
Accumulated depreciation	(8,193)	(8,893)	(5,014)	(5,463)	-	(27,564)

Land and buildings are held at cost less accumulated depreciation.

Security

At 30 June 2019, Land and buildings with a carrying amount of \$41.2 million (2018: \$41.2 million) are subject to a mortgage to secure bank loans.

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.

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 future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values, using the straight line method over

the estimated useful live and recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

- Buildings 40-50 years
- Leasehold Improvements 3-10 years
- Plant, equipment & IT assets 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 the Group's 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

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7. Intangible assets

Computer Software

In thousands of AUD

	2019	2018
Carrying amount as at 1 July	2,362	1,796
Acquisitions	3,303	2,411
Disposal	-	(73)
Amortisation	(1,014)	(1,772)
Closing net book value as at 30 June	4,651	2,362
Assets cost	26,741	23,438
Accumulated amortisation	(22,090)	(21,076)
	4,651	2,362

Accounting Policy

Software

Software acquired or internally developed has a finite useful life and is measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual value using the straight-line method over the estimated useful lives. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Bed Licence

Bed Licences are granted for no consideration by the Department of Health and Ageing in perpetuity and their useful life is considered to be indefinite. They are recognised at their fair value on the date of acquisition only if it is probable that the future economic benefits attributable to the bed licences will flow to the Company and the fair value of bed licences can be measured reliably. Purchased bed licences are recognised at their cost of acquisition on the acquisition date.

The Group owns 192 bed licences which were granted by the Australian Government Department of Health and Ageing for no consideration.

In the absence of an active market and having regard to restrictions attached to the bed licences granted to the Group, the Directors have determined their fair value in use to be nil.

Notes to the Consolidated Financial Statements

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8. Commitments

8.1 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.

8.2 Leases as lessor

The Group leases out its investment property (see Note 5). The future minimum lease receipts under non-cancellable leases are as follows:

In thousands of AUD

	2019	2018
Less than one year	1,493	436
Between one and five years	160	79
More than five years	-	-
	1,653	515

During the year, \$23.8 million was recognised as rental income in profit and loss (2018: \$22.8 million).

8.3 Housing commitments

As a Community Housing Provider, Mission Australia Housing has set aside investment and cash assets for scheduled repairs and maintenance of housing properties. Refer to Note 10 *Investments* and Note 14 *Cash and Cash Equivalents* for details of assets set aside in the current financial year.

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

8.4 Operating leases as lessee

Non-cancellable operating lease rentals are payable as follows:

In thousands of AUD

	2019	2018
Less than one year	18,388	17,327
Between one and five years	27,431	30,424
More than five years	7,377	10,384
	53,196	58,135

Notes to the Consolidated Financial Statements

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8. Commitments (continued)

The Group leases a number of properties, motor vehicles and IT equipment under operating leases. The commitments greater than five years all relate to rental property leases. Other leases typically run for a period of three years, with an option to renew the lease after that date. Some leases provide for additional rent payments that are based on changes in a local price index.

During the year ended 30 June 2019, the Group recognised \$20.7 million (2018: \$15.2 million) as an expense in the income statement in respect of operating leases.

Accounting Policy

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Lease incentives received are amortised over the term of the lease and netted off against the lease expenses.

9. Trade and other receivables

In thousands of AUD

Current

Trade receivables

Other receivables

Non Current

Subordinated notes in Goodstart Early Learning

Other non-current receivables

2019	2018
5,964	8,628
62	53
6,026	8,681
3,366	3,366
3,339	3,377
6,705	6,743
12,731	15,424

Accounting Policy

Financial instruments

Trade and other receivables are classified as financial assets at amortised cost (2018: classified as loans and receivables).

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets are initially recognised when the Group 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.

The Group has adopted AASB 9 from 1 July 2019 which has introduced a revised impairment model for financial assets. AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139. There has been no material impact from the change in impairment model. Refer to Note 26 for further details on the change in accounting policy.

Notes to the Consolidated Financial Statements

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10. Investments

In thousands of AUD

Current investments

Opening balance	
Additions	
Movement in fair value	
Financial assets designated at fair value through profit or loss	

Term deposits	
Term deposits - sinking fund	

Non Current investments

Term deposits	
---------------	--

2019	2018
34,473	18,595
-	12,000
2,344	3,878
36,817	34,473
56,508	33,102
3,000	4,082
96,325	71,657
1,782	2,200

Accounting Policy

The financial assets at fair value through profit or losses are equity securities managed by JB Were. Fair value represents the market value of the financial assets at balance date.

Term deposits held with Westpac are classified as financial assets at amortised cost (2018: loans and receivables).

Mission Australia Housing sets aside resources for the periodic repair and maintenance of housing properties in accordance with its long-term asset management plan. These resources are held as sinking fund assets in the form of investments above and cash (see note 14 and note 9).

Financial assets at fair value through profit or loss

A financial asset is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes to the Consolidated Financial Statements

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Our financing and capital structure

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

11. Loans and borrowings

This note provides information about the Group's interest-bearing loans and borrowings which are measured at amortised cost. For more information about the Group's exposure to interest rate risk and liquidity risk.

Terms and conditions of outstanding loans were as follows:

<i>In thousands of AUD</i>	Currency	Average interest rate	Year of maturity	30 June 2019		30 June 2018	
				Face Value	Carrying amount	Face value	Carrying amount
Secured bank loans	AUD	3.25%	2022	26,930	26,930	22,930	22,930

The Company has a \$6.0 million (2018: \$6.0 million) overdraft facility with its bankers. As at 30 June 2019, this facility remained unutilised (2018: Nil). The bank loans are secured over land and buildings and investment properties with a carrying amount of \$384.5.0 million (2018: \$389.0 million).

CBA Loan and Subsequent Events

The secured bank loans are borrowings of Mission Australia Housing under a Loan Agreement with CBA. As at 30 June 2019, the loan is presented as a current

liability due to a potential non-compliance with certain terms of the facility.

Subsequent to 30 June 2019, and prior to the financial statements being authorised, amendments to the terms of the facility were made that confirm the maturity in 2022.

Accounting Policy

Financial instruments

Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

Cash flow hedges

As permitted under AASB 9 the Group has elected to use AASB 139 for hedge accounting purposes and as a result the following accounting policy is applicable to the current and comparative period.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve.

The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

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11. Loans and borrowings (continued)

Cash flow hedges (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively.

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item.

It is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

12. Provisions

In thousands of AUD

Current

Onerous lease provision

Make good provision

Legal claim provision

Restructuring provision

Non current

Make good provision

2019	2018
-	958
2,625	3,531
642	-
57	100
3,324	4,588
1,133	2,990
1,133	2,990

Accounting Policy

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous lease provision

The Group recognise an onerous lease provision in relation to underperforming and loss making leasehold premises.

Make good provision

The Group recognises a make good provision in relation to its leasehold properties. The make good provisions are recognised at the best estimate of the costs to be incurred in settling the obligation.

Restructuring provision

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Legal claim Provision

The Group recognised a legal claim provision in relation to claims made against the Group. The legal claim provision is recognised at the best estimate of costs to be incurred in settling the claims.

Notes to the Consolidated Financial Statements

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13. Capital and reserves

13.1 Hedging reserve

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

13.2 Accumulated surplus

Accumulated surplus comprises an aggregate of the retained earnings.

13.3 Restricted accumulated surplus

The Group has restricted accumulated surplus of \$380.9 million (2018: \$397.1 million) in the current financial year. This consists of the following transactions/balances:

In thousands of AUD

	2019	2018
Opening balance	397,102	389,509
Fair value of properties purchased from Better Housing Future	1,035	188
(Deficit) / Surplus of housing entities recognised as restricted	(17,178)	7,405
	380,959	397,102

14. Cash and cash equivalents

In thousands of AUD

	2019	2018
Bank balances	11,785	23,349
Bank balances - Sinking fund	832	916
Cash and cash equivalents in the statement of cash flows	12,617	24,265

Mission Australia Housing sets aside resources for the periodic repair and maintenance of housing properties in accordance with its long term asset management plan. These resources are held as sinking fund assets in the form of cash above and investments (see note 10)

15. Finance income and finance costs

In thousands of AUD

	2019	2018
Recognised in profit or loss:		Restated
Interest income on financial assets	2,097	1,822
Dividend income	165	203
Fair value through profit or loss	2,826	2,023
Finance income	5,088	4,048
Interest expense on financial liabilities	(1,402)	(1,594)
Finance expense	(1,402)	(1,594)
Net finance income recognised in surplus	3,686	2,454

Notes to the Consolidated Financial Statements

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15. Finance income and finance costs (continued)

Accounting Policy

Finance income and expense

The Group's finance income and finance costs include:

- interest income;
- interest expenses;
- dividend income; and
- changes in the fair value of financial assets at fair value through profit or loss.

Interest income or expenses are recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

16. Deferred income

Deferred income for the Group of \$20.0 million (2018: \$19.1 million) consists of government grants received in advance for services to be rendered by the Group.

The Group has been awarded numerous government grants. Deferred income is amortised over the period to which the advance relates.

Accounting Policy

Government grants

Unconditional government grants are recognised in profit or loss as other income when the grant becomes receivable.

Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Notes to the Consolidated Financial Statements

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17. Determination of fair values

A number of the Group's 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.

17.1 Investment property

Investment properties are held at fair value based on a determination of their highest and best use. 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 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 are then applied to the net annual cash flows to arrive at the property valuation.

Valuations consider, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

17.2 Investments in equity and debt securities

The value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid price at the reporting date.

17.3 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. This fair value is determined for disclosure purposes.

Notes to the Consolidated Financial Statements

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Our group structure

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

18. Group entities

Controlled entities, Mission Australia Early Learning, Mission Australia Housing, Mission Australia Housing (Victoria), Sir David Martin Foundation, Mission Australia Services (Dormant), Mission Australia Foundation (Dormant), Mission Australia Capital Fund Pty Ltd (Dormant) and Mission Australia Future Foundation Unit Trust, City Mission Employees. Retirement Fund Pty Ltd (Dormant), Mission Australia Housing Partnership Limited, all are incorporated in Australia and 100% owned by Mission Australia.

Mission Australia Housing and Mission Australia Housing (Victoria) 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 and Mission Australia Housing (Victoria) have been registered as Housing Associations, which are subject to various restrictions in New South Wales, Tasmania and Victoria, in particular around their ability to make distributions of profit or capital to the Company. 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. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Gains and losses are recognised when the contributed assets are consumed or sold by the equity accounted investees or, if not consumed or sold by the equity accounted investee, when the Group's interest in such entities is disposed of.

Notes to the Consolidated Financial Statements

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19. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2019 the parent entity of the Group was Mission Australia.

<i>In thousands of AUD</i>	2019	2018
Result of parent entity		
Profit for the period	9,223	19,079
Total comprehensive income for the period	9,223	19,079
Financial position of parent entity at year end		
Current assets	111,506	86,052
Non-current assets	110,343	108,232
Total assets	221,849	194,285
Current liabilities	69,514	51,095
Non-current liabilities	10,289	10,366
Total liabilities	79,803	61,461
Net assets	142,046	132,823
Total equity of the parent entity comprising of:		
Retained earnings	142,046	132,823
Total equity	142,046	132,823

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20. Discontinued operations

In June 2019, the Board of Mission Australia resolved to enter into a transfer of Mission Australia Early Learning to Goodstart Early Learning Ltd for consideration of \$1. The transfer completed on 15 September 2019.

Mission Australia Early Learning was not previously classified as held-for-sale or as a discontinued operation. The comparative Consolidated Statement of Profit or Loss and Other Comprehensive Income has been restated to show the discontinued operation separately from continuing operations.

20.1 Results of discontinued operations

<i>In thousands of AUD</i>	Note	2019	2018
Rendering of services		33,530	40,512
Other income and Government Grants		3,812	5,218
Total revenue for the year		37,342	45,729
Personnel expenses		(27,058)	(32,184)
Occupancy and accommodation expenses		(9,758)	(11,552)
Client expenses		(1,860)	(2,105)
Depreciation and amortisation expense		(222)	(342)
Other expenses		(1,714)	(2,725)
Total expenses for the year		(40,612)	(48,908)
Result from operating activities		(3,270)	(3,179)

20.2 Cash flows from discontinued operations

<i>In thousands of AUD</i>	2019	2018
Net cash outflows from operating activities	(4,298)	(4,781)
Net cash outflows from investing activities	(187)	(278)
Net cash inflows from financing activities	4,458	5,058
Net cash outflows	(27)	(1)

Notes to the Consolidated Financial Statements

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20. Discontinued operations (continued)

20.3 Major classes of Asset and liabilities held for sale

In thousands of AUD

	2019	2018
Cash and cash equivalents	34	61
Trade and other receivables	536	1,119
Prepayments	91	174
Current Assets classified as held for sale	661	1,354
Property, plant and equipment	479	837
Total Assets classified as held for sale	1,140	2,191
Trade and other payables	1,176	870
Provisions	2,599	3,344
Employee benefits	1,769	2,995
Deferred income	162	455
Enrolment advances payable to government	98	197
Liabilities associated with assets classified as held for sale	5,804	7,861
Net assets classified as held for sale	(4,664)	(5,670)

Notes to the Consolidated Financial Statements

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Our people

This section provides details of the Group's employee costs, including Key Management Personnel.

21. Personnel expenses

In thousands of AUD

	2019	2018 Restated
Wages and salaries	143,465	118,467
Other associated personnel expenses	12,622	12,268
Contributions to defined contribution plans	15,896	14,153
	171,983	144,888

Accounting Policy

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 the Group 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

The Group's 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. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group 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.

Defined Contribution plan

Obligations for contribution to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that cash refund or a reduction in future payments is available.

Notes to the Consolidated Financial Statements

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22. Related parties

22.1 Key Management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see Note 21) is as follows:

<i>In AUD</i>	2019	2018
Short-term employee benefits	2,377,784	2,456,176
Other long-term benefits	167,941	146,712
Post-employment benefits	179,975	213,417
	2,725,700	2,816,306

22.2 Individual Directors' compensation disclosures

The Directors provide their services to Mission Australia on an honorary basis and receive no direct remuneration in respect of the services provided and no indirect remuneration.

No Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Notes to the Consolidated Financial Statements

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Other disclosures

This section provides details of other disclosures relating to the Group to comply with accounting standards and other pronouncements.

23. Contingencies

The Directors are of the opinion that provisions are not required in respect of contingencies, as it is not probable that a future sacrifice of economic benefits will be required or that the amount is not capable of reliable measurement.

24. Subsequent events

In June 2019, the Board of Mission Australia resolved to enter into a transfer of Mission Australia Early Learning with Good Start Early Learning Ltd with a Merger Implementation Deed signed on 1 July 2019. The transfer completed on 15 September 2019 and has no financial impact on Group.

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 will result in the management of over 1,050 social housing dwellings for a 20-year term with an estimated annual surplus of up to \$1m.

25. Members' guarantee

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

26. Significant and changed accounting policies

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

26.1 Income tax

The Mission Australia entities are appropriately endorsed as required by the Australian Taxation Office from 1 July 2005, or as otherwise incorporated, for income tax exemption. Donations of two dollars or more given to the following entities attract income tax deductibility for the donors to:

- Mission Australia
- The Trustee for Sir David Martin Foundation
- The Trustee for Mission Australia Foundation
- Mission Australia Housing
- Mission Australia Housing (Victoria)
- Mission Australia Early Learning

26.2 Changes in accounting policy

The Group has initially applied AASB 9, including any consequential amendments to other standards, from 1 July 2019. A number of other new standards are also effective from 1 July 2019 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

The effect of initially applying these standards is minimal.

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement.

Notes to the Consolidated Financial Statements

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26. Significant and changed accounting policies (continued)

26.2 Changes in accounting policy (continued)

Classification and measurement of financial assets and financial liabilities

AASB 9 contains principal classification categories for financial assets: measured at amortised cost and FVTPL. The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale. Under AASB 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard is never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Impairment of financial assets

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9, credit losses are recognised earlier than under AASB 139.

The Group has determined that the application of AASB 9's impairment requirements does not result in material change to the impairment loss recognised at 1 July 2019.

Financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled,

AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

The adoption of AASB 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments.

As permitted under AASB 9 the Group has elected to use AASB 139 for hedge accounting purposes.

or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial liabilities are initially recognised when the Group becomes party to the contractual provisions of the instrument. A financial liability is initially measured at fair value plus transactions costs that are directly attributable to its issue.

Notes to the Consolidated Financial Statements

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26. Significant and changed accounting policies (continued)

26.2 Changes in accounting policy (continued)

Transition

On the date of initial application, 1 July 2018, the Group's financial assets and financial liabilities were reclassified as follows:

<i>In thousands of AUD</i>		New AASB 9 Category	Original AASB 139 Category	Original carrying amount AASB 9	Original carrying amount AASB 139
Cash and cash equivalents	14	Amortised cost	Loans and receivables	24,265	24,265
Investments - fair value	10	Mandatorily at FVTPL	Designated at FVTPL	34,473	34,473
Investments - term deposits	10	Amortised cost	Loans and receivables	37,184	37,184
Trade and other receivables	9	Amortised cost	Loans and receivables	15,424	15,424
Total financial assets				111,346	111,346
Trade and other payables		Other financial liabilities	Other financial liabilities	25,276	25,276
Loans and borrowings	11	Other financial liabilities	Other financial liabilities	22,930	22,930
Interest rate swaps used for hedging		Fair value - hedging instrument	Fair value - hedging instrument	852	852
Total financial liabilities				49,058	49,058

26.3 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 16 Leases (effective 1 Jul 2019)
- AASB 1058 Income of Not-for-profit Entities (effective date 1 Jan 2019)
- AASB 15 Revenue from Contracts with Customers, Amendments to Australian Accounting Standards arising from AASB 2015-8 (effective 1 Jan 2019)

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

The Group has operating lease commitments as disclosed in Note 8.4. The disclosed amounts indicate that the impact of AASB 16 Leases will result in a material gross up of the total assets and liabilities of the Group.

Directors' Declaration

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Directors' Declaration

In the opinion of the Directors of Mission Australia ('the Company'):

- a) the consolidated financial statements and notes set out on pages 15 to 38 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2019 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 the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dated at Sydney, 18 October 2019.



Kenneth Dean
President and Chairman



Ian Hammond
Chairman, Board Audit and Risk Committee

Independent Auditor's Report

To the members of Mission Australia

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of Mission Australia the (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 2019, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 30 June 2019.
- 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 of the Group.

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* (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'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 Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations and with Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947.
- iii. 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.

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 Group'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 and 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 registered 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.

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Group's financial result of fundraising appeal activities for the financial year ended 30 June 2019;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2018 to 30 June 2019, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;



- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2018 to 30 June 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In our opinion, the Group has complied, in all material respects, with the requirements of the *Charitable Collections Act (WA) 1946* and *Charitable Collections Regulations (WA) 1947* for the year ended 30 June 2019.

KPMG

KPMG

Stephen Isaac

Partner

Sydney

18 October 2019