

Mercy Works Limited

ABN 37 147 042 466

Financial report

For the year ended 30 June 2017

Pitcher Partners

Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000
GPO Box 1615
Sydney NSW 2001

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MERCY WORKS LIMITED

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DIRECTORS' REPORT

The directors present their report together with the financial report of Mercy Works Limited for the year ended 30 June 2017 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Sr. Berice Livermore, RSM

Sr. Mary Densley, RSM

Sr. Sharon Price, RSM

Sr. Maureen Sexton, RSM Appointed 23 November 2016

Ms. Margery Jackman Resigned 23 November 2016

Ms. Jacqueline Magurren Appointed 23 November 2016

Ms. Christine Carolan Resigned 23 November 2016

Mr. Christopher Townend

Ms. Kathleen Donnellon

Mr. Gregory Smith

Ms. Sheena Barber

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Short-term and long-term objectives and strategies

The principal object and purpose of the Company is to provide direct assistance to people in need in Australia and overseas which includes (but is not limited to):

- the relief of persons in necessitous circumstances ;
- the provision of health and health education services for persons in necessitous circumstances;
- the provision of food and sustenance for persons in necessitous circumstances ; and
- showing a special concern for the situation of women in necessitous circumstances.

The Company will operate at all times as part of the mission of the Catholic Church in conformity with canon law and in strict conformity with the ethical framework of the members as determined, in fidelity to the teachings and example of Christ and the teachings of the Catholic Church, from time to time by the members.

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DIRECTORS' REPORT

Principal activities

The principal activities of the group during the year were to support local relief and development activities that are part of the vision and mission of the Sisters of Mercy across Australia and Papua New Guinea.

The programs engage partnerships with communities to promote justice, self-reliance and to support displaced people and communities who are denied access to basic resources such as education, health care and social welfare.

These programs strongly endorse the principles of freedom, mutual respect, participation and protection of the rights and responsibilities of all.

No significant changes in the nature of these activities occurred during the year.

Information on directors

Sr. Berice Livermore, RSM

Experience

Board Chair, Finance Risk and Audit Committee Member

A Religious Sister of Mercy, Berice has extensive experience administering non-profit organisations, particularly in health care. She is a consultant to many non-profit organisations assisting them in their financial management.

Sr. Mary Densley, RSM

Experience

Board Member, Program Committee Chair, Finance Risk and Audit Committee Member

A Religious Sister of Mercy, Mary has a background in International and Community Development, and has previously worked with displaced people as coordinator of the Mercy Refugee Service from 1985 to 1991. She has also been involved in teaching, administration and governance in Catholic schools.

Sr. Sharon Price, RSM

Experience

Board Member, Strategic Plan Oversight Committee Member

A Religious Sister of Mercy, Sharon has a background in secondary education having taught and acted as Principal of NSW schools from 1972 to 1990. She has also been a member two Congregational teams from 1986 to 1998 as well as a board member of The Mercy Family Centre and Monte Sant' Angelo Mercy College, North Sydney. Currently, Sharon is a board member of Fraynetwork Limited and McAuley Ministries Limited. From 2001 to present, Sharon has held the role of Executive Director of the Conference of Leaders of Religious Institutes (CLRI).

Sr. Maureen Sexton, RSM

Experience

Board Member, Program Committee Member (appointed 23 November 2016)

A Religious Sister of Mercy, Maureen has a background in International and Community Development. From 2009 to 2015, Maureen has worked as Co-ordinator of the Mercy Works Kiunga Program in the Western Province region of Papua New Guinea. She is currently engaged in a Ministry of presence in rural Victoria.

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DIRECTORS' REPORT

Information on directors (Continued)

Ms. Margery Jackman Experience	Board Member (Resigned 23 November 2016) Margery is the Professional Standards Officer for ISMAPNG. She has had a long association with the Sisters of Mercy as an educator. She recently retired as Principal of Catherine McAuley Westmead having previously been Deputy Principal, Mission at All Hallow's School Brisbane. Margery is an associate of ISMAPNG.
Ms. Jacqueline Magurren Experience	Board Member (Appointed 23 November 2016) Jacqueline has worked in the field of secondary education for over 24 years both locally and abroad. For the past 10 years she has held the position of Deputy Principal Pastoral Care at Monte Sant' Angelo Mercy College, North Sydney. Her work in this position extends to the social and emotional wellbeing of all community members ensuring that they feel cared for, respected and valued as part of this Mercy community. Jacqueline has extensive knowledge and experience in the field of child protection investigations, adolescent health and social emotional development in young people.
Ms. Christine Carolan Experience	Board Member (Resigned 23 November 2016) Christine was previously the Executive Officer of the Good Shepherd Social Justice Network, Christine has also held teaching positions that address social disadvantage. She has been a member of the Australian Catholic Religious Against Trafficking in Humans (ACRATH) National Committee from 2006-2014, Chair for the Collingwood College Parents Association and Co- Chair for the Yarra Melbourne Regional Library Community Advisory Committee. Her current role is as National Executive Officer for ACRATH.
Mr. Christopher Townend Experience	Board Member, Finance Risk and Audit Committee Chair Christopher is an experienced non-executive director with a finance and management background in large complex organisations. Current Board and Committee roles include Uniting Care Old, Presentation Sisters Finance Committee, Sisters of Perpetual Adoration Finance and Audit Committee and the Uniting Church Queensland Synod Audit Committee. Previously, he was a Director for the All Hallows School, QEH Ltd, Trinity Health Limited and Mercy Super Boards.

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DIRECTORS' REPORT

Information on directors (Continued)

Ms. Kathleen Donnellon Experience	Board Deputy Chair, Finance Risk and Audit Committee Member, Strategic Plan Oversight Committee Member Kathleen is an experienced lawyer and mediator. She has worked in private practice, as well as in community law. For a number of years, she ran the conciliation section of the Legal Profession Tribunal in Melbourne. She worked as a Sessional Academic at the Melbourne Law School, University of Melbourne, where she lectured in Dispute Resolution. She is also Chair of Star of the Sea College in Brighton, VIC.
Mr. Gregory Smith Experience	Board Member, Finance Risk and Audit Committee Member Gregory is currently the Business Manager at Brigidine College, St Ives and has worked for over 25 years in CFO roles in Australian Schools, including 10 years as Business Manager at OLMC Parramatta. In addition to Mercy Works, he has held non-executive director positions at The Hills Grammar School and Stella Maris Aged Care Facility and has served on committees for the Catholic Education Commission NSW, CLRI and the Bursars' Association of NSW.
Ms. Sheena Barber Experience	Board Member, Program Committee Member, Strategic Plan Oversight Committee Member Sheena was involved in Catholic education for over 40 years, serving in five schools across WA and Victoria as a classroom teacher, Deputy Principal and Principal. For 10 years Sheena worked for the Catholic Education Office in WA as a Regional Director in the Geraldton Diocese and as Coordinator of Curriculum for primary and secondary schools across WA. She retired from the Principalship of Mercedes College in Perth at the end of 2014 after six years in the role and now serves on three Boards for the Institute of the Sisters of Mercy Australia and Papua New Guinea. Sheena also does voluntary work for St Vincent de Paul and the Friends of Refugees in Tasmania where she now resides.

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DIRECTORS' REPORT

Meetings of directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Sr. Berice Livermore	6	5
Sr. Mary Densley	6	6
Sr. Sharon Price, RSM	6	4
Sr. Maureen Sexton, RSM	3	3
Ms. Margery Jackman	3	3
Ms. Jacqueline Magurren	3	2
Ms. Christine Carolan	3	2
Mr. Christopher Townend	6	5
Ms. Kathleen Donnellon	6	5
Mr. Gregory Smith	6	3
Ms. Sheena Barber	6	6

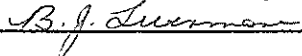
Governance Process


The group is governed by the Board of Directors and Executive Management. The Board has 2 standing Committees (Program Committee and Finance, Risk and Audit Committee). The group regularly prepares reports for Board review which compares the income and expenditure within that period and year to date, against budgeted figures. Any variations between the budgeted and actual figures are reviewed and comments/ reasoning are stated and if necessary appropriate actions are taken by management.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Australian Charities and Not-for-profits Act 2012* in relation to the audit for the financial year is provided with this report.

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

Director: 
Sr. Berice Livermore, RSM

Director: 
Ms Kathleen Donnellon

Dated this 25th day of October 2017

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MERCY WORKS LIMITED
ABN 37 147 042 466**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

This declaration is in respect of The Lorna Hodgkinson Foundation and the entity it controlled during the year.



CARL MILLINGTON
Partner

PITCHER PARTNERS
Sydney

25 October 2017

MERCY WORKS LIMITED

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Revenue and other income			
Other revenue	2	2,694,422	5,267,004
Other income	2	<u>5,357</u>	<u>-</u>
	2	<u>2,699,779</u>	<u>5,267,004</u>
Less: Expenses			
Depreciation and amortisation expense	3	2,307	1,515
Direct project costs and grants disbursed		1,067,900	4,310,765
Employee benefits expense	3	616,599	631,443
Occupancy expense		54,346	52,139
Marketing expense		24,258	45,920
General and administrative expenses		<u>179,361</u>	<u>166,738</u>
		<u>1,944,771</u>	<u>5,208,520</u>
Surplus before income tax expense		755,008	58,484
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income		<u><u>755,008</u></u>	<u><u>58,484</u></u>

The accompanying notes form part of these financial statements.

MERCY WORKS LIMITED

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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	2017 \$	2016 \$
Current assets			
Cash and cash equivalents	4	1,511,149	861,584
Receivables	5	96,679	33,426
Other financial assets	6	1,650,270	1,126,980
Other assets	8	<u>23,662</u>	<u>3,731</u>
Total current assets		<u>3,281,760</u>	<u>2,025,721</u>
Non-current assets			
Plant and equipment	7	<u>6,912</u>	<u>9,219</u>
Total non-current assets		<u>6,912</u>	<u>9,219</u>
Total assets		<u>3,288,672</u>	<u>2,034,940</u>
Current liabilities			
Payables	9	70,930	47,082
Provisions	10	30,025	36,755
Other liabilities	11	<u>1,012,412</u>	<u>536,000</u>
Total current liabilities		<u>1,113,367</u>	<u>619,837</u>
Non-current liabilities			
Provisions	10	<u>5,194</u>	<u>-</u>
Total non-current liabilities		<u>5,194</u>	<u>-</u>
Total liabilities		<u>1,118,561</u>	<u>619,837</u>
Net assets		<u>2,170,111</u>	<u>1,415,103</u>
Funds			
Retained earnings		<u>2,170,111</u>	<u>1,415,103</u>
Total funds		<u>2,170,111</u>	<u>1,415,103</u>

The accompanying notes form part of these financial statements.

MERCY WORKS LIMITED
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
Total equity		
Balance at beginning of the year	1,415,103	1,356,619
Movements in equity from:		
Retained earnings	<u>755,008</u>	<u>58,484</u>
Balance at the end of the year	<u><u>2,170,111</u></u>	<u><u>1,415,103</u></u>
Retained earnings		
Balance at beginning of the year	1,415,103	1,356,619
Profit for the year	<u>755,008</u>	<u>58,484</u>
Total comprehensive income	<u>755,008</u>	<u>58,484</u>
Balance at the end of the year	<u><u>2,170,111</u></u>	<u><u>1,415,103</u></u>

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	2017 \$	2016 \$
Cash flow from operating activities			
Donations, grants and bequests received		3,032,461	5,404,259
Payments for grants and to suppliers and employees		(1,940,481)	(5,216,878)
Interest received		<u>80,875</u>	<u>50,884</u>
Net cash provided by operating activities	12(b)	<u>1,172,855</u>	<u>238,265</u>
Cash flow from investing activities			
Payment for property, plant and equipment		-	(6,261)
Payment for investments		<u>(523,290)</u>	<u>(1,126,980)</u>
Net cash used in investing activities		<u>(523,290)</u>	<u>(1,133,241)</u>
Reconciliation of cash			
Cash at beginning of the financial year		861,584	1,756,560
Net increase / (decrease) in cash held		<u>649,565</u>	<u>(894,976)</u>
Cash at end of financial year	12(a)	<u>1,511,149</u>	<u>861,584</u>

The accompanying notes form part of these financial statements.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The directors have determined that the company is not a reporting entity on the basis that, in the opinion of the directors, there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. Accordingly, this financial report is a special purpose financial report, which has been prepared for use by the directors and members of the company.

The consolidated financial report covers Mercy Works Limited, a company limited by guarantee, incorporated and domiciled in Australia; and the two Trust Funds and one entity listed below. Mercy Works Limited is a not-for-profit entity for the purpose of preparing the financial statements.

Name of Trust Fund	Country of Registration
The Sisters of Mercy Overseas Aid Fund	Australia
The Australian Mercy Works Charitable Trust	Australia

Name of Entity	
MWLPNG	Australia

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the disclosure requirements of:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1048:	Interpretation and Application of Standards
AASB 1054:	Australian Additional Disclosures

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of Mercy Works Limited and its Trust Funds and MWLPNG as at and for the year ended 30 June 2017.

The company has the power to govern the financial and operating policies of the trust funds. The financial statements of the trust funds are prepared for the same reporting period as the company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

The trust funds are fully consolidated from the date on which control is obtained by the group and cease to be consolidated from the date on which control is transferred out of the group.

(c) Foreign currency translations and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of the company are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

(d) Revenue

Non-reciprocal grant revenue is recognised in profit or loss when the group obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

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

Donations and bequests are recognised as revenue when received, unless committed for future programs.

Interest revenue is measured in accordance with the effective interest method.

All revenue is measured net of the amount of goods and services tax (GST).

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Income tax

No provision for income tax has been raised as the company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Donated financial assets

Financial assets donated to the organisation are recognised at fair value at the date the organisation obtains the control of the assets.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis.

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Class of fixed asset	Depreciation rates	Depreciation basis
Computer equipment at cost	25%	Diminishing value

(i) Provisions

Provisions are recognised when the company and its trust funds have a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(l) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax 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.

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

(m) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
NOTE 2: REVENUE AND OTHER INCOME		
Interest income	80,875	49,189
Donations and grants	<u>2,613,547</u>	<u>5,217,815</u>
	<u>2,694,422</u>	<u>5,267,004</u>
Other Income		
Foreign exchange gain	<u>5,357</u>	<u>-</u>
	<u>2,699,779</u>	<u>5,267,004</u>

There was a decrease in revenue in 2017 as there were a number of one off funded capital projects in 2016. Donations and grants in the 16 -17 financial year included a number of donations for capital works. They included a one off donation of \$0.5m to be directed towards the investment shown in Note 6 and reflected in the surplus for the year.

NOTE 3: OPERATING SURPLUS

Surplus before income tax has been determined after:

Depreciation		
- computer equipment	2,307	1,515
Foreign currency translation (gains) / losses	(5,357)	4,213
Employee benefits	616,599	631,443
Remuneration of auditors for:		
Audit and assurance services		
- Audit or review of the financial report	15,200	14,000
- Other services	<u>2,500</u>	<u>2,500</u>
	<u>17,700</u>	<u>16,500</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	201	201
Cash at bank	660,948	409,383
Cash on deposit	<u>850,000</u>	<u>452,000</u>
	<u>1,511,149</u>	<u>861,584</u>

Cash and cash equivalents held by Mercy Works are held to be paid out to projects in the subsequent financial year and included liabilities in Note 11.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017	2016
	\$	\$
NOTE 5: RECEIVABLES		
CURRENT		
Other receivables	11,692	9,051
Amounts receivables from:		
- other related companies	<u>84,987</u>	<u>24,375</u>
	<u>96,679</u>	<u>33,426</u>

The amounts receivable from a related company refers to a donation from the Old Dart Foundation for the Education Program ("the Project") in Papua New Guinea. This money is held in trust by the Institute of Sisters of Mercy Australia and Papua New Guinea ("Institute"). During the financial year large amounts of this funding was disbursed to their respective purposes.

NOTE 6: OTHER FINANCIAL ASSETS

CURRENT

Financial assets at fair value through profit or loss

Other investments	<u>1,650,270</u>	<u>1,126,980</u>
Total financial assets at fair value through profit or loss	<u>1,650,270</u>	<u>1,126,980</u>

The financial asset represents a fixed interest loan investment with the Institute Property Association Limited maturing annually.

Mercy Works deposited cash and cash equivalents in an investment to meet the long term objectives of the organisation.

Mercy Works hold an investment reserve designed to generate income to defray administration costs in the future.

NOTE 7: PLANT AND EQUIPMENT**Plant and equipment**

Computer equipment at cost	20,874	20,874
Accumulated depreciation	<u>(13,962)</u>	<u>(11,655)</u>
Total property, plant and equipment	<u>6,912</u>	<u>9,219</u>

MERCY WORKS LIMITED

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017 \$	2016 \$
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	<u>23,662</u>	<u>3,731</u>
NOTE 9: PAYABLES		
CURRENT		
Trade creditors	25,863	3,839
Sundry creditors and accruals	<u>45,067</u>	<u>43,243</u>
	<u>70,930</u>	<u>47,082</u>
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits- Annual Leave	<u>30,025</u>	<u>36,755</u>
NON CURRENT		
Employee benefits- Long Service Leave	<u>5,194</u>	<u>-</u>
NOTE 11: OTHER LIABILITIES		
CURRENT		
Funds held for future committed programs	<u>1,012,412</u>	<u>536,000</u>
NOTE 12: CASH FLOW INFORMATION		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash on hand	201	201
Cash at bank	660,948	409,383
At call deposits with financial institutions	<u>850,000</u>	<u>452,000</u>
	<u>1,511,149</u>	<u>861,584</u>

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	\$	\$
NOTE 12: CASH FLOW INFORMATION (CONTINUED)		
(b) Reconciliation of cash flow from operations with profit after income tax		
Surplus from ordinary activities after income tax	755,008	58,484
Adjustments and non-cash items		
Depreciation	2,307	1,515
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(63,252)	624,844
Increase in other assets	(19,931)	(81)
Increase / (decrease) in payables	23,847	(2,186)
Increase / (decrease) in other liabilities	476,412	(437,483)
Decrease in provisions	<u>(1,536)</u>	<u>(6,828)</u>
Cash flows from operating activities	<u>1,172,855</u>	<u>238,265</u>

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2017, of the organisation, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2017, of the organisation.

NOTE 14: MEMBERS' GUARANTEE

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 to a maximum of \$5 each towards meeting any outstandings and obligations of the company. At 30 June 2017 the number of members was 8. The combined total amount that members of the company are liable to contribute if the company is wound up is \$40.

NOTE 15: COMPANY DETAILS

The registered office of the company is:

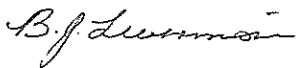
Mercy Works Limited
1 Thomas Street
Lewisham NSW 2049

DIRECTORS' DECLARATION

The responsible persons declare that in the responsible entities' opinion:

- (a) there are reasonable grounds to believe that Mercy Works and its Trust Funds is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.



Sr. Berice Livermore, RSM



Ms Kathleen Donnellon

Dated this 25 day of October 2017

**INDEPENDENT AUDITOR'S REPORT
MERCY WORKS LIMITED
ABN 37 147 042 466**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mercy Works Limited “the Registered Entity”, which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible entities’ declaration.

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

- (a) giving a true and fair view of the Registered Entity’s financial position as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report section* of our report. We are independent of the Registered Entity in accordance with the Australian Charities and Not-for-profits Commission Act 2012 “ACNC Act” and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* “the Code” that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Registered Entity’s financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

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

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other

**INDEPENDENT AUDITOR'S REPORT
MERCY WORKS LIMITED
ABN 37 147 042 466**

information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibility of the Responsible Entities for the Financial Report

The responsible entities of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act. The responsible entities' responsibility also includes such internal control as the responsible entities determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.

**INDEPENDENT AUDITOR'S REPORT
MERCY WORKS LIMITED
ABN 37 147 042 466**

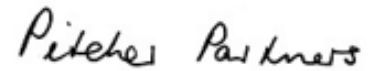
- Conclude on the appropriateness of responsible entities' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Registered Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



CARL MILLINGTON

Partner



PITCHER PARTNERS

Sydney

Date: 27 October 2017