



2020

Mercy Ships Australia
Annual Report



Mission

Bringing hope and healing to the world's forgotten poor.

Mission Vision Focus



Vision

Mercy Ships uses hospital ships to transform individuals and serve nations one at a time.



Focus

In 1990, Mercy Ships turned our focus to sub-Saharan Africa where nearly 93% of the population lacks access to safe, affordable, and timely surgery. Since then, Mercy Ships has conducted 47 field services in 13 African countries.

Mercy Ships Australia

Mercy Ships Australia is part of an international development organisation that has operated hospital ships in developing nations since 1978. Each year, we send Australian funds and volunteers to deliver vital, free healthcare to people in developing countries.

Dear Friends,

This year was historically unlike any we have ever experienced. The global effects of COVID-19 have touched almost every person and brought to light the importance of healthcare like never before.

Hope and healing through our hospital ships has been the mission of Mercy Ships for over 40 years — with a particular focus on serving those whose need is most prevalent, “the bottom billion.” Economist Paul Collier uses this term regarding the one billion people who live in low- and middle- income economies, with most found in communities in sub-Saharan Africa.

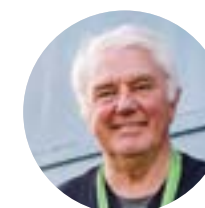
Mercy Ships has focused our attention on individuals needing surgery as well as strengthening the healthcare infrastructure in our partner host African nations. Thanks to the faithful support of friends and partners like you, those suffering from painful, disfiguring, and often-preventable diseases have been able to find the healing they so desperately needed and many more are waiting.

We believe that, together with the nations we serve, we have the potential to make a difference in the lives of thousands, not only in the immediate future, but for decades to come! And with the arrival of our new custom-built hospital ship, the *Global Mercy™*, our capacity to provide free surgery and medical training will more than double.

We hope as you continue to read all that was accomplished during 2020, you are inspired by the people whose lives have been forever changed.

As we embark on this new year, we want to say thank you to our family of partners, supporters, and volunteer professionals, who have dedicated their time and resources to bring hope and healing where it's needed most. We could not do this life-changing work without you.

Don Stephens
Founder
Mercy Ships



Thanks to the support of friends like you, those suffering from painful and preventable diseases have found the healing they desperately needed.

A letter from the Chair

Dear Friends,

Throughout this landmark year, I am reminded of the heart of our mission — hope. Hope that encourages a family who feels forgotten. Hope that brings a volunteer halfway around the world to serve an individual in need. Hope that drives us all forward, even in difficult times.

This mantra of hope has been a part of Mercy Ships since its inception in 1978 when our founders Don and Deyon Stephens were able to put pen to paper and fulfil their dream of bringing medical aid to those in remote areas. Since that time, millions have been impacted through surgical interventions, medical training and mentorship, and education and renovation projects.

And in spite of the challenges the world faced this year, lives have continued to be changed. As you read through the 2020 Annual Report, I hope you might be inspired by all that has been accomplished. From our patients who were able to find life-changing healing on board our hospital ship early this year, to the many medical professionals who received training through our new eLearning programs, hope has not stopped.

The need is great, but hope and mercy are greater! On behalf of myself and the Mercy Ships Australia Board of Directors, I'd like to express my heartfelt gratitude to everyone who made this year's mission a success.

Thank you.



Richard Wankmuller
Chair of the Board
Mercy Ships Australia



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A word from the Managing Director

The COVID-19 pandemic was confirmed to have spread to Africa in early February 2020. It quickly spread from not only a health crisis, but to an economic crisis in a matter of months.

The resilience of the African region depends not only on the support it receives, but on the strategies and policies its countries adopt. It is important that Africa comes through this crisis and builds back stronger and more prepared.

One positive of the COVID-19 pandemic is that it has made people aware of the importance of strengthening and supporting healthcare systems. During 2020 Mercy Ships provided essential surgery to Senegal, and as the *Africa Mercy* went in for annual maintenance, Mercy Ships increased its work to strengthen and support African healthcare systems through education, training, mentoring, infrastructure, equipment, and supplies.

Mercy Ships Australia was proud to support each of these programs and our Australian volunteers were proud to be a part of this lifesaving and life transforming work. Today, our world is different than it was yesterday, but one thing will never change: the people we help still need us – and they will need us tomorrow, even more than they do today. Thank you for standing alongside us.



Alan Burrell
Managing Director
Mery Ships Australia



Why we do what we do

The Lancet Commission on Global Surgery identifies that 16.9 million people die each year from a lack of safe surgery. That is more than three times the annual number of people who die from HIV, Malaria, and TB combined.

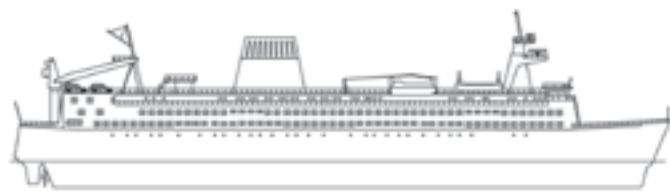
In addition, billions of people experience chronic pain, financial catastrophe, and social stigma because of injuries and disfigurements that surgery could fix. There is an urgent need for significant growth in surgical capacity and training. This is the surgery crisis.

How we work

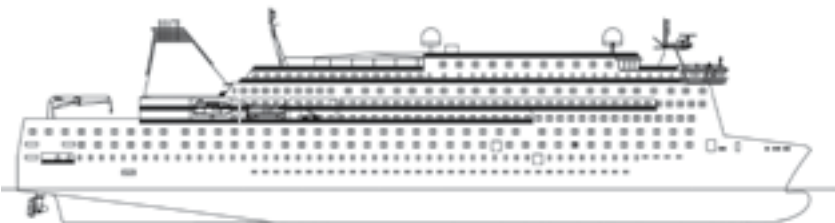
Mercy Ships is an international development organisation that deploys hospital ships to some of the poorest countries in the world, delivering vital, free medical care to people in desperate need while training local healthcare professionals and strengthening local healthcare systems.

Our ships are the most efficient way to bring a state-of-the-art hospital to regions where clean water, electricity, medical facilities, and personnel are often limited or non-existent. Instead of trying to build the facilities we need, we can provide a safe, stable, fully outfitted teaching hospital to bring lifesaving and changing surgery for thousands of people in need.

Our Ships



The Africa Mercy



The Global Mercy™

Mercy Ships works to empower local healthcare systems and professionals to care for their own people. This is why we place medical capacity building (MCB) at the heart of all we do.



This is the surgery crisis.

The Africa Mercy hospital:

- 5 operating theatres
- 80 patient beds including: recovery, intensive care, and low dependency wards
- Draft 6.0m
- Length 152m
- Breadth 23.7m
- Gross Tonnage 16,572

The Global Mercy hospital:

- 6 operating theatres
- 102 acute care beds
- 7 ICU/isolation beds
- 90 self-care beds
- Draft 6.1m
- Length 174m
- Breadth 28.6m
- Gross Tonnage 37,000



Our Crew

Our ships are crewed by volunteers from over 60 nations, with an average of over 1,300 volunteers joining our mission each year. Every volunteer covers their own travel expenses to the ship as well as paying monthly fees to cover their room, board, and personal expenses which allows our supporters' donations to go even further.

While our ships are in port, local professionals are recruited from African nations to help deliver our projects. Our patients and programs benefit from the experience and skills of these local volunteers, and a few go on to join the crew full time.

Each year, more than 100 volunteers from Australia join our international crew and contribute over 46,000 hours collectively.



Bobby Gane, volunteer electrician

"I love the electrical and engineering team I serve with. I think all services on the ship are invaluable and electrician is no different in that respect. I have no medical skills myself but using my skills to keep the hospital ship functioning so that others can do that work is a tremendous honour."



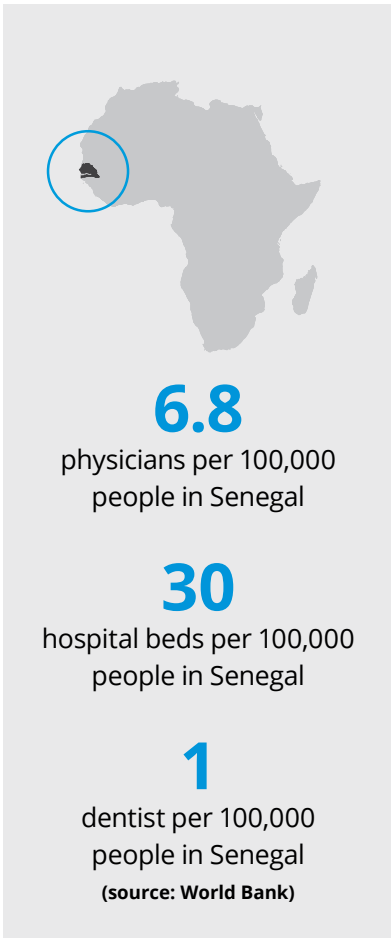
Lorraine Walker, volunteer pharmacist

"The ship is filled with exactly the type of people I imagined; people willing to step out of their own comfortable lives for two weeks, or even years, to give people they've never met a few of the opportunities we take for granted."

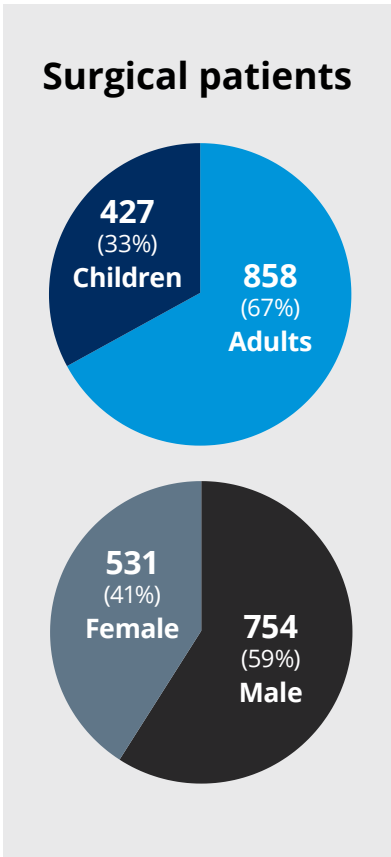
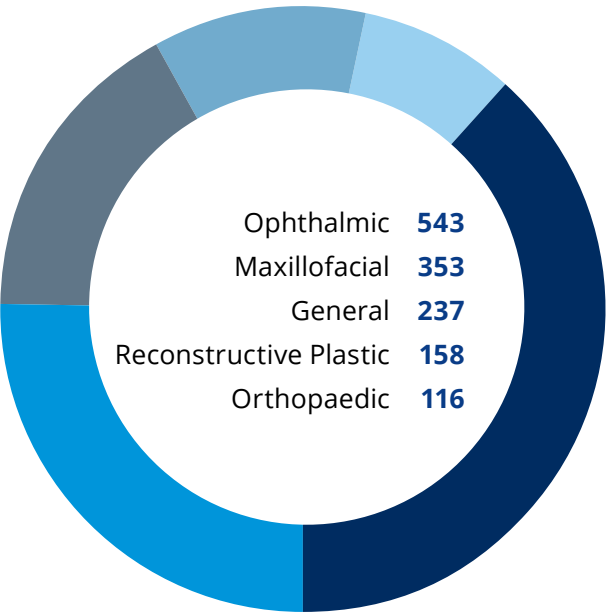
Senegal Field Service 2019-2020

The Senegal 2019-2020 field service held great significance for Mercy Ships — it was our first time back to serve the people of Senegal since 1994. While our field service was cut short due to the COVID-19 pandemic, good progress was made during the eight-month stay in Dakar. In fact, we were able to meet or exceed the agreed upon goals for the field service. For 30 years, Mercy Ships has been dedicated to Africa. Mercy Ships was there before the pandemic, we're there during and, with your help, we'll certainly be there long after.

The following graphs depict the total numbers from our service in Senegal.



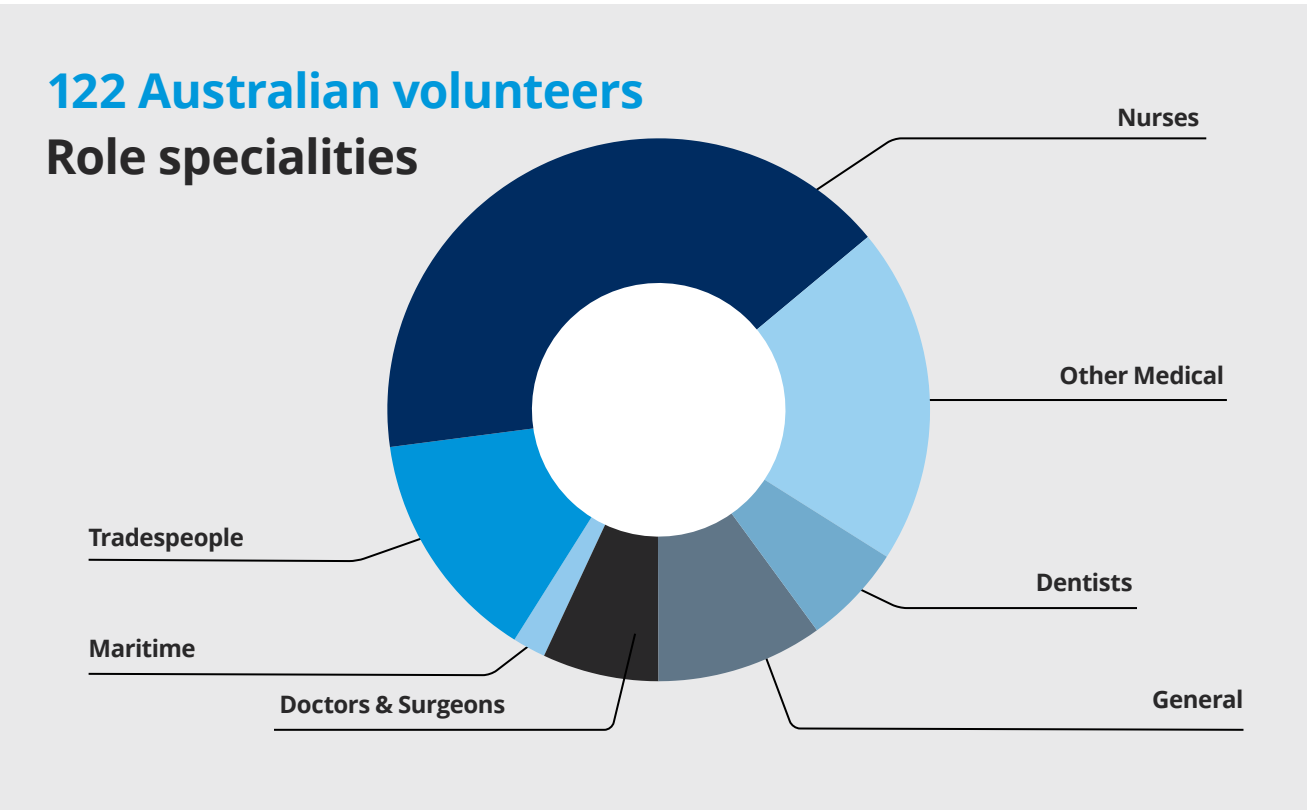
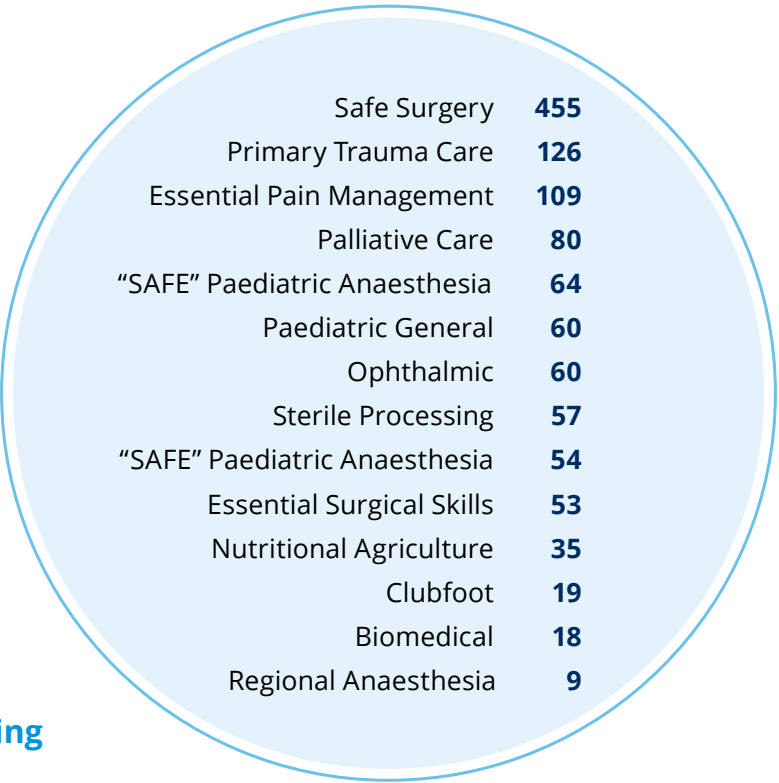
1,407 total surgeries Surgeries by speciality



1,199 healthcare professionals trained Courses presented

At Mercy Ships, we believe we have been called to help strengthen the healthcare systems of the countries we serve. In an effort to create sustainable change, we offer multiple training and mentoring courses to local medical professionals providing education and information for safe, effective healthcare. Our many mentoring and education projects are implemented as part of a strategy called the Partner Unit Mentoring Program (PUMP). Many participants in our various programs continue to share their knowledge with their own communities resulting in a forwarding of skills and creating a legacy that can last for generations.

In total, over 55,300 hours were provided for training and mentoring local healthcare professionals.





Above: Mariama after her surgery.

Smiling into the future

In the developed world, a cleft lip/palate would be identified prenatally on an ultrasound and repaired before the child was 6 months old. In developing nations where healthcare is out of reach for millions of people, this is not the case.

A cleft lip/palate is not only disfiguring, but can also be life-threatening. By preventing an infant from feeding properly, the condition can be fatal, despite a mother's desperate efforts. If an infant survives, they face a lifetime of mockery and ridicule. The good news is that a cleft lip/palate can be fixed with a simple surgery.

The following are stories about some of our wonderful patients who were able to find healing this year thanks to our friends and partners.

"I give thanks to God first, and I am very grateful to Mercy Ships. I'm happy. Thank you!"

Mamadou, Mariama's father

Mariama's story

Mariama is a lively and healthy baby, but a severe facial cleft strained her joyful smile. This facial cleft affected the 7-month-old's lip and nose, making it difficult for her to eat and causing her parents to worry about their child's future.

Since paediatric services capable of treating baby Mariama's condition were not available near the family, local doctors directed her father to Senegal's capital city in hopes of finding help. It was there that he heard about a hospital ship capable of providing healing for his little girl.

Soon after, Mariama received an operation on board the *Africa Mercy* that corrected her cleft lip. After surgery, Mariama and her family stayed at the HOPE Centre, where her mother learned how to make nutritional baby formula and learned about the importance of nutrition for her child. Now, Mariama is home with her family, happy and healthy!

Awa's story

Awa had lived 42 years burdened by a cleft lip, which made eating difficult and smiling almost impossible. Her family loved and cherished her, but others seemed to be unable to see past her disfigured mouth, and would either tease or stare at her. The shame Awa felt began to wear her down, but without access to safe, affordable surgical care, Awa feared that she would never know life without her burden. Then she heard about Mercy Ships.

Thanks to a free surgery on board the *Africa Mercy*, Awa was finally able to smile without pain for the first time in her life. When her husband saw her after the operation, he was unable to recognise her at first! Now, Awa's future is brighter than ever.

"We're very happy to see Awa getting well after her surgery. I did not recognise her when I first saw her!"

Aliou, Awa's husband



Above: Awa before her surgery.



Above: Birane after his surgery.

Birane's story

Young Birane has suffered from a cleft lip since birth. Though the 5-year-old's positive personality made him strong, his family worried that he would never look like the other children his age due to his condition. A simple surgery would solve this problem, but the family lacked access to safe, affordable surgical care. This changed when the *Africa Mercy* arrived in Senegal.

Soon Birane was approved for surgery and his grandmother went with him to the ship, where she was able to see firsthand the impact hope and healing can bring. "I am very happy to see my grandson smile," she said. Thanks to his free surgery, Birane is filled with hope for the future!

"I am very happy to see my grandson smile."

Birane's grandmother and caregiver

COVID-19 Response

Helping Africa rebuild

The world changed significantly last year. Like many, we had to adapt to ensure we could continue our transformative work in Africa. As COVID-19 began to overwhelm many strong healthcare systems in the developed world, we were determined to continue supporting our African partners and help combat the spread of the virus.

By June 2020, Mercy Ships donated more than 80,000 items of Personal Protective Equipment (PPE) valued at more than \$210,306 including surgical caps, protective eyewear, face masks, gloves, and infrared thermometers, which were

delivered to Benin, Liberia, Madagascar, Togo, Sierra Leone, Republic of Congo, and Ghana.

Despite a global pandemic, we remain determined to continue supporting our African partners.

In addition to donating funds and supplies to our African partners, Mercy Ships quickly moved many of our training courses online and added new ones specifically designed to help healthcare workers on the ground in Africa tackle COVID-19.

1 Million PPEs Donated to 11 African Nations

- 210,250 gloves
 - 124,100 masks
 - 226,250 caps
 - 223,450 shoe covers
 - 4,950 surgical gowns
 - 4,950 safety glasses
 - 188,000 isolation gowns
 - 80 infrared thermometers
 - 29,600 goggles
- Over \$210,306 worth of PPE was donated to Senegal's COVID-19 relief fund.**

2021

The *Africa Mercy* is being serviced and re-stocked and preparing to return to Africa. COVID-19 is having a serious impact on healthcare systems on the continent of Africa. We will be extending our programs and increasing our capacity with a second ship, the *Global Mercy*, as we get ready to go back and help Africa rebuild.

"The pandemic is still slowly but surely spreading through Africa and the measures taken by the nations to mitigate the impact should be strengthened. To adequately respond to this lasting epidemic, Africa needs our support, it is why Mercy Ships is engaged with *Stop COVID-19 Initiative in Africa*."

Dr Pierre M'Pele, Mercy Ships Africa Bureau Director

March

\$167,131 donated to Senegal COVID-19 relief fund to support local healthcare staff in the fight against the virus.

April

Support and mentoring for African colleagues moved online. Special crisis management training was also added to the curriculums.

PPE donations to African nations: Benin, Liberia, Sierra Leone, and Madagascar.

May

More online courses begin: the Mental Health Team begins conducting Caregivers courses for colleagues in Liberia, Togo, Benin, DR Congo, Republic of Congo, and Cameroon.

Infrared thermometers donated to Togo. These were delivered with supplies of PPE.

June

PPE donated to the Republic of the Congo. Mercy Ships is a long-term partner of the country, having renovated a number of facilities there during a previous field service.

Dr Agbessi (right) delivers front line training in Benin, on infection control measures, as well as giving out face masks and hygiene kits.

Donation of over 9,000 items of PPE to Ghana. These were presented to the Ministry of Health by Mercy Ships President Rosa Whitaker.

July

PPE and supplies donated to the Benin Teaching Hospital. This hospital in Cotonou is where Dr Agbessi works as the country's first reconstructive surgeon.

The future

We are committed to helping rebuild struggling and weakened healthcare systems in Africa.

With ongoing mentoring, online training and support we continue to strengthen and support the African nations we serve.



A new way of doing things: E-MCB

Sharing our skills and knowledge with local medical experts enables them to contribute directly to the improvement of healthcare delivery in their country long after we have left. COVID-19, social distancing, and lockdowns meant that the *Africa Mercy* had to leave Africa early for its annual maintenance, but that did not mean we stopped supporting and training African healthcare professionals. We quickly moved many of our mentoring and training courses online, even adding new ones, to our new eLearning medical capacity building programs (E-MCB).

In April 2020, Mercy Ships launched a preliminary six-week course for nurses and doctors managing the COVID-19 crisis. Participants in each facilitated learning group improved their skills in identifying and managing critically ill patients (specifically for COVID-19 related illness) and applying personal mental health strategies to reduce the risk of burnout during the crisis.

During Mental Health Awareness Week, Mercy Ships launched the first of several online training courses in basic safety and well-being. These courses, taught in both French and English, highlight our commitment to our West African colleagues and partners who are facing COVID-19.

Medical Capacity Building (MCB)

Medical capacity building is the foundation upon which real, sustainable change is built. It provides African healthcare professionals with the skills and tools they need and empowers them to care for their own people.

New eLearning Takes the Stage

2,100+ eLearning participant hours

196 eLearning participants

Gamal Abdel Nasser University Dental Clinic 2020 Overview

9,300+ Student mentoring hours

2,742 Dental procedures

743 Dental encounters

107 Student mentoring participants



Professionals involved in these courses included key workers from several nations Mercy Ships has worked with during our 30 years in Africa. Countries including Liberia, Togo, Benin, DR Congo, and Cameroon were represented by participants working in areas ranging from mental health, community health training, psychiatric care, and hospital services.

“This is a critical time to support the mental, emotional, and physical health of our West African colleagues as they are on the frontline of preparation within their national healthcare situations. It is important that they know they are not alone during this time when news of the virus in other parts of the world has created so much fear,” said Dr. Westman, Mental Health Consultant.

At the Gamal Dental school in Conakry, Guinea, in partnership with World Telehealth Initiative, we are using a telehealth device and three different

Technology has allowed us to quickly pivot and ensure that we can continue to support our partners.

intra-oral camera attachments to bring top quality mentoring from international experts to Guinean dental students. Through the specialty peripheral cameras connected to the telehealth device, the dental expert beaming in can see right into the mouth of the patient that the dental student is treating. Dentist Dr. Westerduin was all set to move to Guinea to volunteer with Mercy Ships, but that all changed in March 2020. Currently residing in the Netherlands, she now observes the Guinean dental students during the week using a telehealth device, and on Fridays she holds a class for the students to address any gaps in knowledge that she observed throughout the week.

Dental experts from across the world can safely mentor the dental students through the telehealth device. Mercy Ships directors and the telehealth device will stay in Guinea long after the ship comes and goes so that the new dentists are supported by international experts as they continue to learn and progress. The program will build local capacity and create a lasting impact on the community, ensuring their long-term needs are met despite COVID-19.



Professor Oumar Raphiou Diallo

In 1998, maxillofacial surgeon, Dr. Oumar Raphiou Diallo, took part in the Mercy Ships MCB program and was mentored by the Chief Medical Officer on board the *Africa Mercy*, Dr. Gary Parker. Quickly, Dr. Parker recognised Dr. Diallo's determination and heart to serve those in need and knew that the mentoring he received would be used for the betterment of the Guinean people.

Dr. Diallo specialised in cleft lip/palate repair and continued to learn and train with Mercy Ships medical volunteers during our numerous visits back to Conakry, Guinea.

The fruit of Dr Diallo's labours and dedication to the people of his home country was evident during the *Africa Mercy's* most recent visit to Guinea in 2018-2019.

Dr Diallo's efforts have had a massive impact on the number of cleft lip patients in Guinea.

Normally, Mercy Ships would find hundreds of cleft lip/palate patients seeking help; however, out of 6,000 screened patients, only six needed cleft lip/palate repairs! Through Dr. Diallo's tremendous efforts and the Mercy Ships professional mentoring program, the number of cleft lip/palate cases have dropped dramatically in Guinea.

Just as he had received training from Mercy Ships, Dr. Diallo sought a way to provide training for Guinean healthcare professionals. In 2018, he asked Mercy Ships to partner with him in strengthening the training of dental surgeons in Guinea. More qualified surgeons would allow for the correct management of complicated dental procedures. With more trained dental surgeons, earlier diagnosis of tumours, facial cellulitis, noma, and other life-threatening conditions could be made, saving many more lives.

In partnership with Dr. Diallo and the Gamal Abdel Nasser University in Conakry, Mercy Ships renovated a site and created a highly operational dental school. Former Mercy Ships Lead Dentist,



Before the renovation, dental students graduated without practical experience.

Dr. David Ugai, remained in Guinea and, along with the dental program team has been providing high-quality dental training.

Dr. Diallo has a passion for his nation of Guinea and believes in the potential of its people. By providing specialised surgical care and finding ways for Guinean healthcare professionals to receive further education, he is working towards strengthening Guinea's overall healthcare system.

Every year Mercy Ships trains and mentors hundreds of healthcare professionals. Through our medical capacity building programs and partnerships with African healthcare professionals and nations, we are working together to tackle the surgery crisis.

Laying the foundations for change

Through empowering local healthcare professionals and local healthcare systems to care for their own populations, Mercy Ships and our partners are laying the foundations for sustainable change.

While our ships are in a host nation's port, our volunteer crew perform thousands of free lifesaving and life-changing surgical procedures for people in desperate need. While there, we also train and mentor local healthcare professionals to give them the skills they need to succeed, including how to pass on their new knowledge to others. Mercy Ships also renovates local facilities, donating brand new medical equipment and the premises to the nation's healthcare system.

In Guinea, the dental school leadership expressed their need for a dedicated space for student training. Previous dental students graduated without proper clinical experience — a vital aspect for practical education and training, decreasing their ability to successfully enter the workforce. University leadership had plans to renovate the dental school but were unable to procure funding. After a proposal from the dental school, Mercy Ships agreed to renovate and equip the first floor of the dental school.





Dr. Pierre M'Pelé has worked in various African countries as a representative of the WHO, and is an expert on epidemics in Africa. Since 2017, the Congolese physician has headed the Mercy Ships Africa Bureau.



Learning to walk — Sai'douba's story

There is such strength and need in sub-Saharan Africa — a reality epitomised by friends Sai'douba and Alason.

Sai'douba was horribly burned in an explosion at the garage where he worked. He couldn't get the medical care that he needed and as his skin healed, it pulled his legs into a permanently bent position, disabling him. Sai'douba's injuries made him depend entirely on Alason to get around.

For eight months, Alason was Sai'douba's support and legs, caring for his friend and carrying him wherever they went.

"When I carry him, he's a little bit heavy, but no one will help him if I don't help him," Alason said. "Whenever I look at what happened to him, I cry inside my heart."

Sai'douba's injuries kept him in constant pain and he was wracked with worry for his family.

"Before this accident," Sai'douba said. "I worked a lot and made a little money. I would take that money home for my mum to buy food. I know my parents don't have enough money so I'm very scared about it."

One day, Sai'douba heard about a hospital ship providing free surgeries to those in need. Alason carried Sai'douba to the ship — a journey which took two days — knowing that it was his one chance at finding healing.

"When I saw him coming out of surgery, I could see his legs were straight," Alason said. "I now have hope he can walk again. He'll be able to do everything for himself."

The two-day walk carrying his friend was worth every step. After a four-hour surgery from Mercy Ships, Sai'douba was on his way to recovery.

Sai'douba began his rehabilitation, and with much practice and determination, he was soon walking on his own for the first time since the accident.

"I'm so happy! After such a long time I'm walking again!" Sai'douba exclaimed. "I feel confident now. After a few months, I'll be able to do everything I used to do. I can work, earn money, and provide for my parents!"



Above: Sai'douba (right) with Alason, before and after his surgery.

For the last 30 years of our 42-year history, Mercy Ships has been committed to Africa.

30 years in Africa

The amazing nations and people that make up the continent of Africa currently carry the bulk of the world's poverty and disability burden. In fact, 93% of Paul Collier's "bottom billion" in terms of healthcare outcomes live in sub-Saharan Africa.

We believe change is best affected through deep partnerships and collaboration. Our Africa Bureau in Benin, established in 2016 and led by Dr. Pierre M'Pelé, develops and strengthens relationships in the African nations with whom we partner and seeks to build new ones.

During the pandemic, our tireless team in the Africa Bureau was on the ground supporting our partners and African healthcare professionals. In this very tough context, the Africa Bureau has been the heartbeat of Africa for Mercy Ships.

In Africa, Mercy Ships can work towards the most effective change where the need is greatest. Together with our partners and supporters, we are striving to work ourselves out of a job by helping to strengthen and rebuild weak healthcare systems, train and mentor local healthcare professionals, and provide life-changing and lifesaving surgeries.



Dr. Abram Wodomé

Dr. Abram Wodomé is an ophthalmologist from Togo. There is an epidemic burden of blindness in the nation. Over 30,000 people are completely blinded by cataracts and an additional 200,000 eyes are in need of cataract surgery to prevent blindness. In partnership with Mercy Ships, Dr. Wodomé and his team at the Clinique Ophtalmologique Lumière Divine (COLD) are working to change this.

Together with Dr. Wodomé, we are working towards a day when nations can care for their own people and there is no longer a need for Mercy Ships.

“When I was entering practice in 2010, I felt like I was barely scratching the surface of the need. About 14,000 cataract surgeries were needed

per year, but only about 2,000 were being carried out in the whole nation. I was one of just a very few eye surgeons in the country.

“It’s very difficult to practice medicine in a developing nation like Togo. There is a lack of facilities, a lack of good equipment, and lots of very poor patients in great need. It’s hard to make a living wage. So, at first, my plan was to do the same as many other Togolese doctors: save some money, then take my wife and kids and move somewhere in the western world.”

“In 2010, I was looking for a residency in France when I heard about Mercy Ships and their plans to train an ophthalmologist to fight against cataract blindness in Togo. That’s how I met Mercy Ships ophthalmologist, Dr. Glenn Strauss, who became my mentor. I didn’t realise it then,



Above: Dr Wodomé on board the Africa Mercy.

but that was the beginning of a long and fruitful collaboration with Mercy Ships — a collaboration that would change my career and the lives of thousands of people.”

“It was the first time I had access to advanced equipment. The quality of the surgical microscope, the teaching materials, and the other working equipment was phenomenal. The quality and safety requirements were set at such a high level. Dr. Strauss and the staff were incredibly motivated, even more than I was! My new schedule involved treating at least a hundred cataract cases a week. In our regular residency program in Togo, the maximum you’d serve in a week was three to five patients. Here we were talking about 100 patients a week for three months! My surgical skills were very quickly improved.”

“My surgical skills had been incredibly boosted, and I had skills to share with others, but that didn’t change the environment I was working in. We still had inadequate equipment for teaching and we still had poor patients who couldn’t afford treatment.”

“Together with Dr. Strauss and Mercy Ships we worked on finding solutions to the two major problems — the lack of a proper area and equipment for surgeries and training, and the cost of surgery which was not affordable to the majority of patients.”

Mercy Ships donated equipment to help set up COLD and we continue to support the clinic since it’s creation.

COLD offers treatment to paying and non-paying patients. The proceeds from one help fund the other as well as support from partners like HelpMeSee who provide surgical kits.

With Dr. Wodomé and the nations we partner with, we are working towards a day when nations can care for their people and there is no need for Mercy Ships.



The Impact of our Partnership

- 1. Increased cataract surgeries** in Togo from 300 to over 1,500 every year.
- 2. Clinique Ophtalmologique Lumière Divine (COLD) set up.** Over 750 cataract operations are performed at this modern clinic every year.
- 3. Over 30 ophthalmologists** from Togo and Benin have been trained by Dr Wodomé.



In Guinea, 10% of our volunteer crew came from African nations



Above: Emmanuel Essah on board the *Africa Mercy*.

Day Crew Spotlight

Emmanuel Essah

Emmanuel Essah originally joined the crew of the *Africa Mercy* in Benin in 2009 assisting our dental team as a translator.

In 2013, Mercy Ships sponsored him to train as a biomedical technician. Now, Emmanuel ensures that our medical equipment is well-maintained, properly configured, and safely functional.

By maintaining our medical equipment, biomed technicians help us deliver safe surgical care and belong to our community of heroes — making the Mercy Ships mission possible every day. In this vital role, they ensure we deliver the highest level of care to those we serve.

Biomedical technicians form an important part of our work in Africa. In addition to donating hospital equipment to local healthcare facilities, we train and equip technicians in the nations we visit so that now, they can maintain the equipment in their facilities.

Emmanuel is making a real difference in the lives of his fellow Africans by bringing his skill set to the benefit of those who desperately need medical intervention.

“It is an amazing experience to be part of such a unique organisation where you can serve and be part of the transformation that is happening every day in the lives of the people we serve.”

Emmanuel Essah

Double the pain, twice the joy — Assane and Ousseynou’s story

Twin brothers Assane and Ousseynou share more than just their good looks — both boys developed an identical condition that made their legs curve outward at the knee, making walking or playing difficult and painful. Their parents worried that there was nothing that they could do to help heal their sons or ease the taunts from other children.

“We could not hide Assane and Ousseynou,” their mother, Awa, said. “So we all had to live with people treating them as inferior.”

Then the family heard about Mercy Ships coming to Senegal. The family travelled over 200 miles to the *Africa Mercy*. It was the farthest away from home the twins had ever been, but also the closest they had been to being healed.

Awa was a bit nervous about all of these new experiences, but after Ousseynou and Assane received their surgeries, she was thrilled. “I was so happy,” she said.

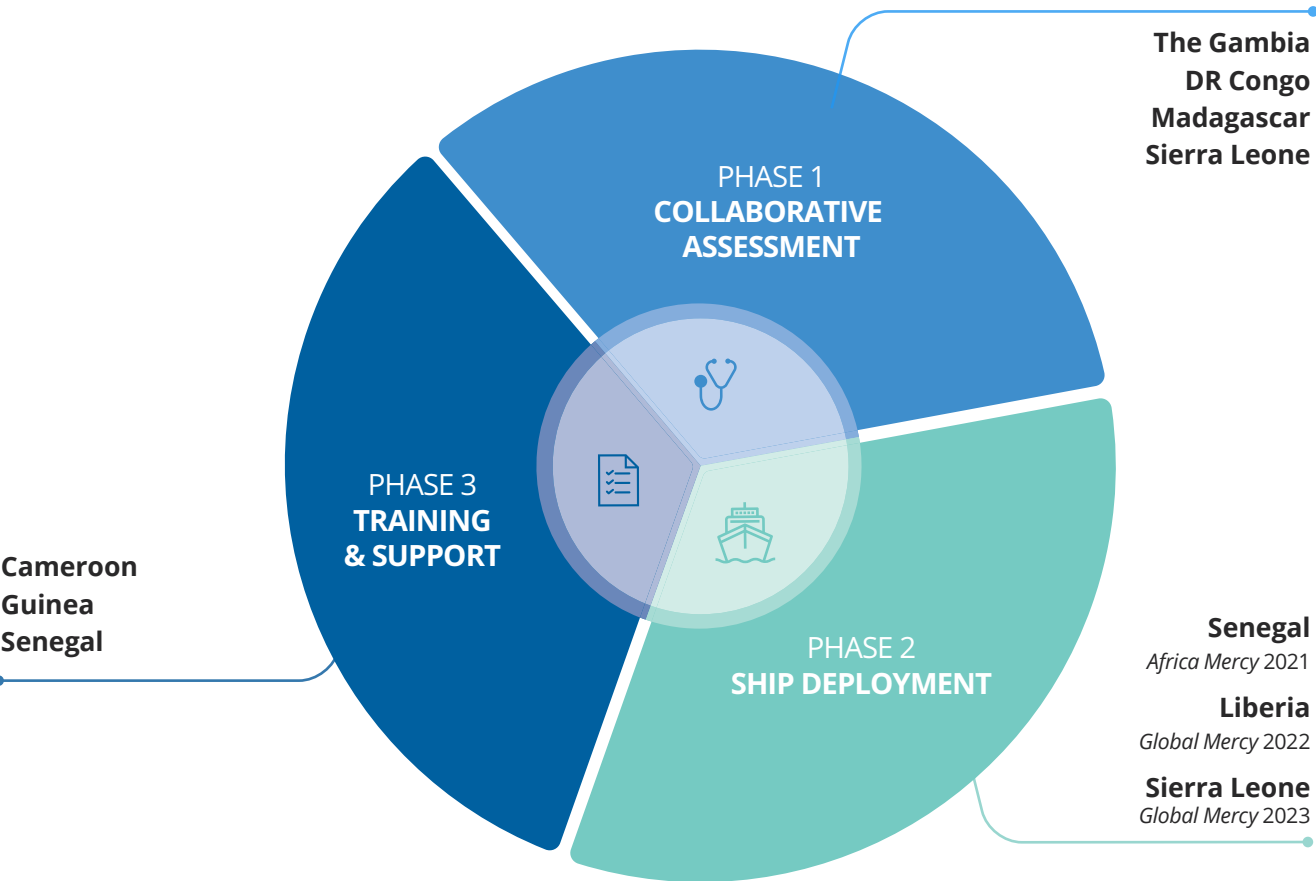
A journey of over 300 kilometres brought Assane and Ousseynou face-to-face with a ship and hope for a better future.

Once their casts came off, the physical therapy sessions began. Eventually, the twins were moving faster and more confidently than they had been able to before. “Since I gave birth to Ousseynou and Assane, I have never seen them run,” Awa said. “The surgeries created this opportunity. It is something that comes only once in a lifetime.”

Below: Assane and Ousseynou before and after surgery to straighten their legs.



The Country Engagement Plan



Phase 1. Collaborative Assessment

Mercy Ships listens, builds relationships, and collaborates with the Presidential Office, Ministry of Health, other departments of the government, and non-governmental organisations in the nations we serve. A collaborative effort has an increased impact. A protocol of commitment is signed, taking into account World Health Organisation (WHO) targets.

An analysis of capacity needs within the local healthcare system is undertaken, establishing where assistance will be most effective. The Assessment Team examines surgical and ancillary service capacity, the port, security, and builds rapport with key stakeholders. An Advance Team enhances the effectiveness of the ship deployment by preparing for the ship's arrival.

Phase 2. Ship Deployment

For 10 months, a Mercy Ship is docked in the host nation's port, providing free surgical and dental care for thousands of people, training and mentoring for local healthcare workers, renovations for local facilities, and more.

Phase 3. Training & Support

Project implementers return to understand any challenges faced by local healthcare professionals in implementing learned materials and skills, provide further instruction, as well as offer encouragement and additional input.

On subsequent visits, teams ascertain how the work of Mercy Ships changed the lives of patients and trained healthcare professionals and evaluate the sustained hospital and clinic improvement. Lessons learned are used to inform future work.



Above: The brand new Global Mercy.

Looking Forward

Mercy Ships has been operating for over 42 years, but we have been focusing our work in Africa for the last 30 years. We have been serving the continent long before the current pandemic. We were on the ground in Africa during the outbreak of coronavirus and we will be here long after it is a distant memory.

As this report goes to print, both our ships, the refitted *Africa Mercy*, and the brand-new *Global Mercy* are preparing to sail for Africa. The addition of the *Global Mercy*, the world's first purpose-built non-governmental hospital ship, to our fleet enables us to more than double our impact on the continent and have a ship in two nations at a time.

Mercy Ships knows a collaborative approach is vital to building sustainable, lasting change. With this in mind, Mercy Ships has worked to strengthen and expand our medical training and mentoring programs for the people we serve.

We see a future where African healthcare professionals are empowered with the necessary tools and training to care for their own people. The foundations for change are being laid and together we can provide the necessary support and expertise to strengthen African healthcare systems and end the surgery crisis.

Together, working with you and our partner nations, we will help rebuild, strengthen, heal, and restore hope to thousands of people in need living in Africa.

Governance

Mercy Ships Australia

Our Board of Directors

Chair
Richard Wankmuller*
CEO
Inland Rail
Brisbane, QLD

Deputy Chair
Karen Binns*
Anaesthetic Assistant
Mercy Ships
Sunshine Coast, QLD

Managing Director
Alan Burrell
Mercy Ships Australia
Brisbane, QLD

John Wagner*
Regional Manager (Retired)
Commonwealth Bank
Sunshine Coast, QLD

Ernst Scholtz*
Human Resources Consultant
Dalyellup, WA

Chris Thomas*
Senior Manager/Chapter Lead
Westpac
Sydney NSW

Kerry Peterson*
VP of Advancement
Mercy Ships
Lindale, TX, USA

* Non-Executive Director

Our Founder

Donald K. Stephens
Mercy Ships
Garden Valley, TX, USA

Our Patron

Margo Hartley OAM
Founder
Hilton Manufacturing
Rowville, VIC

Our Advisory Panel

Anthony Iva
Founder & Director
Redstone
Melbourne, VIC

Chris Thomas
Senior Manager/Chapter Lead
Westpac
Sydney, NSW

Ron Jackson
Human Resources Consultant
Brisbane, QLD

Karen Binns
Anaesthetic Assistant
Mercy Ships
Sunshine Coast, QLD

Paul Pemberton
Founder
Mitey Ventures
Sydney, NSW

How You Can Help

The work of Mercy Ships is only made possible by the generosity of our volunteers and supporters. You can provide life-changing surgeries and change the face of healthcare in the nations our ships visit. Here's how you can get involved:

Donate

Make a regular monthly donation to Mercy Ships. Visit www.mercyships.org.au/donate or call us on 07 5437 2992.

Come along

Our speakers can present to your local community group, church, club or workplace. Visit www.mercyships.org.au or call us on 07 5437 2992.

Get involved

Attend or hold your own fundraising event and run, jog, walk, cycle or swim for Mercy Ships. Visit www.mercyships.org.au or call us on 07 5437 2992.

Nominate us

Nominate Mercy Ships as Charity of the Year partner in your workplace, school, church or organisation. Visit www.mercyships.org.au or call us on 07 5437 2992.

Remember us

Remember Mercy Ships in your will. Visit www.mercyships.org.au or call us on 07 5437 2992.

Volunteer

Volunteer on board the *Africa Mercy* or *Global Mercy*. Visit us at www.mercyships.org.au/volunteer or call us on 07 5437 2992.

Follow us

Stay in touch and find out how to help by following Mercy Ships Australia on social media.

To request a financial report for the year 2020, please contact msaust@mercyships.org.au



PO Box 1080 | Caloundra QLD 4551

t 1300 739 899 | e msaust@mercyships.org.au

mercyships.org.au



MERCY SHIPS AUSTRALIA LTD

ABN: 30 097 037 922

**Financial Report For The Year Ended
31 December 2020**

Mercy Ships Australia Ltd

ABN: 30 097 037 922

Financial Report For The Year Ended 31 December 2020

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MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 DECEMBER 2020

	Note	2020	2019
		\$	\$
Revenue	2	276,164	103,985
Other income	2	7,010,100	7,855,066
Employee benefits expense		(604,951)	(554,321)
Depreciation and amortisation expense	3	(17,536)	(11,213)
Interest expense on lease liabilities	3	(2,559)	-
Rental expense	3	-	(14,538)
Audit, legal and consultancy fees		(6,290)	(6,091)
Marketing expenses		(617,125)	(747,196)
Donations made - Mercy Ships projects		(3,908,757)	(3,952,729)
Donations made - contributed services		(1,161,324)	(2,513,765)
Sundry expenses		(109,259)	(151,602)
Share of net profits of associates and joint ventures		-	-
Current year surplus before income tax		858,462	7,596
Income tax expense			
Net current year surplus		858,462	7,596
Total comprehensive income for the year		858,462	7,596
Surplus attributable to members of the entity		858,462	7,596
Total comprehensive income attributable to members of the entity		858,462	7,596

The accompanying notes form part of these financial statements.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	7,691,297	3,837,220
Accounts receivable and other debtors	5	19,922	38,911
Inventories	6	9,839	9,465
Other current assets	7	10,213	29,955
TOTAL CURRENT ASSETS		<u>7,731,271</u>	<u>3,915,551</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	34,213	36,917
Intangible assets	9	100	100
Right-of-use assets	10	7,728	18,031
TOTAL NON-CURRENT ASSETS		<u>42,041</u>	<u>55,048</u>
TOTAL ASSETS		<u>7,773,312</u>	<u>3,970,599</u>
LIABILITIES			
CURRENT LIABILITIES			
Mercy Ships Projects and other payables	11	6,350,280	3,413,718
Lease liabilities		8,354	18,742
Employee provisions	12	87,262	77,729
TOTAL CURRENT LIABILITIES		<u>6,445,896</u>	<u>3,510,189</u>
NON-CURRENT LIABILITIES			
Employee provisions	12	43,281	34,738
TOTAL NON-CURRENT LIABILITIES		<u>43,281</u>	<u>34,738</u>
TOTAL LIABILITIES		<u>6,489,176</u>	<u>3,544,927</u>
NET ASSETS		<u>1,284,135</u>	<u>425,672</u>
EQUITY			
Retained surplus		1,284,135	425,673
Reserves		-	-
TOTAL EQUITY		<u>1,284,135</u>	<u>425,673</u>

The accompanying notes form part of these financial statements.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

Note	Retained Surplus \$	Revaluation Surplus \$	Financial Assets Reserve \$	Total \$
Balance at 1 January 2019	418,076			418,076
Comprehensive Income				
Surplus for the year attributable to owners of the entity	7,596			7,596
Other comprehensive income for the year	-			
Total comprehensive income attributable to owners of the entity	7,596	-	-	7,596
Balance at 31 December 2019	425,672	-	-	425,672
Balance at 1 January 2020	425,672	-	-	425,672
Surplus for the year attributable to owners of the entity	858,463			858,463
Other comprehensive income for the year	-			
Total comprehensive income for the year	858,463	-	-	858,463
Total transactions with owners and other transfers	-	-	-	-
Balance at 31 December 2020	1,284,135	-	-	1,284,135

The accompanying notes form part of these financial statements.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donations, bequests and raffles		6,076,614	5,361,916
Payments to suppliers and employees		(2,279,326)	(4,445,015)
Interest received		55,056	74,274
Net cash generated from operating activities	17	3,852,344	991,175
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		1,733	(9,103)
Net cash used in investing activities		1,733	(9,103)
Net increase in cash held		3,854,077	982,072
Cash on hand at beginning of the financial year		3,837,220	2,855,148
Cash on hand at end of the financial year	4	7,691,297	3,837,220

The accompanying notes form part of these financial statements.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The financial statements cover Mercy Ships Australia Ltd as an individual entity, incorporated and domiciled in Australia. Mercy Ships Australia Ltd is a company limited by guarantee.

The financial statements were authorised for issue on 24th March 2021 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Accounting Policies

(a) Revenue

Revenue recognition

The Entity has applied AASB 15: *Revenue from Contracts with Customers* (AASB 15) and AASB 1058: *Income of Not-for-Profit Entities* (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue* and AASB 1004: *Contributions*. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in this Note.

In the current year

Operating grants, donations and bequests

When the entity received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Entity:

- identifies each performance obligation relating to the grant;
- recognises a contract liability for its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Capital grant

When the Entity receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer) recognised under other Australian Accounting Standards.

The Entity recognises income in profit or loss when or as the Entity satisfies its obligations under the terms of the grant.

Interest income

Interest income is recognised using the effective interest method.

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

In the comparative period

Non-reciprocal grant revenue was recognised in profit or loss when the Entity obtained control of the grant and it was probable that the economic benefits gained from the grant would flow to the Entity and the amount of the grant could be measured reliably.

If conditions were attached to the grant which must be satisfied before the Entity was eligible to receive the contribution, the recognition of the grant as revenue was deferred until those conditions were satisfied.

When grant revenue was received whereby the Entity incurred an obligation to deliver economic value directly back to the contributor, this was considered a reciprocal transaction and the grant revenue was recognised in the statement of financial position as a liability until the service had been delivered to the contributor; otherwise, the grant was recognised as income on receipt.

Donations and bequests were recognised as revenue when received.

Interest revenue was recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Revenue from the rendering of a service was recognised upon the delivery of the service to the customer.

(b) Inventories

The entity shall measure inventories held for distribution at cost, adjusted when applicable for any loss of service potential.

Inventories acquired at no cost or for nominal consideration are measured at the current replacement cost as at the date of acquisition.

(c) Fair Value of Assets and Liabilities

The entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

(d) Property, Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor Vehicles	20%
Plant and equipment	10% - 40%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised as income in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(e) Leases

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(f) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

(g) Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(h) Employee Provisions

Short-term employee provisions

Provision is made for the entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, sick leave and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, 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. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The entity's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee provisions.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(j) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

(k) Goods and 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 (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Income Tax

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

(m) Intangible Assets

Data Files

Data files are recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. It is assessed annually for impairment.

(n) Provisions

Provisions are recognised when the entity has 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. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the entity retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

(p) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 2 Revenue and Other Income

	2020	2019
	\$	\$
Revenue		
Revenue from grants		
— State/federal government grants – operating	115,500	7,066
— Other government grants	100,000	-
Total revenue	<u>215,500</u>	<u>7,066</u>
Other revenue		
— Interest received on investments in government and fixed interest securities	60,664	96,919
	<u>60,664</u>	<u>96,919</u>
Total revenue	<u>276,164</u>	<u>103,985</u>
Other income		
— Rental Relief	1,747	-
— Other	396	-
— Donations received	5,842,263	5,336,558
— Sale of goods	4,370	4,743
— Donations received - contributed services	1,161,324	2,513,765
Total other income	<u>7,010,100</u>	<u>7,855,066</u>
Total revenue and other income	<u><u>7,286,263</u></u>	<u><u>7,959,051</u></u>

Note 3 Surplus for the year

	2020	2019
	\$	\$
a. Expenses		
Employee benefits expense:		
— contributions to defined contribution superannuation funds	48,777	44,957
— Salaries and wages	556,174	509,364
Total employee benefits expense	<u>604,951</u>	<u>554,321</u>
Depreciation and amortisation:		
— motor vehicles	1,464	3,035
— furniture and equipment	5,769	8,178
Total depreciation and amortisation	<u>17,536</u>	<u>11,213</u>
Finance costs:		
— interest expense on lease liabilities	2,559	-
— minimum lease payments	-	14,538
Total rental expense	<u>-</u>	<u>14,538</u>
Audit fees:		
— audit services	4,600	4,600
— Relief fund audits	400	400
Total audit remuneration	<u>5,000</u>	<u>5,000</u>

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 4 Cash and Cash Equivalents

	2020	2019
	\$	\$
CURRENT		
General account	51,455	55,138
Relief account	7,639,842	3,782,082
	<u>7,691,297</u>	<u>3,837,220</u>
	<u>7,691,297</u>	<u>3,837,220</u>

Note 5 Accounts Receivable and Other Debtors

	2020	2019
	\$	\$
CURRENT		
Other debtors	19,922	38,911
Total current accounts receivable and other debtors	<u>19,922</u>	<u>38,911</u>

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: *Financial Instruments*.

Note 6 Inventories

	2020	2019
	\$	\$
CURRENT		
At cost:		
Inventory	9,839	9,465
	<u>9,839</u>	<u>9,465</u>
At current replacement cost:		
Donated inventory	-	-
	<u>-</u>	<u>-</u>
	<u>9,839</u>	<u>9,465</u>

Note 7 Other Current Assets

	2020	2019
	\$	\$
Accrued Income	5,608	22,645
Prepayments	4,606	7,310
	<u>10,213</u>	<u>29,955</u>

Note 8 Property, Plant and Equipment

	2020	2019
	\$	\$
PLANT AND EQUIPMENT		
Motor Vehicles		
At cost	21,314	21,314
Accumulated depreciation	(7,678)	(6,214)
	<u>13,636</u>	<u>15,100</u>
Furniture and Fixtures		
At cost	6,288	6,288
Accumulated depreciation	(2,786)	(1,514)
	<u>3,502</u>	<u>4,774</u>
Office Equipment		
At cost	32,416	30,682
Accumulated depreciation	(15,341)	(13,639)
	<u>17,075</u>	<u>17,043</u>
Insert Category		
Total plant and equipment	<u>34,213</u>	<u>36,917</u>
Total property, plant and equipment	<u>34,213</u>	<u>36,917</u>

MERCY SHIPS AUSTRALIA LTD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

		Leased Motor Vehicles \$	Plant and Equipment \$	Total \$
2019				
Balance at the beginning of the year		18,136	20,891	39,027
Additions at cost			9,104	9,104
Depreciation expense		(3,036)	(8,178)	(11,214)
Carrying amount at the end of the year	-	-	15,100	21,817
2020				
Balance at the beginning of the year	-	-	15,100	21,817
Additions at cost			1,733	1,733
Depreciation expense		(1,464)	-2974.32	(4,438)
Carrying amount at the end of the year	-	-	13,636	20,576

Note 9 Intangible Assets

	2020 \$	2019 \$
Data Files - at cost	5,900	5,900
Accumulated amortisation	(5,800)	(5,800)
Net carrying amount	100	100

Movements in Carrying Amount

2019

Balance at the beginning of the year

5,900
5,900

2020

Balance at the beginning of the year

100
100

Note 10 Right-of-use assets

The entity has entered into a lease for the head office from which the entity operates. The lease is for a term of 3 years, commencing in October, 2018

i) AASB 16 related amounts recognised in the balance sheet

Right-of-use assets

	2020 \$
Leased building	28,334
Accumulated depreciation	(20,607)
	7,727
Total right-of-use asset	7,727
Movements in carrying amounts:	
Leased buildings:	28,334
Depreciation expense	(20,607)
Net carrying amount	7,727

Note 11 Mercy Ships Projects and other payables

	Note	2020 \$	2019 \$
CURRENT			
Accounts payable		69,503	139,893
Deferred income		10,183	-
Other current payables		20,593	13,825
Payable to Mercy Ships Projects		6,250,000	3,260,000
	11a	6,350,280	3,413,718

MERCY SHIPS AUSTRALIA LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	\$	\$
a Financial liabilities at amortised cost classified as accounts payable and other payables		
Mercy Ships Projects and other payables:		
— Total current	6,350,280	3,413,718
— Total non-current	-	-
	<u>6,350,280</u>	<u>3,413,718</u>
Less other payables (net amount of GST payable)		
Financial liabilities as accounts and other payables	18 <u>6,358,633</u>	<u>3,413,718</u>
b Contract liabilities		
Balance at the beginning of the year		-
Reclassified from deferred income on initial application of AASB 15	18,742	28,334
Less		
— Amortised during the year	(10,389)	(9,592)
— Closing balance at the end of the year	<u>8,354</u>	<u>18,742</u>

Note 12 Employee Provisions

	2020	2019
	\$	\$
CURRENT		
Provision for employee benefits: annual leave	87,262	77,729
	<u>87,262</u>	<u>77,729</u>
NON-CURRENT		
Provision for employee benefits: long service leave	43,281	34,738
	<u>43,281</u>	<u>34,738</u>
	<u>130,543</u>	<u>112,467</u>
Analysis of total provisions:	Employee Benefits	Total
Opening balance at 1 January 2020	112,467	82,191
Additional provisions raised during the year	18,076	30,276
Amounts used		-
Balance at 31 December 2020	<u>130,543</u>	<u>112,467</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(h).

MERCY SHIPS AUSTRALIA LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 13 Capital and Leasing Commitments

(a) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2020	2019
Payable – minimum lease payments	\$	\$
— not later than 12 months	8,577	11,436
— between 12 months and five years		8,577
	8,577	20,013

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with a five-year term. Increases in lease commitments may occur in line with the consumer price index (CPI).

Note 14 Contingent Liabilities and Contingent Assets

	2020	2019
	\$	\$
There were no contingent assets or liabilities identified by the directors as having to be reported at the date of preparation of this report	-	-

Note 15 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period

Note 16 Related Party Transactions

Key Management Personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel (KMP)

Other Related Parties

Other related parties included close family members of Key Management Personnel, and entities that are controlled or jointly controlled by those Key Management Personnel individually or collectively with their close family members

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Note 17 Cash Flow Information

	2020	2019
	\$	\$
a. Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus		
Net current year surplus	858,462	7,596
Adjustment for:		
Depreciation and amortisation expense	17,536	11,213
Movement in working capital changes:		
(Increase)/decrease in accounts receivable and other debtors	18,989	(9,096)
Increase/(decrease) in Mercy Ships Projects and other payables	2,910,112	967,168
(Increase)/decrease in other current assets	19,742	(2,532)
(Increase)/decrease in right-of-use assets	10,302	(18,031)
Increase/(decrease) in employee provisions	18,075	30,276
(Increase)/decrease in inventories on hand	(374)	4,581
	3,852,844	991,175

MERCY SHIPS AUSTRALIA LTD
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 18 Financial Risk Management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, and lease liabilities.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 \$	2019 \$
Financial assets			
Financial assets at fair value through profit or loss:			
Financial assets:			
— cash and cash equivalents	4	7,691,297	3,837,220
— accounts receivable and other debtors	5	19,922	38,911
Total financial assets		7,711,218	3,876,131
Financial liabilities			
Financial liabilities at amortised cost:			
— Mercy Ships Projects and other payables	11a	6,358,633	3,413,718
— lease liabilities		8,384	18,742
Total financial liabilities		6,367,017	3,432,460

Financial Risk Management Policies

The finance committee is responsible for monitoring and managing the entity's compliance with its risk management strategy and consists of senior board members. The finance committee's overall risk management strategy is to assist the entity in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

The company does not have any material credit risk exposures as its major source of revenue is the receipt of donations.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 5.

The entity has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 5.

(b) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The company does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial liability and financial asset maturity analysis

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Mercy Ships Projects and other payables (excluding estimated annual leave and deferred income)	6,350,280	3,413,718					6,350,280	3,413,718
Lease liabilities	8,353	10,389	-	8,353			8,353	18,742
Total expected outflows	6,358,633	3,424,107	-	8,353	-	-	6,358,633	3,432,460
Financial Assets - cash flows realisable								
Cash and cash equivalents	7,691,297	3,837,220					7,691,297	3,837,220
Accounts receivable and other debtors	19,922	38,911					19,922	38,911
Total anticipated inflows	7,711,219	3,876,131	-	-	-	-	7,711,219	3,876,131
Net (outflow) / inflow on financial instruments	1,352,586	452,024	-	(8,353)	-	-	1,352,586	443,671

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

These sensitivities assume that the movement in a particular variable is independent of other variables.

Year ended 31 December 2020	Surplus \$	Equity \$
+/- 1% in interest rates	76,913	76,913
Year ended 31 December 2019	Surplus \$	Equity \$
+/- 1% in interest rates	38,372	38,372

No sensitivity analysis has been performed on foreign exchange risk as the company has no material exposures to currency risk.

There have been no changes in any of the assumptions used to prepare the above sensitivity analysis from the prior year.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Note 19 Entity Details

The registered office of the entity is:

Mercy Ships Australia Ltd
Unit 4
24 Bulcock Street
Caloundra Qld 4551

The principal place of business is:

Mercy Ships Australia Ltd
Unit 4
24 Bulcock Street
Caloundra Qld 4551

Note 20 Members' Guarantee

The entity is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the entity.

MERCY SHIPS AUSTRALIA LTD

ABN: 30 097 037 922

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Mercy Ships Australia Ltd, the directors of the Registered Entity declare that, in the directors' opinion:

1. The financial statements and notes, as set out on pages 1 to 16, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position of the registered entity as at 31 December 2020 and of its performance for the year ended on that date.
2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2013.

Director



Chairman Richard Wankmuller

Dated this 24th day of March 2021

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MERCY SHIPS AUSTRALIA LTD

Opinion

We have audited the financial report of Mercy Ships Australia Ltd (the registered entity), which comprises the statement of financial position as at 31 December 2020, 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 and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of the registered entity is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 (the ACNC Act), including:

- i. giving a true and fair view of the Registered Entity's financial position as at 31 December 2020 and of its financial performance for the year then ended; and
- ii. complying with 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 Registered Entity in accordance with the auditor independence requirements of the ACNC Act, 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.

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

The directors are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 31 December 2020, 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.

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 Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and 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.

The directors of the Registered Entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and is appropriate 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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the 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 intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

MERCY SHIPS AUSTRALIA LTD
ABN: 30 097 037 922
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
MERCY SHIPS AUSTRALIA LTD

Auditor's Responsibilities for the Audit of the Financial Report

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

Auditor's name and signature:

Stephen J Shirley
Registered Company Auditor

Address:

sps audit
Suite 8b, Matlow Place
19 Birtwill Street
COOLUM BEACH QLD 4573

25th day of March 2021