WORLD EDUCATION AUSTRALIA LIMITED

ABN 39 106 279 225

CONSOLIDATED FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

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DIRECTORS' REPORT

Your directors present this report on World Education Australia Limited (the Company), and its controlled entity World Education Australia Overseas Relief Fund (WEAORF), collectively the consolidated Group, for the financial year ended 30 June 2019.

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. Following the AGM in November 2018, Pamela Jonas and William Pigott retired; Joanna Ledgerwood resigned; Clay O'Brien and Shane Nichols were appointed.

Kathryn Jordan, Chair
B.Com, LL.B, LL.M.
Kate is a Corporate and Mergers & Acquisitions lawyer. She is the Deputy Chief Executive Partner of Clayton Utz.

Sondra Cortis, Treasurer
B.Com, CA, GAICD
Sondra has over 25 years of experience in the financial services industry. After qualifying as a chartered accountant with Deloitte, she joined Westpac in 1995. She has filled various roles in the bank's finance area, and serves as Deputy CFO for Westpac International.

Gordon Cairns
M.A. (Hons)
Gordon has had an executive career with several global companies, latterly as CEO of Lion Nathan. He now acts as chair of Woolworths and Origin Energy, and as a non-executive director of Macquarie Group.

Clay O'Brien (appointed Nov 2018)
LL.B (Hons) M.Econ.
Clay has 18 years' experience in the international development field. He served a decade with Opportunity International, transacting many corporate activities, as well the conversion of local MFIs to banks. He previously worked for DFAT and the UN as a specialist in financial inclusion.

Daniel James MacNeil
B.A., M.Ed., Ed. D.
James has worked for World Education Inc. (WEI) on education and livelihoods development programs in Indonesia, Cambodia, Nepal and India. He is based in Boston where he is Vice President of WEI's Asia Division.

Pamela Jonas (resigned Nov 2018)
B.A. (Hons), M.A. (Public Policy & Management)
Pam worked for more than two decades in education, training, and employment policy. She applied this expertise as an education and community consultant, and now splits her time between Australia and France.

Damien Woods
B.Sc., MBA
Damien has worked for more than 25 years as a management consultant, mostly with Accenture, specialising in the healthcare field. He is presently Managing Director at Tingari Consulting.

Sonia Higgins
B. Soc. Sc.
Sonia has been a senior HR executive for Cisco and Hewlett Packard, and more recently at Lendlease, with responsibility for its sustainability program and Foundation. Currently she consults to corporate and not-for-profits in her areas of expertise.

Shane Nichols (appointed Feb 2019)
B.Sc., M.Soc.Sci.
Shane's experience in microfinance and enterprise development spans two decades, having worked with multiple financial service providers and social enterprises across the Asia Pacific. Prior to joining Good Return, Shane worked for DFAT on economic development programs in China and Mongolia. He also serves as Non-Executive Director of Palmera Projects.

Guy Winship (deceased Sep 2018)
B.Soc.Sc. B.Com (Hons), M.Sc. (Town & Regional Planning)
Guy was a financial inclusion and economic development specialist, and founder of World Education Australia.

Joanna Ledgerwood (resigned Nov 18)
B. Sc., MBA
Joanna is a microfinance specialist with extensive experience working for a range of international development agencies. Her book Microfinance Handbook is used extensively by development practitioners. Joanna lives in Vancouver.

William Pigott (resigned Nov 18)
B.S., M.B., formerly FRACP
Bill is a former education and public health practitioner, working with WHO for 21 years, latterly in Nepal and Cambodia. He is now involved in community support with Landcare in NSW.

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DIRECTORS REPORT

The consolidated surplus for the year was $70,443 (2018: $20,604). This comprises a surplus of $67,629 (2018: surplus of $18,653 from World Education Australia Limited (WEAL) and a surplus of $2,814 (2018: $1,951) from the controlled entity World Education Australia Overseas Relief Fund (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, net membership of the company was 270.

Key Compliances

The Company is a Public Benevolent Institution approved by the Australian Taxation Office (ATO) and enjoys tax exempt status. The company is a Deductible Gift Recipient (DGR) entity approved by the ATO for programs in Australia. 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 where required to do so. The Company is licenced by the Australian Securities and Investments Commission (ASIC) with regard to the primary requirements of an Australian Financial Services Licence. The Company (along with the Good Return and World Education Australia business names) is registered and complies with the Australian Charities and Not-for-profits Commission (ACNC) requirements. The Company is a reporting entity to the Australian Transaction Reports and Analysis Centre (AUSTRAC). The Company was fully accredited by the Department of Foreign Affairs & Trade in 2017 for a five year period.

The purpose of the controlled entity WEAORF is exclusively to provide relief to persons in a developing country certified as such by the DFAT, and to raise funds for this by way of tax deductible donations. WEAORF, a Deductible Gift Recipient entity, approved as such by the ATO, 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 all people have access to resources and opportunities to improve their lives. The mission of the company is to enable those living in poverty to achieve economic empowerment through responsible financial inclusion and capability development. This mission describes both the long term and short term objectives of the organisation.

Strategy for achieving these objectives

The Company continues to pursue its poverty reduction objectives by engaging strategically with partners to help them expand the provision of responsible financial services and create economic opportunities that benefit those living in poverty in the Asia-Pacific region.

In accordance with the Company's Strategic Plan, its core programs include promoting responsible and inclusive finance; financial capability and consumer empowerment; and Good Return loans and impact investment.

There was no significant change to the activities of the consolidated group during the year. It continued to design, manage and implement international development programs and provide technical assistance to the Australian Government, Asian Development Bank, and other international development agencies during the financial year.

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DIRECTORS' REPORT

Future plans
The Company will continue to pursue its poverty reduction objectives by working with partners in Australia and abroad to promote responsible financial services and financial capability, and create economic opportunities that benefit those living in poverty in the Asia-Pacific region.

The Chief Executive officer is Shane Nichols.

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

Kathryn Jordan	4(4)
Sondra Cortis	4(4)
Gordon Cairns	2(4)
Clay O'Brien	2(2)
D James MacNeil	4(4)
Pamela Jonas	2(2)
Damien Woods	4(4)
Sonia Higgins	3(4) Granted temporary leave of absence in 2019
Shane Nichols	2(2)
Guy Winship	1(1)
Joanna Ledgerwood	1/(2)
William Pigott	2(2)

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 ____________________
Kathryn Jordan (Chair)

Director ____________________
Sondra Cortis (Treasurer)

Date 29/10/19

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To: the Directors of World Education Australia Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Julia Gunn

Julia Gunn

Partner

Sydney

29 October 2019

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
REVENUE			
Donations & gifts - monetary & non-monetary	**2a**	1,413,311	1,048,612
Bequests & legacies		-	-
Grants	**2b**	1,522,577	1,275,223
Interest		3,324	4,225
Other income	**2c**	107,038	211,725
TOTAL REVENUE		3,046,250	2,539,785
EXPENSES			
Program Expenditure			
Funds to overseas projects	**3a**	1,891,105	1,526,828
Other project costs	**3b**	456,561	474,966
Domestic projects		-	-
Community education	**3c**	22,378	7,150
Fundraising costs			
Public	**3d**	254,049	201,877
Government, multilateral and private	**3e**	114,215	56,897
Administration	**3f**	237,499	251,463
TOTAL EXPENSES		2,975,807	2,519,181
Surplus/(deficit) of revenue over expenses		70,443	20,604
Income tax expense	**1c**	-	-
Surplus/(deficit) for the year	**4**	70,443	20,604
Other Comprehensive Income		-	-
Total Comprehensive Income/(loss)		70,443	20,604

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,726,421	1,278,349
Loans receivable	8	215,824	50,000
Trade and other receivables	7	393,842	102,710
Other current assets	9	113,336	45,821
TOTAL CURRENT ASSETS		2,449,423	1,476,880
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	-
Intangible assets	11	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		2,449,423	1,476,880
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	182,727	68,041
Special purpose funding	6	1,170,932	381,164
Loans payable	14	207,534	226,224
Provisions	13	43,394	52,978
TOTAL CURRENT LIABILITIES		1,604,587	728,407
NON-CURRENT LIABILITIES			
Provisions	13	25,920	-
TOTAL NON-CURRENT LIABILITIES		25,920	-
TOTAL LIABILITIES		1,630,507	728,407
NET ASSETS		**818,916**	**748,473**
EQUITY			
Contributed equity	16	-	-
Reserve for designated purpose	17	723,186	720,372
Retained earnings/(deficit)	24	95,730	28,101
TOTAL EQUITY		**818,916**	**748,473**

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 2019

	Note	Retained Earnings $	Reserve For Designated Purposes $	Total $
Consolidated Group				
Balance at 1 July 2017		9,448	718,421	727,869
Surplus of revenue over expenses		18,653	1,951	20,604
Transfer (to)/ from reserve	**17**		-	-
Balance at 30 June 2018		28,101	720,372	748,473
Adjustment on the adoption of AASB 9		-	-	-
Surplus of revenue over expenses		67,629	2,814	70,443
Transfer (to)/ from reserve	**17**			-
Balance at 30 June 2019		95,730	723,186	818,916

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations and grants		2,324,430	1,723,263
Customers		257,410	200,334
Payments to suppliers and employees		(1,958,033)	(2,118,279)
Interest Received		9,446	4,225
Net cash (used in)/provided by operating activities	18	633,253	(190,457)
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment	10		(47)
Capital WIP, Good Return software and web-site	11	-	-
Security deposits	9	(666)	20,000
Net cash provided by/(used in) investing activities		(666)	19,953
CASH FLOWS FROM FINANCING ACTIVITIES			
Good Return Loan Program - net loans movement with public	14	(18,690)	(185,441)
Good Return Loan Program - net loans movement with microfinance institutions	8	(165,825)	173,380
Net cash (used in)/provided by financing activities		(184,515)	(12,061)
Net (decrease)/increase in cash held		448,072	(182,565)
Cash at beginning of financial year		1,278,349	1,460,914
Cash at end of financial year	6	1,726,421	1,278,349

The accompanying notes form part of these financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are Tier 2 general purpose consolidated financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. These consolidated financial statements comply with the Australia Accounting Standards - Reduced Disclosure Requirements.

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 DFAT 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 one year or less.

(e) Receivables and work in progress

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

(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 less depreciation and impairment losses.

Depreciation and Amortisation

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

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.

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 or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(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 (i.e. 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.

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 the 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 have 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

Considerable judgement is exercised in determining the extent of the expected credit loss (ECL) for financial assets assessed for impairment. The ECL for financial assets is based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Changes in such judgements and analysis may lead to changes in the ECL over time. The key judgement areas are the assumptions used to measure expected credit losses, including the use of forward-looking and macroeconomic information for impairment assessment.

(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.

(q) Impact of New/Revised Accounting Standards

In the current year, the Company has adopted all of the revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period including:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contract with Customers

At the date of authorisation of the financial report, the following relevant Standards and Interpretations were issued but not yet effective:

- AASB 1058 Income of Not-for-Profit Entities (effective for reporting periods commencing after 1 July 2019). The standard clarifies and simplifies income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15. In addition, when a Not for Profit receives volunteer services and can reliably measure the fair value of those services, the entity may elect to recognise the services as an asset or an expense. It replaces AASB 1004 Contributions.

  AASB 1058 is available for early adoption but has not been applied.

- AASB 16 Leases (effective for reporting periods commencing after 1 July 2019) introduces changes to lessee accounting. It requires a lessee to recognise a right-of-use asset representing its rights to use the underlying lease asset and a lease liability representing its obligations to make lease payments other than short-term leases or leases of low-value assets on statement of financial position. This will replace the operating/finance lease distinction and accounting requirements prescribed in AASB 117 Leases.

  AASB 16 is available for early adoption but has not been applied. The impact of both standards has not yet been assessed.

Impact of the application of AASB 9

AASB 9 introduces new requirements for classification and measurement of financial instruments, impairment of financial asset and general hedge accounting.

In terms of classification, AASB 9 requires the company to recognise its financial assets (Cash & Cash equivalents, Trade & Other Receivables and Loan Portfolio) at amortised cost.

Impairment

AASB 9 replaces the 'incurred loss' model in AASB 139 with an 'expected credit loss' (ECL) model. Credit losses are measured as the present value of all cash shortfalls and consists of three components:

- Probability of default (PD): represents the possibility of a default over the next 12 months and remaining lifetime of the financial asset;

- A loss given default (LGD): expected loss if a default occurs, taking into consideration the mitigating effect of collateral assets and time value of money;

- Exposure at default (EAD): the expected loss when a default takes place.

Impact of New/Revised Accounting Standards (Cont.)

AASB 9 requires the company to measure the ECL for its loan portfolio at an amount equal to the lifetime ECL if the credit risk on a loan has increased significantly since initial recognition, or if the loan has not increased significantly since initial recognition, the company is required to measure the loss allowance at an amount equal to a 12 month ECL. All loans issued by the company are due in 12 months.

The company has applied the three stage model prescribed under AASB 9 to determine the loss allowances for any change in risk since initial recognition:

- Stage 1: 12 month ECL – At initial recognition a collective assessment is done for classes of financial assets with the same credit risk based on the PD within the next 12 months and the LGD's with consideration to forward looking economic indicators.

- Stage 2: Lifetime ECL – When there has been a significant change in credit risk since initial recognition, a lifetime ECL is recognised taking into account the cash flows for the remaining life of the asset.

- Stage 3: Lifetime ECL – When a financial asset is credit impaired a lifetime ECL is recognised as a collective or specific provision with interest calculated on the amortised cost instead of the carrying amount.

The company has determined the ECLs for the portfolio by determining the expected loss based on the PD of the country of exposure. The following table provides information about the exposure to credit risk and ECL's for the company's loan portfolio as at 30 June 2019:

30 June 2019	**Weighted Average Loss Rate**	**Gross Carrying Amount ($)**	**Less Allowance ($)**
Loans to Micro-finance institution	5%	174,574	8,750

For Trade & other Receivables, there have been no historical instance where a loss has been incurred. An ECL would not be material and consequently has not been recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Impact of New/Revised Accounting Standards (Cont.)

Financial Assets

Financial assets are classified and measured at amortised cost. The amortised cost is the amount at initial recognition minus principal repayments plus the cumulative amortisation using the effective interest method. The gross carrying value is the amortised cost before adjusting for a loss allowance

Impairment

The company recognises a loss allowance for expected credit losses on the loan portfolio. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The company recognises a lifetime ECL when there has been a significant increase in the credit risk since initial recognition. However, if the credit risk has not increased significantly since initial recognition, it measures the loss allowance based on a 12 month ECL.

Lifetime ECL represents the expected credit losses that will arise from all possible default events over the expected life of a loan. A 12 month ECL represents the ECL that is expected to result from default events that are possible within 12 months after the reporting date.

	2019	2018
Loan Portfolio	$	$
Current Loans	174,574	0
Provision for impairment	(8,750)	0
Total Loan Portfolio	165,824	0
Movement in Provision for Impairment		
Opening Balance	-	
Adjustment for initial impact of AASB9	8,750	
Bad Debts Written Off	-	
Closing Balance	8,750	

		Consolidated Group 2019 $	Consolidated Group 2018 $
	REVENUE		
2. a	**Donation and gifts**		
	Monetary donations	533,267	443,765
	Non-monetary donations	880,044	604,847
		1,413,311	1,048,612

Monetary donations include $122,869 (2018: $133,813) received through the Good Return Loan Program

		2019 $	2018 $
b	**Grants**		
	DFAT	751,393	975,785
	Other Australian	250,000	232,533
	Other Overseas	521,184	66,905
		1,522,577	1,275,223
c	**Other income**		
	Interest Received	3,324	4,225
	Good Return Loan Program fees	-	-
	World Education Inc project fees	-	-
	Foreign exchange (loss)/gain	664	177
	Other income	106,374	211,548
		107,038	211,725

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated Group 2019 $	Consolidated Group 2018 $
3	**EXPENSES**		
a	**Funds to overseas projects**		
	Project staff costs - overseas	730,930	539,103
	Other costs	378,053	448,155
	Volunteers	782,122	539,570
		1,891,105	1,526,828
b	**Other project costs**		
	Project staff costs - in Australia	375,828	332,127
	Other costs	18,063	142,839
	Volunteers	62,670	
		456,561	474,966
c	**Community education**		
	Staff costs	17,325	3,703
	Other costs	1,136	1,595
	Volunteers	3,917	1,852
		22,378	7,150
d	**Fundraising costs - public**		
	Staff costs	150,841	100,209
	Other costs	71,873	38,243
	Volunteers	31,335	63,425
		254,049	201,877
e	**Fundraising costs - government, multilateral and private**		
	Staff costs	102,503	54,955
	Other costs	11,712	1,942
		114,215	56,897
f	**Administration**		
	Staff costs	60,064	77,048
	Other costs	177,435	174,415
		237,499	251,463

			Consolidated Group	Consolidated Group
			2019	**2018**
			$	**$**
4		**SURPLUS/(DEFICIT) FOR THE YEAR**		
		Surplus/(deficit) for the year has been determined after:		
	a	**Income**		
		Net foreign exchange (loss)/gain	664	177
	b	**Expenses**		
		Depreciation and amortisation	-	4,208
		Operating lease payments	74,439	84,280
		Remuneration of auditor:		
		- audit	-	-
5.		**KEY MANAGEMENT PERSONNEL COMPENSATION**		
		Short term benefits	515,696	425,498
6.		**CASH AND CASH EQUIVALENTS**		
		Cash on hand	600	397
		Cash at bank - for the Good Return program	107,283	583,978
		- for other designated purposes	1,170,932	381,164
		- other	447,606	312,810
			1,726,421	1,278,349

Table of cash movements for designated purposes:

Designated purposes	Cash available at beginning of financial year	Cash raised during financial year	Cash disbursed during financial year	Cash available at the end of financial year
DFAT ANCP annual allocation	-	747,536	(726,965)	20,571
DFAT Impact Investment		670,000	(19,984)	650,016
Accenture Skills for Life	200,253	250,000	(252,445)	197,808
ADB Strengthening Financial Inclusion	50,649	247,750	(249,877)	48,522
Pacific RISE	130,262	274,896	(231,143)	174,015
				-
Other		80,000		80,000
	381,164	2,270,182	(1,480,414)	1,170,932
Good Return Loan Program	583,978	360,532	(837,228)	107,282
Total for designated purposes	965,142	2,630,714	(2,317,642)	1,278,214
Other cash movement	313,207	678,168	(543,168)	448,207
	1,278,349	3,308,882	(2,860,810)	1,726,421

Good Return: amounts indicated under cash raised include loans and donations from public lenders and cash disbursed include donations to Good Return and loans to partner microfinance institutions.

	Consolidated Group 2019 $	Consolidated Group 2018 $
7. TRADE AND OTHER RECEIVABLES		
Trade debtors	393,842	102,710

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.

	Total	Overdue and impaired	Overdue and not impaired	Not due, not impaired
2019				
<30 days	225,688	-	-	225,688
31-60 days	159,733	-	159,733	-
>90 days	8,421	-	8,421	-
	393,842	-	168,154	225,688
2018				
<30 days	89,603	-	-	89,603
31-60 days	10,163	-	10,163	-
61-90 days	2,944	-	2,944	-
	102,710	-	13,107	89,603

	Consolidated Group 2019 $	Consolidated Group 2018 $
8. LOANS RECEIVABLE		
Current		
Good Return loan portfolio with microfinance institutions	215,824	50,000
9. OTHER CURRENT ASSETS		
Security deposits	28,535	27,869
Prepayments and accrued income	-	6,600
GST receivable	9,410	9,518
Investments and Other receivables	75,391	1,834
	113,336	45,821
10. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	33,661	33,661
Less accumulated depreciation	(33,661)	(33,661)
	-	-
Movements in carrying amounts		
Balance at 1 July 2018	-	-
Additions	-	-
Depreciation	-	-
Carrying amount at 30 June 2019	-	-

	Consolidated Group 2019 $	Consolidated Group 2018 $
Plant and equipment		
At cost	44,755	44,755
Less accumulated depreciation	(44,755)	(44,755)
	-	-
Movements in carrying amounts		
Balance at 1 July 2018	4,460	4,460
Depreciation	(4,460)	(4,460)
Carrying amount at 30 June 2019	-	-
Total property, plant and equipment	-	-

11. INTANGIBLE ASSETS

Good Return Loan Program software and website		
At cost	340,579	340,579
Less accumulated amortisation	(340,579)	(340,579)
	-	-
Movements in carrying amounts		
Balance at 1 July 2018	-	-
Additions	-	-
Amortisation	-	-
Carrying amount at 30 June 2019	-	-

12. TRADE AND OTHER PAYABLES

Current		
Payroll liabilities	34,742	-
Trade and other creditors	114,321	58,050
Accrued expenses	33,664	9,991
	182,727	68,041

13. Provisions

Current		
Annual leave provision	43,394	52,978

	Consolidated Group 2019 $	Consolidated Group 2018 $
Non-Current		
Long service leave provision	25,920	-
Provision for employee benefits		
Balance at the beginning of the year	52,978	68,727
Additional provision raised during the year	76,514	65,298
Amounts used	(60,178)	(81,047)
Balance at the end of the year	69,314	52,978

14. LOANS PAYABLE

	Consolidated Group 2019 $	Consolidated Group 2018 $
Current		
Good Return Loan Program from the public	207,534	226,224

The Company has no financial liability in respect of Good Return Loan Program from the public in the event of repayment default by partner microfinance institutions.

15. OPERATING LEASE COMMITMENTS

Non-cancellable operating leases contracted for but not recognised in the financial statements
Payable - minimum lease payments

	Consolidated Group 2019 $	Consolidated Group 2018 $
No later than 12 months	50,609	73,702
Later than 12 months but not later than 5 years	-	49,135
	50,609	122,837

The company has non cancellable operating lease agreements for equipment and for its office at Crows Nest. Renewal terms for the office lease are included within the agreements.

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 270 members at 30 June 2019 (2018: 272).

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.

	Consolidated Group 2019 $	Consolidated Group 2018 $
18. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations		
Surplus/(deficit)	70,443	20,604
Non-cash flows in (deficit)/surplus:		
Depreciation and amortisation	-	4,508
Leave provisions	16,336	(15,751)
Changes in Assets & Liabilities:		
Receivables	(364,580)	(15,574)
Payables	904,454	(192,765)
Accruals and deferred income	6,600	8,521
Cash flows (used in)/provided by operations	633,253	(190,457)

19. RELATED PARTY DISCLOSURES

The Chief Executive Officer'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:

	2019 $	2018 $
Financial Assets		
Cash and cash equivalents	1,726,421	1,278,349
Trade and other receivables	393,842	102,710
Good Return Loan Program portfolio with microfinance institutions	215,824	50,000
Total financial assets	2,336,087	1,431,059
Financial Liabilities		
Trade and other payables	147,985	68,041
Good Return Loan Program from the public	207,534	226,224
Total financial liabilities	355,519	294,265

Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, investment 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 Program portfolio in Note 8, credit risk exists on the loans donated to the company by the public, and advanced by Good Return to partner 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	147,985	-	-	147,985
Loans	207,534	-	-	207,534
Total expected outflows	355,519	-	-	355,519
Financial assets - cash flows realisable				
Cash and cash equivalents	1,726,421		-	1,726,421
Trade and other receivables	393,842	-	-	393,842
Loans	215,824	-	-	215,824
Total anticipated inflows	2,336,087	-	-	2,336,087
Net inflow on financial instruments	1,980,568	-	-	1,980,568

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.

	2019 $	2018 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	1,663,415	1,104,122
TOTAL ASSETS	1,663,415	1,104,122

	2019 $	2018 $
LIABILITIES		
Current liabilities	1,541,765	1,076,020
TOTAL LIABILITIES	1,567,685	1,076,020
EQUITY		
Issued capital	-	-
(Deficit)/retained earnings	95,730	28,102
	95,730	28,102
STATEMENT OF COMPREHENSIVE INCOME		
Total comprehensive income/(loss)	67,629	18,653

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	-	21,800

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 2019 and 30 June 2018.

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 revenue and expenditure of the company with respect to fundraising appeals; and

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

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 2019; 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.

Shane Nichols
Chief Executive Officer

Date 29/10/2019

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

DIRECTORS' DECLARATION

In the opinion of the directors of World Education Australia Limited (the Company):

(a) the consolidated financial statements and notes that are set out on pages 7 to 28 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(iii) complying with the annual financial reporting requirements contained within the ACFID (Australian Council for International Development) Code of Conduct; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Director K Jordan
Kathryn Jordon

Director S. Cortis
Sondra Cortis

Date: 29/10/19

KPMG

Independent Auditor's Report

To the members of World Education Australia Limited

Report on the audit of the Financial Report

Qualified Opinion

We have audited the ***Financial Report***, of the World Education Australia Limited (the Company).

In our opinion except for the possible effects of the matter described in the Basis for Qualified opinion section of our report, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

i. giving a true and fair view of the Group's financial position as at 30 June 2019, and of its financial performance and its cash flows for the year ended on that date;

ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*; and

iii. complying with the presentation and disclosure requirements of section 8.3.2 of the ACFID (Australian Council for International Development) Code of Conduct Quality Assurance Framework.

The ***Financial Report*** comprises:

i. Consolidated statement of financial position as at 30 June 2019.

ii. Consolidated statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.

iii. Notes including a summary of significant accounting policies.

iv. Directors' declaration; and

v. Declaration required by the Charitable Fundraising Regulations 2008.

The Group consists of World Education Australia Limited (the Company) and the entities it controls at year-end or from time to time during the financial year.

Basis for Qualified opinion

Fundraising revenue in the form of cash donations are a significant source of fundraising revenue for the Group. The Group has determined that it is not practicable to maintain controls over the collection of cash donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding fundraising revenue from this source was limited, our audit procedures with respect to cash donations was restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the cash donations to the Group, reported in the accompanying Financial Report is complete.

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other information

Other Information is financial and non-financial information in the Group's annual reporting which is provided in addition to the Financial Report and the Auditor's Report, including the Directors' Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified opinion section above, we were unable to obtain sufficient appropriate evidence about the completeness of cash donations. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC and that complies with the presentation and disclosure requirements of section 8.3.2 of the ACFID (Australian Council for International Development) Code of Conduct Quality Assurance Framework.

ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations (the Act and Regulations).

iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

iv. Assessing the Group's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from

KPMG

material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness;

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

In addition we have:

i. Obtained an understanding of the internal control structure for fundraising appeal activities.

ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulations.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph:

i. the Financial Report gives a true and fair view of the Group's financial result of fundraising appeal activities for the financial year ended 30 June 2019;

ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2018 to 30 June 2019, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;

iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2018 to 30 June 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and

iv. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

KPMG

KPMG

Julia Gunn

Julia Gunn

Partner

Sydney

29 October 2019