

World Education Australia Limited

ABN 39 106 279 225

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008**

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

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DIRECTORS' REPORT

The names of the directors in office at anytime during or since the end of the year are:

Pamela Ann Jonas (Chairman); B.A. (Hons), M.A. (Public Policy & Management), is a researcher and teacher in the areas of education, training and employment policy. She has over 20 years' relevant experience in the education and community sectors.

David William Kahler (Vice-Chairman); B.Sc, M.A., Ed.D. is an organisational development and training specialist with over 40 years of relevant experience. He is Vice-President of World Education Inc. overseeing new international program development and management in Asia and Latin America.

Gordon McKellar Cairns (Director from 23 November 2007); M.A. (Hons) has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Limited. Gordon now serves as a non-executive Director of Westpac Bank, Origin Energy and Opera Australia; as the advisor of Caliburn, an investment bank; and on the advisory boards of CVC Asia Pacific, a private equity firm, McKinsey Consulting, and the Centre for Independent Studies, a think tank.

Neild Alfred McIntosh (Treasurer); B.A. (Actuarial Studies), M.A. (International Social Development), has extensive executive experience in the commercial sector, has been or is currently in both executive and non-executive Director roles of a number of public, private and charitable institutions, and was formerly a Vice-President of a NYSE-listed public company.

William James Pigott, M.B., B.S., is a retired Doctor and Fellow of the Royal Australasian College of Physicians. Dr Pigott is both an educationalist and international health practitioner, having taught medicine at various Australian universities and overseas. He was also WHO Representative in Cambodia and Nepal.

Guy Alan Winship (CEO), B.Soc.Sc., B.Com (Hons), M.Sc. (Town & Regional Planning) is a development practitioner with extensive international experience, having worked with and advised NGOs, governments and others in the areas of microfinance, livelihoods, institutional development, public policy and vocational training throughout Africa, Asia and the Pacific.

Your directors present their report on the company and its controlled entity, World Education Australia Overseas Relief Fund (WEAORF), for the financial year ended 30 June 2008. The directors have been in office from the beginning of the financial year to the date of this report unless otherwise stated. Four meetings of the board of directors were held over the course of the year. All directors in office at the time attended each meeting, other than David Kahler who was not able to attend the June meeting.

The consolidated surplus for the year was \$134,436. This comprises \$21,141 from the parent entity and \$113,295 from the controlled entity.

The controlled entity, WEAORF, which is a Deductible Gift Recipient entity approved as such by the Australian Taxation Office, continues to raise donations from the public, some of which have been applied to the company's projects that are compatible with the purpose of WEAORF.

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The company continues to be a Public Benevolent Institution approved by the Australian Taxation Office and enjoys tax exempt status. It continued to design, manage and implement international aid programs and provide technical assistance to the Australian Agency for International Development (AusAID) and others during the financial year. The mission of the company is to improve the lives of the poor through economic and social development programs in the Asia Pacific Region.

The company contributes to poverty reduction by working with its partners in both the Australian community and overseas to provide best practice technical assistance and project management services in a number of South East Asian, South Asian and Pacific countries. Programs are designed to strengthen the capacity of local partners, catalyse community and national development and contribute to individual growth. The purpose of the controlled entity, WEAORF, is exclusively to provide relief to persons in a developing country certified as such by the Department of Foreign Affairs and Trade, and to raise funds for this by way of tax deductible donations.

There was no significant change to the above activities of the consolidated group during the year.

During the year, membership of the company increased from 139 to 182. The NSW Office of Charities authorisation for the company to fundraise under the Charitable Fundraising Act 1991 was renewed for a further five years in August 2007.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

The ability of the company to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon the ongoing subordination of the loan from World Education Inc. and the guarantee by World Education Inc. to provide funds totalling USD \$150,000. The directors rely on this subordination and guarantee. Accordingly, the financial report has been prepared on a going concern basis.

The company will continue to provide services aimed at reducing poverty mainly through a range of training, technical assistance and project management services targeted at low income communities throughout the Asia Pacific Region. These development and poverty-reduction operations of the company are planned to continue during the year ahead and beyond. An internet-based project is planned for development and roll-out during the next financial year, which may comprise an increasingly significant component of the company's activities. The expected financial results of these operations for the next fiscal year are not anticipated to be materially different from those reported in the current year, although the reliance of the company on funds raised from the public may lead to short-term volatility in future consolidated results.

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Following a rigorous assessment process, in July 2008 the company was approved for accreditation by the Australian Agency for International Development (AusAID). An agreement was signed with AusAID on 24 July 2008 under which AusAID will provide funding to the company over the five year period to 30 June 2013.

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of the State.

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

Signed in accordance with a resolution of the board of directors:

Director

Pamela Ann Jonas (Chairman)

Director

Neild Alfred McIntosh (Treasurer)

20 October 2008

**WORLD EDUCATION AUSTRALIA LIMITED
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DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

I declare, to the best of my knowledge and belief, that during the year ended 30 June 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Foster Raffan
Chartered Accountants**

Partner: George Raffan

North Sydney

20 October 2008

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INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group 2008 \$	Parent Entity 2008 \$	Consolidated Group 2007 \$	Parent Entity 2007 \$
REVENUE					
Donations & gifts - monetary & non-monetary	2a	480,216	371,404	309,787	247,211
Legacies & bequests		-	-	-	-
Grants:					
AusAID		-	-	-	-
Other Australian		-	-	-	-
Other overseas		-	-	-	-
Investment income		9,105	2,245	1,252	582
Other income	2b	419,846	421,952	519,277	519,277
TOTAL REVENUE		<u>909,167</u>	<u>795,600</u>	<u>830,316</u>	<u>767,070</u>
EXPENSES					
Overseas projects					
Funds to overseas projects	3a	341,716	341,716	344,004	344,004
Other project costs	3b	248,642	248,642	257,172	257,172
Domestic projects		-	-	-	-
Community education	3c	18,469	18,469	62,312	62,312
Fundraising costs					
Public	3d	24,205	24,205	3,005	3,005
Government, multilateral and private	3e	28,779	28,779	11,110	11,110
Administration	3f	112,919	112,648	62,365	62,165
TOTAL EXPENSES		<u>774,730</u>	<u>774,459</u>	<u>739,968</u>	<u>739,767</u>
Excess of revenue over expenses (shortfall) from continuing operations before income tax expense		134,437	21,141	90,348	27,303
Income tax (expense)/ benefit		-	-	-	-
Excess of revenue over expenses (shortfall) from continuing operations after income tax expense		<u>134,437</u>	<u>21,141</u>	<u>90,348</u>	<u>27,303</u>

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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BALANCE SHEET
AS AT 30 JUNE 2008

	Note	Consolidated Group 2008 \$	Parent Entity 2008 \$	Consolidated Group 2007 \$	Parent Entity 2007 \$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	233,443	20,563	127,411	56,632
Financial assets		-	-	-	-
Trade and other receivables	7	114,561	151,100	6,233	13,966
Inventories	8	40,738	40,738	42,968	42,968
Other current assets	9	14,303	14,303	4,004	4,004
TOTAL CURRENT ASSETS		<u>403,045</u>	<u>226,705</u>	<u>180,616</u>	<u>117,570</u>
NON-CURRENT ASSETS					
Property, plant and equipment	10	32,255	32,255	15,584	15,584
Other		-	-	-	-
TOTAL NON-CURRENT ASSETS		<u>32,255</u>	<u>32,255</u>	<u>15,584</u>	<u>15,584</u>
TOTAL ASSETS		<u><u>435,300</u></u>	<u><u>258,960</u></u>	<u><u>196,200</u></u>	<u><u>133,154</u></u>
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	11	58,383	58,383	56,867	56,867
Provisions	12	12,799	12,799	-	-
TOTAL CURRENT LIABILITIES		<u>71,182</u>	<u>71,182</u>	<u>56,867</u>	<u>56,867</u>
NON-CURRENT LIABILITIES					
Payables		-	-	-	-
Provisions		-	-	-	-
Other - loans	13	162,648	162,648	72,298	72,298
TOTAL NON-CURRENT LIABILITIES		<u>162,648</u>	<u>162,648</u>	<u>72,298</u>	<u>72,298</u>
TOTAL LIABILITIES		<u><u>233,830</u></u>	<u><u>233,830</u></u>	<u><u>129,165</u></u>	<u><u>129,165</u></u>
NET ASSETS (LIABILITIES)		<u><u>201,470</u></u>	<u><u>25,130</u></u>	<u><u>67,035</u></u>	<u><u>3,989</u></u>
EQUITY					
Contributed equity	14	-	-	-	-
Reserve for designated purpose	15	176,340	-	63,046	-
Accumulated (losses)/ gains		25,130	25,130	3,989	3,989
TOTAL EQUITY (DEFICIT)		<u><u>201,470</u></u>	<u><u>25,130</u></u>	<u><u>67,035</u></u>	<u><u>3,989</u></u>

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2008

	Note	Retained Earnings \$	Reserve For Designated Purpose \$	Total \$
Consolidated Group				
Balance at 1 July 2006		(23,313)	-	(23,313)
Excess of revenue over expenses/ (shortfall)		90,348	-	90,348
Transfer (to)/ from reserve	15	<u>(63,046)</u>	<u>63,046</u>	<u>-</u>
Balance at 30 June 2007		3,989	63,046	67,035
Excess of revenue over expenses/ (shortfall)		134,435	-	134,435
Transfer (to)/ from reserve	15	<u>(113,294)</u>	<u>113,294</u>	<u>-</u>
Balance at 30 June 2008		<u>25,130</u>	<u>176,340</u>	<u>201,470</u>
Parent Entity				
Balance at 1 July 2006		(23,313)	-	(23,313)
Excess of revenue over expenses/ (shortfall)		<u>27,302</u>	-	<u>27,302</u>
Balance at 30 June 2007		3,989	-	3,989
Excess of revenue over expenses/ (shortfall)		<u>21,141</u>	-	<u>21,141</u>
Balance at 30 June 2008		<u>25,130</u>	-	<u>25,130</u>

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated Group 2008 \$	Parent Entity 2008 \$	Consolidated Group 2007 \$	Parent Entity 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Donations		405,175	269,662	160,375	97,800
Receipts from customers		311,518	311,518	574,530	566,796
Payments to suppliers and employees		(678,323)	(678,051)	(576,714)	(576,514)
Interest received		9,105	2,245	1,252	582
Net cash provided by/ (used in) operating activities	16	<u>47,475</u>	<u>(94,626)</u>	<u>159,443</u>	<u>88,664</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(27,546)	(27,546)	(11,048)	(11,048)
Security deposit		(4,246)	(4,246)	-	-
Net cash provided by/ (used in) investing activities		<u>(31,792)</u>	<u>(31,792)</u>	<u>(11,048)</u>	<u>(11,048)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		122,162	122,162	32,117	32,117
Repayment of borrowings		(31,813)	(31,813)	(65,000)	(65,000)
Net cash provided by/ (used in) financing activities		<u>90,349</u>	<u>90,349</u>	<u>(32,883)</u>	<u>(32,883)</u>
Net increase/ (decrease) in cash held		106,032	(36,069)	115,512	44,733
Cash at beginning of financial year		127,411	56,632	11,899	11,899
Cash at end of financial year	6	<u><u>233,443</u></u>	<u><u>20,563</u></u>	<u><u>127,411</u></u>	<u><u>56,632</u></u>

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Accounting Standards Board and the Corporations Act 2001.

The following is a summary of the material accounting policies adopted by the company and consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report covers the consolidated group of World Education Australia Limited and its controlled entity and World Education Australia Limited as an individual parent entity. World Education Australia Limited is an unlisted public company limited by guarantee, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The ability of the company to continue as a going concern and meet its debts and commitments as and when they fall due is dependent upon the ongoing subordination of the loan from World Education Inc. and the guarantee by World Education Inc. to provide funds totalling USD \$150,000. The directors rely on this subordination and guarantee. Accordingly, the financial report has been prepared on a going concern basis.

(a) Principles of Consolidation

A controlled entity is any entity World Education Australia Limited has the power to control the financial and operating policies of so as to obtain benefits from its activities.

The only controlled entity is World Education Australia Overseas Relief Fund (WEAORF), a trust. It has a June financial year end. World Education Australia Limited is the trustee of WEAORF.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the controlled entity have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/ excluded from the date control was obtained or until the date control ceased.

Minority equity interest in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report if applicable.

(b) Revenue recognition

Revenue from monetary donations is recognised when the money is recorded in the accounting records.

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Revenue from non-monetary donations is recognised when the donated goods or services are received. The donated goods or services are accounted for at their market value. The market value of services donated by volunteers is based on relevant AusAID tables.

Revenue from the rendering of services (project fees) is recognised upon completion which, depending on the terms of the contract, can be in measured stages or only when the whole project is completed.

(c) Income tax

The Australian Taxation Office has endorsed the company, a charitable organisation, as being exempt from income tax.

(d) 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.

(e) Receivables and work in progress

All trade debtors are recognised when the obligation of the debtor to pay the amount arises.

Work in progress is valued at cost less any provision for anticipated future losses. Cost comprises variable costs, including salaries and donated services, relating to specific contracts.

(f) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Depreciation of plant and equipments is calculated on the diminishing value basis over their useful lives to the company. The rate used are 13.5% to 50%.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

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Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) 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.

(i) Good 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(j) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(k) Foreign currency transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction. Foreign currency balances are translated at the year end exchange rate. Exchange differences arising on the translation are recognised in the income statement.

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2008	2008	2007	2007
	\$	\$	\$	\$
2. REVENUE				
a Donation and gifts				
Monetary donations	405,174	296,362	160,375	97,800
Non-monetary donations	75,042	75,042	149,412	149,411
	<u>480,216</u>	<u>371,404</u>	<u>309,787</u>	<u>247,211</u>

WORLD EDUCATION AUSTRALIA LIMITED
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	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2008	2008	2007	2007
	\$	\$	\$	\$
b Other income				
Project fees:				
AusAID project fees	3,588	3,588	82,639	82,639
Other Australian project fees	120,334	120,334	100,177	100,177
Other overseas project fees	210,879	212,986	155,325	155,325
World Education Inc project	64,516	64,516	171,334	171,334
Foreign exchange profit	19,936	19,935	9,802	9,802
Other income	593	593	-	-
	<u>419,846</u>	<u>421,952</u>	<u>519,277</u>	<u>519,277</u>
3 EXPENSES				
a Funds to overseas projects				
Project staff costs - overseas	211,739	211,739	44,319	44,319
Other costs	113,870	113,870	275,436	275,436
Volunteers	16,108	16,108	24,249	24,249
	<u>341,716</u>	<u>341,716</u>	<u>344,004</u>	<u>344,004</u>
b Other project costs				
Project staff costs - in Australia	170,768	170,768	117,495	117,495
Other costs	33,587	33,587	61,979	61,979
Volunteers	44,288	44,288	77,698	77,698
	<u>248,642</u>	<u>248,642</u>	<u>257,172</u>	<u>257,172</u>
c Community education				
Staff costs	14,696	14,696	28,574	28,574
Other costs	3,127	3,127	12,035	12,035
Volunteers	647	647	21,703	21,703
	<u>18,469</u>	<u>18,469</u>	<u>62,312</u>	<u>62,312</u>
d Fundraising costs - public				
Staff costs	4,052	4,052	2,232	2,232
Other costs	8,093	8,093	773	773
Volunteers	12,060	12,060	-	-
	<u>24,205</u>	<u>24,205</u>	<u>3,005</u>	<u>3,005</u>
e Fundraising costs - government, multilateral and private				
Staff costs	25,487	25,487	9,107	9,107
Other costs	3,292	3,292	2,003	2,003
Volunteers	-	-	-	-
	<u>28,779</u>	<u>28,779</u>	<u>11,110</u>	<u>11,110</u>
f Administration				
Staff costs	37,659	37,659	48,961	48,961
Other costs	73,319	73,048	7,673	7,473
Volunteers	1,940	1,940	5,731	5,731
	<u>112,919</u>	<u>112,648</u>	<u>62,365</u>	<u>62,165</u>

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	Consolidated Group 2008	Parent Entity 2008	Consolidated Group 2007	Parent Entity 2007
4 SURPLUS FROM ORDINARY ACTIVITIES				
Profit from ordinary activities before income tax expense has been determined after:				
a Income				
Unrealised foreign exchange	19,935	19,935	9,801	9,801
b Expenses				
Depreciation of plant and	10,873	10,873	5,836	5,836
Unrealised foreign exchange	-	-	-	-
Remuneration of auditor:				
- audit	7,700	7,700	6,000	6,000
- taxation services	300	300	3,330	3,330
- other services	800	800	-	-
5. KEY MANAGEMENT PERSONNEL				
Salary	<u>90,778</u>	<u>90,778</u>	<u>89,807</u>	<u>89,807</u>
6. CASH AND CASH EQUIVALENTS				
Cash on hand	375	375	632	632
Cash at bank	<u>233,068</u>	<u>20,188</u>	<u>126,779</u>	<u>56,000</u>
	<u>233,443</u>	<u>20,563</u>	<u>127,411</u>	<u>56,632</u>

The consolidated group's cash at bank includes \$212,980 (2007: \$70,879) in the name of the controlled entity, World Education Australia Overseas Relief Fund (WEAORF). This cash can be used only for the specific purposes of WEAORF.

In addition to the above cash there is a term deposit of \$78,625 in the name of the parent entity which Westpac Foundation will release in January 2009 as a further donation for the Good Returns program if Westpac is satisfied that the terms of release have been complied with.

Table of cash movements for designated purposes:

<u>Designated purpose</u>	<u>Cash available at beginning of year</u>	<u>Cash raised during the year</u>	<u>Interest</u>	<u>Cash disbursed during the year</u>	<u>Cash available at end of year</u>
Consolidated group					
Good Returns program	-	239,138	4,234	(143,809)	99,563
Other WEAORF purpose (Note 15)	<u>70,879</u>	<u>164,601</u>	<u>2,626</u>	<u>(124,689)</u>	<u>113,417</u>
	70,879	403,739	6,860	(268,498)	212,980
General purpose	<u>56,532</u>	<u>403,304</u>	<u>2,245</u>	<u>(441,618)</u>	<u>20,463</u>
	<u>127,411</u>	<u>807,043</u>	<u>9,105</u>	<u>(710,116)</u>	<u>233,443</u>

Cash raised for the Good Returns program included \$139,138 donated by Westpac Foundation

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	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2008	2008	2007	2007
	\$	\$	\$	\$
7. TRADE AND OTHER RECEIVABLES				
Trade debtors	114,561	114,504	6,233	13,966
Controlled entity	-	36,596	-	-
	<u>114,561</u>	<u>151,100</u>	<u>6,233</u>	<u>13,966</u>
8 INVENTORIES				
Work in progress	<u>40,738</u>	<u>40,738</u>	<u>42,968</u>	<u>42,968</u>
9. OTHER CURRENT ASSETS				
Security deposits	8,250	8,250	4,004	4,004
Prepayment	6,053	6,053	-	-
	<u>14,303</u>	<u>14,303</u>	<u>4,004</u>	<u>4,004</u>
10. PROPERTY, PLANT AND EQUIPMENT				
Plant and equipment	57,582	57,582	30,038	30,038
Less accumulated depreciation	(25,327)	(25,327)	(14,454)	(14,454)
Total plant and equipment	<u>32,255</u>	<u>32,255</u>	<u>15,584</u>	<u>15,584</u>
11. PAYABLES				
Payroll liabilities	7,289	7,289	11,734	11,734
GST payable	5,096	5,096	1,746	1,746
Trade creditors	37,499	37,499	37,942	37,942
Audit fee accrual	8,500	8,500	5,500	5,500
FBT payable	-	-	(55)	(55)
	<u>58,383</u>	<u>58,383</u>	<u>56,867</u>	<u>56,867</u>
12. Provisions				
Annual leave provision	<u>12,799</u>	<u>12,799</u>	<u>-</u>	<u>-</u>
13. OTHER - LOANS				
World Education Inc.	<u>162,648</u>	<u>162,648</u>	<u>72,298</u>	<u>72,298</u>

This loan is unsecured, interest free and has been subordinated - see Note 1

14. CONTRIBUTED EQUITY

There is no contributed equity. The members registered at the time undertake to contribute to the property of the company, if required, in the event that it is wound up. The liability of each member is limited to \$10.

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

15. RESERVE FOR DESIGNATED PURPOSE

The excess of revenue over expenses from operations of the controlled entity, World Education Australia Overseas Relief Fund, is transferred to a Reserve for Designated Purpose to recognise that the net assets represented by this reserve cannot be used for any purpose other than providing relief to persons in a developing country certified as such by the Department of Foreign Affairs and Trade or, on winding up, must be transferred to some other fund qualifying under the Overseas Gift Fund Provisions of the Income Tax Assessment Act 1997.

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2008	2008	2007	2007
	\$	\$	\$	\$
16. CASH FLOW INFORMATION				
Reconciliation of cash flow from operations				
Surplus	134,436	21,141	90,348	27,302
Non-cash flows in surplus:				
Depreciation	10,873	10,873	5,836	5,836
Annual leave provision	12,799	12,799	-	-
Tax benefit	-	-	-	-
Changes in Assets & Liabilities:				
(Increase)/ Decrease in receivables	(108,328)	(137,134)	55,253	47,520
(Increase)/ Decrease in inventories	2,230	2,230	-	-
(Increase)/ Decrease in other current assets	(6,053)	(6,053)	4,597	4,597
Increase/ (Decrease) in payables and accruals	1,518	1,518	3,409	3,409
Cash flows from operations	<u>47,475</u>	<u>(94,626)</u>	<u>159,443</u>	<u>88,664</u>

17. RELATED PARTY

Transactions with the related party, World Education Inc (WEI), Boston, USA

Loans from WEI, interest free and subordinated per Note 1	181,127	181,127	158,278	158,278
Repayments of loans to WEI	31,812	31,812	65,000	65,000
Fees received from WEI for services provided by the company	99,694	99,694	173,830	173,830
Fees paid to WEI for the services of WEI staff on company projects	60,744	60,744	57,986	57,986

18. COMPANY INFORMATION

The registered office and principal place of business of the company is:
Level 7, 1 Chandos Street
St Leonards NSW 2065

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

19. CONTROLLED ENTITY

World Education Australia Overseas Relief Fund (WEAORF) is a trust set up exclusively for the purpose of raising funds by donation for the provision of relief to persons in a developing country certified as such by the Department of Foreign Affairs and Trade. It has Deductible Gift Recipient status.

The company is the trustee of WEAORF. As such, the company controls WEAORF because, in addition to wide powers it has as trustee, it has the power to appoint a new trustee and/or vary the trust deed, subject only to ensuring that the purpose of WEAORF is not changed and that, on winding up, the net assets of WEAORF are transferred to some other fund qualifying under the Overseas Gift Fund provisions of the Income Tax Assessment Act 1997.

The company, as trustee, has the power to allocate cash raised by WEAORF to projects that the company undertakes provided such projects fit the purpose of WEAORF.

The results of WEAORF's operations for the year ended 30 June 2008 and its financial position at that date are summarised in the income statement, balance sheet, changes in equity statement and notes below.

INCOME STATEMENT	2008	2007
REVENUE		
Donations & gifts - monetary & non-monetary	403,738	155,366
Legacies & bequests	-	-
Grants:		
AusAID	-	-
Other Australian	-	-
Other overseas	-	-
Investment income	6,860	670
Other income	-	-
TOTAL REVENUE	<u>410,598</u>	<u>156,036</u>
EXPENSES		
Overseas projects		
Funds to overseas projects	294,926	92,790
Other project costs	2,106	-
Domestic projects	-	-
Community education	-	-
Fundraising costs		
Public	-	-
Government, multilateral and private	-	-
Administration	271	200
TOTAL EXPENSES	<u>297,303</u>	<u>92,990</u>
Excess of revenue over expenses (shortfall) from continuing operation	<u>113,295</u>	<u>63,046</u>

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

BALANCE SHEET	2008	2007
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	212,980	70,879
Financial assets	-	-
Trade and other receivables	57	57
Inventories	-	-
Other current assets - related	-	-
TOTAL CURRENT ASSETS	<u>213,037</u>	<u>70,936</u>
NON-CURRENT ASSETS		
Property, plant and equipment	-	-
Other	-	-
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>213,037</u></u>	<u><u>70,936</u></u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables - related	36,597	7,790
Provisions	-	-
TOTAL CURRENT LIABILITIES	<u>36,597</u>	<u>7,790</u>
NON-CURRENT LIABILITIES		
Payables	-	-
Provisions	-	-
Other - loans	-	-
TOTAL NON-CURRENT LIABILITIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>36,597</u>	<u>7,790</u>
NET ASSETS (LIABILITIES)	<u><u>176,440</u></u>	<u><u>63,146</u></u>
EQUITY		
Settled sum	100	100
Reserves	176,340	63,046
TOTAL EQUITY (DEFICIT)	<u><u>176,440</u></u>	<u><u>63,146</u></u>

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

STATEMENT OF CHANGES IN EQUITY

	Note	Capital \$	Retained Earnings \$	Reserve For Designated Purpose \$	Total \$
Controlled Entity					
Settlement sum		100	-	-	100
Excess of revenue over expenses/ (shortfall)		-	63,046	-	63,046
Transfer (to)/ from reserve		-	(63,046)	63,046	-
Balance at 30 June 2007		100	-	63,046	63,146
<hr/>					
Excess of revenue over expenses/ (shortfall)		-	113,294	-	113,294
Transfer (to)/ from reserve		-	(113,294)	113,294	-
Balance at 30 June 2008		100	-	176,340	176,440

NOTES

2008
\$ **2007**
\$

REVENUE

Donation and gifts

Monetary donations	403,739	155,366
Non-monetary donations	-	-
	<u>403,739</u>	<u>155,366</u>

EXPENSES

Funds to overseas projects

Project staff costs - overseas	112,366	37,180
Other costs	184,667	55,610
Volunteers	-	-
	<u>297,033</u>	<u>92,790</u>

Administration

Staff costs	-	-
Other costs	271	200
Volunteers	-	-
	<u>271</u>	<u>200</u>

The accompanying notes form part of these financial statements.

**WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes as set out on pages 6 to 19, in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Act 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2008 and of the performance for the year ended on that date of the company.
2. in the directors' opinion 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 declaration is made in accordance with a resolution of the Board of Directors.

Director _____
Pamela Ann Jonas (Chairman)

Director _____
Neild Alfred McIntosh (Treasurer)

20 October 2008

**WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225**

**INDEPENDENT AUDIT REPORT
TO THE MEMBER OF
WORLD EDUCATION AUSTRALIA LIMITED**

We have audited the accompanying financial report of World Education Australia Limited on pages 6 to 19, which comprises the balance sheet as at 30 June 2008, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, notes to the financial statement and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Auditor's Opinion

As is common for many charitable organisations, it is not always practicable for the company and its controlled entity to establish accounting control over donations until they are recorded in the accounting records. Accordingly it is not possible for our examination to include procedures which would identify donations that have not been so recorded

**WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225**

**INDEPENDENT AUDIT REPORT
TO THE MEMBER OF
WORLD EDUCATION AUSTRALIA LIMITED**

Qualified Auditor's Opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary if we had been able to identify donations that were not recorded in the accounting records, the financial report of World Education Australia Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date;
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (c) complying with the requirements of the Australian Council of International Development's Code of Conduct Document.

**Foster Raffan
Chartered Accountants**

North Sydney

Partner: George Raffan

20 October 2008