



**MAF INTERNATIONAL**

**A.B.N. 32 004 260 860**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

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A.B.N. 32 004 260 860**

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**MAF INTERNATIONAL**  
**A.B.N. 32 004 260 860**

**DIRECTORS REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

The directors present this report on the company for the financial year ended 31 December 2020.

**Purpose and Principal Activities**

MAF International ('MAF') is a Christian mission whose purpose is sharing God's love through aviation and technology.

The principal activity has continued as providing a subsidised aviation service in parts of the world where surface travel is impossible or very difficult. Flight training, aircraft maintenance, logistics services and communication services are also provided. MAF's services are provided by dedicated staff (many of whom are seconded to MAF by national MAF groups) who use their skills in aviation, and other fields, to work *inter alia* with national churches, relief and development agencies, missions, hospitals and governments to meet the most pressing of human needs.

MAF has been funded primarily by its members, who are various MAF groups around the world, and by fares charged to those who use the aircraft.

**Objectives**

MAF's short term and long terms aims are to benefit those living in some of the most isolated parts of the world. In many places there are no roads at all, or they are impassable or slow going, for example due to flooding or security issues. Our fleet of light aircraft is able to take relief, development and mission workers, emergency teams, education and healthcare professionals and supplies into these remote areas more quickly and efficiently than by any other means. As a result, our activities benefit two major groups: the relief and development agencies and other organisations whose mission it is to reach these isolated communities, and secondly the communities themselves.

**Achievements and Performance**

MAF operates flying programmes in Arnhem Land in the Northern Territories, Mareeba in Queensland and in Timor-Leste. As explained in Note 2, MAF also owns a subsidiary operating in Papua New Guinea (which is not consolidated into these accounts). Some staff have oversight and managerial roles in the support of additional programmes in Bangladesh, Mongolia and seven African countries. The work undertaken by each programme varies to reflect the needs in remote regions as well as the mix of community development, health, education, church, mission and relief work.

In addition to its aviation services to remote communities, MAF trains indigenous staff in technical and non-technical roles in each programme.

**Key Performance Measures**

During 2020 MAF's operational flight statistics included:

Country	Hours Flown	Flight Legs	Unique Passengers	Distance (nm)	Cargo (kg)	Fleet size	Destinations
Arnhem Land	2,831	5,685	9,977	484,913	12,739	9	51
Timor-Leste	486	783	1,544	82,581	2,827	2	13
Papua New Guinea	2,637	4,669	14,264	539,221	815,895	9	188
Mareeba (training)	802	704	n/a	n/a	n/a	16	n/a
<b>TOTAL</b>	<b>6,756</b>	<b>11,841</b>	<b>25,785</b>	<b>1,106,715</b>	<b>831,461</b>	<b>36</b>	<b>252</b>

These measures were impacted severely by COVID-19 and also the learning required as a result of three accidents and one serious incident between November 2019 and March 2020. We are grateful that no individual was seriously injured.

In April 2020, we flew less than 38% of hours flown compared to the same month in 2019. The flying grew to 84% of the comparative month in December 2020 as lockdowns eased. For the whole year, we flew 66% of the hours flown during 2019.

**Significant aid and development activities during the year included:**

**Arnhem Land**

During 2020, we completed a restructure of our work in Arnhem Land, following a significant period of review. The restructure better aligns the organisation to serve in the most impactful way to key communities. Included in the review was the use of regular public transport flying, how the work in Arnhem Land is used to help train pilots, the extent of our involvement in direct community work and how we care for our staff.

As a result, the programme is working towards a three-base model in Gove, Elcho Island and Milingimbi. Regular public transport continues to be a priority for local people. The training model has been tweaked to allow for longer periods to consolidate learning and it has been agreed that, while beneficial, the focus for MAF International is to remain a facilitator of others' missions. This gives us the opportunity to work with others to maximise their mission to the Yolngu communities. As an example, we are supporting Crisis Accommodation Gove and a network of safe houses, through provision of guaranteed subsidised flights for women seeking safety.

The programme responded quickly to the COVID-19 outbreak and agreed with the local government to carry out critical medevac services, in coordination with our Mareeba engineering base who designed and arranged production of a screen to keep pilots separated from potential infection with COVID-19 patients. Thankfully, COVID-19 did not spread into the Arnhem Land communities and flying was returned to normal.

Working with Bible Society Australia, we have also been working on a project to bring the Bible to the Yolngu in the form of solar-powered audio players. These players are loaded with Gospel material and worship music in Yolngu-Matha. While physical Bibles are still being translated and printed, these audio Bibles have quickly gained popularity.

**Timor-Leste**

The government in Timor-Leste responded swiftly to COVID-19 and we have been able to operate with some normalcy through 2020, albeit with significant challenges moving pilots, engineers and equipment in and out the country.

We required permission from Timor-Leste's Prime Minister for relief pilots to enter the country. This enabled us to continue our medevac work which is a critical part of our service to the Timorese people. We were able to airlift two women with pregnancy complications and take a four-day-old boy who had problems with his digestion to hospital. Later in the year, another relief pilot flew three NGO workers to the isolated enclave of Oecusse and was then asked to fly the President of Oecusse and four of his staff to Dili for a meeting in Parliament. Arriving at Dili, we had to turn the plane around straight away for a medevac at Viqueque. This is normal for our ministry in Timor-Leste.

In 2020, we appointed a non-operational country director to increase the focus on maximising the impact we have in the country. Preceding his appointment, we placed a development advisor in the country to provide focussed attention to seek out like-minded organisations with whom we could build strong working relationships. The country director arrived in Dili in February 2021 to commence his role.

**Papua New Guinea**

Papua New Guinea suffered two landing accidents and a serious incident on remote undeveloped airstrips (the other accident was in Arnhem Land) between November 2019 and March 2020. This was incredibly unusual given the exemplary safety record for recent years. Leadership therefore made a very difficult decision to ground our services in Papua New Guinea until such time that an investigation could be completed, and measures taken to ensure safety for the future.

After every accident or serious incident, an investigation is conducted to ensure we learn from these unfortunate events. Due to the proximity of these events, leadership also initiated a technical review and an organisational and cultural review. This has included an inspection of all the airstrips in Papua New Guinea to ensure they are at a suitable standard for MAF aircraft to land. In addition, every pilot had an independent review before they could recommence flying duties. Wider implications include work to allow technical expertise to penetrate the organisation at a deep level, regardless of culture or programme, as well as actions to address the way HR and our structure impact the organisation's work and priorities.

During the pandemic, we were able to bring assistance to remote people across the nation of Papua New Guinea. For example, in the lowland district of Morehead, we flew personal protective equipment to healthcare workers whose morale was at an all-time low because they couldn't treat patients without protective clothing. By bringing in masks, gloves and hand sanitiser, as well as workers from the Aerial Health Patrol, we enabled the clinic's staff to provide patients with the care they needed. In the isolated community of Mougulu the service of the local health centre was restricted by an inadequate power supply. Our technology team installed a solar power system enabling the centre to offer their patients a round-the-clock service.

### **Mareeba**

Our engineering services based in Mareeba, North Queensland, carries out critical aviation maintenance for our programmes as well as supporting other programmes in the wider MAF group. During 2020, the team have been working on a predictable delivery programme which enables us to plan and respond to engineering needs across the organisation.

Our flight training team have been working hard to revise training plans to ensure that students from all cultures can engage well in our training programmes.

### **Strategic Plan**

A new strategic plan was formulated during 2019 for the five-year period from 2020-2024. The focus of the plan was on the following three areas:

*Expanding our horizons* is designed to create opportunity for growth through strategic partnerships, institutional and corporate funding, new programmes, worldwide recruitment, capacity-building in our programme countries and new technology that stewards the environment and provides more economical transportation.

*Investing in People* seeks ways to retain staff longer as well as increase the numbers entering our ranks. This will be addressed through a wellbeing strategy, an engineering apprentice and intern scheme, increasing the number of instructor pilots, and a standardised management training plan, which will identify and grow management throughout the organisation.

*Maximising Impact* is designed to provide regular review and feedback for better evaluation of our work and improve the manner in which we perform that work. We will create and implement a ministry impact tool; modernise our software tools; standardise project management, and establish an innovation hub that invites creative thought to better serve our clients and our end beneficiaries.

Due to the unexpected and extended impact of COVID-19 on the wider MAF group, including this organisation and subsidiaries, it was agreed to delay the start of the plan by one year. This allowed management to focus solely on managing the impact of COVID-19 during 2020 and the plan will therefore run from 2021-2025.

### **Items of note during 2020**

Following an impairment review, both the value of the shares in MAF International's subsidiary MAF PNG Holding Ltd and the balance with MAF International's subsidiary MAF Aviation Services Pty Ltd (see Note 2) have been impaired by a further amount of US\$1.733m to reflect the net recoverable amounts.

### **COVID-19**

During 2020, the organisation was significantly impacted by COVID-19. The organisation put in place a comprehensive 21-month financial plan to rebalance the organisation and enable it to respond to the future uncertainties and the risks presented. Steps taken included a reduction in all overhead spend, pay reductions for staff across the organisation and a reallocation of funds held for other purposes.

The plan has been, so far, proved successful and allowed the organisation to continue to complete its mission, albeit in a lesser way due to lockdowns from local governments. We have been the recipients of funds from the Australian government under the Job Keeper scheme which has allowed us to retain our workforce in Australia and continue to provide essential services. We have also been blessed by generous support from our faithful donor base.

The financial plan continues into 2021 and will be kept under constant review. The directors will, as required, take necessary steps to ensure the group continues as a going concern.

### **Currency**

The financial statements are prepared in US dollars to be consistent with the entity's parent company, Mission Aviation Fellowship International. US dollars are the primary currency used within the global Aviation industry and the directors believe this provides further comparability and understanding for the users of the financial statements.

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**Directors**

The names and particulars of the directors of the company in office during the year and up to the day of this report are:

Name	Qualifications	Experience
Stephen Charlesworth	Bachelor of Engineering (Aerospace) Bachelor of Ministry (Theology) Commercial Pilot's Licence	5 years mission aviation flying 17 years governance on the boards of charities and not for profit businesses 20 years senior management experience
William Harding	Master's of International and Community Development Bachelor of Laws Certificate of Christian Ministry Commercial Pilot's Licence (Aeroplane and Helicopter)	40 years in aviation industry 26 years in senior management of aviation operations 7 years CEO of MAF International Directorship of Arnhem Land Community Airlines, Cairns Street Chaplains and others
William Nicol	Bachelor of Ministries Commercial Pilot Flight Instructor MAFI Check and Training Pilot CASA Australia Check Pilot	35 years as Commercial Pilot 3 years Chief Flying Instructor 5 years MAF Operational Pilot 3 years MAF Chief Training Captain 6 years Head of Training for CTC Aviation 9 years as Aviation Director for MAFI

**Company Secretary**

William A Harding LLB has held the position of Company Secretary throughout the year. He has worked for MAF International for over fifteen years, performing Chief Executive and other senior management roles.

**Meetings of Directors**

During the financial year, five meetings of directors were held. Attendances by each director were as follows:

Name	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Stephen Charlesworth	7	7
William Harding	7	7
William Nicol	7	7

**Members Guarantee**

The entity 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 \$1.00 each towards meeting any outstanding obligations of the company. At the date of this report the number of members is one, being Mission Aviation Fellowship International, a charitable company registered in the UK.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under division 60 of the Australian Charities and Not-for-profits Commission Act 2012 is set out on the following page.

This statement is made in accordance with a resolution of the directors.



S Charlesworth  
Director

Dated this 24<sup>th</sup> day of May 2021

**DECLARATION OF INDEPENDENCE BY GREG MITCHELL TO THE DIRECTORS OF MAF INTERNATIONAL**

As lead auditor of MAF International for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of section 60-40 of the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Greg Mitchell

Director



**BDO Audit (NTH QLD) Pty Ltd**

Cairns, 31 May 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of MAF International

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of MAF International (the registered entity), which comprises the statement of financial position as at 31 December 2020, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of MAF International, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 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 *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### Emphasis of matter - Basis of accounting

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

#### Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the entity's directors' report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of directors for the Financial Report**

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act, and 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 relating 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.

#### **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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report. This description forms part of our auditor's report.

BDO

**BDO Audit (NTH QLD) Pty Ltd**

*g Mitchell*

Greg Mitchell  
Director  
Cairns, 31 May 2021

**MAF INTERNATIONAL**  
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**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(STANDARD FORMAT)**

	Note	USD	
		2020 \$,000	2019 \$,000
<b>Revenue</b>			
Operating revenue	4(a)	2,566	2,969
Donations income	4(b)	8,323	12,500
Other income	4(c)	2,169	173
		13,058	15,642
<b>Expenses</b>			
Direct costs of operations	5(a)	6,190	8,012
Support costs	5(b)	4,644	8,610
Grants made	5(c)	1,025	0
		11,859	16,622
<b>Net (Deficit)/Surplus before other recognised gains and losses and income tax</b>		1,199	(980)
Net unrealised exchange (loss)		81	(22)
<b>(Deficit)/Surplus before tax</b>		1,280	(1,002)
Income tax expense		0	0
<b>Net (Deficit)/Surplus for the year</b>		1,280	(1,002)
<b>Other Comprehensive Income</b>			
Revaluation of assets		(796)	395
<b>Total comprehensive (expenditure)/income for the year</b>		484	(607)

The accompanying notes form part of these financial statements.

**MAF INTERNATIONAL**  
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**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	USD	
		2020 \$,000	2019 \$,000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	6	4,052	1,983
Trade & other receivables	7	4,919	7,878
Inventories	8	676	535
<b>TOTAL CURRENT ASSETS</b>		<u>9,647</u>	<u>10,396</u>
<b>NON-CURRENT ASSETS</b>			
Trade & other receivables	9	12,288	11,987
Other financial assets (shares in subsidiaries)	10	15	1,482
Property, plant and equipment	11	18,668	16,317
<b>TOTAL NON-CURRENT ASSETS</b>		<u>30,971</u>	<u>29,786</u>
<b>TOTAL ASSETS</b>		<u>40,618</u>	<u>40,182</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	462	474
Provisions		841	713
Other (amounts owing to subsidiaries)		179	281
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,482</u>	<u>1,468</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term provisions	13	55	117
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>55</u>	<u>117</u>
<b>TOTAL LIABILITIES</b>		<u>1,537</u>	<u>1,585</u>
<b>NET ASSETS</b>		<u>39,081</u>	<u>38,597</u>
<b>EQUITY</b>			
General reserves	15(a)	2,326	2,977
Restricted reserves	15(a)	75	767
Retained earnings		36,680	34,853
<b>TOTAL EQUITY</b>		<u>39,081</u>	<u>38,597</u>

The accompanying notes form part of these financial statements.

**MAF INTERNATIONAL**  
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**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	Asset Revaluation Reserve \$,000	Other Reserves \$,000	Retained Earnings \$,000	Total \$,000
<b>USD</b>				
<b>Balance at 1 January 2019</b>	1,083	1,664	36,457	39,204
Revaluation of assets	395	0	0	395
Write back revaluation on disposal	(189)	0	189	0
Transfers to/(from) other reserves	0	791	(791)	0
Net surplus for the period	0	0	(1,002)	(1,002)
<b>Balance at 31 December 2019</b>	<u>1,289</u>	<u>2,455</u>	<u>34,853</u>	<u>38,597</u>
Valuations decreases previously accounted for in profit and loss*	(340)	0	340	0
Revaluation of assets	(796)	0	0	(796)
Write back revaluation on disposal	(53)	0	53	0
Transfers to/(from) other reserves	0	(154)	154	0
Net surplus for the period	0	0	1,280	1,280
<b>Balance at 31 December 2020</b>	<u>100</u>	<u>2,301</u>	<u>36,680</u>	<u>39,081</u>

\* In prior years certain revaluation decrements with a cumulative total of US\$340K were processed through profit and loss rather than the asset revaluation reserve. These have been adjusted through retained earnings in the current year to correct the asset revaluation reserve balance.

The accompanying notes form part of these financial statements.

**MAF INTERNATIONAL**  
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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	USD	
	2020 Inflow/ (Outflow) \$,000	2019 Inflow/ (Outflow) \$,000
<b>CASH FLOWS PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		
Receipts from customers and donors	16,090	12,706
Payments to suppliers and employees	(9,746)	(10,292)
Interest received	29	44
Net cash provided by/(used in) operating activities)	6,373	2,458
<b>CASH FLOWS (USED IN)/PROVIDED BY INVESTING ACTIVITIES</b>		
Payment for property, plant and equipment	(4,484)	(8,823)
Proceeds from sale of property, plant & equipment	748	14,755
Net cash provided by/(used in) investing activities	(3,736)	5,932
<b>CASH FLOWS PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		
(Additional loan to)/Receipt of loan repayments from MAF PNG Holding Pty Ltd	(568)	(7,085)
Net cash (used in)/provided by financing activities	(568)	(7,085)
<b>Net increase/(decrease) in cash held</b>	2,069	1,305
<b>Cash at beginning of year</b>	1,983	678
<b>Cash at end of year</b>	4,052	1,983

The accompanying notes form part of these financial statements.

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

**1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users who are dependent on its general-purpose financial statements. These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 requirements to prepare financial statements to the members of MAF International. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of MAF International.

The financial report covers the economic entity of MAF International. MAF International is a company limited by guarantee, incorporated and domiciled in Australia and a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities that qualify for and apply differential reporting concessions.

The financial statements have been prepared under the historical cost convention, and the amounts presented in the financial statements have been rounded to the nearest thousand dollars.

MAF International has elected not to adopt AASB16 'Leases' in accordance with group reporting policies.

**ACCOUNTING POLICIES**

**a) Income tax**

As the company is a charitable institution in terms of subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempt from paying income tax.

**b) Foreign currency**

The company's functional currency is Australian dollars. The financial statements have been translated into the presentation currency, US dollars, in accordance with paragraph 39 of AASB121 as follows:

- current assets, current liabilities and long-term liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at the exchange rates prevailing at the date of the transaction.

The costs of non-current assets were translated into US dollars as at 1 January 2013 at the exchange rate prevailing at that date. Transactions subsequent to 1 January 2013 have been translated at the exchange rate in force at the date of the transaction. For fixed assets, depreciation is charged on the US dollar cost equivalent of the assets translated at that date. The accounting treatment is a departure from the accounting standards and this disclosure is made in accordance with paragraph 57 of AASB121.

**c) Critical Accounting Estimates**

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. 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 company.

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

**d) 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 Tax 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 net basis.

**e) Comparative Figures**

Where required by Accounting Standards, or a change to the accounting policy, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**f) Economic Dependence**

MAF International is dependent on Mission Aviation Fellowship International, a UK charity, for the majority of its funding. At the date of this report the Board of Directors has no reason to believe that Mission Aviation Fellowship International will not continue to support MAF International.

**2 DETAILS OF CONTROLLED ENTITIES AND PRINCIPLES OF CONSOLIDATION**

A controlled entity is any entity where MAF International has the power to control the financial and operating policies. All controlled entities have a December financial year-end. The results and balances of these entities have not been consolidated in these financial statements.

The company has two wholly owned subsidiaries, MAF Aviation Services Pty Ltd and MAF PNG Holding Ltd. MAF PNG Holding Ltd also has one wholly owned subsidiary, MAF Papua New Guinea Ltd. MAF Aviation Services Pty Ltd is an Australian company that has made a long-term loan to MAF PNG Holding Ltd, secured on the latter's aircraft. It has no other activities. MAF PNG Holding Ltd is a company registered in Papua New Guinea. It acts as the holding company for MAF Papua New Guinea Ltd, a wholly owned subsidiary, and as such it owns all the aircraft, land and buildings and other fixed assets for operation by MAF Papua New Guinea Ltd.

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

		USD	
		2020	2019
		\$,000	\$,000
<b>3</b>	<b>OPERATING SURPLUS/(DEFICIT)</b>		
The net surplus for the year is after charging:			
Staff costs			
	Salaries and wages	4,715	4,927
	Workers compensation	32	39
	Superannuation and life insurance	489	558
	Other staff costs, including education	734	1,078
		<u>5,970</u>	<u>6,602</u>
Auditor's remuneration:			
	Audit fees	21	28
	Other services	4	0
		<u>25</u>	<u>28</u>
	Depreciation	<u>581</u>	<u>405</u>
	(Impairment reversal)/impairment of aircraft	<u>-</u>	<u>390</u>
	Impairment of investment in subsidiary (MAF PNG Holding Ltd)	<u>1,467</u>	<u>2,920</u>
	Impairment of balance with subsidiary (MAF Aviation Services Pty Ltd)	<u>266</u>	<u>2,696</u>
	Net loss/(gain) on sale of fixed assets	<u>8</u>	<u>33</u>
	Operating lease rentals	<u>608</u>	<u>618</u>
	Directors' liability insurance	<u>2</u>	<u>2</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
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**4 OPERATING SURPLUS/(DEFICIT) – INCOME**

Revenue is recognised when performance obligations in relation to the revenue have been met. Revenue is measured at the fair value of the consideration received or receivable. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue from the sale of goods is recognised at the date of invoice. Donations and bequests are recognised when the entitlement to the income is confirmed and can be reliably measured. Where they are restricted for a specific purpose and have not been spent during the year, they are carried forward in the Projects Reserve. Interest revenue is recognised when received.

The following significant revenue items are relevant in explaining the financial performance:

	<b>USD</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$,000</b>	<b>\$,000</b>
<b>(a) Operating Revenue</b>		
Aviation services	2,078	2,519
Maintenance services	254	167
Management fees received	49	163
Housing contributions received	185	120
	<u>2,566</u>	<u>2,969</u>
<b>(b) Donations Income - by type</b>		
Unrestricted donations	4,416	9,619
Restricted donations	2,186	842
Staff support received	1,721	2,039
	<u>8,323</u>	<u>12,500</u>
<b>Analysis of Donations income by donor</b>		
Mission Aviation Fellowship International	4,150	9,489
MAF Australia	1,037	1,668
MAF Canada	1	70
MAF Germany	0	0
MAF India	0	0
MAF Netherlands	122	136
MAF New Zealand	149	74
MAF Singapore	0	0
MAF South Africa	0	0
MAF Sweden	49	54
MAF Switzerland	183	276
MAF UK	505	601
MAF USA	62	50
Other donors	1,945	82
Staff (time donated)	120	0
	<u>8,323</u>	<u>12,500</u>
<b>(c) Other Income</b>		
Federal Government COVID-19 support	1,880	0
Other income	289	173
	<u>2,169</u>	<u>173</u>

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	<b>USD</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$,000</b>	<b>\$,000</b>
<b>5. OPERATING SURPLUS/(DEFICIT) – EXPENSES FROM ORDINARY ACTIVITIES</b>		
The following significant expense items are relevant in explaining the financial performance:		
<b>(a) Direct Costs of Operations</b>		
Aviation direct costs	1,472	2,016
Other direct costs (operations and maintenance)	166	319
Field Staff costs	3,530	4,245
Other local overhead expenditure	522	644
Depreciation, revaluation and net loss on disposal of operational assets	500	788
	<b>6,190</b>	<b>8,012</b>
<b>(b) Support Costs</b>		
Staff Costs	2,416	2,315
Accommodation	294	156
Communication & travel Costs	42	119
Training	46	180
Other costs including depreciation, impairment and net loss on disposal of assets	1,846	5,840
	<b>4,644</b>	<b>8,610</b>
<b>(c) Grants</b>		
Grants made	<b>1,025</b>	<b>0</b>

**6 CASH & CASH EQUIVALENTS**

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Cash on hand	23	26
Cash at bank	4,029	1,957
	<b>4,052</b>	<b>1,983</b>

**7 CURRENT TRADE & OTHER RECEIVABLES**

Debtors and other receivables include amounts due from students and customers. Receivables expected to be collected within twelve months of the end of the reporting period are classified as current assets.

Trade debtors	550	611
Other debtors	338	2,688
Prepayments	192	338
Owing by subsidiaries	3,839	4,241
	<b>4,919</b>	<b>7,878</b>

Other debtors in 2019 included \$2.55m in relation to the sale of aircraft P2-MFT which was contracted for sale in 2020 with proceeds received in 2020. Amounts owing by subsidiaries is the trading balance due from MAF Papua New Guinea Ltd. It is payable on demand, is stated at cost and is expected to be fully recoverable.

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		USD	
		2020	2019
		\$,000	\$,000
<b>8</b>	<b>CURRENT INVENTORIES</b>		
	Inventories are measured at cost, adjusted when applicable for any loss of service potential.		
	Aircraft spares	652	437
	Fuel and other parts	21	34
	Work in progress	3	64
		676	535

**9 NON-CURRENT TRADE & OTHER RECEIVABLES**

Owing by MAF Aviation Services Pty Ltd	12,288	11,987
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The amount owing by MAF Aviation Services Pty Ltd is stated at cost net of an impairment of US\$2.96m (2019 – US\$2.70m) of which US\$0.26m which has been charged to the profit and loss account during the year (2019 – US\$2.70m).

**10 SHARES IN SUBSIDIARIES – at cost less accumulated impairment**

MAF Aviation Services Pty Ltd	0	0
MAF PNG Holding Pty Ltd	15	1,482
	15	1,482

The shares in MAF PNG Holding Pty Ltd, that originally cost US\$8.47m, are impaired by US\$8.45m to the value of the net assets of the subsidiary group. During 2020 the shares were impaired by an additional US\$1.467m (2019 – US\$2.92m) which has been charged to the profit and loss account.

**11 PROPERTY, PLANT AND EQUIPMENT**

Individual fixed assets costing \$3,000 or more are capitalised at cost. The carrying amount of all fixed assets is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment trigger.

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**11 PROPERTY, PLANT AND EQUIPMENT (continued)**

**Aircraft**

Aircraft are included at the valuation approved by the Board of Directors annually by reference to the "Blue Book value" (the aviation industry's standard indication of the recoverable amount on the open market value). Adjustments are made for enhancements to the aircraft not accounted for in the Blue Book value and any impairment identified. Aircraft held for sale are valued at expected net sales proceeds. Depreciation is charged to write off the aircraft over an estimated useful life of 40 years. Increases in the carrying amount arising on revaluation of aircraft are credited to the asset revaluation reserve. Decreases that offset previous increases of the same class of asset are charged against the asset revaluation reserves directly in equity; all other decreases are charged to the income statement.

**Property**

Depreciation is charged to write off expenditure on leasehold property equally over the shorter of the unexpired period of the lease, or the estimated useful life of the improvements. For new developments depreciation is charged from the date on which the facility becomes operational.

**Plant and equipment**

Depreciation is charged on a straight-line basis to write off the expenditure over an estimated useful life to the entity commencing from the time the asset is held ready for use as follows:

<b>Class of asset</b>	<b>Life (Rate)</b>	<b>Class of asset</b>	<b>Life (Rate)</b>
Computer hardware	5yrs (20%)	Office equipment	7-10yrs (10%-15%)
Furniture & Fittings	10yrs (10%)	Plant and equipment	5-10yrs (10%-20%)
Motor Vehicles	5-8yrs (12.5%-20%)		

**Disposals**

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognized immediately in profit or loss. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**USD**

	<b>Aircraft \$,000</b>	<b>Land &amp; Property \$,000</b>	<b>Equipment &amp; Vehicles \$,000</b>	<b>Total \$,000</b>
<b>COST OR VALUATION</b>				
At 1 January 2020	13,002	4,542	1,198	18,742
Additions	2,102	2,203	180	4,485
Disposals	(754)	0	(78)	(832)
Revaluation Reserve	(1,109)	0	0	(1,109)
At 31 December 2020	13,241	6,745	1,300	21,286
<b>DEPRECIATION</b>				
At 1 January 2020	0	1,695	730	2,425
Charge in year	313	124	144	581
Impairment/(impairment reversal)	0	0	0	0
Depreciation on disposals	0	0	(75)	(75)
Revaluation Reserve write back	(313)	0	0	(313)
At 31 December 2020	0	1,819	799	2,618
<b>NET BOOK VALUE</b>				
At 31 December 2019	13,002	2,847	468	16,317
At 31 December 2020	13,241	4,926	501	18,668

The net book value of aircraft includes US\$3.903m (2019: US\$3.809m) of aircraft held for sale.

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

**12 CURRENT LIABILITIES**

Trade creditors represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Revenue on tickets purchased by customers is not recognised in the statement of comprehensive income as revenue until the flight is undertaken. As a result, the tickets sold but not yet used are carried in other creditors.

Deferred revenue relates to payments on account for flight training not yet undertaken.

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the balance sheet date. Employee benefits have been measured at the amounts expected to be paid when the liability is settled.

	<b>USD</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$,000</b>	<b>\$,000</b>
Trade and other creditors	328	393
Accrued expenses	73	81
Deferred revenue	61	0
<i>Trade and other payables (subtotal)</i>	<u>462</u>	<u>474</u>
Provisions for leave	841	713
Owing to subsidiaries	179	281
	<u>1,482</u>	<u>1,468</u>

**13 LONG-TERM PROVISIONS**

Provision for staff resettlement	<u>55</u>	<u>117</u>
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**14 COMMITMENTS**

On 28 January 2021 MAF International entered into a contract with Flory's Homes Pty Ltd (trading as Superior Steel Homes NQ) for A\$1.9m (US\$1.46m) (net of GST) for the supply and construction of a hangar complex for the Mareeba maintenance facility. This construction project is to be supported by a loan facility of A\$1.4m (US\$1.07m) from MAF Australia under an agreement dated 20 February 2021.

On 9 February 2021 an agreement was signed with Commonwealth Bank of Australia for a loan facility with a maximum drawdown of A\$1.5m (US\$1.15m). This loan facility is secured by a mortgage over the office premises at 1a Water St, Cairns.

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

		USD	
		2020	2019
		\$,000	\$,000
<b>15</b>	<b>RESERVES</b>		
	<b>Aircraft Overhaul Reserve</b>		
	The cost of major inspections (including the costs of engine overhaul, propeller overhaul and heavy airframe maintenance) is provided for in advance based on the estimated cost of future overhauls. The directors review the reserve at the end of each financial year to ensure there is sufficient funds to overhaul the aircraft as they fall due. Any movement in the provision for major inspection costs arising during the year is recognised in the statement of comprehensive income as an operating expense.		
	<b>Projects Reserve</b>		
	Where donations or bequests are restricted for a specific purpose and have not been spent during the year, they are carried forward in the Projects Reserve.		
	<b>(a) Reserves comprise:</b>		
	<i>General reserves:</i>		
	Asset revaluation reserve	100	1,289
	Aircraft overhaul reserve	2,226	2,303
	<i>Restricted reserves:</i>		
	Projects reserve	75	152
		<u>2,401</u>	<u>3,744</u>
	<b>(b) Movement in reserves</b>		
	<b>Asset revaluation reserve</b>		
	Balance at the start of the financial year	1,288	1,083
	Valuations decreases previously accounted for in profit and loss	(340)	0
	Net revaluation during the year – aircraft	(796)	395
	Write back revaluation	(53)	(189)
	Balance at the end of the financial year	<u>100</u>	<u>1,289</u>
	<b>Aircraft overhaul reserve</b>		
	Balance at the start of the financial year	2,303	1,502
	Provisions used	(126)	(340)
	Provisions set aside in year	196	295
	Release of reserve on sale of aircraft	(147)	0
	Transfers from parent and subsidiaries	0	846
	Balance at the end of the financial year	<u>2,226</u>	<u>2,303</u>
	<b>Projects reserve (Restricted)</b>		
	Balance at the start of the financial year	152	162
	Project funding received	2,186	857
	Project revenue expenditure	(112)	(149)
	Project capital expenditure	(2,151)	(718)
	Balance at the end of the financial year	<u>75</u>	<u>152</u>

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

		USD	
		2020	2019
		\$,000	\$,000
<b>16</b>	<b>NOTES TO THE CASH FLOW STATEMENT</b>		
	a) <b>Cash on hand</b> – as note 6	4,052	1,983

For the purposes of the cash flow statement, cash includes cash on hand and in banks, net of any outstanding bank overdrafts. Cash at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

		USD	
		2020	2019
		\$,000	\$,000
	<b>b) Reconciliation of net cash provided by operating activities to operating surplus/(deficit) from ordinary activities after income tax revenue</b>		
	Operating surplus/(deficit) from ordinary activities after income tax revenue	1,280	(1,002)
	<b>Non-cash items</b>		
	Depreciation and impairment of plant and equipment	581	405
	Impairment/(impairment reversal)	0	390
	Impairment of investment in, and loans to, subsidiary	1,733	5,616
	Loss/(profit) on sale of property, plant and equipment	8	33
	<b>Changes in net assets and liabilities</b>		
	(Increase)/decrease in:		
	Current receivables	2,959	(2,901)
	Current inventories	(140)	5
	(Decrease)/increase in:		
	Current creditors and borrowings	(113)	(142)
	Current provisions	127	75
	Other non-current provisions	(62)	(21)
	<b>Net cash used by operating activities</b>	<b>6,373</b>	<b>2,458</b>

**17 COMPANY DETAILS**

The registered office of the company is:  
1a Water Street,  
Cairns QLD 4870

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**DIRECTORS DECLARATION**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

In the Directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012 requirements to prepare financial statements of MAF International;
- 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 Regulations 2013, and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This statement is made in accordance with a resolution of the directors.



S Charlesworth  
Director

Dated this 24<sup>th</sup> day of May 2021