

# **Mercy Works Limited**

**ABN 37 147 042 466**

Financial report

For the year ended 30 June 2016

**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**

**ABN 37 147 042 466**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of Mercy Works Limited for the year ended 30 June 2016 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

Mr. Alan Schofield            Resigned November 2015

Ms. Margery Jackman

Ms. Mary Ellen Bland       Resigned November 2015

Ms. Christine Carolan

Mr. Christopher Townend

Ms. Kathleen Donnellon

Mr. Gregory Smith           Appointed November 2015

Ms. Sheena Barber           Appointed November 2015

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

**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.

**MERCY WORKS LIMITED**

**ABN 37 147 042 466**

**DIRECTORS' REPORT**

**Financial Management**

As a not-for-profit organisation, the group is dependent on donations to sustain its operations. To mitigate this risk and ensure that the group is able to carry out its objects and purposes, the Board's policy is to hold a sufficient cash reserve to fund one year's program to ensure the group continues as a going concern and that it is able to pay its debts as they fall due.

**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. For the purpose of this clause, providing direct assistance 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

**Information on directors**

**Sr. Berice Livermore, RSM**

Chair

Experience

Berice has extensive experience administering non-profit organisations particularly in health care. She is a consultant to non-profit organisations assisting them in their financial management.

**Sr. Mary Densley, RSM**

Board Member and Chair of Program Committee

Experience

Mary has a background in International and Community Development, Mary has worked previously with displaced people and was 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**

Board Member

Experience

Sharon has a background in secondary education, Sharon has taught and was 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. From 2001 to present, Sharon has held the role of Executive Director of the Conference of Leaders of Religious Institutes (CLRI).

**MERCY WORKS LIMITED**

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

<b>Mr. Alan Schofield</b> Experience	Board Member and Chair of Finance Committee until November 2015 Alan has a wealth of experience in the finance sector and has held numerous Public hospital accounting and administrative positions. He was previously the Administrator of Mercy Aged Care Services Inc (Casino and Grafton) and is currently the Facilities and Property Consultant with the ISMAPNG Mercy Support Services.
<b>Ms. Margery Jackman</b> Experience	Board Member 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.
<b>Ms. Mary Ellen Bland</b> Experience	Board Member until November 2015 Mary Ellen is a retired NSW Department of Education teacher. She has a role of several boards including that of Board Director of the Campbelltown Catholic Club and Board Director of the Catholic Development Fund Wollongong Diocese. She was previously Chair of the Board of St Patrick's College Campbelltown.
<b>Ms. Christine Carolan</b> Experience	Board Member 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.
<b>Mr. Christopher Townend</b> Experience	Board Member and Chair of Finance Committee from February 2016 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 the Director for the All Hallows School, QEH Ltd, Trinity Health Limited and Mercy Super Boards.

**MERCY WORKS LIMITED**

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**DIRECTORS' REPORT**

**Information on directors (Continued)**

**Ms. Kathleen Donnellon**

Deputy Chair

Experience

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 has worked for some years now as a Sessional Academic at the Melbourne Law School, University of Melbourne, where she lectures in Dispute Resolution. She is also Chair of Star of the Sea College in Brighton, Vic.

**Mr. Gregory Smith**

Board member from November 2015

Experience

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. Greg is a Fellow of both CPA Australia and the Australian Institute of Company Directors.

**Ms. Sheena Barber**

Board member from November 2015

Experience

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 and does voluntary work for St Vincent de Paul and the Friends of Refugees in Tasmania where she now resides.

MERCY WORKS LIMITED  
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DIRECTORS' REPORT

Meetings of directors

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

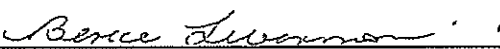
Governance Process


The group is governed by the Board of Directors and Executive Management. The Board has 2 standing Committees (Program Committee and Finance 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:   
Mr. Christopher Townend

Dated this 19<sup>th</sup> day of OCTOBER 2016

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**MERCY WORKS LIMITED**  
**ABN 37 147 042 466**

**AUDITOR'S INDEPENDENCE DECLARATION**  
**TO THE DIRECTORS OF MERCY WORKS LIMITED**

I declare that to the best of my knowledge and belief, during the year ended 30 June 2016, there have been no contraventions of:

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



Spiro Tzannes  
Partner

PITCHER PARTNERS  
Sydney

Date: 19 October 2016



**MERCY WORKS LIMITED**  
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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>Revenue and other income</b>			
Other revenue	2	5,267,004	1,728,945
Other income	2	<u>-</u>	<u>1,305</u>
	2	<u>5,267,004</u>	<u>1,730,250</u>
<b>Less: expenses</b>			
Depreciation and amortisation expense	3	1,515	1,494
Direct project costs and grants disbursed		4,310,765	991,972
Employee benefits expense	3	631,443	539,256
Occupancy expense		52,139	49,480
Marketing expense		45,920	34,354
General and administrative expenses		<u>166,738</u>	<u>140,989</u>
		<u>5,208,520</u>	<u>1,757,545</u>
<b>Surplus / (deficit) before income tax expense</b>		58,484	(27,295)
<b>Other comprehensive income for the year</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income</b>		<u><u>58,484</u></u>	<u><u>(27,295)</u></u>

The accompanying notes form part of these financial statements.

**MERCY WORKS LIMITED**  
**ABN 37 147 042 466**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>Current assets</b>			
Cash and cash equivalents	4	861,584	1,756,560
Receivables	5	33,426	658,270
Other financial assets	6	1,126,980	-
Other assets		<u>3,731</u>	<u>3,650</u>
<b>Total current assets</b>		<u>2,025,721</u>	<u>2,418,480</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	<u>9,219</u>	<u>4,473</u>
<b>Total non-current assets</b>		<u>9,219</u>	<u>4,473</u>
<b>Total assets</b>		<u>2,034,940</u>	<u>2,422,953</u>
<b>Current liabilities</b>			
Payables	8	47,082	49,269
Provisions	9	36,755	37,807
Other liabilities	10	<u>536,000</u>	<u>973,483</u>
<b>Total current liabilities</b>		<u>619,837</u>	<u>1,060,559</u>
<b>Non-current liabilities</b>			
Provisions	9	<u>-</u>	<u>5,775</u>
<b>Total non-current liabilities</b>		<u>-</u>	<u>5,775</u>
<b>Total liabilities</b>		<u>619,837</u>	<u>1,066,334</u>
<b>Net assets</b>		<u>1,415,103</u>	<u>1,356,619</u>
<b>Funds</b>			
Retained earnings		<u>1,415,103</u>	<u>1,356,619</u>
<b>Total funds</b>		<u>1,415,103</u>	<u>1,356,619</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 2016

	Retained earnings \$	Total funds \$
<b>Balance as at 1 July 2014</b>	1,383,914	1,383,914
Deficit for the year	<u>(27,295)</u>	<u>(27,295)</u>
<b>Total comprehensive income for the year</b>	<u>(27,295)</u>	<u>(27,295)</u>
<b>Balance as at 1 July 2015</b>	1,356,619	1,356,619
Surplus for the year	<u>58,484</u>	<u>58,484</u>
<b>Total comprehensive income for the year</b>	<u>58,484</u>	<u>58,484</u>
<b>Balance as at 30 June 2016</b>	<u>1,415,103</u>	<u>1,415,103</u>

The accompanying notes form part of these financial statements.

**MERCY WORKS LIMITED**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 \$	2015 \$
<b>Cash flow from operating activities</b>			
Donations, grants and bequests received		5,404,259	1,944,483
Payments for grants and to suppliers and employees		(5,216,878)	(1,778,664)
Interest received		<u>50,884</u>	<u>48,740</u>
<b>Net cash provided by operating activities</b>	11(b)	<u>238,265</u>	<u>214,559</u>
<b>Cash flow from investing activities</b>			
Payment for property, plant and equipment		(6,261)	-
Payment for investments		<u>(1,126,980)</u>	<u>-</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(1,133,241)</u>	<u>-</u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		1,756,560	1,542,001
Net increase / (decrease) in cash held		<u>(894,976)</u>	<u>214,559</u>
<b>Cash at end of financial year</b>	11(a)	<u>861,584</u>	<u>1,756,560</u>

The accompanying notes form part of these financial statements.

**MERCY WORKS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements cover Mercy Works and its Trust Funds, incorporated and domiciled in Australia. Mercy Works Limited and its Trust Funds is a company limited by guarantee.

Mercy Works Limited is the sole Trustee of the two funds as listed below:

<b>Name of Trust Fund</b>	<b>Country of Registration</b>
The Sisters of Mercy Overseas Aid Fund	Australia
The Australian Mercy Works Charitable Trust	Australia

This financial report is a special purpose financial report prepared in order to satisfy the financial report preparation requirements of the *Australian Charities and Not-for-profits (ACNC) Act 2012*. The directors have determined that the company is not a reporting entity.

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

Mercy Works Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits (ACNC) Act 2012* and all applicable Accounting Standards as disclosed below:

AASB 101:	Presentation of Financial Statements
AASB 107:	Statement of Cash Flows
AASB 108:	Accounting Policies, Changes in Accounting Estimates and Errors
AASB 1031:	Materiality
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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**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 as at and for the year ended 30 June 2016.

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.

Revenue from organising and hosting events is recognised in the period in which the events are held.

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

**MERCY WORKS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

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

**(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 (ie 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.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Property, 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 ready for use.

<b>Class of fixed asset</b>	<b>Depreciation rates</b>	<b>Depreciation basis</b>
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.



NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016

**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, accumulated sick 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 have maturity dates that approximate the terms of the obligations. 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.

**MERCY WORKS LIMITED**  
**ABN 37 147 042 466**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 2: REVENUE AND OTHER INCOME</b>		
Interest income	49,189	47,946
Donations and grants	<u>5,217,815</u>	<u>1,680,999</u>
	<u>5,267,004</u>	<u>1,728,945</u>
Other Income		
Foreign exchange gain	-	1,305
	<u>5,267,004</u>	<u>1,730,250</u>
<b>NOTE 3: OPERATING SURPLUS/(DEFICIT)</b>		
Surplus/ (deficit) before income tax has been determined after:		
Depreciation		
- computer equipment	1,515	1,494
Foreign currency translation losses / (gains)	4,213	(1,305)
Employee benefits	631,443	539,256
Remuneration of auditors for:		
<i>Pitcher Partners (2016)/ ESV (2015)</i>		
Audit and assurance services		
- Audit or review of the financial report	14,000	15,200
- Other services	<u>2,500</u>	<u>1,023</u>
	<u>16,500</u>	<u>16,223</u>
<b>NOTE 4: CASH AND CASH EQUIVALENTS</b>		
Cash on hand	201	201
Cash at bank	409,383	262,432
Cash on deposit	<u>452,000</u>	<u>1,493,927</u>
	<u>861,584</u>	<u>1,756,560</u>

**MERCY WORKS LIMITED**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 5: RECEIVABLES</b>		
CURRENT		
Other receivables	9,051	7,719
Amounts receivables from:		
- other related companies	<u>24,375</u>	<u>650,551</u>
	<u><u>33,426</u></u>	<u><u>658,270</u></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>1,126,980</u>	<u>-</u>
Total financial assets at fair value through profit or loss	<u><u>1,126,980</u></u>	<u><u>-</u></u>

The financial asset amounts represent a term deposit with a maturity date of more than 3 months as well as a fixed interest loan investment with the Institute Property Association Limited maturing annually.

**NOTE 7: PROPERTY, PLANT AND EQUIPMENT**

**Plant and equipment**

Computer equipment at cost	20,874	14,613
Accumulated depreciation	<u>(11,655)</u>	<u>(10,140)</u>
Total property, plant and equipment	<u><u>9,219</u></u>	<u><u>4,473</u></u>

**MERCY WORKS LIMITED**  
**ABN 37 147 042 466**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 8: PAYABLES</b>		
CURRENT		
Trade creditors	3,839	6,832
Sundry creditors and accruals	<u>43,243</u>	<u>42,437</u>
	<u><u>47,082</u></u>	<u><u>49,269</u></u>
<b>NOTE 9: PROVISIONS</b>		
CURRENT		
Employee benefits	<u>36,755</u>	<u>37,807</u>
NON CURRENT		
Employee benefits	<u>-</u>	<u>5,775</u>
<b>NOTE 10: OTHER LIABILITIES</b>		
CURRENT		
Funds held for future committed programs	<u>536,000</u>	<u>973,483</u>
<b>NOTE 11: CASH FLOW INFORMATION</b>		
<b>(a) Reconciliation of cash</b>		
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	409,383	262,432
At call deposits with financial institutions	<u>452,000</u>	<u>1,493,927</u>
	<u><u>861,584</u></u>	<u><u>1,756,560</u></u>

**MERCY WORKS LIMITED**  
**ABN 37 147 042 466**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>NOTE 11: CASH FLOW INFORMATION (CONTINUED)</b>		
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>		
Surplus / (deficit) from ordinary activities after income tax	58,484	(27,295)
<b>Adjustments and non-cash items</b>		
Depreciation	1,515	1,494
<b>Changes in operating assets and liabilities</b>		
Decrease/ (increase) in receivables	624,844	(635,867)
(Increase)/ decrease in other assets	(81)	-
(Decrease)/ increase in payables	(2,186)	870,639
(Decrease)/ increase in other liabilities	(437,483)	-
(Decrease)/ increase in provisions	<u>(6,828)</u>	<u>5,588</u>
Cash flows from operating activities	<u>238,265</u>	<u>214,559</u>

**NOTE 12: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2016 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2016, of the organisation, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2016, of the organisation.

**NOTE 13: 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 2016 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 14: COMPANY DETAILS**

The registered office of the company is:

Mercy Works Limited  
 1 Thomas Street  
 Lewisham NSW 2049


MERCY WORKS LIMITED  
ABN 37 147 042 466

DIRECTORS' DECLARATION

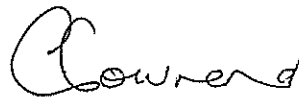
The responsible persons declare that in the responsible entities' opinion:

- (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



Mr Chris Townend

Dated this ~~19~~ day of ~~October~~ *OCTOBER* 2016 .

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**MERCY WORKS LIMITED**  
**ABN 37 147 042 466**

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF MERCY WORKS LIMITED**

We have audited the accompanying financial report, being a special purpose financial report of Mercy Works Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company 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 *Australian Charities and Not-for-profits Commission Act 2012* and to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

*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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

#### *Opinion*

In our opinion, the financial report of Mercy Works Limited is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Australian Charities and Not-for-profits Commission Regulations 2013*.

#### *Basis of Accounting*

Without modifying our opinion, 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 directors' financial reporting responsibilities under the *Australian Charities and Not-for-profits Commission Act 2012*. As a result, the financial report may not be suitable for another purpose.



Spiro Tzannes

Partner



PITCHER PARTNERS

Sydney

Date 19 October 2016