

**World Education Australia Limited**

**ABN 39 106 279 225**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

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## **WORLD EDUCATION AUSTRALIA LIMITED**

**ABN 39 106 279 225**

### **DIRECTORS' REPORT**

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

Neild Alfred McIntosh (Chairman); B.A. (Actuarial Studies), M.A. (International Social Development), has extensive executive experience in the commercial sector. He currently works as a non-executive Director in the corporate sector and with charitable institutions.

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; 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; acts as advisor to Calburn, an investment bank; and is on the advisory boards of CVC Asia Pacific, a private equity firm, McKinsey Consulting, and the Centre for Independent Studies, a think tank.

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

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 World Health Organisation 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 and Asia.

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 2009. The directors have been in office from the beginning of the financial year to the date of this report. Four meetings of the board of directors were held over the course of the year, with four Directors attending all meetings and two attending three meetings.

The consolidated surplus for the year was \$10,761. This comprises a surplus of \$120,186 from the parent entity and a deficit of \$109,425 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. Funds held by WEAORF continue to be applied to the company's projects that are compatible with the purpose of WEAORF.

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**DIRECTORS' REPORT**

The company continues to be a Public Benevolent Institution approved by the Australian Taxation Office and enjoys income tax exempt status. It continued to design, manage and implement international development programs and provide technical assistance to the Australian Agency for International Development (AusAID), Asian Development Bank (ADB), United Nations (UN) agencies 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 182 to 208. The NSW Office of Charities authorised the company to fundraise under the Charitable Fundraising Act 1991.

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.

In pursuit of the company's poverty reduction mission a major internet based project is planned for implementation during the first quarter of the next financial year. This project will intermediate small loans from the Australian public to partner financial institutions targeting low income communities both overseas and in Australia. This new micro-loan project will integrate with many of the current development and training operations of the company. This project is expected to comprise an increasingly significant component of the company's activities and resources in the following and future financial years. As a result, the expected financial results from the operations of this project during the next fiscal year may be materially different from those reported during the current year. The reliance of the company on funds raised from the public through this internet project and through other avenues may lead to short-term volatility in future consolidated results.

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.

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**DIRECTORS' REPORT**

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**

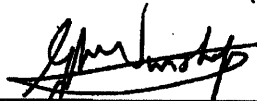
A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is attached to this financial report.

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

Director

  
\_\_\_\_\_  
Neild Alfred McIntosh (Chairman)

Director

  
\_\_\_\_\_  
Guy Alan Winship

30 October 2009

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

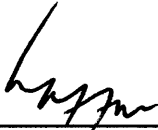
**DIRECTORS' REPORT**

**AUDITOR'S INDEPENDENCE DECLARATION**

I declare, to the best of my knowledge and belief, that during the year ended 30 June 2009 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**



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**Partner: George Raffan**

**North Sydney**

**30 October 2009**

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

**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Note	Consolidated Group 2009 \$	Parent Entity 2009 \$	Consolidated Group 2008 \$	Parent Entity 2008 \$
<b>REVENUE</b>					
Donations & gifts - monetary & non-monetary	2a	376,940	494,409	480,216	371,404
Legacies & bequests		-	-	-	-
Grants:					
AusAID	2b	60,526	60,526	-	-
Other Australian		-	-	-	-
Other overseas		-	-	-	-
Investment income		13,266	5,110	9,105	2,245
Other income	2c	311,539	311,539	419,846	421,952
<b>TOTAL REVENUE</b>		<u>762,271</u>	<u>871,585</u>	<u>909,167</u>	<u>795,600</u>
<b>EXPENSES</b>					
Overseas projects					
Funds to overseas projects	3a	261,007	261,007	341,716	341,716
Other project costs	3b	229,515	229,515	248,642	248,642
Domestic projects		-	-	-	-
Community education	3c	71,842	71,842	18,469	18,469
Fundraising costs					
Public	3d	65,438	65,438	24,205	24,205
Government, multilateral and private	3e	26,738	26,738	28,779	28,779
Administration	3f	96,970	96,859	112,919	112,648
<b>TOTAL EXPENSES</b>		<u>751,510</u>	<u>751,399</u>	<u>774,730</u>	<u>774,459</u>
<b>Excess of revenue over expenses (shortfall) from continuing operations before income tax expense</b>		10,761	120,186	134,437	21,141
Income tax (expense)/ benefit		-	-	-	-
<b>Excess of revenue over expenses (shortfall) from continuing operations after income tax expense</b>		<u>10,761</u>	<u>120,186</u>	<u>134,437</u>	<u>21,141</u>

The accompanying notes form part of these financial statements.

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

**BALANCE SHEET**  
**AS AT 30 JUNE 2009**

	Note	Consolidated Group 2009 \$	Parent Entity 2009 \$	Consolidated Group 2008 \$	Parent Entity 2008 \$
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	429,324	329,087	233,443	20,563
Financial assets		-	-	-	-
Trade and other receivables	7	17,501	111,454	114,561	151,100
Inventories	8	-	-	40,738	40,738
Other current assets	9	74,471	13,896	14,303	14,303
<b>TOTAL CURRENT ASSETS</b>		<b>521,296</b>	<b>454,437</b>	<b>403,045</b>	<b>226,705</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	10	95,127	95,127	32,255	32,255
Other		-	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>95,127</b>	<b>95,127</b>	<b>32,255</b>	<b>32,255</b>
<b>TOTAL ASSETS</b>		<b>616,423</b>	<b>549,564</b>	<b>435,300</b>	<b>258,960</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	11	45,384	45,441	58,383	58,383
Special purpose funding	6	248,463	248,463	-	-
Provisions	12	25,782	25,782	12,799	12,799
<b>TOTAL CURRENT LIABILITIES</b>		<b>319,629</b>	<b>319,686</b>	<b>71,182</b>	<b>71,182</b>
<b>NON-CURRENT LIABILITIES</b>					
Payables	11	1,622	1,622	-	-
Provisions		-	-	-	-
Other - loans	13	82,941	82,941	162,648	162,648
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>84,563</b>	<b>84,563</b>	<b>162,648</b>	<b>162,648</b>
<b>TOTAL LIABILITIES</b>		<b>404,192</b>	<b>404,249</b>	<b>233,830</b>	<b>233,830</b>
<b>NET ASSETS (LIABILITIES)</b>		<b>212,231</b>	<b>145,315</b>	<b>201,470</b>	<b>25,130</b>
<b>EQUITY</b>					
Contributed equity	15	-	-	-	-
Reserve for designated purpose	16	66,916	-	176,340	-
Accumulated (losses)/ gains		145,315	145,315	25,130	25,130
<b>TOTAL EQUITY (DEFICIT)</b>		<b>212,231</b>	<b>145,315</b>	<b>201,470</b>	<b>25,130</b>

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 2009**

	Note	Retained Earnings \$	Reserve For Designated Purpose \$	Total \$
<b>Consolidated Group</b>				
<b>Balance at 1 July 2007</b>		3,989	63,046	67,035
Excess of revenue over expenses/ (shortfall)		134,435	-	134,435
Transfer (to)/ from reserve	16	<u>(113,294)</u>	<u>113,294</u>	<u>-</u>
<b>Balance at 30 June 2008</b>		25,130	176,340	201,470
Excess of revenue over expenses/ (shortfall)		10,761		10,761
Transfer (to)/ from reserve	16	<u>109,424</u>	<u>(109,424)</u>	<u>-</u>
<b>Balance at 30 June 2009</b>		<u>145,315</u>	<u>66,916</u>	<u>212,231</u>
<b>Parent Entity</b>				
<b>Balance at 1 July 2007</b>		3,989	-	3,989
Excess of revenue over expenses/ (shortfall)		21,141	-	21,141
<b>Balance at 30 June 2008</b>		<u>25,130</u>	<u>-</u>	<u>25,130</u>
Excess of revenue over expenses/ (shortfall)		120,186	-	120,186
<b>Balance at 30 June 2009</b>		<u>145,315</u>	<u>-</u>	<u>145,315</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 2009**

	Note	Consolidated Group 2009 \$	Parent Entity 2009 \$	Consolidated Group 2008 \$	Parent Entity 2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Donations and grants		585,677	706,365	405,175	269,662
Receipts from customers		407,786	407,786	311,518	311,518
Payments to suppliers and employees		(665,982)	(665,872)	(678,323)	(678,051)
Interest received		13,265	5,110	9,105	2,245
<b>Net cash provided by/ (used in) operating activities</b>	<b>17</b>	<b>340,746</b>	<b>453,389</b>	<b>47,475</b>	<b>(94,626)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment		(64,623)	(64,623)	(27,546)	(27,546)
Security deposit		(535)	(535)	(4,246)	(4,246)
<b>Net cash provided by/ (used in) investing activities</b>		<b>(65,158)</b>	<b>(65,158)</b>	<b>(31,792)</b>	<b>(31,792)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		69,906	69,906	122,162	122,162
Repayment of borrowings		(149,613)	(149,613)	(31,813)	(31,813)
<b>Net cash provided by/ (used in) financing activities</b>		<b>(79,707)</b>	<b>(79,707)</b>	<b>90,349</b>	<b>90,349</b>
Net increase/ (decrease) in cash held		195,881	308,524	106,032	(36,069)
Cash at beginning of financial year		233,443	20,563	127,411	56,632
Cash at end of financial year	<b>6</b>	<b>429,324</b>	<b>329,087</b>	<b>233,443</b>	<b>20,563</b>

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 2009**

**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 the 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 going concern basis of accounting has been adopted because the directors forecast that the company will be able to pay its debts as and when they fall due until at least 31 October 2010. In the event that there is not sufficient income from donations, consulting projects and the Good Return program to cover future expenses, the directors believe that they have the ability to reduce the company's expenses accordingly and, further, that they can rely on the commitment by World Education Inc in Boston USA to lend the company up to US\$150,000 and subordinate any amount due to them by the company to the claims of other creditors.

**(a) Principles of Consolidation**

A controlled entity is any entity in respect of which World Education Australia Limited has the power to control the financial and operating policies 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. There is no minority equity interest in 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.

**(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, and 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 and impairment losses.

**Plant and Equipment**

Plant and equipment are measured on the cost basis.

The carrying amounts of plant and equipment are reviewed annually and, if appropriate, written down to their estimated recoverable amounts.

**Depreciation**

Depreciation of plant and equipments is calculated on both the prime cost and 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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**NOTES TO THE FINANCIAL STATEMENTS**  
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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.

	<b>Consolidated Group</b>	<b>Parent Entity</b>	<b>Consolidated Group</b>	<b>Parent Entity</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2. REVENUE</b>				
<b>a Donation and gifts</b>				
Monetary donations	337,263	454,732	405,174	296,362
Non-monetary donations	<u>39,677</u>	<u>39,677</u>	<u>75,042</u>	<u>75,042</u>
	<u>376,940</u>	<u>494,409</u>	<u>480,216</u>	<u>371,404</u>
<b>b Grants</b>				
AusAID	60,526	60,526	-	-

The parent entity's monetary donations of \$454,732 were received from the controlled entity (WEAORF). \$117,469 of this was from donations received by WEAORF in the previous year.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2009	2009	2008	2008
	\$	\$	\$	\$
<b>c Other income</b>				
Project fees:				
AusAID project fees	41,940	41,940	3,588	3,588
Other Australian project fees	-	-	120,334	120,334
Other overseas project fees	252,299	252,299	210,879	212,986
World Education Inc project	43,984	43,984	64,516	64,516
Foreign exchange profit/ (loss)	(26,684)	(26,684)	19,936	19,935
Other income	-	-	593	593
	<u>311,539</u>	<u>311,539</u>	<u>419,846</u>	<u>421,952</u>
<b>3 EXPENSES</b>				
<b>a Funds to overseas projects</b>				
Project staff costs - overseas	140,789	140,789	211,739	211,739
Other costs	114,192	114,192	113,870	113,870
Volunteers	6,026	6,026	16,108	16,108
	<u>261,007</u>	<u>261,007</u>	<u>341,716</u>	<u>341,716</u>
<b>b Other project costs</b>				
Project staff costs - in Australia	181,837	181,837	170,768	170,768
Other costs	14,027	14,027	33,587	33,587
Volunteers	33,651	33,651	44,288	44,288
	<u>229,515</u>	<u>229,515</u>	<u>248,642</u>	<u>248,642</u>
<b>c Community education</b>				
Staff costs	64,876	64,876	14,696	14,696
Other costs	6,966	6,966	3,127	3,127
Volunteers	-	-	647	647
	<u>71,842</u>	<u>71,842</u>	<u>18,469</u>	<u>18,469</u>
<b>d Fundraising costs - public</b>				
Staff costs	58,544	58,544	4,052	4,052
Other costs	6,894	6,894	8,093	8,093
Volunteers	-	-	12,060	12,060
	<u>65,438</u>	<u>65,438</u>	<u>24,205</u>	<u>24,205</u>
<b>e Fundraising costs - government, multilateral and private</b>				
Staff costs	25,278	25,278	25,487	25,487
Other costs	1,460	1,460	3,292	3,292
Volunteers	-	-	-	-
	<u>26,738</u>	<u>26,738</u>	<u>28,779</u>	<u>28,779</u>
<b>f Administration</b>				
Staff costs	15,547	15,547	37,659	37,659
Other costs	81,423	81,312	73,319	73,048
Volunteers	-	-	1,940	1,940
	<u>96,970</u>	<u>96,859</u>	<u>112,919</u>	<u>112,648</u>

**WORLD EDUCATION AUSTRALIA LIMITED**  
**ABN 39 106 279 225**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2009	2009	2008	2008
	\$	\$	\$	\$
<b>4 SURPLUS FROM ORDINARY ACTIVITIES</b>				
Profit from ordinary activities before income tax expense has been determined after:				
<b>a Income</b>				
Unrealised foreign exchange gain			19,935	19,935
<b>b Expenses</b>				
Depreciation of equipment	14,350	14,350	10,873	10,873
Unrealised foreign exchange loss	26,684	26,684	-	-
Remuneration of auditor:				
- audit	8,000	8,000	7,700	7,700
- taxation services	-	-	300	300
- other services	1,500	1,500	800	800
<b>5. KEY MANAGEMENT PERSONNEL</b>				
Salary	<u>110,988</u>	<u>110,988</u>	<u>90,778</u>	<u>90,778</u>
<b>6. CASH AND CASH EQUIVALENTS</b>				
Cash on hand	699	699	375	375
Cash at bank	<u>428,625</u>	<u>328,388</u>	<u>233,068</u>	<u>20,188</u>
	<u>429,324</u>	<u>329,087</u>	<u>233,443</u>	<u>20,563</u>

The consolidated group's cash at bank includes \$100,338 (2008: \$212,980) 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.

Table of cash movements for designated purposes:

Consolidated group

<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>
Good Return program	99,563	78,355	6,373	(174,827)	9,464
AusAID - Good Return program		250,000		(1,537)	248,463
Other WEAORF purpose (Note 15)	<u>113,417</u>	<u>257,322</u>	<u>1,782</u>	<u>(281,647)</u>	<u>90,874</u>
	212,980	585,677	8,155	(458,011)	348,801
Other cash movements	<u>20,463</u>	<u>407,786</u>	<u>5,110</u>	<u>(352,835)</u>	<u>80,524</u>
	<u>233,443</u>	<u>993,463</u>	<u>13,265</u>	<u>(810,846)</u>	<u>429,325</u>

Cash raised for the Good Return program of \$78,355 represents a donation made by the Westpac Foundation. The special purpose grant from AusAID has to be expensed on approved activities by 30 June 2010.

**WORLD EDUCATION AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2009	2009	2008	2008
	\$	\$	\$	\$
<b>7. TRADE AND OTHER RECEIVABLES</b>				
Trade debtors	17,501	17,501	114,561	114,504
Controlled entity	-	93,953	-	36,596
	<u>17,501</u>	<u>111,454</u>	<u>114,561</u>	<u>151,100</u>
<b>8. INVENTORIES</b>				
Work in progress	-	-	40,738	40,738
	<u>-</u>	<u>-</u>	<u>40,738</u>	<u>40,738</u>
<b>9. OTHER CURRENT ASSETS</b>				
Security deposits	8,785	8,785	8,250	8,250
Prepayment	4,102	4,102	6,053	6,053
Other receivables	61,584	1,009	-	-
	<u>74,471</u>	<u>13,896</u>	<u>14,303</u>	<u>14,303</u>
<p>The security deposit is a term deposit that is security for the guarantee provided by the bank in respect of the premises occupied by the company.</p>				
<b>10. PROPERTY, PLANT AND EQUIPMENT</b>				
Plant and equipment	36,268	36,268	37,582	37,582
Computer software	88,640	88,640	20,000	20,000
Less accumulated depreciation	(29,781)	(29,781)	(25,327)	(25,327)
Total plant and equipment	<u>95,127</u>	<u>95,127</u>	<u>32,255</u>	<u>32,255</u>
<p>The Good Return program will commence in the next financial year. The software for this program had not been completed at 30 June 2009. It is too early to determine beyond reasonable doubt whether or not the above carrying value of the Good Return software exceeds its recoverable amount and, therefore, has been impaired.</p>				
<b>11. PAYABLES</b>				
<b>Current</b>				
Payroll liabilities	7,801	7,801	7,289	7,289
GST payable	18,740	18,740	5,096	5,096
Trade creditors	9,262	9,319	37,499	37,499
Accrued expenses	8,500	8,500	8,500	8,500
Hire purchase	1,081	1,081	-	-
	<u>45,384</u>	<u>45,441</u>	<u>58,383</u>	<u>58,383</u>
<b>Non-Current</b>				
Hire purchase	1,622	1,622	-	-
	<u>1,622</u>	<u>1,622</u>	<u>-</u>	<u>-</u>
<b>12. Provisions</b>				
Annual leave provision	25,782	25,782	12,799	12,799
	<u>25,782</u>	<u>25,782</u>	<u>12,799</u>	<u>12,799</u>



**WORLD EDUCATION AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Consolidated Group	Parent Entity	Consolidated Group	Parent Entity
	2009	2009	2008	2008
	\$	\$	\$	\$
<b>13. OTHER - LOANS</b>				
World Education Inc.	<u>82,941</u>	<u>82,941</u>	<u>162,648</u>	<u>162,648</u>

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

**14. COMMITMENTS**

The company has a commitment to spend \$26,000 to complete the development of the Good Return software.

**15. CONTRIBUTED EQUITY**

There is no contributed equity. The members registered 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**  
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**16. 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
	2009	2009	2008	2008
	\$	\$	\$	\$
<b>17. CASH FLOW INFORMATION</b>				
<b>Reconciliation of cash flow from operations</b>				
Surplus	10,763	120,187	134,436	21,141
Non-cash flows in surplus:				
Depreciation	4,454	4,454	10,873	10,873
Annual leave provision	12,983	12,983	12,799	12,799
Changes in Assets & Liabilities:				
Receivables	35,672	38,890	(108,328)	(137,134)
Inventories	40,738	40,738	2,230	2,230
Other current assets	1,697	1,697	(6,053)	(6,053)
Payables and accruals	234,439	234,440	1,518	1,518
<b>Cash flows from operations</b>	340,746	453,389	47,475	(94,626)

**18. 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
Repayments of loans to WEI	149,613	149,613	31,812	31,812
Fees received from WEI for services provided by the company	64,562	64,562	99,694	99,694
Fees paid to WEI for the services of WEI staff on company projects	107,234	107,234	60,744	60,744

**19. 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**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**20. 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 2009 and its financial position at that date are summarised in the income statement, balance sheet, changes in equity statement and notes below.

<b>INCOME STATEMENT</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUE</b>		
Donations & gifts - monetary & non-monetary	336,282	403,738
Legacies & bequests	-	-
Grants:		
AusAID	-	-
Other Australian	-	-
Other overseas	-	-
Investment income	8,156	6,860
Other income	-	-
<b>TOTAL REVENUE</b>	<u>344,438</u>	<u>410,598</u>
<b>EXPENSES</b>		
Overseas projects	453,751	297,033
Domestic projects	-	-
Community education	-	-
Fundraising costs		
Public	-	-
Government, multilateral and private	-	-
Administration	111	271
<b>TOTAL EXPENSES</b>	<u>453,862</u>	<u>297,304</u>
<b>Excess of revenue over expenses (shortfall) from continuing operation</b>	<u>(109,424)</u>	<u>113,294</u>

**WORLD EDUCATION AUSTRALIA LIMITED**  
**ABN 39 106 279 225**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

<b>BALANCE SHEET</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	100,338	212,980
Financial assets	-	-
Trade and other receivables	60,632	57
Inventories	-	-
Other current assets	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>160,970</u>	<u>213,037</u>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	-	-
Other	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>160,970</u>	<u>213,037</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	93,953	36,597
Provisions	-	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>93,953</u>	<u>36,597</u>
<b>NON-CURRENT LIABILITIES</b>		
Payables	-	-
Provisions	-	-
Other - loans	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>93,953</u>	<u>36,597</u>
<b>NET ASSETS (LIABILITIES)</b>	<u>67,017</u>	<u>176,440</u>
<b>EQUITY</b>		
Settled sum	100	100
Reserves	66,917	176,340
<b>TOTAL EQUITY (DEFICIT)</b>	<u>67,017</u>	<u>176,440</u>

**WORLD EDUCATION AUSTRALIA LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2009**

**STATEMENT OF CHANGES IN EQUITY**

	Note	Capital \$	Retained Earnings \$	Reserve For Designated Purpose \$	Total \$
<b>Controlled Entity</b>					
Settlement sum		100	-	-	100
Excess of revenue over expenses/ (shortfall)		-	176,340	-	176,340
Transfer (to)/ from reserve		-	(176,340)	176,340	-
<b>Balance at 30 June 2008</b>		<u>100</u>	<u>-</u>	<u>176,340</u>	<u>176,440</u>
Excess of revenue over expenses/ (shortfall)		-	(109,423)	-	(109,423)
Transfer (to)/ from reserve		-	109,423	(109,423)	-
<b>Balance at 30 June 2009</b>		<u>100</u>	<u>-</u>	<u>66,917</u>	<u>67,017</u>

**NOTES**

**2009**  
**\$**                      **2008**  
**\$**

**REVENUE**

**Donation and gifts**

Monetary donations	336,282	403,739
Non-monetary donations	-	-
	<u>336,282</u>	<u>403,739</u>

**EXPENSES**

**Overseas projects**

Staff costs	158,092	112,366
Other project costs	295,659	184,667
Volunteers	-	-
	<u>453,751</u>	<u>297,033</u>

**Administration**

Staff costs	-	-
Other costs	111	271
Volunteers	-	-
	<u>111</u>	<u>271</u>

The accompanying notes form part of these financial statements.

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

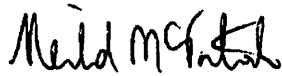
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes as set out on pages 6 to 20, 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 2009 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.

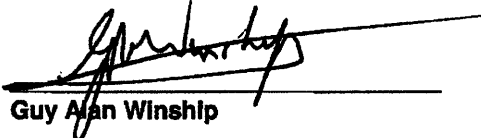
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Neild Alfred McIntosh (Chairman)

Director



Guy Alan Winship

30 October 2009

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

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

We have audited the accompanying financial report of World Education Australia Limited on pages 6 to 21, which comprises the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, notes to the financial statements and the directors' declaration of the consolidated entity comprising the company and the entity 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**

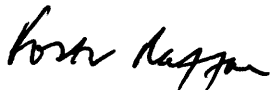
**Qualified Auditor's Opinion**

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 2009 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.

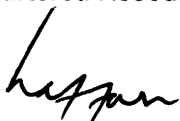
**Inherent Uncertainty Regarding the Adoption of the Going Concern Basis of Accounting**

Without qualification to the opinion expressed above, we draw attention to Note 1 to the financial statements. The going concern basis of accounting has been adopted on the assumption that the directors will be able to reduce expenses if forecast income does not materialise and also rely on World Education Inc lending the company up to US\$150,000 which it will subordinate to the claims of other creditors.



**Foster Raffan  
Chartered Accountants**

**North Sydney**



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**Partner: George Raffan**

**30 October 2009**