

MERCY WORKS LIMITED
ABN 37 147 042 466

FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2020

The following financial statements have been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012, and the presentation and disclosure requirements set out in the ACFID Code of Conduct. For further information on the Code please refer to the ACFID website, www.acfid.asn.au.

MERCY WORKS LIMITED
FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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General information

The financial report covers Mercy Works Limited (Company) as an individual entity. The financial report is presented in Australian dollars, which is the functional and presentation currency of the Company.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

The Company is a not-for-profit unlisted public company limited by guarantee, a registered charity with the Australian Charities and Not-for-Profits Commission, incorporated and domiciled in Australia. Its registered office and principal place of business is:

6 Victoria Road
PARRAMATTA NSW 2150

A description of the nature of the Company's operations and its principal activities are included in the Directors' report, which does not form part of the financial statements.

MERCY WORKS LIMITED

DIRECTORS' REPORT

The directors present their report together with the financial report of Mercy Works Limited (the Company) for the year ended 30 June 2020.

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:

Name		Appointment/ Resignation
Mrs Sheena	Barber	
Mr Travis	Bowman	
Sr Mary	Densley, RSM	
Ms Kathleen	Donnellon	
Mrs Megan	Giles	
Sr Berice	Livermore, RSM	
Mr Francis	Elvey	Appointed 12/02/2020
Ms Jacqueline	Magurren	Resigned 16/11/2019

PRINCIPAL ACTIVITY

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.

The COVID-19 pandemic continues to develop and the future impact on donations and program delivery is uncertain as at the date of this report.

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 provision of health and health education services for persons in necessitous circumstances;
- the relief of 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.

MERCY WORKS LIMITED

DIRECTORS' REPORT (cont.)

INFORMATION ON DIRECTORS

Mrs Sheena Barber

Board Member (Deputy Chair from 22 November 2017), Program Committee Member (Chair from 15 October 2019 to 25 February 2020), 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.

Mr Travis Bowman

Board Member, Finance Risk and Audit Committee Chair

Travis is a Chartered Accountant and Registered Company Auditor. He has worked with professional services firm KPMG for over 14 years across a variety of both large and small organisations. Travis brings a depth of experience in financial accounting as well as experience in risk assessment and mitigation as well as governance issues.

Sr. Mary Densley

Board Member, Program Committee Member, Finance Risk and Audit Committee Member (resigned 20 January 2020)

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.

Ms Kathleen Donnellon

Current Board Chair (from 22 Nov 2017), Strategic Plan Oversight Committee Member, Finance Risk and Audit 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 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 (resigned 19 February 2020)

Megan is the Head of Strategic Communication at Sunsuper. She brings a depth of experience to the board including specialisation in marketing, communications and crisis management.

Sr Berice Livermore

Board Chair (until 22nd Nov 2017); 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.

MERCY WORKS LIMITED

DIRECTORS' REPORT

INFORMATION ON DIRECTORS (cont.)

Mr Francis Elvey

Board Member (appointed 12 February 2020), Program Committee Member (appointed 12 February 2020)

Frank has many years of community development experience, primarily in Asia and the Pacific, including eight years living and working in Timor-Leste and four years based in Hong Kong, as well as earlier work with refugees in Australia and overseas. He has held senior regional management roles with both Caritas and Oxfam. Frank also has a background in theology and philosophy, including a focus on social justice and Catholic Social Teaching.

MEETINGS OF DIRECTORS

The number of Company Board of Directors meetings held from the start of the financial period to the date of this report, and the number of meetings attended by each director were:

Name		Number eligible to attend	Number attended
Mrs Sheena	Barber	6	6
Mr Travis	Bowman	6	6
Sr Mary	Densley	6	6
Ms Kathleen	Donnellon	6	6
Mrs Megan	Giles	6	5
Sr Berice	Livermore	6	5
Ms Jacqueline	Magurren	3	3
Mr Francis	Elvey	3	3

GOVERNANCE PROCESS

The process is governed by the Board of Directors and Executive Management. The Board has two 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.

AUDITORS INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 60-40 of the *Australian Charities and Not-for-Profits Commission Act 2012* is set out on the next page.

This report is made in accordance with a resolution of Directors.

On behalf of the Directors;



Kathleen Donnellon



Date:

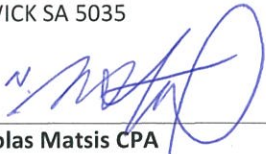
**MERCY WORKS LIMITED
AUDITOR'S INDEPENDENCE DECLARATION
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

To the Directors of Mercy Works Limited

I declare that to the best of my knowledge and belief, in relation to the audit of Mercy Works Limited for the year ended 30 June 2020 there have been:

- i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NOT FOR PROFIT ACCOUNTING SPECIALISTS
KESWICK SA 5035



Nicholas Matsis CPA
Registered Company Auditor No. 77466

4 November 2020

Dated: _____

MERCY WORKS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
REVENUE			
Monetary Donations and Gifts			
From Members		425,886	406,203
From Other Parties		1,711,551	1,736,335
Total Monetary Donations and Gifts		<u>2,137,437</u>	<u>2,142,538</u>
Bequests and Legacies		20,000	145,174
Australian Grant Income		202,281	146,271
TOTAL REVENUE		<u>2,359,718</u>	<u>2,433,983</u>
OTHER INCOME			
Interest Received		105,724	107,395
Other Income		-	11,173
TOTAL OTHER INCOME		<u>105,724</u>	<u>118,568</u>
TOTAL REVENUE & OTHER INCOME		<u>2,465,441</u>	<u>2,552,551</u>
EXPENDITURE			
International Aid and Development Programs Expenditure			
International Programs			
Funds to International Programs		1,182,110	1,118,904
Program Support Costs		95,651	158,581
Community Education		73,224	59,191
Public Fundraising Costs		76,848	56,271
Accountability and Administration		242,408	221,658
Other Expenditure		10,362	4,678
Total International Aid and Development Programs Expenditure		<u>1,680,603</u>	<u>1,619,283</u>
Domestic Programs Expenditure		588,379	766,417
TOTAL EXPENDITURE	3	<u>2,268,983</u>	<u>2,385,700</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>196,459</u>	<u>166,851</u>
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>196,459</u>	<u>166,851</u>

The accompanying notes form part of these financial statements

MERCY WORKS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash & Cash Equivalents	4	1,035,201	1,106,589
Trade & Other Receivables	5	101,964	271,501
Financial Assets	6	2,305,249	2,265,392
Other Assets	7	29,551	32,445
TOTAL CURRENT ASSETS		<u>3,471,965</u>	<u>3,675,927</u>
NON-CURRENT ASSETS			
Property, Plant & Equipment	8	4,790	9,567
Right-of-use Assets	9	58,794	-
TOTAL NON-CURRENT ASSETS		<u>63,584</u>	<u>9,567</u>
TOTAL ASSETS		<u>3,535,549</u>	<u>3,685,494</u>
CURRENT LIABILITIES			
Trade & Other Payables	10	84,546	158,145
Provisions	11	38,188	44,200
Other Liabilities	12	201,656	525,423
Lease Liability	13	4,511	-
TOTAL CURRENT LIABILITIES		<u>328,901</u>	<u>727,768</u>
NON-CURRENT LIABILITIES			
Provisions	11	9,199	12,001
Lease Liability	13	55,265	-
TOTAL NON-CURRENT LIABILITIES		<u>64,464</u>	<u>12,001</u>
TOTAL LIABILITIES		<u>393,365</u>	<u>739,769</u>
NET ASSETS		<u>3,142,184</u>	<u>2,945,725</u>
EQUITY		<u>3,142,184</u>	<u>2,945,725</u>

The accompanying notes form part of these financial statements

MERCY WORKS LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2020

	Retained Earnings \$
BALANCE AS AT 1 JULY 2018	2,778,874
Surplus/(Deficit) for the Year	<u>166,851</u>
BALANCE AS AT 30 JUNE 2019	2,945,725
BALANCE AS AT 1 JULY 2019	2,945,725
Surplus/(Deficit) for the Year	<u>196,459</u>
BALANCE AT 30 JUNE 2020	<u><u>3,142,184</u></u>

The accompanying notes form part of these financial statements

MERCY WORKS LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Proceeds from Donations, Grants & Bequests		2,205,487	2,247,830
Interest Received		105,724	107,395
Payments for Programs to Suppliers & Employees		<u>(2,317,775)</u>	<u>(2,373,463)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	14	(6,564)	(18,238)
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of Financial Assets		50,386	-
Acquisition of Financial Assets		(90,243)	(137,095)
Acquisition of Property, Plant & Equipment		(4,267)	-
Acquisition of Leased Asset		<u>(77,863)</u>	<u>-</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		(121,986)	(137,095)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Lease Liabilities		77,863	-
Repayment of Lease Liabilities		<u>(20,700)</u>	<u>-</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES		57,163	-
NET INCREASE/(DECREASE) IN CASH HELD		<u>(71,388)</u>	<u>(155,333)</u>
CASH AT BEGINNING OF THE FINANCIAL YEAR		1,106,589	1,261,922
CASH AT END OF THE FINANCIAL YEAR	4	<u><u>1,035,201</u></u>	<u><u>1,106,589</u></u>

The accompanying notes form part of these financial statements

MERCY WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

The financial statements of Mercy Works Limited (Company), for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the Directors on 28 October 2020.

The Company is a not-for-profit unlisted public company limited by guarantee and is incorporated and domiciled in Australia.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The Board have prepared the financial report on the basis that the Company is not a reporting entity as there are unlikely to exist users 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 in accordance with the requirements of 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 Company is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial report covers Mercy Works Limited, two Trust Funds, The Sisters of Mercy Overseas Aid Fund and The Australian Mercy Works Charitable Trust, and MWLPNG Limited. The Trust Funds are registered in Australia and MWLPNG Limited is an unlisted public company limited by guarantee, incorporated in Australia.

These financial statements are presented in Australian dollars (\$), and have been prepared in accordance with the following Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB):

- 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

These financial statements do not conform with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, with the exception of long service leave carried at the discounted net present value.

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

b) Foreign Currency Translations 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.

MERCY WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

c) Revenue Recognition

Revenue arises from donations, bequests & legacies, grants and interest received.

All revenue is stated at the amount net of goods and services tax.

Donations, Bequests & Legacies

Donations, bequests & legacies are recognised as revenue when received, unless the donor have prescribed within an agreement, the manner in which the funds are to be used, whereby the revenue is recognised once the donors' requirements have been met. Deferred income is reported as other liabilities in the statement of financial position.

Grant Income

Revenue from grant income is recognised once the obligations prescribed by the underlying grant agreement have been met.

Interest Received

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

d) Income Tax

The Company is exempt from income tax pursuant to the *Income Tax Assessment Act 1997*.

e) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

f) Cash & Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of change in value.

g) Deferred income

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

h) Property, Plant & Equipment

Property, plant and equipment over \$1,500 are recorded as fixed assets at cost. Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of all fixed assets are depreciated over their useful lives commencing from the time the asset is held ready for use. Assets purchased are depreciated on a diminishing value basis.

Class of Fixed Asset

Computer Equipment

Depreciation Rates

25%

MERCY WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

i) Employee Entitlements

Short-term Employee Benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Long-term Employee Benefits

The Company's liability for long service leave is included in other long-term benefits if they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any remeasurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

Defined Contribution Plans

The Company provides post-employment benefits through defined contribution plans. The amount charged as an expense in respect of superannuation represents the fixed contributions made or payable by the company to the superannuation funds of employees. The Company has no legal or constructive obligations to pay contributions in addition to its fixed contributions.

j) Leased Assets

During the previous year, where the Company was a lessee, payments on operating lease agreements were recognised as an expense on a straight-line basis over the lease term, consistent with the recognition and measurement requirements of AASB 117 - Leases. For the reporting period ended 30 June 2020, AASB 16 - Leases replaces AASB 117 - Leases. The Company have opted to account for its leases in a manner consistent with this new standard, with the date of initial application being 1 July 2019.

The change in accounting policy has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases, except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

On transition, leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases of low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

The Company has opted to apply the modified retrospective approach to account for operating leases applicable at the transition date, accordingly comparative amounts have not been restated.

The following is a summary of the transactions recorded as at 1 July 2019:

	Carrying Amount at 30 June 2019	Reclassification under AASB 16	Carrying Amount at 1 July 2019
Right-of-use Asset	-	77,863	77,863
Lease Liability	-	77,863	77,863

MERCY WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
3. EXPENDITURE		
Included in total expenditure are the following:		
Employee Benefits, including Ministerial Stipends	814,750	769,171
Depreciation		
Computer Equipment	9,045	3,821
Right-of-use Assets - Land & Buildings	19,068	-
	<u>28,113</u>	<u>3,821</u>
Foreign Currency Translation Losses	10,362	4,678
Auditor Remuneration		
Audit Fees	11,900	16,200
Other Services	198	2,500
Total Auditor Remuneration	<u>12,098</u>	<u>18,700</u>
4. CASH & CASH EQUIVALENTS		
Cash on Hand	138	139
Cash at Bank	535,063	262,757
Cash on Deposit	500,000	843,693
	<u>1,035,201</u>	<u>1,106,589</u>
5. TRADE & OTHER RECEIVABLES		
Other Receivables	90,650	22,260
GST Receivables	2,044	4,099
Other Receivables - Related Companies	9,270	245,142
	<u>101,964</u>	<u>271,501</u>
<p>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.</p>		
6. FINANCIAL ASSETS		
Bank Term Deposit	-	50,386
Investment	2,305,249	2,215,006
	<u>2,305,249</u>	<u>2,265,392</u>

Bank term deposits with a maturity of more than 3 months but less than 12 months are shown as current financial assets.

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

MERCY WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
7. OTHER ASSETS		
Prepayments	<u>29,551</u>	<u>32,445</u>
8. PROPERTY, PLANT & EQUIPMENT		
Computer Equipment		
At Cost	34,905	30,638
Accumulated Depreciation	<u>(30,116)</u>	<u>(21,071)</u>
	<u>4,790</u>	<u>9,567</u>
9. RIGHT-OF-USE ASSETS		
Land & Buildings		
Balance Recognised at 1 July 2019	77,863	-
Accumulated Depreciation	<u>(19,068)</u>	<u>-</u>
	<u>58,794</u>	<u>-</u>
10. TRADE & OTHER PAYABLES		
Trade Creditors	-	20,181
Other Payables	5,242	51,715
Accrued Expenses	<u>79,304</u>	<u>86,249</u>
	<u>84,546</u>	<u>158,145</u>
11. PROVISIONS		
Current		
Provision for Annual Leave	<u>38,188</u>	<u>44,200</u>
Non-Current		
Provision for Long Service Leave	<u>9,199</u>	<u>12,001</u>
12. OTHER LIABILITIES		
Deferred Income	<u>201,656</u>	<u>525,423</u>

13. LEASE LIABILITIES

The Company has leases for its office and office equipment. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability.

Lease liabilities are presented in the statement of financial position as follows:

	2020 \$	2019 \$
Current	4,511	-
Non-Current	55,265	-

Total cash outflows for leases during the financial period were \$28,700. Included in expenses are short-term leases and low-value assets expensed totalling \$8,170.

At 30 June 2020, the Company was committed to short-term leases and low value asset leases totalling \$13,700.

MERCY WORKS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
14. CASH FLOW INFORMATION		
Reconciliation of operating surplus for the year to net cash flow from operating activities		
Operating Result	196,459	166,851
Non-cash Flows in Operating Result:		
Interest on Lease Liability	2,613	-
Depreciation	28,113	3,821
Changes in Assets & Liabilities:		
(Increase)/Decrease in Trade & Other Receivables	169,537	(5,031)
(Increase)/Decrease in Other Assets	2,894	(3,913)
Increase/(Decrease) in Trade & Other Payables	(73,599)	(197,638)
Increase/(Decrease) in Other Liabilities	(323,767)	2,022
Increase/(Decrease) in Provisions	(8,814)	15,650
Cash flows from operating activities	<u>(6,564)</u>	<u>(18,238)</u>

15. 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 a maximum of \$5 each towards meeting any outstanding obligations of the Company. At 30 June 2020, the Company had 8 (2019: 8) members. The combined total amount that members of the Company would be liable to contribute if the Company wound up is \$40 (2019: \$40).

MERCY WORKS LIMITED
DIRECTORS' DECLARATION

In the Director's opinion:

1. the attached financial statements and notes thereto give a true and fair view of the financial position of the Company on 30 June 2020 and of its performance for the financial year ended on that date;
2. the attached financial statements and notes thereto comply with the Australian Charities and Not-for-profits Commission Act 2012, the Accounting Standards as described in note 1 to the financial statements, the Australian Charities and Not-for-profits Commission Regulation 2013 and other mandatory professional reporting requirements; and
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to *section 60.15 (2) of the Australian Charities and Not-for-profits Commission Regulation 2013* .

On behalf of the Directors:



Kathleen Donnellon

29.10.2020

Date:



1300 123 637 • enquiries@nfpas.com.au • www.nfpas.com.au

INDEPENDENT AUDITOR'S REPORT FOR MERCY WORKS LIMITED

Auditor's Opinion

We have audited the financial report, being a special purpose financial report, of Mercy Works Limited for the year ended 30 June 2020, comprising the statement of financial position, statement of changes in equity, statement of profit or loss and other comprehensive income, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- giving a true and fair view of the registered entity's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- complying with the Australian Accounting Standards to the extent described in Note 1, and Division 60 of 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 entity in accordance with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 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 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.

Information Other than the Financial Report and Auditor's Report Thereon

The Board Members of the entity are responsible for the other information. The other information comprises the information included in the entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to the Board Members.



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The Responsibility of the Board Members for the Financial Report

The Board Members of the entity are responsible for the preparation and fair presentation of the financial report, and have determined that the accounting policies used and described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the members, the ACFID Code of Conduct, and the Australian Charities and Not-for-profits Commission Act 2012. The Board Members' responsibility also includes such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board Members are responsible for assessing the 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 Board Members either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so. The Board Members are responsible for overseeing the 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 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Committee website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Basis of Accounting and Restriction and Distribution of Use

Without modifying our opinion, we draw attention to the fact that the financial report is prepared to assist Mercy Works Limited to comply with the financial reporting provisions of the Australian Charities and Not-for-profits Commission Act 2012 and the ACFID Code of Conduct, as a result, the financial report may not be suitable for another purpose.

NOT FOR PROFIT ACCOUNTING SPECIALISTS

KESWICK SA 5035



Nicholas Matsis CPA
Registered Company Auditor No 77466

Dated: 4 November 2020