

2007/08 Financial Report



We Can Do It

2007/08 Financial Report



In what has been a challenging year for investors across the board, Minda has achieved a consolidated surplus of \$5,635,000, achieved through the sale of land at Blackwood Park and long term investment strategies

In what has been a challenging year for investors across the board, Minda has achieved a consolidated surplus of \$5,635,000, achieved through the sale of land at Blackwood Park and long term investment strategies. The proceeds from the sale of land will be available for capital to purchase and refurbish housing for client accommodation as well as investments to generate income for services. Excluding the net proceeds from land sales of \$5.6m, the organisation had a surplus for the year of \$17,000.

Whilst making a surplus, we have seen a reduction in the value of our investment portfolio of \$3.6m due to the downturn in investment markets generally. This can be seen in the accounts as the write down in the fair value reserve in the Balance Sheet. Minda relies on a reasonable return from investments to subsidise many services for clients that it provides and has long term strategies in place to enable this to occur even in difficult times. As such, despite a lower return on investments, all services offered by Minda have continued to operate to the highest of standards, without the need to reduce services to clients.

This is quite significant as the funding of services by government has been consistently lower than the increased support needs of clients and the Minda Foundation has had to continue to subsidise operations. This can be seen in financial statements as 'Contribution from Foundation' of \$2.7m for the year.

Minda has been the beneficiary for several decades from the Rogerson Trust. In 2003 that Trust was wound up with the proceeds divided amongst the beneficiaries which included Minda. At 30 June 2008, the Rogerson Trust investment portfolio was valued at \$5.1m.



Independent auditor report to the members of Minda Inc

The Independent auditor's report refers to explanatory notes on pages 1-18, for the purposes of this reproduction of the 2007/08 Financial Report, the explanatory notes are included at pages 10 - 27.



Report on the financial report

Scope

We have audited the accompanying financial report of Minda Incorporated (the Association), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 25 and the statement of the board of directors set out on pages 1 to 18.

Directors' responsibility for the financial report

The directors of the Association are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 1985. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Associations Incorporation Act 1985 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Association's financial position and of its performance.

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

Auditor's opinion

In our opinion, the financial report of Minda Incorporated is properly drawn up so as to present fairly in accordance with the Associations Incorporation Act 1985 (as amended) and Australian Accounting Standards (including the Australian Accounting Interpretations) the financial position of Minda Incorporated as at 30 June 2008 and of its financial performance and its cash flows for the year then ended.

A stylized signature of the KPMG firm, written in a bold, sans-serif font.

KPMG

A handwritten signature in cursive script, appearing to read 'Ilan Footer'.

Ilan Footer
Partner

Adelaide
4 September 2008

Service Fund
Income statement
for the year ended
30 June 2008

The Income Statement is to be read in conjunction with the notes to and forming part of the accounts set out on pages 10 to 27.

	Notes	2008 \$	2007 \$
Operating Revenue			
Revenue from respite, rent and fee for service		522,371	351,193
Revenue from board and lodging		3,555,340	3,565,508
Revenue from State Government		31,940,852	31,155,897
Revenue from Commonwealth Govt - business services		4,620,380	4,004,305
Revenue from Commonwealth Govt - aged care		1,918,469	1,752,439
Revenue from sales		1,295,970	1,312,055
Other Revenue	3	605,037	605,564
Total Operating Revenue		44,458,419	42,746,961
Operating Expenditure			
Direct Services			
Aged Care & High Support		15,228,112	14,824,523
Community Services		12,130,227	11,613,233
Day Options		5,611,450	5,049,757
Business Services		9,990,214	9,281,053
Total Direct Service Expenditure		42,960,003	40,768,566
Support Services			
Organisational Development		2,642,506	2,317,465
Finance		1,836,060	2,126,158
Operations Management		291,340	419,615
Total Support Services		4,769,906	4,863,238
Contribution from Foundation		(2,719,590)	(2,176,512)
Total Operating Expenditure	4	45,010,319	43,455,292
Operating Surplus / (Deficit) before financing income		(551,900)	(708,331)
Financial income	5	566,878	460,762
Financial expenses			-
Net Financing Income		566,878	460,762
Operating Surplus / (Deficit)		14,978	(247,569)

Foundation Fund

Income statement
for the year ended
30 June 2008

	Notes	2008 \$	2007 \$
Foundation Revenue			
Bequests and Fundraising		965,441	404,991
Revenue from rent and board		3,110,504	2,724,481
Revenue from Commonwealth Government		130,000	949,500
Other Income	6	15,180	19,006
Total Foundation Revenue		4,221,125	4,097,978
Foundation Expenditure			
Salaries and wages		900,897	632,416
Buildings / equipment and projects		3,335,626	2,973,658
Contribution to Service		2,719,590	2,176,512
Total Foundation Expenditure	7	6,956,113	5,782,586
Foundation Surplus / (Deficit) before financing income		(2,734,988)	(1,684,608)
Financial income	8	2,737,486	4,079,577
Land Sales Income		14,785,668	-
Financial expenses re Land Sales	9	(9,168,146)	-
Other Financial Expenses		-	-
Net Financing Income		8,355,008	4,079,577
Foundation Surplus / (Deficit)		5,620,020	2,394,969
Consolidated Minda Surplus / (Deficit)			
Service		14,978	(247,569)
Foundation		5,620,020	2,394,969
Total Surplus / (Deficit)		5,634,998	2,147,400

The Income Statement is to be read in conjunction with the notes to and forming part of the accounts set out on pages 10 to 27.

Statement of Recognised Income and Expenses

for the year ended
30 June 2008

The Statement of Recognised Income & Expenses is to be read in conjunction with the notes to and forming part of the accounts set out on pages 10 to 27. Other movements in equity arising from transactions with owners as owners are set out in Note 17.

	Notes	2008 \$	2007 \$
Change in fair value of investments available-for-sale		(3,667,930)	1,068,655
Income recognised directly in equity		(3,667,930)	1,068,655
Profit for the period		5,634,998	2,147,400
Total recognised income and expense for the period		1,967,068	3,216,055
Attributable to:			
Service		14,978	(247,569)
Foundation		1,952,090	3,463,624
Total recognised income and expense for the period		1,967,068	3,216,055

Balance Sheet

as at 30 June 2008

	Notes	2008 \$	2007 \$
Current Assets			
Cash and cash equivalents		21,152,219	17,664,028
Inventories	10	193,373	187,894
Receivables	11	1,194,419	1,239,230
Assets Held for Sale	12	105,882	131,092
Total Current Assets		22,645,893	19,222,244
Non Current Assets			
Available-for-sale investments		25,567,172	27,496,503
Freehold Land and Buildings	13	27,109,683	25,763,942
Plant Equipment and Furniture	13	1,906,546	1,663,423
Motor Vehicles	13	2,157,369	2,292,531
Intangible assets	14	1,200,000	1,200,000
Total Non Current Assets		57,940,770	58,416,399
Total Assets		80,586,663	77,638,643
Current Liabilities			
Payables	15	3,090,670	2,420,845
Employee Benefits	16	5,866,568	5,508,296
Total Current Liabilities		8,957,238	7,929,141
Non Current Liabilities			
Employee Benefits	16	1,663,027	1,710,173
Total Non Current Liabilities		1,663,027	1,710,173
Total Liabilities		10,620,265	9,639,314
NET ASSETS		69,966,398	67,999,329
Equity			
Service Accumulated Funds	17	2,461,187	1,846,209
Foundation Accumulated Funds	17	67,966,281	62,946,261
Reserves	17	(461,070)	3,206,859
TOTAL EQUITY		69,966,398	67,999,329

The Balance Sheet is to be read in conjunction with the notes to and forming part of the accounts set out on pages 10 to 27.

Statement of Cash Flows

for the year ended
30 June 2008

	Notes	2008 \$	2007 \$
Cash flows from Operating Activities			
Receipts - Grants, Fees, Sales etc		48,652,075	47,216,916
Payments - Employees, Goods & Services		(49,355,701)	(46,307,998)
Interest received		1,639,767	1,369,680
Net cash provided by / (used in) Operating Activities	19	936,141	2,278,598
Cash Flows from Investing Activities			
Acquisition of property, plant & equipment		(3,113,634)	(4,055,060)
Proceeds from sale of property, plant & equipment		65,536	30,200
Proceeds from sale of land held for resale		5,762,977	-
Payments for investments		(162,830)	1,252
Net cash provided by / (used in) Investing Activities		2,552,049	(4,023,608)
Net increase / (decrease) in cash held		3,488,190	(1,745,010)
Add opening cash brought forward		17,664,028	19,409,038
Closing cash carried forward	20	21,152,218	17,664,028

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the accounts set out on pages 10 to 27.

Notes to the forming of the accounts

for the year ended 30 June 2008

1. Statement of Accounting Policies

Minda Incorporated (Minda) is domiciled in Australia.

This financial report was authorised for issue by the Board of Directors of 4 September 2008.

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AASB's) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Associations Incorporation Act.

(b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report is prepared on the historical cost basis except that available for sale financial assets are stated at their fair value.

Other non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by Minda.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

(c) Taxation

Minda is exempt from paying income tax due to being a charitable institution in terms of Section 50(5) of the Income Tax Assessment Act 1997.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 1(j)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent Costs

Minda recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to Minda and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- buildings	50 years
- plant and equipment	5 - 10 years
- motor vehicles	5 years
- Computers	3 - 4 years

(e) Intangible Assets

(i) Nursing Home Bed Licenses

Minda holds 30 nursing home bed licenses issued by the Commonwealth Government at no cost. Minda has recorded these bed licenses at fair value at 1 July 2004 which has been treated as deemed cost.

(ii) Amortisation

There is no foreseeable limit to the period over which the bed licenses are expected to provide service and generate income for Minda. Therefore bed licenses are considered to have an indefinite useful life and are not amortised. Impairment and useful life are assessed annually.

(f) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy 1(j))

(g) Inventories

Inventory, with the exception of livestock which is valued at market rates, is valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of disposal.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits.

(i) Assets Held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. The assets are measured at the lower of their carrying amount and fair value less cost to sell.

(j) Impairment

The carrying amount of Minda's assets other than inventories (see accounting policy 1(g)) are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 1(i)).

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the profit and loss.

When a decline in the fair value of an available-for-sale financial asset, being investment assets, has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss.

(i) Calculation of recoverable amount

The recoverable amount of Minda's receivables carried at cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of a non-current

asset of a not-for-profit entity, "value-in-use" means depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

(ii) Reversals of impairment

An impairment loss in respect of receivables carried at cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Impairment losses recognised in the profit or loss for an investment in an equity instrument classified as available-for-sale, shall not be reversed through the profit or loss.

Notes to the forming of the accounts

for the year ended 30 June 2008

(k) Investments

Investments in equity securities are held directly, classified as being available-for-sale, and stated at fair value. Any resultant gain or loss is recognised directly in equity, except for impairment losses. The fair value of investment held as available-for-sale is their quoted bid price at the balance sheet date.

If the cumulative loss recognised directly in equity in relation to any investment is considered to be due to impairment, that cumulative loss is recognised in the income statement. When investments are derecognised, as a result of sale, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Investments are recognised/derecognised by Minda on the date it commits to purchase/sell the investments.

(l) Employee benefits

(i) Long-term service benefits

Minda's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on government bonds that have maturity dates approximating the terms of Minda's obligations.

(ii) Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave expected to be settled within 12 months of reporting date, represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that Minda expects to pay as at reporting date including related on-costs.

(m) Trade and other payables

Trade and other payables are stated at cost.

(n) Revenue

(i) Charitable support

Revenue is received from fundraising events, legacies and bequests and is brought to account in the Foundation on a cash received basis. When assets, such as investments or properties, are received from a bequest or donation, an asset is recognised at fair value, with a corresponding amount of revenue, when Minda Incorporated gains control of such assets.

(ii) Interest and dividend revenue

Interest revenue is recognised as it accrues. Dividend revenue is recognised when the right to receive payment is established. Where dividends are franked the dividend is not recognised inclusive of imputation credits, but instead franking credits are recognised when receivable from the Australian Tax Office (ATO).

(iii) Sale of goods

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

(iv) Sale of non-current assets

The net gain or loss of non-current asset sales are included as revenue at the date control passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Assets which satisfy the criteria in AASB 5 as assets held for sale are transferred to current assets and separately disclosed as assets held for sale on the face of the balance sheet. These assets are measured at the lower of carrying amount and fair value less costs to sell. These assets cease to be depreciated from the date which they satisfy the held for sale criteria.

(v) Government Grants

Grants constituting non-reciprocal transfers received from the Government are recognised as income when Minda obtains control of the benefit. A non-reciprocal transfer is one in which Minda receives assets and services or has liabilities extinguished without giving approximately equal value in exchange to the other party or parties to the transfer.

Grants in which Minda is required to repay unutilised funding are treated as reciprocal transfers and income is recognised by reference to the stage of completion of the transaction in accordance with AASB 118 "Revenue".

(vi) Board and Lodging

Board and lodging revenue is received from clients living on Brighton campus and is calculated at 50% of pension received. The revenue is used to provide all meals, laundry and cleaning services and to pay for all utilities, repairs and maintenance in the houses.

(vii) Land Sales

Revenue for the sale of land is recognised at settlement. The gross amount of revenue recognised is the sale price of the land and development expenses are recorded in the accounts as financial expenses attributable to the sale of the land. The net financial income received from the sale of land is the net proceeds available to Minda after all development and Goods and Services Tax (GST) costs have been applied.

(o) Commercial rent

On 1 July 2004 Minda introduced an internal commercial rent charge by the Foundation to the Minda service occupying the property. This excludes properties where clients live as the client pays rent. The commercial rent is a book entry only resulting in an expense to the Service and income to the Foundation. The intention of this charge is to provide accountability for the cost of the use of assets. The value of this rent expense in the Service and the corresponding Foundation rental income in the Foundation is \$1,277,894 (2007 \$946,657), resulting in a nil affect on the combined result.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(q) Defined benefit plan

In respect of employee superannuation benefits, Minda contributes to a defined benefit plan. The plan pools the assets contributed by various entities not under common control resulting in its classification as a multi-employer plan. The defined benefit plan exposes Minda to actuarial risks associated with current and former employees of Minda and other participating employers, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual participating employers. Minda does not expect the level of contributions required to change as a result of the current level of fund surplus.

2. Economic Dependency

Approximately 79% of the operating income of Minda is received in the form of government grants, virtually all being recurrent grants. The extent to which Minda will be able to continue the provision of services to people with an intellectual disability is dependent on the continuation of appropriate levels of government funding.

Notes to the
forming of
the accounts
for the year ended
30 June 2008

3. Service Revenue

The Service reflects all revenues and expenses related to the provision of the ongoing business of Minda in supporting people with an intellectual disability.

	2008 \$	2007 \$
Other Revenue		
Rental revenue	23,217	23,581
Sundry	581,820	581,983
Total	605,037	605,564

4. Service Expenses

Depreciation of:		
Plant, equipment & furniture	476,503	496,467
Motor Vehicles	578,642	425,247
Total	1,055,145	921,714
Net expense from movements in provision for:		
Doubtful debts	766	(41,694)
Employee Benefits	321,289	289,593
Workers Compensation Settlements	36,822	120,319
Salaries and wages	29,392,004	28,192,272
Superannuation	3,464,151	3,429,234
Net (gain)/loss on disposal of non current assets	(44,537)	171,160

5. Service Net Financing Income

Interest income	566,878	460,762
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6. Foundation revenue

Other Revenue		
Rental revenue	14,013	18,570
Sundry	1,167	436
Total	15,180	19,006

Notes to the
forming of
the accounts
for the year ended
30 June 2008

* Stage 2 development of land at Blackwood Park has resulted in land sales during the 2007/2008 year. Further developments are planned with land sales expected to continue until 2015. The development company's current business plan indicates that income over the period is forecast to be \$40.1m.

7. Foundation Expenses

	2008 \$	2007 \$
Depreciation of:		
Buildings	357,915	337,991
Plant, equipment & furniture	104,375	100,128
Motor Vehicles	14,279	10,435
Total	476,569	448,554
Net expense from movements in provision for:		
Employee Benefits	144,495	109,658
Salaries and wages	674,423	513,255
Superannuation	77,775	48,268
Net (gain)/loss on disposal of fixed assets	(38,236)	45,198

8. Foundation Net Financing Income

Interest Income	1,666,658	1,300,201
Dividends, distributions, Franking Credits	1,070,828	2,779,376
Financial Income	2,737,486	4,079,577

9. Land Sales*

Gross land sales revenue	14,785,668	-
Development Costs	(9,168,146)	-
Net Revenue from Land Sales	5,617,522	0

10. Inventories

Current		
Livestock	50,000	69,850
Finished Goods	65,209	48,878
Work in progress	12,717	6,121
Raw Materials	65,447	63,045
Total	193,373	187,894

Notes to the
forming of
the accounts
for the year ended
30 June 2008

11. Receivables

	2008 \$	2007 \$
Current		
Fees, Supported Employment	448,212	293,666
less Impairment	(9,393)	(8,627)
Total	438,819	285,039
Other Debtors and Prepayments	755,600	954,191
Total	1,194,419	1,239,230

12. Assets held for sale

Freehold Land and Buildings	105,882	131,092
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13. Property, Plant & Equipment, Motor Vehicles

Non Current		
Freehold Land and Buildings		
At Cost	30,059,434	28,355,777
less Accumulated Depreciation	(2,949,751)	(2,591,835)
Total	27,109,683	25,763,942
Plant Equipment and Furniture		
At Cost	5,251,363	4,478,120
less Accumulated Depreciation	(3,344,816)	(2,814,697)
Total	1,906,546	1,663,423
Motor Vehicles		
At Cost	3,236,449	3,090,761
less Accumulated Depreciation	(1,079,080)	(798,230)
Total	2,157,369	2,292,531

Notes to the
forming of
the accounts
for the year ended
30 June 2008

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

	2008 \$	2007 \$
Freehold Land and Buildings		
Carrying amount at beginning of year	25,763,942	23,399,832
Additions	527,038	2,288,637
Building WIP	1,335,267	589,754
Disposals	(107,220)	(45,198)
Depreciation & impairment losses	(357,916)	(337,991)
Transfer to Assets Held for Sale	(51,428)	(131,092)
Carrying amount at end of year	27,109,683	25,763,942
Plant, Equipment and Furniture		
Carrying amount at beginning of year	1,663,423	1,515,468
Additions	822,851	750,803
Disposals	(2,178)	(6,253)
Depreciation & impairment losses	(577,550)	(596,595)
Carrying amount at end of year	1,906,546	1,663,423
Motor Vehicles		
Carrying amount at beginning of year	2,292,531	2,366,366
Additions	990,544	1,852,611
Disposals	(529,459)	(1,490,763)
Depreciation & impairment losses	(596,247)	(435,683)
Carrying amount at end of year	2,157,369	2,292,531

Notes to the
forming of
the accounts
for the year ended
30 June 2008

14. Intangible Assets

	2008 \$	2007 \$
Bed Licenses		
At Cost	1,200,000	1,200,000
less Accumulated Amortisation & impairment losses	-	-
Total	1,200,000	1,200,000

Reconciliations of the carrying amount of bed licenses is set out below

Bed Licenses		
Carrying amount at beginning of year	1,200,000	1,200,000
Additions	-	-
Disposals	-	-
Amortisation & impairment losses	-	-
Carrying amount at end of year	1,200,000	1,200,000

15. Payables

Current		
Trade Payables	1,138,692	1,274,938
Accruals	1,563,260	940,310
Client Trust Accounts	8,229	7,673
Prepaid Income	73,136	93,546
Other Creditors	307,353	104,378
Total	3,090,670	2,420,845

16. Employee Benefits

Current		
Annual Leave	4,253,300	4,000,319
Long Service Leave	1,456,127	1,387,658
Workers Compensation Settlements	157,141	120,319
Total Current	5,866,568	5,508,296
Non-Current		
Long Service Leave	1,663,027	1,710,173
Total Non-Current	1,663,027	1,710,173
Total	7,529,595	7,218,469

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17. Reserves

Reconciliation of movement in reserves

		2008 \$	2007 \$
Fair Value Reserve			
Balance at 1 July 2006	0	2,138,205	2,138,205
Total recognised income and expense	0	1,068,655	1,068,655
Balance at 30 June 2007	0	3,206,860	3,206,860
Balance at 1 July 2007	0	3,206,860	3,206,860
Total recognised income and expense		(3,667,930)	(3,667,930)
Balance at 30 June 2008	0	(461,070)	(461,070)
Accumulated Funds			
Balance at 1 July 2006	2,093,779	60,551,291	62,645,070
Total recognised income and expense	(247,570)	2,394,970	2,147,400
Balance at 30 June 2007	1,846,209	62,946,261	64,792,470
Balance at 1 July 2007	1,846,209	62,946,261	64,792,470
Transfer of Funds Foundation to Service *	600,000	(600,000)	0
Total recognised income and expense	14,978	5,620,020	5,634,998
Balance at 30 June 2008	2,461,187	67,966,281	70,427,468
TOTAL RESERVES			
Balance at 1 July 2006	2,093,779	62,689,496	64,783,275
Total recognised income and expense	(247,570)	3,463,625	3,216,055
Balance at 30 June 2007	1,846,209	66,153,121	67,999,330
Balance at 1 July 2007	1,846,209	66,153,121	67,999,330
Transfer of Funds Foundation to Service	600,000	(600,000)	0
Total recognised income and expense	14,978	1,952,090	1,967,068
Balance at 30 June 2008	2,461,187	67,505,211	69,966,388

* \$600,000 was transferred from the Foundation to the Service to fund ongoing depreciation costs of assets purchased by the Service for use in the new South Australian Learning Centre.

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18. Reconciliation of Net Cash provided by Operating Activities to Operating Surplus/ (Deficit)

	2008 \$	2007 \$
Operating Surplus / (Deficit) Service	14,978	(247,569)
Operating Surplus / (Deficit) Foundation	5,620,020	2,394,969
Total Operating Surplus / (Deficit)	5,634,998	2,147,400
Add / (less) items classified as investing activities:		
(Profit) / Loss on sale of land held for resale	(5,617,522)	-
Interest / Dividends / Distributions reinvested	(1,134,032)	(2,340,614)
(Profit)/ loss on redemption of investment	(441,737)	-
Add / (less) non cash items		
Depreciation	1,531,714	1,370,269
(Profit) / Loss on sale of fixed assets	(82,774)	216,359
Net cash provided/(used in) operating activities before changes in assets & liabilities	(109,353)	1,393,414
Changes in assets & liabilities:		
(increase) / decrease in inventories	(5,479)	50,867
(increase) / decrease in receivables	44,812	(134,963)
increase / (decrease) in creditors & borrowings	669,825	701,121
increase / (decrease) in provisions	311,126	399,251
(increase) / decrease in assets held for sale	25,210	(131,092)
Net Cash provided by Operating Activities	936,141	2,278,598

19. Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

Cash	352,218	264,028
Term Deposits	20,800,000	17,400,000
Closing cash balance	21,152,218	17,664,028

20. Commitments

Capital expenditure commitments

Contracted commitment payable within one year	295,000	130,000
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21. Contingent Liabilities and Contingent Assets

Minda Inc is disputing a worker's compensation claim lodged by an employee. The claim has been rejected however it is currently with the Workers Compensation Tribunal and will probably proceed to trial. Court costs for the trial are likely to be \$40,000 and if the claim is upheld Minda Inc will be liable for an amount up to \$225,000.

The Directors are not aware of any other contingent liabilities or assets.

22. Events subsequent to reporting date

No events have arisen since the end of the financial year which significantly or may significantly affect the operations of Minda, the results of those operations, or the state of affairs of the Association in future financial years.

23. Related Party Transactions

Board

The names of each person who held office as a Board Member during the year and the dates of any changes to the Board of Directors are:

Ms Catherine Cooper - term completed 3 April 2008	Mr Kym Hancock
Mr Peter Krieg - appointed 11 November 2007	Mrs Lyn Magee
Mr Tony Innes	Mr Wesley Ashman
Mr Roy Arnold	Ms Kaye Kay - resigned 5 June 2008
Mr Roy Bradburn - appointed 11 November 2007	Ms Patricia Brougham - term completed 11 November 2007
Mr Gregory Cotton	Mr David Zwolak - term completed 11 November 2007

No officer above received directly or indirectly any payment or other benefit, other than Mr David Zwolak and Ms Kaye Kay who receive remuneration in the normal course of their employment and were staff elected Board members.

In addition to the above, Mr P Martin, General Manager Strategy & Assets and Ms S McInerney, General Manager Operations attend all meetings of the Board. The General Managers receive a remuneration package which has been approved by the Board after consideration of general market conditions.

Key Management Personnel Compensation

The Executive Managers including the General Manager's are considered to be Key Management Personnel. The compensation for Key Management Personnel was as follows:

	2008 \$	2007 \$
Short Term Employee Benefits	1,100,063	834,993
Other Long Term Benefits	26,486	13,584
TOTAL	1,126,549	848,577

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	2008 \$	2007 \$
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24. Auditors Remuneration

Audit services:

Auditors of Minda - KPMG	28,500	27,000
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Other services:

Auditors of Minda - KPMG	1,100	2,400
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25. Risk Management

(a) Risk management framework

Identification, measurement and management of risk is a strategic priority for Minda Incorporated. The provision of disability support services, packaging services and furniture products carries a number of diverse risks which may have a material impact on Minda Incorporated's financial position and performance. Consequently, the Board has established a comprehensive framework covering accountability, oversight, measurement and reporting to maintain high standards of risk management throughout Minda Incorporated.

Minda Incorporated allocates specific roles in the management of risk to executive and senior managers and to the Board and Executive Committees. This is undertaken within an overall framework and strategy established by the Board.

The Board currently obtains assurance about the internal control and risk management environment from the Finance & Investment (F&I) Committee and the Governance Committee. The Board receives monthly reports from Executive Managers via the General Managers of any major risks or OHS&W breaches. The Executive Manager, Organisational Development attends the Governance Committee every 2 to 3 months to report on identified risks. Other Committees dedicated to the management of risk are the Peak OHS&W Committee and the Quality & Risk Management Steering Group (QARMSG). The Board also considers external auditors' reports and reviews the minutes and work of the F&I Committee. Minda Inc has a comprehensive risk register that was compiled in June 2005 and the register is managed using the d'Risk software. The Governance committee is currently reviewing the risk register.

Minda Incorporated has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about Minda Incorporated's exposure to each of the above risks, Minda Incorporated's objectives, policies and processes for measuring and managing risk, and Minda Incorporated's management of capital.

(b) Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of a client to meet their obligations to Minda Incorporated on time and in full, as contracted. It arises principally from Minda Incorporated's receivables from customers and investment securities.

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Management of credit risk

Minda Incorporated's exposure to credit risk is reduced due to the stability of its funding sources. Although Minda Incorporated derives 79% of its income from Government departments it has implemented a robust credit risk management procedure.

Minda Incorporated has established a credit procedure under which each new customer is analysed individually for creditworthiness before Minda Incorporated's standard payment and delivery terms and conditions are offered. Minda Incorporated's review includes external ratings and credit references. Purchase limits are established for each customer and the application for credit must be recommended by the Executive Manager Finance and the Executive Manager Business Services before final approval of the General Manager Operations. Customers that fail to meet Minda Incorporated's benchmark creditworthiness may transact with Minda Incorporated only on a cash sales basis.

	2008 \$	2007 \$
Maximum credit exposures for financial assets are analysed below:		
Maximum Credit Risk Exposure		
Cash and cash equivalents	21,152,218	17,664,028
Trade receivables (excl other receivables)	438,818	285,039
Investment securities	25,567,172	27,496,503
Prepayments and accrued income (excl non financial assets)	593,342	596,227
Total Exposures	47,751,550	46,041,797

Trade receivables (excl other) are analysed as follows:

Not impaired:		
Neither past due nor impaired	276,400	219,368
Past due up to 3 months but not impaired	171,812	74,298
Impaired		
Past due over 12 months	(9,393)	(8,627)
Total	438,818	285,039

External credit rating of financial assets neither past due nor impaired:

As at 30 June 2008	Rated A or above	Rated BBB or above	Minda Inc Total
Cash and cash equivalents	21,152,218	-	21,152,218
Investment securities	-	25,567,172	25,567,172
As at 30 June 2007			
Cash and cash equivalents	17,664,028	-	17,664,028
Investment securities	-	27,496,503	27,496,503

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25. Risk Management (continued)

Impaired trade receivables

Minda Inc has established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individual exposures including debts that currently remain outstanding and are unlikely to be paid together with historic levels of impaired debts.

The \$8,600 impaired as at 30 June 2007 is made up of two debtors who on that date had unpaid fees. During the 07/08 year \$7,100 of the unpaid debt was either repaid or written off as a bad debt expense.

The majority of the impaired receivables as at 30 June 2008 (\$9,400) is made up of two companies that have gone, or are about to go, out of business and have advised it is unlikely Minda will be the recipient of any funds available to pay outstanding debts. Minda has ceased trading with these companies.

Investments

Minda Incorporated has an Investments - Funds Management Policy authorised by the Board. This policy aims to ensure that funds are available when required to meet both short and long term cash requirements and to maintain the value of the investment portfolio in real terms. To meet short-term cash requirements cash is placed in either an 11am call account or fixed interest accounts for 60 or 90 days with counterparties that have a credit rating of at least A from Standard & Poor's. At least 3 investment managers are appointed to manage the long term investment portfolio and are provided with guidelines designed to meet the Board's risk profile. Management does not expect any counterparty to fail to meet its obligations.

Concentration of risks of financial assets with credit exposure

(i) Industry sectors

The following table breaks down the Group's exposure to credit risk at their carrying amounts by industry sector:

As at 30 June 2008	Cash & cash equivalents \$	Trade & other receivables \$	Investment securities \$	Prepayments and accruals \$
Financial	21,152,218	-	25,567,172	-
Other services	-	64,324	-	593,342
Manufacturing industry	-	243,470	-	-
Hotels, restaurants and wholesale and retail trade	-	39,434	-	-
Individuals	-	91,590	-	-
Total	21,152,218	448,212	25,567,172	593,342

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Credit Risk Concentration - (continued)

As at 30 June 2007	Cash & cash equivalents \$	Trade & other receivables \$	Investment securities \$	Prepayments and accruals \$
Financial	17,664,028	-	27,496,503	-
Other services	-	3,878	-	596,277
Manufacturing industry	-	237,541	-	-
Hotels, restaurants and wholesale and retail trade	-	20,500	-	-
Individuals	-	23,120	-	-
Total	17,664,028	285,039	27,496,503	596,277

(c) Liquidity risk

Liquidity risk is the risk that Minda Inc does not have sufficient financial resources to meet its obligations when they come due, or will have to do so at excessive cost.

Management of liquidity risk

Minda's Investment policy is designed to ensure it has sufficient funds to meet its short and long term obligations as they fall due under both normal and stressed conditions, without risking damage to Minda's reputation.

Exposure to liquidity risk

Minda Inc maintains an 11am account which has a average balance of \$1.8m and funds are able to be accessed within a maximum of 24 hours. Another \$20.8m in cash funds are invested on a short term basis with varying maturity dates but always ensuring that at least \$1m is due for maturity the day before Minda Inc paydays. These two strategies ensure that Minda Inc is able to meet its short term liabilities. Long term investments are able to be sold as required to meet long term needs.

(d) Market risks

Market risk is the risk that movements in interest rates, foreign exchange rates, equity prices or commodity prices will affect Minda's income and capital. Market risk arises in Minda's Investment portfolio.

Management of market risks

Whilst Minda Inc does have some exposure to risks due to movements in interest rates and equity prices, Minda's Investment Policy ensures there is very minimal risk to movements in foreign exchange rates. Minda Inc's Investment Policy directs Investments Managers to allocate a maximum of 5% in international shares and nil in international property. Movements in the share market are managed by appointing at least three investment managers and by directing that the portfolio is spread across a range of investments in line with Minda Inc's investment policy.

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(d) Market risks (continued)

Interest rate risk

Interest rate risk arises from changes in the shape and direction of interest rates (yield curve risk) as well as mismatches in the re-pricing term of assets and liabilities.

Management of interest rate risk

Interest rate risk is managed by diversifying investments across a range of cash, equity and property investments.

Sensitivity Analysis of Market Risks

(i) Analysis of interest rate risk

Cash held in fixed interest accounts	Value as at 30/6/07 \$	Change in Interest Rate %	Impact on profit \$	Value as at 30/6/08 \$	Change in Interest Rate %	Impact on profit \$
	17,400,000	-1%	(174,000)	20,800,000	-1%	(208,000)
		-2%	(348,000)		-2%	(416,000)

A strengthening of interest rates will have an equal but opposite effect on the above, on the basis that all other variables remain constant.

(ii) Analysis of equity price risk

Investment Securities	Value as at 30/6/07 \$	Change in Interest Rate %	Impact on Equity \$	Value as at 30/6/08 \$	Change in Interest Rate %	Impact on Equity \$
	27,469,503	-5%	(1,374,825)	25,567,172	-5%	(1,278,359)
		-10%	(2,749,650)		-10%	(2,556,717)

A strengthening of equity prices will have an equal but opposite effect on the above, on the basis that all other variables remain constant.

(ii) Analysis of return on equity risk

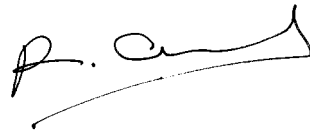
Investment Securities	Dividends rec'd 06/07 \$	Change in Dividends %	Impact on profit \$	Dividends rec'd 07/08 \$	Change in Dividends %	Impact on profit \$
	1,029,953	-25%	(257,488)	627,161	-25%	(156,790)
		-55%	(514,977)		-50%	(313,581)

Statement by the Board of Directors

1. In the opinion of the Board of Directors of Minda Incorporated:
 - a) the financial statements, set out on pages 1 to 17, are drawn up so as to present fairly the results and cash flows for the financial year ended 30 June 2008, and the state of affairs at 30 June 2008; and
 - b) at the date of this statement, there are reasonable grounds to believe that Minda Incorporated will be able to pay its debts as and when they fall due.
2. Since the end of the previous financial year no Officer of Minda Incorporated, no firm of which an Officer is a member, and no body corporate in which an Officer has a substantial financial interest, has received or become entitled to receive any benefit as a result of a contract between the Officer, firm or body corporate and Minda Incorporated.
3. Since the end of the previous financial year no Officer of Minda Incorporated has received directly or indirectly, any payment or other benefit of a pecuniary value.
4. The financial statements have been made out in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the provisions of the Associations Incorporation Act and the requirement of law.

Dated at Adelaide this 4th day of September 2008.

Signed in accordance with a resolution of the Board of Directors.



R Arnold
President



W Ashman
Vice President



We Can Do It

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