

WORLD EDUCATION AUSTRALIA LIMITED

ABN 39 106 279 225

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016**

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 2016.

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:

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 Appointed 3 March 2016

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, since 2013 as CFO for Westpac Pacific.

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 and Quick Service Restaurants.

Aaron Levine (and alternate to Gordon Cairns) Appointed 1 January 2016

B.Com, LL.B, LL.M

Aaron has 15 years' experience as a lawyer in private practice, major corporations, and government. Since 2010 he has worked for the Asian Development Bank as in-house legal expert on the bank's initiatives in private sector development and policy reform, to improve the environment for doing business in the Pacific region.

Pamela Jonas

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.

Neild McIntosh

B.A. (Actuarial Studies), MAISD

Neild is a non-executive director of Equigroup (a subsidiary of CBA).

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.

William Pigott

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

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 a director of Australian Agricultural Technologies.

Margaret Wright

B.Com. FCA

Margaret is Head of Strategic Partnerships NNNCo. She is a former practice lead partner at KPMG, former Executive Director at Macquarie Bank, former Director of the National Breast Cancer Foundation and a former Member Auditing Standards Board in Australia.

Guy Winship, Managing Director and CEO until 31 August 2016

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 consults and advises governments and NGOs on microfinance, institutional development, and related public policy.

The consolidated surplus for the year was \$72,036. This comprises a surplus of \$20,169 from World Education Australia Limited (WEAL) and a surplus of \$51,867 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 increased from 268 to 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 has received exemption from 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 (DFAT, formerly the Australian Agency for International Development) in June 2012 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 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.

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DIRECTORS' REPORT

Strategy for achieving these objectives

The company contributes 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 2015-2018 Strategic Plan, its core programs include promoting responsible and inclusive finance; financial capability and consumer empowerment; smallholder agribusiness solutions; and Good Return loans.

The Good Return loan program facilitates small loans from the Australian public to partner financial institutions targeting low-income communities overseas, and is a key community engagement mechanism in Australia.

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. The DFAT Laos project contributed significantly to the company's 2016 revenues.

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 company is planning an overhaul of the IT platform supporting its online lending program over the year ahead.

The Managing Director and Chief Executive Officer Guy Winship retired due to health reasons with effect 31st August 2016. Following a rigorous recruitment process led by Chair Kate Jordan, Shane Nichols was appointed Chief Executive Officer with effect 1st September 2016.

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	3(4)
Sondra Cortis	1(1)
Gordon Cairns and Aaron Levine (as alternate to Gordon Cairns)	2(4)
Pamela Jonas	2(4)
Neill McIntosh	4(4)
D James MacNeil	2(4)
William Pigott	2(4)
Damien Woods	4(4)
Margaret Wright	3(4)
Guy Winship	4(4)

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DIRECTORS' REPORT

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 4 November 2016

Partners:
Graeme J McLean
Vivien H Tang
G Douglas Wood

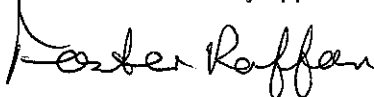
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AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as auditor of World Education Australia Limited for the year ended 30 June 2016,

I declare, to the best of my knowledge and belief, that during the year ended 30 June 2016, 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; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Foster Raffan
Chartered Accountants



Partner: **G D Wood, FCA**

North Sydney

Date 4 November 2016

WORLD EDUCATION AUSTRALIA LIMITED
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group 2016 \$	Consolidated Group 2015 \$
REVENUE			
Donations & gifts - monetary & non-monetary	2a	925,337	912,638
Bequests & legacies		-	-
Grants	2b	2,649,435	2,020,737
Interest		17,841	17,232
Other income	2c	317,980	186,311
TOTAL REVENUE		<u>3,910,593</u>	<u>3,136,918</u>
EXPENSES			
Overseas projects			
Funds to overseas projects	3a	2,585,069	1,843,699
Other project costs	3b	632,008	750,419
Domestic projects		-	-
Community education	3c	5,809	32,035
Fundraising costs			
Public	3d	237,677	216,560
Government, multilateral and private	3e	69,043	77,457
Administration	3f	308,951	233,610
TOTAL EXPENSES		<u>3,838,557</u>	<u>3,153,780</u>
Surplus/(deficit) of revenue over expenses		72,036	(16,862)
Income tax expense	1c	-	-
Surplus/(deficit) for the year	4	72,036	(16,862)
Other Comprehensive Income		-	-
Total Comprehensive Income/(loss)		<u><u>72,036</u></u>	<u><u>(16,862)</u></u>

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Note	Consolidated Group 2016 \$	Consolidated Group 2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,483,993	2,204,638
Loans	8	213,175	209,316
Trade and other receivables	7	114,983	102,292
Other current assets	9	172,566	105,698
TOTAL CURRENT ASSETS		<u>1,984,717</u>	<u>2,621,944</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	13,073	24,530
Intangible assets	11	38,978	84,710
Capital work in progress	11	-	3,600
TOTAL NON-CURRENT ASSETS		<u>52,051</u>	<u>112,840</u>
TOTAL ASSETS		<u>2,036,768</u>	<u>2,734,784</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	214,306	383,356
Special purpose funding	6	577,705	1,136,342
Loans	14	474,440	511,435
Provisions	13	66,614	78,824
TOTAL CURRENT LIABILITIES		<u>1,333,065</u>	<u>2,109,957</u>
NON-CURRENT LIABILITIES			
Provisions	13	22,087	15,247
TOTAL NON-CURRENT LIABILITIES		<u>22,087</u>	<u>15,247</u>
TOTAL LIABILITIES		<u>1,355,152</u>	<u>2,125,204</u>
NET ASSETS		<u>681,616</u>	<u>609,580</u>
EQUITY			
Contributed equity	16	-	-
Reserve for designated purpose	17	677,563	625,696
Retained earnings/(deficit)	24	4,053	(16,116)
TOTAL EQUITY		<u>681,616</u>	<u>609,580</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 2016

	Note	Retained Earnings \$	Reserve For Designated Purposes \$	Total \$
Consolidated Group				
Balance at 1 July 2014		1,561	624,881	626,442
(Deficit) of revenue over expenses		(16,862)	-	(16,862)
Transfer (to)/ from reserve	17	(815)	815	-
Balance at 30 June 2015		(16,116)	625,696	609,580
Surplus of revenue over expenses		72,036	-	72,036
Transfer (to)/ from reserve	17	(51,867)	51,867	-
Balance at 30 June 2016		4,053	677,563	681,616

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group 2016 \$	Consolidated Group 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations and grants		2,530,944	3,307,440
Customers		264,673	103,367
Suppliers and employees		(3,496,849)	(2,520,635)
Interest		17,841	17,232
Net cash (used in)/provided by operating activities	18	(683,391)	907,404
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment	10	-	(5,654)
Capital WIP, Good Return software and web-site	11	3,600	(63,138)
Security deposits	9	-	(9,097)
Net cash provided by/(used in) investing activities		3,600	(77,889)
CASH FLOWS FROM FINANCING ACTIVITIES			
Good Return - net loans movement with public	14	(36,995)	34,924
Good Return - net loans movement with microfinance institutions	8	(3,859)	19,838
Net cash (used in)/provided by financing activities		(40,854)	54,762
Net (decrease)/increase in cash held		(720,645)	884,277
Cash at beginning of financial year		2,204,638	1,320,361
Cash at end of financial year	6	1,483,993	2,204,638

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 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.

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FOR THE YEAR ENDED 30 JUNE 2016

(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.

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 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.

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FOR THE YEAR ENDED 30 JUNE 2016

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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 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

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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Group	Consolidated Group
	2016	2015
	\$	\$
2. REVENUE		
a Donation and gifts		
Monetary donations	508,340	492,061
Non-monetary donations	416,997	420,577
	<u>925,337</u>	<u>912,638</u>
Monetary donations include \$235,446 (2015: \$182,003) received through the Good Return Program		
b Grants		
DFAT	1,793,241	1,341,615
Other Australian	430,313	403,330
Other Overseas	425,881	275,792
	<u>2,649,435</u>	<u>2,020,737</u>
c Other income		
Project fees:		
Good Return fees	8,634	12,160
World Education Inc project fees	68,700	-
Foreign exchange (loss)/gain	(11,831)	4,086
Other income	252,477	170,065
	<u>317,980</u>	<u>186,311</u>

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NOTES TO THE FINANCIAL STATEMENTS
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		Consolidated Group	Consolidated Group
		2016	2015
		\$	\$
3	EXPENSES		
a	Funds to overseas projects		
	Project staff costs - overseas	723,368	597,726
	Other costs	1,515,404	907,777
	Volunteers	346,297	338,196
		<u>2,585,069</u>	<u>1,843,699</u>
b	Other project costs		
	Project staff costs - in Australia	465,038	598,046
	Other costs	131,431	110,810
	Volunteers	35,539	41,563
		<u>632,008</u>	<u>750,419</u>
c	Community education		
	Staff costs	4,308	23,171
	Other costs	470	2,508
	Volunteers	1,031	6,356
		<u>5,809</u>	<u>32,035</u>
d	Fundraising costs - public		
	Staff costs	101,785	83,928
	Other costs	101,762	98,170
	Volunteers	34,130	34,462
		<u>237,677</u>	<u>216,560</u>
e	Fundraising costs - government, multilateral and private		
	Staff costs	66,040	72,806
	Other costs	3,003	4,651
	Volunteers	-	-
		<u>69,043</u>	<u>77,457</u>
f	Administration		
	Staff costs	145,187	73,957
	Other costs	163,764	159,653
	Volunteers	-	-
		<u>308,951</u>	<u>233,610</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Group	Consolidated Group
	2016	2015
	\$	\$
4 SURPLUS/(DEFICIT) FOR THE YEAR		
Surplus/(deficit) for the year has been determined after:		
a Income		
Net foreign exchange (loss)/gain	(11,831)	4,086
b Expenses		
Depreciation and amortisation	57,189	46,577
Operating lease payments	68,905	68,262
Remuneration of auditor:		
- audit	17,750	16,750
	<u>17,750</u>	<u>16,750</u>
5. KEY MANAGEMENT PERSONNEL COMPENSATION		
Short term benefits	183,500	176,403
	<u>183,500</u>	<u>176,403</u>
6. CASH AND CASH EQUIVALENTS		
Cash on hand	601	811
Cash at bank - for the Good Return program	508,250	546,294
- for other designated purposes	577,705	1,136,342
- other	397,437	521,191
	<u>1,483,993</u>	<u>2,204,638</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

Table of cash movements for 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
Designated purposes				
DFAT ANCP annual allocation	-	626,871	(626,871)	-
DFAT SPSL Laos project	1,035,502	429,013	(1,072,132)	392,383
Skills for Life	58,332	291,668	(350,000)	-
Strengthening Financial Inclusion	-	80,243	(19,106)	61,137
Smallholder Farmers Livelihoods	27,239	296,546	(289,555)	34,230
Consumer Awareness & Education program	-	111,610	(75,000)	36,610
Other	15,269	85,850	(47,774)	53,345
	<u>1,136,342</u>	<u>1,921,801</u>	<u>(2,480,438)</u>	<u>577,705</u>
Good Return	546,294	401,463	(439,507)	508,250
Total for designated purposes	<u>1,682,636</u>	<u>2,323,264</u>	<u>(2,919,945)</u>	<u>1,085,955</u>
Other cash movement	<u>522,002</u>	<u>703,044</u>	<u>(827,008)</u>	<u>398,038</u>
	<u><u>2,204,638</u></u>	<u><u>3,026,308</u></u>	<u><u>(3,746,953)</u></u>	<u><u>1,483,993</u></u>

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.

7. TRADE AND OTHER RECEIVABLES

	Consolidated Group 2016 \$	Consolidated Group 2015 \$
Trade debtors	<u>114,983</u>	<u>102,292</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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Total	Overdue and Impaired	Overdue and not Impaired	Not due, not Impaired
2016				
<30 days	109,084	-	-	109,084
31-60 days	5,899	-	-	5,899
>90 days	-	-	-	-
	<u>114,983</u>	<u>-</u>	<u>-</u>	<u>114,983</u>
2015				
<30 days	102,292	-	102,292	-
31-60 days	-	-	-	-
61-90 days	-	-	-	-
	<u>102,292</u>	<u>-</u>	<u>102,292</u>	<u>-</u>

	Consolidated Group 2016 \$	Consolidated Group 2015 \$
8. LOANS		
Current		
Good Return loans portfolio with microfinance institutions	<u>213,175</u>	<u>209,316</u>
9. OTHER CURRENT ASSETS		
Security deposits	37,655	37,655
Prepayments and accrued income	86,803	60,371
GST receivable	4,994	5,172
Other receivables	43,114	2,500
	<u>172,566</u>	<u>105,698</u>

The security deposits comprise a term deposit that is security for the guarantee provided by the bank in respect of the premises occupied by the company, and a general deposit required by a partner payment gateway provider in relation to our Good Return loans program.

10. PROPERTY, PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	33,661	33,661
Less accumulated depreciation	(28,050)	(19,635)
	<u>5,611</u>	<u>14,026</u>
 Movements in carrying amounts		
Balance at 1 July 2015	14,026	22,441
Additions	-	-
Depreciation	(8,415)	(8,415)
Carrying amount at 30 June 2016	<u>5,611</u>	<u>14,026</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Group	Consolidated Group
	2016	2015
	\$	\$
Plant and equipment		
At cost	44,078	44,078
Less accumulated depreciation	<u>(36,616)</u>	<u>(33,574)</u>
	<u>7,462</u>	<u>10,504</u>
Movements in carrying amounts		
Balance at 1 July 2015	10,504	7,471
Additions	-	5,656
Depreciation	<u>(3,042)</u>	<u>(2,623)</u>
Carrying amount at 30 June 2016	<u>7,462</u>	<u>10,504</u>
Total property, plant and equipment	<u>13,073</u>	<u>24,530</u>

11. INTANGIBLE ASSETS

Good Return software and web-site

At cost	340,579	340,579
Less accumulated amortisation	<u>(301,601)</u>	<u>(255,869)</u>
	<u>38,978</u>	<u>84,710</u>

Movements in carrying amounts

Balance at 1 July 2015	84,710	8,880
Additions	-	111,369
Amortisation	<u>(45,732)</u>	<u>(35,539)</u>
Carrying amount at 30 June 2016	<u>38,978</u>	<u>84,710</u>

Capital work in progress

CRM software and website - instalment at cost	-	<u>3,600</u>
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The company has invested in customer relationship management software and a new website to be integrated with the existing Good Return platform. Phase 1 of this project was completed in November 2014. Phase 2 was postponed to finalise an integrated platform, to commence and be deployed in the 2017 financial year.

12. TRADE AND OTHER PAYABLES

Current

Payroll liabilities	11,368	14,879
Trade and other creditors	117,536	242,669
Accrued expenses	85,402	57,613
Deferred income	-	<u>68,195</u>
	<u>214,306</u>	<u>383,356</u>

13. Provisions

Current

Annual leave provision	52,737	67,970
Long service leave provision	13,877	10,854
	<u>66,614</u>	<u>78,824</u>

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	Consolidated Group	Consolidated Group
	2016	2015
	\$	\$
Non-Current		
Long service leave provision	22,087	15,247
Provision for employee benefits		
Balance at the beginning of the year	94,071	77,804
Additional provision raised during the year	85,727	105,140
Amounts used	(91,097)	(88,873)
Balance at the end of the year	88,701	94,071

14. LOANS

Current

Good Return loans from the public	474,440	511,435
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The Company has no financial liability in respect of Good Return loans 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

No later than 12 months	46,465	68,905
Later than 12 months but not later than 5 years	-	46,465
	46,465	115,370

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 2016 (2015: 268).

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
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

	Consolidated Group 2016 \$	Consolidated Group 2015 \$
18. CASH FLOW INFORMATION		
Reconciliation of cash flow from operations		
Surplus/(deficit)	72,036	(16,862)
Non-cash flows in (deficit)/surplus:		
Depreciation and amortisation	57,189	46,577
Leave provisions	(5,370)	16,267
Changes in Assets & Liabilities:		
Receivables	(53,129)	(79,351)
Other current assets	(26,432)	(44,448)
Payables, accruals and deferred income	(727,685)	985,221
Cash flows (used in)/provided by operations	(683,391)	907,404

19. RELATED PARTY DISCLOSURES

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

Project fees receivable from WEI are shown in Note 2c

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	1,483,993	2,204,638
Trade and other receivables	114,983	102,292
Good Return loans portfolio with microfinance institutions	213,175	209,316
Total financial assets	1,812,151	2,516,246

Financial Liabilities

Trade and other payables	202,938	300,282
Good Return loans from the public	474,440	511,435
Total financial liabilities	677,378	811,717

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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 loans 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	202,938	-	-	202,938
Loans	474,440	-	-	474,440
Total expected outflows	<u>677,378</u>	<u>-</u>	<u>-</u>	<u>677,378</u>
Financial assets - cash flows realisable				
Cash and cash equivalents	1,483,993	-	-	1,483,993
Trade and other receivables	114,983	-	-	114,983
Loans	213,175	-	-	213,175
Total anticipated inflows	<u>1,812,151</u>	<u>-</u>	<u>-</u>	<u>1,812,151</u>
Net inflow on financial instruments	<u>1,134,773</u>	<u>-</u>	<u>-</u>	<u>1,134,773</u>

WORLD EDUCATION AUSTRALIA LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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.

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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.

	2016	2015
	\$	\$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	<u>1,516,108</u>	<u>2,181,281</u>
TOTAL ASSETS	<u>1,568,158</u>	<u>2,294,120</u>
LIABILITIES		
Current liabilities	<u>1,564,106</u>	<u>2,310,236</u>
TOTAL LIABILITIES	<u>1,564,106</u>	<u>2,310,236</u>
Issued capital	-	-
Retained earnings/(deficit)	<u>4,053</u>	<u>(16,116)</u>
	<u>4,053</u>	<u>(16,116)</u>
STATEMENT OF COMPREHENSIVE INCOME		
Total comprehensive income/(loss)	<u>20,169</u>	<u>(17,677)</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>106,801</u>	<u>125,902</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 2016 and 30 June 2015.

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 2016; 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 **4 November 2016**

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225


DIRECTORS' DECLARATION

The directors of the company declare that in their opinion:

- (a) there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable; and
- (b) the financial statements and notes satisfy the requirements of the Australian Charities and Not-for-profits Commission Act 2012.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation 2013.

Director 
Kathryn Jordan (Chair)

Director 
Sondra Cortis (Treasurer)

Date 4 November 2016

Partners:
Graeme J McLean
Vivien H Tang
G Douglas Wood

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North Sydney NSW 2060
Tel: (02) 9956 7500
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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 2016, 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 Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) 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 Australian professional accounting bodies.

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

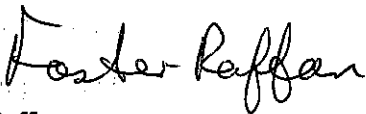
In our opinion, except for the effect of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report of World Education Australia Limited is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- (a) giving a true and fair view of the consolidated financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012; and

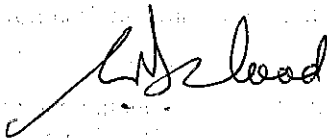
complies with the requirements of the Australian Council for International Development's Code of Conduct Document.

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

Date 4 November 2016