MDA Limited

For the year ended 30 June 2017

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Directors' Report

The Directors of MDA Limited present their Report together with the financial statements of the Group for the year ended 30 June 2017 and the Independent Audit Report thereon.

Director's details

The following persons were Directors of MDA Limited during or since the end of the financial year.

Peter Forday MAICD (Chair)

Peter Forday joined the MDA Board of Directors in July 2011 and was elected Chair in November 2016, after holding the position of Deputy Chair. Peter is also a member of the Nominations and Remuneration Committee; the Finance, Audit, Risk, Compliance and Governance Committee; and the Business Development Committee. Peter holds a Bachelor of Speech Therapy (Hons), a Graduate Diploma in Social Sciences (Counselling), a Cert IV in Program Design and Facilitation, and is a Foundation Alumnus, Queensland Leadership Program. He is a member of Joint Advisory Committee for the Governments of Australia and Nauru, and a member of the Safety and Security Subcommittee. Peter is also the Chair of Police Ethnic Advisory Group, Adjunct Research Fellow with Griffith University, Advisor to the AusCongo Network, Secretary of the El Salvador Soccer Club and a Community Ambassador for White Ribbon Day and the Brisbane Roar Football Club. Peter owns and operates a management consultancy specialising in organisational change, stakeholder engagement and leadership.

Sally Isles MAICD (Deputy Chair)

Sally joined the MDA Board of Directors in October 2007 and was elected Deputy Chair in November 2016, after holding the position of Chair from 2013 to 2016. Sally is also Chair of the Nominations and Remuneration Committee, and was a member of the Finance, Audit, Risk, Compliance and Governance Committee until November 2016. Sally attended university in Indonesia and holds a BA equivalent (IKIP Sanata Dharma, Indonesia) and post graduate qualifications in human resources from Deakin University. Sally has over 25 years' experience in strategic human resources leadership and management and currently holds the role of Client Partnership Manager with the Anglican Church of Southern Queensland.

Thi The Anh Bui FGIA (Director)

Anh joined the Board of Directors in June 2015 and was elected Chair of the Finance, Audit, Risk, Compliance and Governance Committee in November 2016. She holds a Bachelor of Laws, Bachelor of Business Administration and Graduate Diploma of Applied Corporate Governance. Anh is admitted as a Solicitor in the Supreme Court of Queensland, is an Associate member of CPA Australia and is a Fellow of the Governance Institute of Australia. She has over 10 years' experience in the finance industry and works as a risk assurance professional with PwC.

Fahim Khondaker (Director)
Fahim joined the Board of Directors in June 2015. Fahim is a qualified Chartered Accountant and holds a Bachelor of Commerce (Accounting & Finance majors) and Bachelor of Economics. Fahim currently leads the Data Analytics and Insights division at the Brisbane office of BDO. In recent years, Fahim has led several campaigns and initiatives to strengthen Queensland's diversity, including the inaugural 'Walk Together' event in Brisbane, and working with the Islamic Council of Queensland, the Crescent Institute, and the Queensland Government Social Cohesion Implementation Committee.

Pele Ramdhani (Director)
Pele Ramdhani joined the MDA Board of Directors in August 2016 and was elected Chair of the Business Development Committee in April 2017. Pele holds a BA HMS in Exercise Physiology, Psychology and Human Movement from the University of Kwazulu in South Africa as well as a Certificate IV in Training and Assessment, and a Diploma in Marketing Management. He serves as a multicultural community ambassador for the Gold Coast Suns, a member of the AFL Queensland Advisory Board, and an Executive Advisor and Ambassador for White Ribbon Day. Pele is currently the National Sales and Community Manager at Goodlife Australia.

Angela Moody GAICD (Director)
Angela became a Director of the Board in July 2009. She previously held the role of Treasurer under the Association Structure, and was the Company Secretary until 4 February 2016. Angela was the Chair of the Finance, Audit, Risk, Compliance and Governance Committee until her resignation from the Board in November 2016. Angela is also a member of the Our Lady of Mount Carmel Primary School Board. Angela's qualifications include a Graduate Diploma of Applied Finance (Corporate Finance) from the Securities Institute of Australia, as well as a Masters of Professional Economics, a Bachelor of Economics, and a Bachelor of Arts (Political Economy and Australian Politics) from the University of Queensland.

All members of the Board are volunteers and receive no payment for their work as Board and Committee Members. Board members are reimbursed expenses that are incurred in the course of their duties as Board members in accordance with company policy. Reasonable opportunities are provided from time to time to ensure the continued professional development of Board members.

The Directors are also the members of the Company.

Company Secretary
Christina Skoien, GIA (cert), held the position of Company Secretary from 4 February 2016 to the date of this report.

Principal activities
The principal activities of MDA are directed towards shaping a better future for all by creating a welcoming, inclusive, globally connected, and economically strong community. MDA is committed to achieving the best settlement outcomes for our clients through working with refugees, international students, people seeking asylum and migrants, as well as their local communities, to achieve quality service delivery through advocacy, client service delivery, community development and multicultural sector development.

Objectives

MDA aims to:

- Deliver for the Community - make a measurable difference by delivering work which enhances prosperity, inclusion and equality for new Queenslanders.
- Change the conversation - seize opportunities to influence positive social change, create welcome and a strong sense of belonging for new Queenslanders.
- Create opportunities - invest in innovative, new business opportunities for the community, diversify its operations and improve financial viability.
- Be accountable - identify and measure the value of its work and ensure accountability to the people MDA works with, its partners and funders.
- Lead by example - nurture an organisational culture where everyone contributes to leadership, collaboration and agility.

Financial Performance

From FY15-16 to FY16-17 MDA experienced a decline in revenue from $38.5 million to $35.8 million due to the exit from international work in December 2016 and the increased processing of Asylum Seeker clients in the Status Resolution Support Service Program (SRSS), resulting in a significant number of clients exiting the program into settlement opportunities in the community.

MDA also returned a deficit for FY16-17 of $810 thousand (2.3% deficit margin) primarily attributed to forward focused decisions (redundancy and investment into new business) to reposition MDA for the future. Excluding these one-off expenditure items and non-cash expenses including depreciation and amortisation, MDA returned an underlying operational surplus of $330 thousand (0.9% surplus margin).

MDA's investment in its future included the establishment of a Not-For-Profit Real Estate company - Welcome Residential; the purchase of a Registered Training Organization (RTO) - MDA Training; and a continued investment into the Brisbane International Student Hub.

Furthermore, subsequent to balance date, MDA secured the Humanitarian Settlement Program (HSP) as the lead agency to provide settlement services to refugees across Queensland until 2022.

Directors' meetings

The number of meetings of Directors held during the year, and the number of meetings attended by each Director, are as follows:

Name	Board directors' meetings	
	Number eligible to attend	Number attended
Peter Forday (Chair)	11	10
Sally Isles (Deputy Chair)	11	10
Thi The Anh Bui*	9	7
Fahim Khondaker	11	9
Pele Ramdhani	9	7
Angela Moody**	6	5

*Anh Bui was on approved leave of absence in February and March 2017.

**Angela Moody resigned on 21 November 2016.

Name	Finance, Audit, Risk, Compliance and Governance Committee meetings	
	Number eligible to attend	Number attended
Thi The Anh Bui (Chair)	5	5
Fahim Khondaker	5	5
Peter Forday	5	5
Angela Moody* (Former Chair)	4	4
Sally Isles (Former Member)	4	4

* Angela Moody resigned on 21 November 2016.

Name	Nominations and Remuneration Committee	
	Number eligible to attend	Number attended
Sally Isles (Chair)	4	4
Peter Forday	4	4

Name	Business Development Committee	
	Number eligible to attend	Number attended
Pele Ramdhani (Chair)	2	2
Fahim Khondaker	2	2
Peter Forday	2	2

Contribution on winding up

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $100.00 each towards meeting any outstanding obligations of the Company. At 30 June 2017, the total amount that members of the Company are liable to contribute if the Company wound up is $500.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s.60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is included on page 6 of this financial report and forms part of the Directors' Report.

Signed in accordance with a resolution of the Directors

Peter Forday
Chair

Date 11/10/2017

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Auditor's Independence Declaration to MDA Limited

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of MDA Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S G Hancox
Partner - Audit & Assurance

Brisbane, 11 October 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Revenue	3	34,533	38,119
Other income	3	1,291	360
Direct client expenses		(6,823)	(4,611)
Employee benefits expense	11	(23,301)	(22,731)
Depreciation expense		(281)	(379)
Amortisation expense		(116)	(79)
Occupancy expenses		(626)	(433)
Facilities and maintenance		(408)	(492)
Other expenses		(4,350)	(3,868)
Surplus / (deficit) before income tax		(81)	5,886
Income tax expense		(729)	(924)
Surplus / (deficit) for the year		(810)	4,962
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income / (loss) for the period		(810)	4,962

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 30 June 2017

	Notes	2017 $'000	2016 $'000
Assets			
Current			
Cash and cash equivalents	4	14,397	8,666
Trade and other receivables	5	3,253	11,135
Other assets	9	189	186
Current assets		17,839	19,987
Non-current			
Property, plant and equipment	7	1,594	1,535
Intangible assets	8	509	465
Goodwill	16	80	-
Non-current assets		2,183	2,000
Total assets		**20,022**	**21,987**
Liabilities			
Current			
Trade and other payables	10	(1,732)	(3,338)
Provisions	12	(2,022)	(2,342)
Other liabilities	13	(2,739)	(1,994)
Current liabilities		(6,493)	(7,674)
Non-current			
Provisions	12	(398)	(372)
Non-current liabilities		(398)	(372)
Total liabilities		**(6,891)**	**(8,046)**
Net assets		**13,131**	**13,941**
Equity			
Retained earnings		13,131	13,941
Total equity		**13,131**	**13,941**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Retained earnings $'000	Total equity $'000
Balance at 1 July 2015	8,979	8,979
Surplus for the year	4,962	4,962
Other comprehensive income	-	-
Total comprehensive income for the year	4,962	4,962
Balance at 30 June 2016	**13,941**	**13,941**
Balance at 1 July 2016	13,941	13,941
Surplus for the year	(810)	(810)
Other comprehensive income	-	-
Total comprehensive income for the year	(810)	(810)
Balance at 30 June 2017	**13,131**	**13,131**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Operating activities			
Receipts from:			
· Government, Donors and others		55,570	46,736
· interest income		162	114
Foreign income tax paid	2.11	(1,676)	-
Payments to clients, suppliers and employees		(47,745)	(43,012)
Net cash provided by operating activities		**6,311**	**3,838**
Investing activities			
Purchase of property, plant and equipment		(340)	(47)
Purchase of intangible assets		(160)	(140)
Payments for subsidiaries	17	(80)	-
Net cash provided by / (used in) investing activities		**(580)**	**(187)**
Net change in cash and cash equivalents		5,731	3,651
Cash and cash equivalents, beginning of year		8,666	5,015
Cash and cash equivalents, end of year	4	**14,397**	**8,666**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 General information and statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the Group applying not-for-profit specific requirements contained in the Australian Accounting Standards

MDA Limited in the Group's ultimate Parent Company. MDA Ltd is a public company limited by guarantee incorporated and domiciled in Australia.

The financial statements for the year ended 30 June 2017 were approved and authorised for issue by the Board of Directors on 11 October 2017. The Board has the power to amend and re-issue the financial report.

2 Summary of accounting policies

2.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

2.2 Basis of preparation

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

The Financial Statements, except for the cash flow information have been prepared on an accrual basis and are based on historical costs, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the Financial Statements have been rounded to the nearest thousand ($'000) dollars. Australian dollars is the functional and presentation currency of the Group.

2.3 Revenue

Revenue comprises revenue from government grants, fundraising, events and fee for service activities. Revenue from major service streams is shown in Note 3.

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

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

Government funded programs

A number of the Group's programs are supported by funding received from the federal, state and local governments.

If conditions are attached to the funding which must be satisfied before the Group is eligible to receive the contribution, recognition of the revenue is deferred until those conditions are satisfied.

Where funding is received on the condition that specified services are delivered, to the funder, this is considered a reciprocal transaction. Revenue is recognised as services are performed and deferred at year-end until the service is delivered.

Revenue from non-reciprocal funding that is not subject to conditions is recognised when the Group obtains control of the funds, economic benefits are probable and the amount can be measured reliably. Where funding may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

Where the Group receives a non-reciprocal contribution of an asset from a government or other party for no or nominal consideration, the asset is recognised at fair value and a corresponding amount of revenue is recognised.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control, economic benefits are probable and the amount of the donation can be measured reliably.

Fee for Service

Fees are recognised when the services are provided.

Interest income

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

2.4 Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

2.5 Intangible assets

Acquired intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement

All intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to annual impairment testing. The following useful lives are applied:

- software: 5 years

Amortisation has been included within amortisation expense.

Subsequent expenditures on the maintenance of computer software are expensed as incurred.

2.6 Property, plant and equipment

Leasehold improvements and equipment (comprising computers, office equipment, furniture and motor vehicles) are initially recognised at acquisition cost, including any costs directly attributable to bring the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

Leasehold improvement and equipment are subsequently measured using the cost model, cost less subsequent depreciation or amortisation.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of leasehold improvements and equipment. The following useful lives are applied:

- Leasehold improvements: 1 – 20 years (improvements depreciated over lease term)
- Computer equipment: 2 – 5 years
- Office equipment: 3 – 15 years
- Motor vehicles: 8 years
- Furniture and fittings: 2 – 20 years

2.7 Leases

Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

2.8 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are initially measured at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

2.9 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables
- financial assets at Fair Value Through Profit or Loss (FVTPL)
- Held-To-Maturity (HTM) investments
- Available-For-Sale (AFS) financial assets

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs or finance income, except for impairment of trade receivables which is presented within other expenses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Group's trade and other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets that are either classified as held for trading or that meet certain conditions and are designated at FVTPL upon initial recognition.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

HTM investments

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as HTM if the Group has the intention and ability to hold them until maturity.

HTM investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within an AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest calculated using the effective interest method and dividends are recognised in profit or loss within 'revenue'.

Reversals of impairment losses for AFS debt securities are recognised in profit or loss if the reversal can be objectively related to an event occurring after the impairment loss was recognised. For AFS equity investments impairment reversals are not recognised in profit or loss and any subsequent increase in fair value is recognised in other comprehensive income.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.10 Impairment testing of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

2.11 Income taxes

MDA Limited is predominately exempt from Australian income tax, as Section 50-5 of the Income Tax Assessment Act 1997 exempts recognised charitable institutions from income tax. However, the two subsidiaries of MDA (refer Note 19) are subject to income tax. For the subsidiaries, tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes

Deferred tax is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign taxes

During the previous financial year the Group entered into a contract to provide consultancy services in Papua New Guinea. Revenue is received via an Australian government intermediary net of the applicable foreign contractor withholding tax remitted on behalf the Group by the Australian intermediary. The services in Papua New Guinea ceased during the current financial year. The Group paid the foreign contractor withholding tax to the Papua New Guinea Internal Revenue Commission in full settlement of the income tax payable.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Retained earnings

Retained earnings include all current and prior period retained surpluses.

2.14 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

Defined contribution superannuation benefits

All employees of the Group received defined contribution superannuation entitlements for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contribution at the end of the reporting period. All obligations for unpaid superannuation guarantee contribution are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's statement of financial position.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

2.16 Deferred income

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

2.17 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

2.18 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised.

2.19 Economic dependence

The Group is dependent upon the ongoing receipt of Federal and State Government grants, fee for service contracts and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

2.20 Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

2.21 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Long service leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

2.22 Investment in associates

Associates are those entities over which the Group is able to exert significant influence but which are not subsidiaries.

Investments in associates are accounted for using the equity method. Interests in associate's are accounted for by recognising the Group's assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its share of the revenue from the services rendered by the joint operation and its expenses (including its share of any expenses incurred jointly).

Any goodwill or fair value adjustment attributable to the Group's share in the associate is not recognised separately and is included in the amount recognised as an investment.

The carrying amount of the investment in associates is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

2.23 Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2017. The parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2017.

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2.24 Business combination

The Group applies the acquisition method in accounting for business combinations.

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in profit or loss immediately.

3 Revenue

The Group's revenue may be analysed as follows for each major product and service category:

	2017 $'000	2016 $'000
Revenue		
Fee for service	7,531	7,844
Sponsorship	94	100
Government funded programs	25,242	29,842
Donations	141	196
Other income	1,525	137
	34,533	**38,119**
Other income		
Rent	1,129	246
Interest	162	114
	1,291	**360**
Total Revenue	**35,824**	**38,479**

4 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2017 $'000	2016 $'000
Cash on hand	5	11
Cash at bank	4,677	7,036
Short term deposits	9,715	1,619
Cash and cash equivalents	**14,397**	**8,666**

The Group has secured bank guarantees in the favour of two lessors of properties occupied by the Group to a total value of $108,763 (2016: $30,250; one lessor)

4.1 Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

	2017 $'000	2016 $'000
Cash and cash equivalents	14,397	8,666

5 Trade and other receivables

	2017 $'000	2016 $'000
Current		
Trade receivables, gross	1,653	6,406
Accrued income	1,454	4,626
Other receivables	146	103
	3,253	**11,135**

6 Financial assets and liabilities

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

	Notes	2017 $'000	2016 $'000
Financial assets			
Cash and cash equivalents	4	14,397	8,666
Loans and receivables	5	3,253	11,135
		17,650	**19,801**

	Notes	2017 $'000	2016 $'000
Financial liabilities			
Current:			
· trade and other payables	10	1,732	3,338
		1,732	**3,338**

See Notes 2.8 and 2.9 for a description of the accounting policies for each category of financial instruments. Information relating to fair values is presented in the related notes.

7 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Leasehold Improve-ments $'000	Computer Equipment $'000	Office Equipment $'000	Motor Vehicles $'000	Furniture & Fittings $'000	Total $'000
Gross carrying amount						
Balance 1 July 2016	3,401	325	228	209	3	4,166
Additions	67	194	2	20	57	340
Disposals	-	-	-	-	-	-
Transfer	-	-	-	-	-	-
Balance 30 June 2017	3,468	519	230	229	60	4,506
Depreciation and impairment						
Balance 1 July 2016	(2,116)	(271)	(188)	(56)	-	(2,631)
Disposals	-	-	-	-	-	-
Depreciation	(184)	(50)	(16)	(26)	(5)	(281)
Balance 30 June 2017	(2,300)	(321)	(204)	(82)	(5)	(2,912)
Carrying amount 30 June 2017	**1,168**	**198**	**26**	**147**	**55**	**1,594**
Carrying amount 30 June 2016	**1,285**	**54**	**40**	**153**	**3**	**1,535**

All depreciation is included within 'depreciation expense'.

8 Intangible assets

Details of the Group's intangible assets and their carrying amounts are as follows:

	2017 $'000
Acquired software licences	
Gross carrying amount	
Balance at 1 July 2016	544
Addition, separately acquired	160
Disposals	-
Balance at 30 June 2017	704
Amortisation and impairment	
Balance at 1 July 2016	(79)
Amortisation	(116)
Impairment losses	-
Disposals	-
Balance at 30 June 2017	(195)
Carrying amount 30 June 2017	**509**
Carrying amount 30 June 2016	**465**

Technology One software is a significant intangible asset to the Group. Its carrying amount is $328,329. The remaining amortisation period is 3 years.

9 Other assets

Other assets consist of the following:

	2017 $'000	2016 $'000
Current:		
prepayments	189	186
Total other asset	**189**	**186**

10 Trade and other payables

Trade and other payables recognised consist of the following:

	2017 $'000	2016 $'000
Current:		
trade payables	380	921
other creditors and accruals	1,352	2,417
Total trade and other payables	**1,732**	**3,338**

11 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2017 $'000	2016 $'000
Wages, salaries	20,896	20,066
Workers compensation insurance	113	106
Superannuation – defined contribution plans	2,292	2,559
Employee benefits expense	**23,301**	**22,731**

12 Provisions

The liabilities recognised for employee benefits consist of the following amounts:

	2017 $'000	2016 $'000
Current:		
· annual leave	1,551	1,705
· time in lieu	93	146
· long service leave	365	477
. MV excess	13	14
	2,022	**2,342**
Non-current:		
· long service leave	183	201
. lease incentive	215	171
	398	**372**

12.1 Motor Vehicle Excess Provision

Motor vehicle excess provision consists of the following:

	2017 $'000	2016 $'000
Current liabilities		
Provision for Motor Vehicle excess	13	14
Movement in provision		
Balance as at 1 July	14	14
Additional provision recognised	-	-
Reduction in provision	(1)	-
Balance as at 30 June	13	14

The provision for motor vehicle excess reflects a requirement to provide for known future motor vehicle excess expense at the end of the motor vehicle leases.

12.2 Lease incentive provision

Lease incentive provision consists of the following:

	2017 $'000	2016 $'000
Non-current liabilities		
Provision for lease incentive contract	215	171
Movement in provision		
Balance as at 1 July	171	44
Additional provision recognised	44	127
Reduction in provision	-	-
Balance as at 30 June	215	171

The provision for lease incentive reflects a requirement to provide for known future increases in operating lease rentals for the lease of premises.

13 Other liabilities

Other liabilities can be summarised as follows:

	2017 $'000	2016 $'000
Deferred income	2,739	1,994
Other liabilities – current	**2,739**	**1,994**

Deferred income consists of income received in advance for services to be rendered by the Group. Deferred income is recognised when the services are delivered.

14 Operating leases as lessee

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

	Minimum lease payments due			
	Within 1 year $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
30 Jun 2017	639	231	1,079	1,949
30 Jun 2016	548	516	1,079	2,143

Lease expense during the period amounted to $867,239 (2016: $457,983) representing the minimum lease payments.

The property lease commitments are non-cancellable operating leases with lease terms of between one (1) and twenty (20) years. Increases in lease commitments may occur in line with CPI or market rent reviews in accordance with the agreements.

The Motor Vehicle leases and equipment leases are also operating leases with lease terms of between one (1) and five (5) years.

15 Related party transactions

The Group's related parties include its associates, key management and others as described below. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

15.1 Transactions with associates

During the financial year MDA provided management and operational support services to assist its associate in meeting its obligations to a value of $638,951. The outstanding balance of $188,951 due to MDA is included in trade receivables.

15.2 Transactions with Key management personnel

Remuneration paid to key management personnel includes salary, contributions to members' superannuation and other benefits paid to them and on their behalf. Total key management personnel compensation for the year ended 30 June 2017 is $953,358 (2016: $943,359)

15.3 Other

Director Fahim Khondaker is employed by BDO, and holds a position on the executive committee of Islamic Council of Queensland (ICQ) Inc. BDO has carried out some professional consulting services for MDA during the financial year, to the value of $33,702 (2016: $0). ICQ was a subcontractor of MDA who provided employment support services, to the value of $610,586 (2016: $227,500). All these transaction were on arm's length terms and conditions.

16 Goodwill

The movement in the net carrying amount of goodwill are as follows:

	2017 $'000	2016 $'000
Gross carrying amount		
Balance as at 1 July	-	-
Acquired through business combination	80	-
Balance as at 30 June	80	-
Accumulated impairment		
Balance as at 1 July	-	-
Impairment loss recognised	-	-
Balance as at 30 June	-	-
Carrying amount at 30 June	80	-

17 Acquisition of Sapphire Academy Pty Ltd

On 29 September 2016, the Group acquired 100% of the equity instruments of Sapphire Academy Pty Ltd, a Brisbane based business, thereby obtaining control. Sapphire Academy was subsequently re named to MDA Training Pty Ltd (MDA Training). The acquisition was made to enable the Group to provide quality training course services in QLD.

The details of the business combination are as follows:

	$'000
Fair value of consideration transferred	
Amount settled in cash	80
Fair value of contingent consideration	-
Total	**80**
Recognised amounts of identifiable net assets	
Total assets	-
Total liabilities	-
Identifiable net assets	-
Goodwill on acquisition	**80**
Consideration transferred settled in cash	80
Cash and cash equivalents acquired	-
Net cash outflow on acquisition	**(80)**
Acquisition costs charged to expenses	-
Net cash paid relating to the acquisition	**(80)**

Consideration transferred

The acquisition of Sapphire Academy was settled in cash of $80,000. Acquisition-related costs amounting to $10,270 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of other expenses.

Goodwill

Goodwill of $80,000 is primarily related to growth expectations, expected future profitability, the substantial skill and expertise of MDA Training Pty Ltd.

18 Parent entity information

Information relating to MDA Ltd ("the Parent Entity"):

	2017 $'000	2016 $'000
Statement of financial position		
Current assets	17,839	19,987
Total assets	20,022	21,987
Current liabilities	(6,493)	(7,674)
Total liabilities	(6,891)	(8,046)
Net assets	13,131	13,941
Retained earnings	13,131	13,941
Total equity	13,131	13,941
Statement of profit or loss and other comprehensive income		
Profit / (loss) for the year	(729)	4,962
Other comprehensive income	0	0
Total comprehensive income	(729)	4,962

19 Composition of the Group

Set out below details of the subsidiaries and associates held directly by the Group:

Name of the subsidiary or associate	Country of incorporation and principal place of business		Principal activity	Proportion of ownership interests held by the Group	
				30-Jun-17	30-Jun-16
MDA Training	Queensland, Australia	Subsidiary	Provide training courses	100%	0%
Welcome Residential	Queensland, Australia	Subsidiary	Real Estate agency	100%	0%
Connect Settlement Services	Victoria, Australia	Associate	Settlement services	50%	50%

MDA Training was acquired by the group during the year. It changed its name from Sapphire Academy Pty Ltd to MDA Training Pty Ltd on 22 October 2016.

The associate is not controlled by MDA Limited as the other 50% owner has a majority of the voting rights.

20 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Directors' Declaration

In the opinion of the Directors of MDA Limited:

a The financial statements and notes of MDA Limited are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

i Giving a true and fair view of its financial position as at 30 June 2017 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Australian Charities and Not-for-profits Commission Act 2012*; and

b There are reasonable grounds to believe that MDA Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors

Director
Peter Forday

Date 11/10/2017

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Independent Auditor's Report to the Members of MDA limited

Report on the Audit of the Financial Report

Auditor's Opinion

We have audited the accompanying financial report of MDA Limited (the "Registered Entity") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the financial report of MDA Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

a giving a true and fair view of the Registered Entity's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

b complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Auditor's Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's Directors' Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the 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 Entity'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 audit report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S G Hancox
Partner - Audit & Assurance

Brisbane, 11 October 2017