

Mercy Works Limited

ABN 37 147 042 466

**Financial Report
for the year ended 30 June 2019**

MERCY WORKS LIMITED
ABN 37 147 042 466

TABLE OF CONTENTS

	Page No.
Directors' Report	1 - 5
Auditor's Independence Declaration	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11 - 19
Directors' Declaration	20
Independent Auditor's Report	21 - 23

MERCY WORKS LIMITED

ABN 37 147 042 466

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

The directors present their report together with the financial report of Mercy Works Limited (the Company) for the year ended 30 June 2019.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mrs. Sheena Barber
Mr Travis Bowman (appointed 17 February 2019)
Sr. Mary Densley, RSM
Ms. Kathleen Donnellon
Mrs Megan Giles (appointed 18 September 2018)
Sr. Berice Livermore, RSM
Ms. Jacqueline Magurren
Sr. Maureen Sexton, RSM (resigned 31 December 2018)
Mr. Gregory Smith (resigned 6 March 2019)

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 operates 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.

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.

MERCY WORKS LIMITED

ABN 37 147 042 466

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Principal activities (Continued)

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

Mrs Sheena Barber	Board Member (Deputy Chair from 22 November, 2017), Program Committee Member, Strategic Plan Oversight Committee Member
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.
Mr Travis Bowman	Board Member, Finance Risk and Audit Committee (appointed 27 February 2019)
Experience	Travis is a Chartered Accountant and Registered Company Auditor. He has worked with professional services firm KPMG for over 13 years.
Sr. Mary Densley	Board Member, Program Committee Chair, Finance Risk and Audit Committee Member
Experience	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.

MERCY WORKS LIMITED

ABN 37 147 042 466

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2019

Information on Directors (Continued)

Ms Kathleen Donnellon Board Deputy Chair (until 22 Nov 2017), Chair from 22 Nov 2017 Strategic Plan Oversight Committee Member, Finance Risk and Audit Committee Member.

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 also worked as an Academic for 10 years at the Melbourne Law School, University of Melbourne, where she undertook research into legal ethics, and lectured in dispute resolution. She has extensive board experience.

Mrs Megan Giles Board Member, Finance, Risk and Audit Committee (appointed 18 September 2018)

Experience Megan is a senior communications and operations management professional. For the past ten years she has worked at All Hallows' School Brisbane, with a strategic focus on Communications, Marketing and Admissions Management. Megan brings a depth of experience to the board including specialisation in marketing, communications and crisis management, with a capacity to foresee the impacts of complex business change from an organisational perspective including internal risks and governance issues. Prior to working for All Hallows' School, she worked for the Macquarie Group Ltd for thirteen years.

Sr. Berice Livermore Board Chair (until 22nd Nov 2017) Finance Risk and Audit Committee Member

Experience 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.

MERCY WORKS LIMITED
ABN 37 147 042 466

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2019

Information on Directors (Continued)

Ms. Jacqueline Magurren Board Member

Experience 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.

Sr. Maureen Sexton Board Member, Program Committee Member (resigned 21 December 2018)

Experience Maureen was involved in health care for over fifteen years in Mercy Hospital for Women and Mercy Private Hospitals, East Melbourne, Victoria. Maureen then became involved in a health ministry in Rosary Hospital Gujrat, Pakistan for ten years serving for some time as staff sister and then Hospital Administrator. Following this she spent seven years engaged in personal and professional development and ministry in a women's refuge in Melbourne, Victoria. Maureen then worked as a volunteer for Mercy Works as a community health and development worker in the Diocese Daru-Kiunga in Western Province PNG, working closely with the local West Papuan communities. Currently Maureen is engaged as a part-time Pastoral Associate in a rural community in Victoria and volunteers with the local St Vincent de Paul Conference and the local Interfaith group.

Mr. Gregory Smith Board Member, Finance Risk and Audit Committee Member (Chair from 22 November 2017) (resigned 6 March 2019)

Experience Greg is a chartered accountant and school business consultant and has worked for over 25 years in CFO roles in Australian Schools, including 14 years in Catholic education. 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, Catholic Schools NSW, CLRI and ASBA NSW.

MERCY WORKS LIMITED

ABN 37 147 042 466

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2019

Meetings of Directors

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Ms. Sheena Barber	6	6
Mr Travis Bowman	2	1
Sr. Mary Densley, RSM	6	6
Ms. Kathleen Donnellon	6	5
Mrs Megan Giles	5	5
Sr. Berice Livermore, RSM	6	6
Ms. Jacqueline Magurren	6	4
Sr. Maureen Sexton, RSM	3	2
Mr. Gregory Smith	4	4

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

Dated this 29 day of October 2019.

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

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GPO Box 1615
Sydney NSW 2001

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e. sydneypartners@pitcher.com.au

**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 2019 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.



CARL MILLINGTON
Partner

PITCHER PARTNERS
Sydney

29 October 2019

MERCY WORKS LIMITED
ABN 37 147 042 466

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue			
Donations and gifts - monetary:			
-From members		406,203	402,851
-From other parties		1,736,335	1,737,884
Legacies and bequests		145,174	153,945
Grants:			
-Other Australian		146,271	147,261
-Other overseas		-	66,936
Investment income		107,395	102,066
Other income		11,173	837
Total Revenue	2	<u>2,552,551</u>	<u>2,611,780</u>
Expenditure			
International Aid and Development Programs Expenditure			
International Programs:			
-Funds to international programs		1,118,904	1,176,888
-Program support costs		158,581	61,584
Community education		59,191	50,544
Fundraising costs:			
-Public		56,271	60,216
Accountability and administration		221,658	202,080
Total International Aid and Development Programs Expenditure		<u>1,614,605</u>	<u>1,551,312</u>
Domestic programs expenditure		<u>771,095</u>	<u>764,062</u>
Total Expenditure		<u>2,385,700</u>	<u>2,315,374</u>
Surplus	3	<u><u>166,851</u></u>	<u><u>296,406</u></u>
Other Comprehensive Income		<u>-</u>	<u>-</u>
Total Comprehensive income for the Year		<u><u>166,851</u></u>	<u><u>296,406</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 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	4	1,106,589	1,261,922
Trade and Other Receivables	5	271,501	266,470
Financial Assets	6	2,265,392	2,128,296
Other Current Assets	8	32,445	28,532
TOTAL CURRENT ASSETS		<u>3,675,927</u>	<u>3,685,220</u>
NON-CURRENT ASSETS			
Plant and Equipment	7	9,567	13,388
TOTAL NON-CURRENT ASSETS		<u>9,567</u>	<u>13,388</u>
TOTAL ASSETS		<u>3,685,494</u>	<u>3,698,608</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	9	158,145	174,661
Provisions	10	44,200	28,549
Other Liabilities	11	525,423	706,545
TOTAL CURRENT LIABILITIES		<u>727,768</u>	<u>909,755</u>
NON- CURRENT LIABILITIES			
Provisions	10	12,001	9,979
TOTAL NON- CURRENT LIABILITIES		<u>12,001</u>	<u>9,979</u>
TOTAL LIABILITIES		<u>739,769</u>	<u>919,734</u>
NET ASSETS		<u>2,945,725</u>	<u>2,778,874</u>
FUNDS			
Retained Earnings		2,945,725	2,778,874
TOTAL FUNDS		<u>2,945,725</u>	<u>2,778,874</u>

The accompanying notes form part of these financial statements.

MERCY WORKS LIMITED
ABN 37 147 042 466

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Retained earnings \$
Balance at 1 July 2017		2,170,111
Adjustment to opening balance for derecognition of future committed programs	1(n)	312,357
Items of other comprehensive income		
Surplus for the year		296,406
Balance at 30 June 2018		<u>2,778,874</u>
Balance at 1 July 2018		2,778,874
Surplus for the year		166,851
Balance at 30 June 2019		<u>2,945,725</u>

The accompanying notes form part of these financial statements.

MERCY WORKS LIMITED
ABN 37 147 042 466

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations, grants and bequests received		2,247,830	2,338,938
Payments for programs and to suppliers and employees		(2,373,463)	(2,202,442)
Interest Received		107,395	102,066
Net Cash (Used in)/Provided by Operating Activities		<u>(18,238)</u>	<u>238,562</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		-	(9,763)
Payment for investments		(137,095)	(478,026)
Net Cash Used in Investing Activities		<u>(137,095)</u>	<u>(487,789)</u>
Net Increase in Cash and Cash Equivalents Held		(155,333)	(249,227)
Cash and Cash Equivalents at the Beginning of Year		1,261,922	1,511,149
Cash and Cash Equivalents at End of Year	12	<u><u>1,106,589</u></u>	<u><u>1,261,922</u></u>

The accompanying notes form part of these financial statements.

MERCY WORKS LIMITED

ABN 37 147 042 466

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

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

MWL PNG	Australia
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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 Australian Accounting Standards applicable to entities reporting under the Australian Charities and Not-for-profits Commission Act 2012 and the requirements set out in the Australian Council for International Development (ACFID) Code of Conduct. For further information on the Code please refer to the ACFID website at www.acfid.asn.au.

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

(b) 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.

MERCY WORKS LIMITED

ABN 37 147 042 466

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

(b) Foreign currency translations and balances (Continued)

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.

(c) 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).

(d) 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.

(e) 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.

(f) Deferred income

Deferred income represents funds received for specific projects which have not been expended in the current financial year.

MERCY WORKS LIMITED

ABN 37 147 042 466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(g) 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

(h) 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.

(i) 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.

(j) Funds held for future committed programs

Funds held for future committed programs represent money received for specific future projects.

MERCY WORKS LIMITED

ABN 37 147 042 466

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2019

(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.

MERCY WORKS LIMITED

ABN 37 147 042 466

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

(n) Changes in Accounting Policies

As at 1 July 2018 the Company has retrospectively adopted the recognition and measurement requirements of liabilities as defined in the Statement of Accounting Concepts (SAC 4) in respect to funds held for future committed programs. Previously the Company recorded other current liabilities for funds held for future committed programs including those with no present obligations. From 30 June 2017, receipt of funds for those future committed programs with no present obligations are recognised as income upon receipt and not provided for as liabilities in the financial report. As a result of this change in accounting policy, the other liabilities of \$312,357 at 30 June 2017 has been derecognised, and the movement to these other liabilities recorded as income in the Statement of Profit or Loss and the Other Comprehensive Income, forming part of donations from other parties of \$36,347 in 2017/18 and \$33,487 in 2018/19 has been reversed, and the financial report now discloses revised total comprehensive income of \$296,406 in 2017/18 and \$166,851 in 2018/19.

(o) New accounting standards and interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There was no impact of adoption on opening retained profits as at 1 July 2018.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

MERCY WORKS LIMITED
ABN 37 147 042 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 2: REVENUE AND OTHER INCOME		
Donations from members	406,203	402,851
Other donations	1,736,335	1,737,884
Legacies and bequests	145,174	153,945
Grants - Other Australian	146,271	147,261
Grants - Other International	-	66,936
Investment income	107,395	102,066
Other income	11,173	837
	<u>2,552,551</u>	<u>2,611,780</u>

NOTE 3: SURPLUS

Surplus for the year has been determined after:

Depreciation		
- Computer equipment	3,821	3,287
Foreign currency translation losses	4,678	12,213
Employee benefits, including ministerial stipends	769,171	653,389
Remuneration of auditors for:		
- Audit of the financial report	16,200	15,200
- Other services	2,500	2,500
	<u>18,700</u>	<u>17,700</u>

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	139	165
Cash at bank	262,757	281,757
Cash on deposit	843,693	980,000
	<u>1,106,589</u>	<u>1,261,922</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.

MERCY WORKS LIMITED
ABN 37 147 042 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
NOTE 5: RECEIVABLES		
CURRENT		
Other receivables	26,359	7,545
Amounts receivables from:		
- Other related companies	245,142	258,925
	<u>271,501</u>	<u>266,470</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: FINANCIAL ASSETS

CURRENT		
Term deposits at amortised cost	50,386	-
Investments at fair value through profit or loss	2,215,006	2,128,296
Total investments	<u>2,265,392</u>	<u>2,128,296</u>

The investment 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.

MERCY WORKS LIMITED
ABN 37 147 042 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 7: PLANT AND EQUIPMENT		
Plant and equipment		
Computer equipment at cost	30,638	30,638
Accumulated depreciation	(21,071)	(17,250)
Total property, plant and equipment	<u>9,567</u>	<u>13,388</u>
NOTE 8: OTHER ASSETS		
CURRENT		
Prepayments	<u>32,445</u>	<u>28,532</u>
NOTE 9: PAYABLES		
CURRENT		
Trade creditors	20,181	131,956
Sundry creditors and accruals	<u>137,964</u>	<u>42,705</u>
	<u>158,145</u>	<u>174,661</u>
NOTE 10: PROVISIONS		
CURRENT		
Employee benefits - annual leave	<u>44,200</u>	<u>28,549</u>
NON CURRENT		
Employee benefits - long service leave	<u>12,001</u>	<u>9,979</u>
NOTE 11: OTHER LIABILITIES		
CURRENT		
Deferred income	<u>525,423</u>	<u>706,545</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	139	165
Cash at bank	262,757	281,757
Bank Deposits	<u>843,693</u>	<u>980,000</u>
	<u>1,106,589</u>	<u>1,261,922</u>

MERCY WORKS LIMITED
ABN 37 147 042 466

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
NOTE 12: CASH FLOW INFORMATION (CONTINUED)		
(b) Reconciliation of cash flow from operations with surplus		
Surplus from ordinary activities	166,851	296,406
Adjustments and non-cash items		
Depreciation	3,821	3,287
Changes in operating assets and liabilities		
(Increase) in receivables	(5,031)	(169,791)
(Increase) in other assets	(3,913)	(4,870)
(Decrease)/increase in payable	(197,638)	103,731
Increase /(decrease) in other liabilities	2,022	6,490
Increase in provisions	15,650	3,309
Cash flows from operating activities	<u>(18,238)</u>	<u>238,562</u>

NOTE 13: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2019 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2019, of the organisation, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2019, 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 2019 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
Level 3, 6 Victoria Avenue
Parramatta NSW 2150

MERCY WORKS LIMITED
ABN 37 147 042 466

DIRECTORS' DECLARATION

In the directors' 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-Profits Commission Regulation 2013*.



Director



Director

Dated this 29 day of October 2019.

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**Independent Auditor's Report
To the Directors of 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 2019, 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 Directors' 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:

- i. giving a true and fair view of the Registered Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and
- iii. complying with the Australian Council for International Development (ACFID) Code of Conduct.

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 auditor independence requirements of 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.

**Independent Auditor's Report
To the Directors of Mercy Works Limited
ABN 37 147 042 466**

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 and the requirements set out in the Australian Council for International Development (ACFID) Code of Conduct. 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 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Directors for the Financial Report.

The directors of the Registered Entity are responsible for the preparation and fair presentation 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, and for 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise

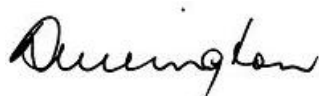
**Independent Auditor's Report
To the Directors of Mercy Works Limited
ABN 37 147 042 466**

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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Registered Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Registered Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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

29 October 2019