MDA Limited

For the year ended 30 June 2018

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Contents

Directors' Report

The Directors of MDA Limited present their Report together with the financial statements of the Group for the year ended 30 June 2018 and the Independent Audit Report thereon.

Directors' 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 has held the position of Chair since November 2016. Peter is also a member of the Nominations and Remuneration Committee, the Audit and Risk 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. Peter is also the Chair of Police Ethnic Advisory Group, Adjunct Research Fellow with Griffith University, Advisor to the AusCongo Network, and a Community Ambassador for White Ribbon Day. Peter owns and operates a management consultancy specialising in organisational change, stakeholder engagement and leadership.

Pele Ramdhani (Deputy Chair)

Pele Ramdhani joined the MDA Board of Directors in August 2016 and was elected Deputy Chair of the Board in November 2017. Pele is also the Chair of the Business Development Committee. 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 Head of Sales and Community Engagement at Goodlife Australia.

Thi The Anh Bui (Director)

Anh joined the Board of Directors in June 2015 and is the Chair of the Audit and Risk Committee. 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 sector and is a Risk Assurance Manager with PwC.

Fahim Khondaker (Director)

Fahim joined the Board of Directors in June 2015 and is a member of the Audit and Risk Committee and the Business Development Committee. 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.

Sally Isles MAICD (Director)

Sally joined the MDA Board of Directors in October 2007 and is a member of the Nominations and Remuneration Committee. 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.

Giri Sivaraman (Director)

Giri became a Director of the Board in April 2018. Giri is a Lawyer and Principal at Maurice Blackburn Lawyers and holds a Bachelor of Laws (Honours) and a Bachelor of Arts (Psychology) from Macquarie University.

Jade Demnar (Director)

Jade joined the MDA board in September 2018. Jade is a Management Consultant in global professional services firm, Accenture, leading change management and innovation initiatives in government clients. She is also a member of the Australian Cervical Cancer Foundation and University of Queensland Young Alumni Advisory boards.

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) is the company Company Secretary and has held this position since 4 February 2016.

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 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 ensure financial sustainability and 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 - build an organisational culture where everyone contributes to leadership, collaboration and agility.
- Keep fit for the future – nurture an organisation that invests in the right skills and technologies to achieve our vision of creating a better future for all.

Financial Performance

The 2017-18 year has been a year of financial consolidation resulting in a deficit of $1,000. A lower than predicted decline in revenue from $35.8 million to $31.7 million resulted from the implementation of the new Humanitarian Settlement Program (HSP) and a two year extension of a significantly reduced Status Resolution Support Services (SRSS) program. This allowed for revenue received from Government funded programs to increase from $25.2 million to $27.9 million. This increase in funding lessened the effect of loss of revenue of $6.3 million, received in the 2016-17 period, due to the decision to cease consultancy work with the Papua New Guinea Government.

A focus of the year was a strong commitment to right size the organisation. This saw a reduction in MDA's workforce and resulted in the cost of wages decreasing from $23.3 million to $18.1 million. It is anticipated further improvements will be achieved through the consolidation of resources including office buildings and motor vehicles.

MDA maintains an asset to liability ratio of 3:1 and robust balance sheet. The focus on maintaining an efficient accrual process to allow for future liabilities, including leave and rent provisions, allows for effective risk management of a sustainable financial position for future years.

In September 2017, MDA launched its first business venture, Welcome Residential, which now has approximately 95 properties under management with 16% home to people from refugee backgrounds and 61% deemed accessible for low-income earners. Welcome Residential remains on target to achieve the financial key performance indicators in the initial business plan.

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	11
Pele Ramdhani (Deputy Chair)	11	9
Thi The Anh Bui*	9	6
Fahim Khondaker	11	9
Sally Isles	11	11
Giri Sivaraman**	3	3

*Anh Bui was on approved leave of absence for September and October 2017.
** Giri Sivaraman joined the Board in April 2018.

Name	Audit and Risk Committee meetings	
	Number eligible to attend	Number attended
Thi The Anh Bui (Chair)*	6	6
Fahim Khondaker	7	7
Peter Forday	7	6

*Anh Bui was on approved leave of absence for September and October 2017.

Name	Nominations and Remuneration Committee	
	Number eligible to attend	Number attended
Peter Forday (Acting Chair)	5	5
Sally Isles	5	5

Name	Business Development Committee	
	Number eligible to attend	Number attended
Pele Ramdhani (Chair)	11	10
Fahim Khondaker	11	10
Peter Forday	11	9

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 each towards meeting any outstanding obligations of the Company. At 30 June 2018, the total amount that members of the Company are liable to contribute if the Company wound up is $600.

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
30 October 2018

Auditor's Independence Declaration

To be provided separately

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	2018 $'000	2017 $'000
Revenue	3	30,658	34,533
Other income	3	1,022	1,291
Direct client expenses		(8,721)	(6,823)
Employee benefits expense	11	(18,081)	(23,301)
Depreciation expense		(311)	(281)
Amortisation expense		(148)	(116)
Write off property plant and equipment		(38)	-
Occupancy expenses		(656)	(626)
Facilities and maintenance		(347)	(408)
Other expenses		(3,379)	(4,350)
Surplus / (deficit) before income tax		**(1)**	**(81)**
Income tax expense		-	(729)
Surplus / (deficit) for the year		**(1)**	**(810)**
Other comprehensive income for the period, net of income tax		-	-
Total comprehensive income / (loss) for the period		**(1)**	**(810)**

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 $'000	2017 $'000
Assets			
Current			
Cash and cash equivalents	4	14,462	14,397
Trade and other receivables	5	3,025	3,253
Other assets	9	204	189
Current assets		17,691	17,839
Non-current			
Property, plant and equipment	7	1,381	1,594
Intangible assets	8	419	509
Goodwill	16	80	80
Non-current assets		1,880	2,183
Total assets		**19,571**	**20,022**
Liabilities			
Current			
Trade and other payables	10	(1,972)	(1,732)
Provisions	12	(1,843)	(2,022)
Other liabilities	13	(2,203)	(2,739)
Current liabilities		(6,018)	(6,493)
Non-current			
Provisions	12	(423)	(398)
Non-current liabilities		(423)	(398)
Total liabilities		**(6,441)**	**(6,891)**
Net assets		**13,130**	**13,131**
Equity			
Retained earnings		13,130	13,131
Total equity		**13,130**	**13,131**

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 2018

	Retained earnings $'000	Total equity $'000
Balance at 1 July 2016	13,941	13,941
Deficit 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**
Balance at 1 July 2017	13,131	13,131
Deficit for the year	(1)	(1)
Other comprehensive income	-	-
Total comprehensive income for the year	(1)	(1)
Balance at 30 June 2018	**13,130**	**13,130**

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 2018

	Notes	2018 $'000	2017 $'000
Operating activities			
Receipts from:			
· Government, Donors and others		31,321	55,570
· interest income		301	162
Foreign income tax paid		-	(1,676)
Payments to clients, suppliers and employees		(31,363)	(47,745)
Net cash provided by operating activities		**259**	**6,311**
Investing activities			
Purchase of property, plant and equipment		(136)	(340)
Purchase of intangible assets		(58)	(160)
Acquisition of assets		-	(80)
Net cash provided by / (used in) investing activities		**(194)**	**(580)**
Net change in cash and cash equivalents		65	5,731
Cash and cash equivalents, beginning of year		14,397	8,666
Cash and cash equivalents, end of year	4	**14,462**	**14,397**

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 2018 were approved and authorised for issue by the Board of Directors on 30 October 2018. 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 18) 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 financial year 2016 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 previous 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 2018. 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 2018.

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:

	2018 $'000	2017 $'000
Revenue		
Fee for service	1,341	7,531
Sponsorship	221	94
Government funded programs	27,913	25,242
Donations	68	141
Other income	1,115	1,525
	30,658	**34,533**
Other income		
Rent	721	1,129
Interest	301	162
	1,022	**1,291**
Total Revenue	**31,680**	**35,824**

4 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2018 $'000	2017 $'000
Cash on hand	6	5
Cash at bank	1,790	4,677
Short term deposits	12,666	9,715
Cash and cash equivalents	**14,462**	**14,397**

The company has secured bank guarantees in the favour of two lessor of a property occupied by the Company to a total value of $78,512.51 (2017: $108,763)

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:

	2018 $'000	2017 $'000
Cash and cash equivalents	14,462	14,397

5 Trade and other receivables

	2018 $'000	2017 $'000
Current		
Trade receivables, gross	1,239	1,653
Accrued income	1,691	1,454
Other receivables	95	146
	3,025	**3,253**

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	2018 $'000	2017 $'000
Financial assets			
Cash and cash equivalents	4	14,462	14,397
Loans and receivables	5	3,025	3,253
		17,487	**17,650**

	Notes	2018 $'000	2017 $'000
Financial liabilities			
Current:			
· trade and other payables	10	1,972	1,732
		1,972	**1,732**

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 2017	3,468	519	231	229	59	4,506
Additions	-	132	-	-	4	136
Disposals/Write off	(59)	-	-	-	-	(59)
Transfer	-	-	-	-	-	-
Revaluation increase	-	-	-	-	-	-
Balance 30 June 2018	3,409	651	231	229	63	4,583
Depreciation and impairment						
Balance 1 July 2017	(2,300)	(321)	(204)	(83)	(5)	(2,913)
Disposals/Write off	21	-	-	-	-	21
Depreciation	(183)	(81)	(12)	(27)	(7)	(311)
Balance 30 June 2018	(2,462)	(402)	(216)	(110)	(12)	(3,202)
Carrying amount 30 June 2018	**947**	**249**	**15**	**119**	**51**	**1,381**

All depreciation is included within 'depreciation expense'.

8 Intangible assets

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

	2018 $'000
Acquired software licences	
Gross carrying amount	
Balance at 1 July 2017	704
Addition, separately acquired	58
Disposals	-
Balance at 30 June 2018	762
Amortisation and impairment	
Balance at 1 July 2017	(195)
Amortisation	(148)
Impairment losses	-
Disposals	-
Balance at 30 June 2018	(343)
Carrying amount 30 June 2018	**419**
Carrying amount 30 June 2017	**509**

Technology One software is a significant intangible asset to the Company. Its carrying amount is $227,745. The remaining amortisation period is 2 years.

9 Other assets

Other assets consist of the following:

	2018 $'000	2017 $'000
Current:		
prepayments	204	189
Total other asset	**204**	**189**

10 Trade and other payables

Trade and other payables recognised consist of the following:

	2018 $'000	2017 $'000
Current:		
trade payables	363	380
other creditors and accruals	1,609	1,352
Total trade and other payables	**1,972**	**1,732**

11 Employee benefits expense

Expenses recognised for employee benefits are analysed below:

	2018 $'000	2017 $'000
Wages, salaries	16,537	20,896
Workers compensation insurance	51	113
Superannuation – defined contribution plans	1,493	2,292
Employee benefits expense	**18,081**	**23,301**

12 Provisions

The liabilities recognised for provisions consist of the following amounts:

	2018 $'000	2017 $'000
Current:		
· annual leave	1,354	1,551
· time in lieu	56	93
· long service leave	420	365
. MV excess	13	13
	1,843	**2,022**
Non-current:		
· long service leave	165	183
. lease incentive	258	215
	423	**398**

12.1 Motor Vehicle Excess Provision

Motor vehicle excess provision consists of the following:

	2018 $'000	2017 $'000
Current liabilities		
Provision for Motor Vehicle excess	13	13
Movement in provision		
Balance as at 1 July	13	14
Additional provision recognised	-	-
Reduction in provision	-	(1)
Balance as at 30 June	**13**	**13**

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:

	2018 $'000	2017 $'000
Non-current liabilities		
Provision for lease incentive contract	258	215
Movement in provision		
Balance as at 1 July	215	171
Additional provision recognised	43	44
Reduction in provision	-	-
Balance as at 30 June	**258**	**215**

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:

	2018 $'000	2017 $'000
Deferred income	2,203	2,739
Other liabilities – current	**2,203**	**2,739**

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 2018	255	728	538	**1,522**
30 Jun 2017	639	231	1,079	**1,949**

Lease expense during the period amount to $849,939 (2017: $867,239) 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 $60,400 (2017: $638,951). The outstanding balance of $60,400 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 2018 is $1,072,830 (2017: $953,358). Some of the key management personnel's investment is managed by Welcome Residential Pty Ltd, the total value relates to these transactions is $6,046.25.

15.3 Other

Director Fahim Khondaker is employed by BDO and Islamic council of Queensland (ICQ) Inc. BDO has carried out some professional consulting services for MDA during the financial year, to the value of $15,507 (2017: $33,702). ICQ was a subcontractor of MDA to provide employment support services, to the value of $244,325 (2017: $610,586). Director Anh Bui is employed by PricewaterhouseCoopers (PwC). PwC provided professional consulting and training services during the financial year, to the value of $ 8,095 (2017: $0). All these transaction were at arm's length terms and conditions.

16 Goodwill

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

	2018 $'000	2017 $'000
Gross carrying amount		
Balance as at 1 July	**80**	-
Acquired through business combination	**-**	80
Balance as at 30 June	**80**	80
Accumulated impairment		
Balance as at 1 July	**-**	-
Impairment loss recognised	**-**	-
Balance as at 30 June	**-**	-
Carrying amount at 30 June	**80**	**80**

17 Parent entity information

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

	2018 $'000	2017 $'000
Statement of financial position		
Current assets	17,986	17,839
Total assets	19,862	20,022
Current liabilities	(6,017)	(6,493)
Total liabilities	(6,441)	(6,891)
Net assets	13,421	13,131
Issued capital	-	-
Retained Earnings	13,421	13,131
Total equity	13,421	13,131
Statement of profit or loss and other comprehensive income		
Profit / (loss) for the year	290	(729)
Other comprehensive income	-	-
Total comprehensive income	**290**	**(729)**

18 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-18	30-Jun-17
MDA Training	Queensland, Australia	Subsidiary	Provide training courses	100%	100%
Welcome Residential	Queensland, Australia	Subsidiary	Real Estate agency	100%	100%
Connect Settlement Services	Victoria, Australia	Associate	Settlement services	50%	50%

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

19 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 2018 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

30 October 2018