

WORLD EDUCATION AUSTRALIA LIMITED

ABN 39 106 279 225

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013**

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

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WORLD EDUCATION AUSTRALIA LIMITED
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DIRECTORS' REPORT

Your directors present this report on the company, and its controlled entity World Education Australia Overseas Relief Fund (WEAORF), for the financial year ended 30 June 2013.

Below are listed the names of the company's directors in office throughout the financial year until the date of this report (unless otherwise stated), their specific roles, qualifications, and experience:

Neill McIntosh, Chair

B.A. (Actuarial Studies), M.A. (International Development)

Neill has long commercial experience including running a family business. He now contributes as a non-executive member to corporate and not for profit boards, as a director of equigroup (a subsidiary of CBA), and of Can Assist, a charity helping cancer patients in NSW.

Margaret Wright, Treasurer

B.Com. FCA

Margaret is a strategic advisor who, with a background in accounting, audit and IT roles at KPMG and Macquarie Bank, now focuses on technology and business process issues. Until recently, she was a board member of the National Breast Cancer Foundation

Pamela Jonas

B.A. (Hons), M.A. (Public Policy & Management)

Pam has more than twenty years experience in education, training, and employment policy. She has applied her public policy expertise to roles in industry, education and community sectors. Pam currently works as a consultant and splits her time between Australia and France.

Gordon Cairns

M.A. (Hons)

Gordon has had an executive career with several global companies, culminating as CEO of Lion Nathan Ltd. He now serves as a non-executive director of Westpac, Origin Energy, and Quick Service Restaurants. He chairs Origin Foundation, and acts as a senior advisor to Greenhill and McKinsey.

Kathryn Jordan

B.Com, LL.B, LL.M.

Kathryn is a corporate lawyer with 20 years of mergers and acquisitions experience across a range of sectors including media, telecommunications and financial services. She is the managing partner of the Sydney office of Clayton Utz.

David Kahler

B.Sc., M.A., M.Ed, Ed.D.

David is an organisational development and education specialist with over 40 years of international practice. As a Vice President of World Education Inc, he maintains oversight of their European programs from his base in Normandy.

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William Pigott

B.S., M.B., formerly FRACP

Bill is a retired international civil servant. He worked for 21 years with WHO as an education and public health practitioner, latterly as Country Representative in Nepal and Cambodia. He is now involved in community work, especially with Landcare in NSW.

Guy Winship, CEO

B.Soc.Sc. B.Com (Hons), M.Sc. (Town & Regional Planning)

Guy is a development expert who has worked in Africa, Asia and the Pacific. He has consulted to and continues to advise governments and NGOs on microfinance, institutional development, public policy and vocational training.

D James MacNeil, Alternate

Ed. D.

James has worked for World Education Inc since 1999 where he has been involved in education and livelihoods development programs, particularly in Indonesia and India. He is based in Boston where he is Vice President of WEI's Asia Division.

Damien Woods

B.Sc., MBA

Damien has had a 25 year career as a management consultant, mostly with Accenture, specialising in the healthcare field. He is a director of Accenture Australia Foundation, Smile Dental, and Australian Agricultural Technologies. Damien was appointed a director on 12 June 2013.

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The consolidated surplus for the year was \$207,737. This comprises a surplus of \$277 from World Education Australia Limited (WEAL) and a surplus of \$207,460 from the controlled entity WEAORF.

The company is limited by guarantee, with the liability of each member in respect of liabilities of the company, as specified in the Constitution, being restricted to \$10. During the year, membership of the company increased from 253 to 259.

The company is a Public Benevolent Institution approved by the Australian Taxation Office and enjoys tax exempt status. The NSW Office of Charities has authorised the company to fundraise under the Charitable Fundraising Act 1991. Authorisation (or reciprocal exemption) has also been obtained to raise funds in all other states and Territories. The company has received exemption from ASIC with regard to the primary requirements of an Australian Financial Services Licence.

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. WEAORF, 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.

Key Objectives

The vision of the company and its controlled entity is a world without poverty, where people have access to resources and opportunities to improve their own lives. The mission of the company is through microfinance and skills development we enable the poor to improve their incomes and change their lives forever. This mission describes both the long term and short term objectives of the organisation.

Strategy for achieving these objectives

The company contributes to its poverty reduction objectives by working with its partners in both the Australian community and overseas to provide training, interest-free loan capital, best practice technical assistance and project management services in a number of Asian and Pacific countries as well as in Australia. Programs are designed to strengthen the capacity of local partners, catalyse community and national development, and contribute to individual growth.

In pursuit of the company's poverty reduction mission, a major internet-based program entitled Good Return was implemented during the 2010 financial year. Good Return facilitates small loans and loan guarantees from the Australian public to partner financial institutions targeting low income communities overseas at 0% interest. This micro-credit program integrates with the development and training operations of the company. Good Return is providing an increasingly significant component of the company's activities and resources, and this is likely to continue into the future.

There was no significant change to the activities of the consolidated group during the year. It continued to also design, manage and implement international development programs and provide technical assistance to the Australian Agency for International Development (AusAID), Asian Development Bank (ADB), and United Nations (UN) agencies during the financial year.

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Future plans

The company will continue to provide resources aimed at reducing poverty, through the provision of low cost loan capital and loan guarantees, training, technical assistance and project management services targeted at low income communities in the Asia Pacific region as well as in Australia. These development and poverty-reduction operations are planned to continue during the year and years ahead.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may 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 consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of the State of NSW.

Director attendance at board meetings

Neild McIntosh	4 (4)
Margaret Wright	4 (4)
Pamela Jonas	2 (4)
Gordon Cairns	4 (4)
Kathryn Jordan	4 (4)
David Kahler	2 (4)
William Pigott	3 (4)
Guy Winship	4 (4)
D James MacNeil	3 (4)
Damien Woods	Not applicable - appointed 12 June 2013

Auditor's Independence Declaration

The auditor's independence declaration is on page 6.

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

Director 
Neild McIntosh (Chairman)

Director 
Margaret Wright (Treasurer)

15 November 2013



FOSTER RAFFAN
CHARTERED ACCOUNTANTS
BUSINESS, FINANCIAL & TAX ADVISORS

Partners:
Graeme J McLean
Vivien H Tang
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AUDITOR'S INDEPENDENCE DECLARATION

I declare, to the best of my knowledge and belief, that during the year ended 30 June 2013, 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

Foster Raffan
Chartered Accountants

G D Wood

Partner: G D Wood, FCA

North Sydney

15 November 2013

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group 2013 \$	Consolidated Group 2012 \$
REVENUE			
Donations & gifts - monetary & non-monetary	2a	571,681	531,173
Legacies & bequests		-	-
Grants	2b	1,125,623	1,240,642
Interest		31,832	57,670
Other income	2c	485,618	264,363
TOTAL REVENUE		2,214,754	2,093,848
EXPENSES			
Overseas projects			
Funds to overseas projects	3a	760,011	867,245
Other project costs	3b	580,795	518,487
Domestic projects	3c	276,334	257,542
Community education	3d	34,322	56,664
Fundraising costs			
Public	3e	164,441	110,611
Government, multilateral and private	3f	26,985	11,047
Administration	3g	164,129	129,600
TOTAL EXPENSES		2,007,017	1,951,196
Excess of revenue over expenses		207,737	142,652
Income tax expense	1c	-	-
Surplus for the year	4	207,737	142,652
Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		207,737	142,652

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	Consolidated Group 2013 \$	Consolidated Group 2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,294,561	1,319,030
Loans	8	273,708	138,114
Trade and other receivables	7	3,172	34,455
Other current assets	9	66,637	72,827
TOTAL CURRENT ASSETS		<u>1,638,078</u>	<u>1,564,426</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	40,593	11,816
Intangible assets	11	23,556	41,758
TOTAL NON-CURRENT ASSETS		<u>64,149</u>	<u>53,574</u>
TOTAL ASSETS		<u>1,702,227</u>	<u>1,618,000</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	158,596	101,112
Special purpose funding	6	470,904	817,639
Loans	14	465,237	304,305
Provisions	13	35,747	40,275
TOTAL CURRENT LIABILITIES		<u>1,130,484</u>	<u>1,263,331</u>
NON-CURRENT LIABILITIES			
Provisions	13	56,410	47,073
TOTAL NON-CURRENT LIABILITIES		<u>56,410</u>	<u>47,073</u>
TOTAL LIABILITIES		<u>1,186,894</u>	<u>1,310,404</u>
NET ASSETS		<u>515,333</u>	<u>307,596</u>
EQUITY			
Contributed equity	16	-	-
Reserve for designated purpose	17	514,355	306,895
Retained earnings	24	978	701
TOTAL EQUITY		<u>515,333</u>	<u>307,596</u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Retained Earnings \$	Reserve For Designated Purposes \$	Total \$
Consolidated Group				
Balance at 1 July 2011		(62,625)	227,569	164,944
Excess of revenue over expenses		142,652	-	142,652
Transfer (to)/ from reserve	17	(79,326)	79,326	-
Balance at 30 June 2012		701	306,895	307,596
Excess of revenue over expenses		207,737	-	207,737
Transfer (to)/ from reserve	17	(207,460)	207,460	-
Balance at 30 June 2013		978	514,355	515,333

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated Group 2013 \$	Consolidated Group 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations and grants		1,179,743	1,134,391
Customers		549,441	206,951
Suppliers and employees		(1,737,935)	(1,665,867)
Interest		31,832	57,670
Net cash provided by / (used in) operating activities	18	23,081	(266,855)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment	10	(35,120)	(4,959)
Good Return software and web-site	11	(21,170)	(22,395)
Security deposit	9	(18,176)	(597)
Net cash (used in) investing activities		(74,466)	(27,951)
CASH FLOWS FROM FINANCING ACTIVITIES			
Good Return - net loans received from the public	14	160,932	164,889
Good Return - net loans paid to microfinance institutions	8	(135,594)	(21,979)
Repayment of WEI loan	9 & 12	1,578	5,595
Repayment of equipment lease		-	(541)
Net cash provided by financing activities		26,916	147,964
Net (decrease) in cash held		(24,469)	(146,842)
Cash at beginning of financial year		1,319,030	1,465,872
Cash at end of financial year	6	1,294,561	1,319,030

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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 financial report covers the consolidated group of World Education Australia Limited and its controlled 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 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.

(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

Monetary donations are recognised as revenue when the money is received. Donations and grants with reciprocal requirements are treated as unearned until expensed in terms of those requirements.

Non-monetary donations are recognised as revenue 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.

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(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.

Depreciation and Amortisation

Depreciation of plant and equipment is calculated on the prime cost basis over its useful life to the company. The rates used range from 10% to 40%. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements on a prime cost basis.

(g) Intangible Assets

The Good Return web-site and the software required to run it are classified as intangible assets. Intangible assets are carried at the cost of development less, where applicable, accumulated amortisation and impairment losses. Costs of development are capitalised only in respect of identifiable new modules that are expected to deliver future economic benefits that can be measured reliably. Costs include materials and services provided by third parties. Salaries and related costs of employees involved in the development are expensed as incurred. Expenditure during the research phase of the development to maintain and update developed modules is expensed as incurred. Development costs are amortised on a straight line basis over the period that they are expected to deliver future economic benefits from when they are ready for use.

(h) 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.

(i) Provisions

Provisions are recognised when an 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.

(j) 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 statement of financial position are shown inclusive of GST.

(k) 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 or presentation.

(l) 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 statement of comprehensive income to the extent they will be borne by the consolidated group.

(m) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Financial Liabilities

Loans and payables are non-derivative financial liabilities and are subsequently measured at amortised cost.

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Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit or loss. Also, any cumulative decline in cost previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability, which is extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(n) Impairment of Assets

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

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an assets class, the entity estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments 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.

Impairment

The recoverability of trade receivables and loans to microfinance institutions was reviewed by the directors and provisions for impairment made where they considered it necessary.

(p) Economic Dependence

The company is dependent on the philanthropy of businesses and individuals in the community to provide donations and grants for its causes.

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	Consolidated Group	Consolidated Group
	2013	2012
	\$	\$
2. REVENUE		
a Donation and gifts		
Monetary donations	400,853	286,749
Non-monetary donations	<u>170,828</u>	<u>244,424</u>
	<u>571,681</u>	<u>531,173</u>
<p>Monetary donations include \$213,847 (2012: \$146,899) received through the Good Return Program</p>		
b Grants		
AusAID	377,726	289,858
Other Australian	612,238	584,277
Other Overseas	<u>135,659</u>	<u>366,507</u>
	<u>1,125,623</u>	<u>1,240,642</u>
c Other income		
Project fees:		
Good Return fees	24,776	17,636
World Education Inc project fees	305,952	246,203
Foreign exchange gain/(loss)	11,704	(7,076)
Other income	<u>143,186</u>	<u>7,600</u>
	<u>485,618</u>	<u>264,363</u>

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	Consolidated Group	Consolidated Group
	2013	2012
	\$	\$
3 EXPENSES		
a Funds to overseas projects		
Project staff costs - overseas	237,071	273,520
Other costs	479,565	479,100
Volunteers	43,375	114,625
	<u>760,011</u>	<u>867,245</u>
b Other project costs		
Project staff costs - in Australia	395,161	309,067
Other costs	92,552	120,563
Volunteers	93,082	88,857
	<u>580,795</u>	<u>518,487</u>
c Domestic projects		
Staff costs	33,480	40,249
Other costs	242,854	217,293
Volunteers	-	-
	<u>276,334</u>	<u>257,542</u>
d Community education		
Staff costs	27,125	33,402
Other costs	3,871	5,003
Volunteers	3,326	18,259
	<u>34,322</u>	<u>56,664</u>
e Fundraising costs - public		
Staff costs	80,210	55,796
Other costs	53,186	32,132
Volunteers	31,045	22,683
	<u>164,441</u>	<u>110,611</u>
f Fundraising costs - government,		
Staff costs	25,030	9,318
Other costs	1,955	1,729
Volunteers	-	-
	<u>26,985</u>	<u>11,047</u>
g Administration		
Staff costs	56,065	36,994
Other costs	108,064	92,606
Volunteers	-	-
	<u>164,129</u>	<u>129,600</u>

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	Consolidated Group	Consolidated Group
	2013	2012
	\$	\$
4 SURPLUS FOR THE YEAR		
Surplus for the year before income tax expense has been determined after:		
a Income		
Net foreign exchange gain/(loss)	11,704	(7,076)
b Expenses		
Depreciation and amortisation	45,715	65,833
Remuneration of auditor:		
- audit	<u>16,750</u>	<u>16,000</u>
5. KEY MANAGEMENT PERSONNEL COMPENSATION		
Short term benefits	<u>168,000</u>	<u>154,000</u>
6. CASH AND CASH EQUIVALENTS		
Cash on hand	400	198
Cash at bank - for the Good Return program	391,591	376,651
- for other designated purposes	470,904	817,639
- other	431,666	124,542
	<u>1,294,561</u>	<u>1,319,030</u>

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FOR THE YEAR ENDED 30 JUNE 2013

Table of cash movements for designated purposes:

Designated purposes	Cash available at beginning of year	Cash raised during the year	Interest	Cash disbursed during the year	Cash available at the end of the year
AusAID annual allocation	19,598	358,128		(377,726)	-
Skills For Life	92,558	424,904		(327,164)	190,298
Infuse	-	56,232		(56,232)	-
ConnectEd	53,395	263,873		(305,952)	11,316
Education & Microfinance Expansion	555,716	-		(343,528)	212,188
Small farmers livelihoods	83,826	113,935		(140,659)	57,102
Other	12,546	17,000		(29,546)	-
	<u>817,639</u>	<u>1,234,072</u>	-	<u>(1,580,807)</u>	<u>470,904</u>
Good Return - Net loans transactions	376,651	142,329		(127,389)	391,591
Total for designated purposes	<u>1,194,290</u>	<u>1,376,401</u>	-	<u>(1,708,196)</u>	<u>862,495</u>
Other cash movement	<u>124,740</u>	<u>513,715</u>	<u>31,832</u>	<u>(238,221)</u>	<u>432,066</u>
	<u><u>1,319,030</u></u>	<u><u>1,890,116</u></u>	<u><u>31,832</u></u>	<u><u>(1,946,417)</u></u>	<u><u>1,294,561</u></u>

Amounts indicated as cash raised and cash disbursed during the year for Good Return - Net loans transactions represents net cash balance movements with the program's public lenders.

	Consolidated Group	Consolidated Group
	2013	2012
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Trade debtors	<u>3,172</u>	<u>34,455</u>

Credit Risk – Trade Receivables

The company's credit terms are 30 days. Overdue debts are pursued and monitored by management. They are assessed for impairment and provided for where specific circumstances indicate that the debt may not be paid in full to the company.

The company does not have any material credit risk exposure to any single receivable or group of receivables.

The following table details the company's trade receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon.

The balances of receivables that are both overdue and not due are considered to be of high credit quality.

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Total	Overdue and impaired	Overdue and not impaired	Not due, not impaired
2013				
<30 days	2,455	-	-	2,455
31-60 days	0	-	-	-
>90 days	717	-	717	-
	<u>3,172</u>	<u>-</u>	<u>717</u>	<u>2,455</u>
2012				
<30 days	11,709	-	-	11,709
31-60 days	22,746	-	22,746	-
61-90 days	0	-	-	-
	<u>34,455</u>	<u>-</u>	<u>22,746</u>	<u>11,709</u>

	Consolidated Group 2013 \$	Consolidated Group 2012 \$
8. LOANS		
Current		
Good Return loan portfolio with microfinance institutions	<u>273,708</u>	<u>138,114</u>
9. OTHER CURRENT ASSETS		
Security deposits	28,558	10,382
Prepayment	18,025	7,806
GST receivable	2,211	3,516
Other receivables	17,843	50,383
Amount due by World Education Inc.	-	740
	<u>66,637</u>	<u>72,827</u>

The security deposits are term deposits that are security for the guarantee provided by the bank in respect of the premises occupied by the company.

10. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	33,661	-
Less accumulated depreciation	(2,805)	-
	<u>30,856</u>	<u>-</u>
Movements in carrying amounts		
Balance at 1 July 2012	-	-
Additions	33,661	-
Depreciation	(2,805)	-
Carrying amount at 30 June 2013	<u>30,856</u>	<u>-</u>

WORLD EDUCATION AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Consolidated Group 2013 \$	Consolidated Group 2012 \$
Plant and equipment		
At cost	50,890	49,431
Less accumulated depreciation	(41,153)	(37,615)
	9,737	11,816
Movements in carrying amounts		
Balance at 1 July 2012	11,816	11,641
Additions	1,459	4,959
Depreciation	(3,538)	(4,784)
Carrying amount at 30 June 2013	9,737	11,816

11. INTANGIBLE ASSETS

Good Return software and web-site

At cost	223,290	202,120
Less accumulated amortisation	(199,734)	(160,362)
	23,556	41,758
Movements in carrying amounts		
Balance at 1 July 2012	41,758	80,412
Additions	21,170	22,395
Depreciation	(39,372)	(61,049)
Carrying amount at 30 June 2013	23,556	41,758

It is too early in the life of the Good Return program to determine with an acceptable degree of certainty whether or not the recoverable amount (value in use) for the intangible assets exceeds the above carrying value.

12. TRADE AND OTHER PAYABLES

Current

Payroll liabilities	8,278	4,621
Trade and other creditors	93,129	77,520
Accrued expenses	56,351	18,971
Amount due to World Education Inc.	838	-
	158,596	101,112

WORLD EDUCATION AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	Consolidated Group 2013 \$	Consolidated Group 2012 \$
13. Provisions		
Current		
Annual leave provision	<u>35,747</u>	<u>40,275</u>
Non-Current		
Long service leave provision	<u>56,410</u>	<u>47,073</u>
Provision for employee benefits		
Balance at the beginning of the year	87,348	48,068
Additional provision raised during the year	56,798	68,342
Amounts used	<u>(51,989)</u>	<u>(29,062)</u>
Balance at the end of the year	<u>92,157</u>	<u>87,348</u>
14. LOANS		
Current		
Good Return loans from the public	<u>465,237</u>	<u>304,305</u>

The Company has no financial liability in respect of Good Return loans from the public in the event of repayment default by microfinance partners.

15. CAPITAL COMMITMENTS

The company has a general commitment to continuing spend on the refinement and development of the Good Return software (2012 specific commitment \$30,000).

16. 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. There were 259 members at 30 June 2013 (2012: 253).

17. RESERVE FOR DESIGNATED PURPOSES

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 Purposes 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.

WORLD EDUCATION AUSTRALIA LIMITED

**ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	Consolidated Group 2013 \$	Consolidated Group 2012 \$
18. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations		
Surplus	207,737	142,652
Non-cash flows in surplus:		
Depreciation and amortisation	45,715	65,833
Leave provisions	4,811	39,280
Changes in Assets & Liabilities:		
Receivables	65,128	(60,928)
Other current assets	(10,219)	(5,175)
Payables and accruals	<u>(290,091)</u>	<u>(448,517)</u>
Cash flows provided from / (used in) operations	<u>23,081</u>	<u>(266,855)</u>

19. RELATED PARTY DISCLOSURES

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

Repayment of loans to WEI	85,533	80,784
Fees paid to WEI for the services of WEI staff on company projects	82,119	84,024

The managing director's remuneration is included in the disclosure relating to key employees (Note 5). No other directors receive any remuneration from the company. The directors make donations to the company on a personal basis.

20. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist of deposits with banks, loans to microfinance institutions and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139, are as follows:

Financial Assets

Cash and cash equivalents	1,294,561	1,319,030
Receivables	3,172	34,455
Good Return loans portfolio with microfinance institutions	273,708	138,114
Total financial assets	<u>1,571,441</u>	<u>1,491,599</u>

Financial Liabilities

Trade and other payables	149,480	96,491
Good Return loans from the public	465,237	304,305
Total financial liabilities	<u>614,717</u>	<u>400,796</u>

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk, foreign currency risk and market risk relating to interest rate risk.

a. Credit Risk

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

The company's material credit risk exposures are receivables and cash deposited with banks.

The company's exposure to credit risk arising from trade receivables is dealt with in Note 7.

With regard to the Good Return loan portfolio in Note 8, credit risk exists on the loans donated to the company by the public, and advanced by Good Return to microfinance institutions. The company has made a provision for this risk.

The company deposits cash only with major banks. At the year end all cash at bank was with Westpac Banking Corporation.

b. Liquidity Risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk by preparing regular cash flow forecasts and managing credit risks.

The table below reflects undiscounted financial liabilities and cash flows from financial assets that reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability and financial asset maturity analysis

	Within 1 year	1 to 5 years	Over 5 years	Total
Financial liabilities due for payment				
Trade and other payables	149,480	-	-	149,480
Loans	465,237	-	-	465,237
Total expected outflows	<u>614,717</u>	<u>-</u>	<u>-</u>	<u>614,717</u>
Financial assets - cash flows realisable				
Cash and cash equivalents	1,294,561	-	-	1,294,561
Trade and other receivables	3,172	-	-	3,172
Loans	273,708	-	-	273,708
Total anticipated inflows	<u>1,571,441</u>	<u>-</u>	<u>-</u>	<u>1,571,441</u>
Net inflow on financial instruments	<u>956,724</u>	<u>-</u>	<u>-</u>	<u>956,724</u>

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

The fair values of financial assets and financial liabilities are considered to be equal to their carrying values as presented in the statement of financial position.

21. CAPITAL MANAGEMENT

The directors control the capital of the entity to ensure that adequate cash flows are generated to fund its objectives. The objective is to maintain sufficient cash and cash equivalents to cover at least 3 months expenses. Risk management policies are approved and reviewed by the directors on a regular basis. These include credit risk policies and future cash flow requirements. The entity's capital consists of reserve and retained earnings.

22. COMPANY INFORMATION

The registered office and principal place of business of the company is:
 Level 1, 174 Willoughby Road
 Crows Nest NSW 2065

23. 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.

24. PARENT COMPANY INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

	2013	2012
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	920,243	860,934
TOTAL ASSETS	<u>984,392</u>	<u>914,508</u>

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

	2013	2012
	\$	\$
LIABILITIES		
Current liabilities	983,414	913,807
TOTAL LIABILITIES	<u>983,414</u>	<u>913,807</u>
 EQUITY		
Issued capital	-	-
Retained earnings	978	701
	<u>978</u>	<u>701</u>
 STATEMENT OF COMPREHENSIVE INCOME		
Total comprehensive income	<u>277</u>	<u>63,326</u>

The parent company acts as trustee of its controlled entity which is a trust and liabilities have been incurred on behalf of that trust in the parent company's capacity as trustee. To the extent that the trust is unable to meet any obligations, the parent company as trustee may be liable.

Liabilities incurred on behalf of the trust are not recognised in the financial statements of the parent company acting as trustee of the trust when it is not probable that the parent company will have to meet any of those trust liabilities from its own resources. When it is probable that the parent company will have to meet some trust liabilities, a provision for trust liabilities will be brought to account. In addition, the parent company as a trustee has a right to be indemnified out of trust assets for any obligation not met by the trust. Details of trust liabilities and offsetting right of indemnity are as follows:

Liabilities of the World Education Australia Overseas Relief Fund not recorded in the financial statements of the parent company were:

Rights to be indemnified from the trusts assets	<u>562,623</u>	<u>702,539</u>
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The assets of the trust, which lie behind the right of indemnity, are not directly available to meet any liabilities of the parent company acting in its own right. The assets of the trust were sufficient to discharge all liabilities of the trust at 30 June 2013 and 30 June 2012.

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

DECLARATION REQUIRED BY CHARITABLE FUNDRAISING REGULATIONS
2008

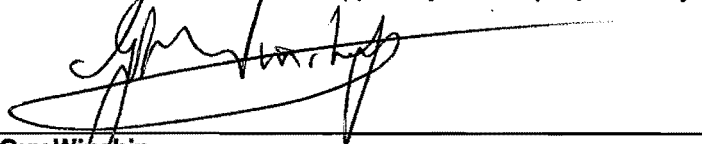
I declare that, in my opinion:

the statement of comprehensive income gives a true and fair view of all income and expenditure of the company with respect to fundraising appeals;

the statement of financial position gives a true and fair view of the state of affairs of the company with respect to fundraising appeals;

the provisions of the Charitable Fundraising Act 1991, the regulations under that Act and the conditions attached to the authority have been complied with by the company for the year ended 30 June 2013; and

the internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the company from any of its fundraising appeals.



Guy Wiship
Managing Director

15 November 2013

**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 7 to 25, are in accordance with the
 - (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 2013 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 McIntosh (Chairman)

Director



Margaret Wright (Treasurer)

15 November 2013

Partners:
Graeme J McLean
Vivien H Tang
G Douglas Wood

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North Sydney NSW 2060
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**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 7 to 27, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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 statements are 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 of the financial report that gives a true and fair view 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

Donations are a significant source of revenue for the company. The company has determined that it is not practical to establish control over the collection of all types of donations prior to entry in the accounting records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to donations had to be restricted to the amounts recorded in the financial records. Therefore, we are unable to express an opinion on whether income from donations is complete.

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

Qualified Auditor's Opinion

In our opinion, except for the effect of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, 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 consolidated financial position as at 30 June 2013 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

complies with the requirements of the Australian Council of International Development's Code of Conduct Document.

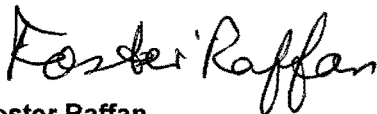
We also report that:

(a) the financial report shows a true and fair view of the financial result of fundraising appeals conducted during the year except for the effects of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed;

(b) the accounting and associated records have been properly kept during the year in accordance with the Charitable Fundraising Act 1991 and the Regulations;

(c) money received as a result of the fundraising appeals conducted during the year has been properly accounted for and applied in accordance with the Charitable Fundraising Act 1991 and regulations; and

(d) at the date of this report, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.



**Foster Raffan
Chartered Accountants**



**G D Wood, FCA
Partner**

North Sydney

15 November 2013