

WORLD EDUCATION AUSTRALIA LIMITED

Operating under the registered business name Good Return

ABN 39 106 279 225

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

WORLD EDUCATION AUSTRALIA LIMITED

ABN 39 106 279 225

Financial Report for the year ended 30 June 2023

Annual financial report

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WORLD EDUCATION AUSTRALIA LIMITED

ABN 39 106 279 225

Financial Report for the year ended 30 June 2023

Directors' Report

Your directors present this report on World Education Australia Limited (the Company) for the financial year ended 30 June 2023 and the auditor's report thereon.

Directors

The following directors were in office during the year and at the date of this report:

Kathryn Jordan (Chair)

Sondra Cortis

Clay O'Brien

D James MacNeil

Damien Woods

Shane Nichols (CEO)

Lisa Cotton

Leata Alaimoana-Roberts

Helene Ang

Maryanne Fernando

Company Secretary

Suma Tekkatte

Registered Office and principal place of business

50 Miller Street

North Sydney NSW 2060

Auditor

Ernst & Young

200 George Street

Sydney NSW 2000

Directors' Report (continued)

Overview of the Group

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. In prior years, the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

There was no impact on the amounts recognised, measured and classified in the statements of financial position, financial performance and cash flows of the Group as a result of the change in basis of preparation.

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. 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 business name) 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.

Key objectives

The vision of the Company 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 who are marginalised and excluded to achieve economic empowerment through responsible financial inclusion and capability development. This mission describes both the short and long-term objectives of the organisation.

The Company continues to pursue its objectives by engaging strategically with partners to help them expand the provision of responsible financial services and economic opportunities that benefit people in the Asia-Pacific region who are marginalised and excluded. It continued to design, manage and implement international development programs during the financial year.

Review of Operations and results

The surplus for the year was \$44,362 (2022: \$179,281). Revenue increased to \$3,751,709 (2022: \$3,704,073) mainly due to additional funding from DFAT. Revenue from Other Australian activities declined during the year, with a similar decline in revenue from Other Overseas activities, while revenue for Australian projects increased.

Directors' Report (continued)

Expenses increased to \$3,709,020 (2022: \$3,509,428) mainly in program delivery and travel, which increased since the easing of restrictions. There was no significant variance in personnel costs during this period.

Cashflow from Operating Activities was neutral. During the year a number of strategies were implemented by the Board to maintain working capital. Good Return placed surplus cash on Term Deposits, up to 4.85% and all maturing with 12 months.

Members' Guarantee

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 269.

Significant changes in state of affairs

During the year, the Company commenced field operations in Papua New Guinea, supporting women to access financial education. The Company continues to strive for localisation of our activities to ensure they are firmly grounded in community needs and priorities, and are inclusive, equitable and sustainable into the future. The Company expanded its Australian program that seeks to enable Kimberley Indigenous women to unlock their economic potential and self-determination through entrepreneurship.

Other than the matters discussed above, in the opinion of the directors there were no other significant changes in the state of affairs of the Company that occurred during the year under review.

Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which would significantly affect the operations of the Company, the results of those operations or the state of affairs in future financial years.

Future plans

The Company's future plans are articulated in its Strategic Plan for the period July 2022 to June 2025. The Company will continue to pursue its objectives by working with partners in Australia and abroad to promote responsible financial services and financial capability, and create economic opportunities that benefit those who are marginalised and excluded.

Environmental Matters

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

Directors' Report (continued)

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 5 and forms part of the directors' report for the financial year ended 30 June 2023.

Signed in accordance with a resolution of the Board of Directors



Director

Kathryn Jordan (Chair)



Director

Sondra Cortis (Treasurer)

Date

30, October, 2023



**Building a better
working world**

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of World Education Australia Limited

In relation to our audit of the financial report of World Education Australia Limited for the financial year ended 30 June 2023, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for-profits Commission Act 2012*, to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of any applicable code of professional conduct; and
- b. No non-audit services provided that contravene any applicable code of professional conduct.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'APR'.

Andrew Price
Partner
30 October 2023

Statement of profit or loss and other comprehensive income

	Note	2023	2022
		\$	\$
REVENUE			
Donations & Gifts	2.1a		
- Monetary		1,635,863	1,639,044
Add/(less): Funds raised for Designated Purposes		144,076	(76,498)
- Non-monetary Donations		354,092	417,133
- In Kind Donations		116,269	25,000
- Bequests & legacies		-	29,945
Grants	2.1b		
- Department of Foreign Affairs and Trade		1,097,135	700,085
- Other Australian		-	419,187
- Other Overseas		270,613	380,289
Investment Income		18,233	472
Other income	2.1c	115,428	169,416
TOTAL REVENUE		3,751,709	3,704,073
EXPENDITURE			
International Aid and Development Program Expenditure			
International Programs			
- Funds to International Programs	2.2a	2,255,204	2,005,317
- Program Support Costs	2.2b	439,216	592,376
Fundraising costs			
- Public	2.2e	79,194	134,133
- Government, multilateral and private	2.2f	243,727	233,469
Domestic projects	2.2c	353,988	268,831
Community education	2.2d	97,666	84,295
Accountability and Administration	2.2g	238,352	197,509
Loss on Investments			8,862
TOTAL EXPENSES		3,707,347	3,524,792
Surplus of revenue over expenses		44,362	179,281
Surplus for the year		44,362	179,281
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		44,362	179,281

The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.

Statement of financial position

	Note	2023	2022
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2.3, 4.1	2,426,576	3,576,288
Short Term Deposits	4.1	1,250,000	50,000
Loans receivable	4.2.1	22,918	85,406
Trade and other receivables	4.2	61,762	356,786
Financial Instruments	4.3	113,454	119,675
Other current assets	4.2	19,400	16,967
TOTAL CURRENT ASSETS		3,894,110	4,205,122
TOTAL ASSETS		3,894,110	4,205,122
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4.4	301,076	220,941
Special purpose funding		1,085,558	1,533,830
Loans payable	4.4.1	140,143	146,058
Financial Liability	4.5	750,000	750,000
Provisions	3.1	165,569	132,746
TOTAL CURRENT LIABILITIES		2,442,346	2,783,575
NON-CURRENT LIABILITIES			
Provisions	3.1	-	14,145
TOTAL NON-CURRENT LIABILITIES		-	14,145
TOTAL LIABILITIES		2,442,346	2,797,720
NET ASSETS		1,451,764	1,407,402
EQUITY			
Reserve for designated purpose		-	743,856
Retained earnings		1,451,764	663,546
TOTAL EQUITY		1,451,764	1,407,402

The statement of financial position is to be read in conjunction with the attached notes.

Statement of changes in funds

	Note	Retained Earnings	Reserve for Designated Purposes	Total
		\$	\$	\$
Balance at 1 July 2021		484,265	743,856	1,228,121
Surplus of revenue over expenses		179,281	-	179,281
Transfer (to) / from reserve		-	-	-
Balance at 30 June 2022		663,546	743,856	1,407,402
Contributed Capital				
Surplus of revenue over expenses		44,362	-	44,362
Transfer (to) / from reserve		743,856	(743,856)	-
Balance at 30 June 2023		1,451,764	-	1,451,764

The statement of changes in funds is to be read in conjunction with the attached notes

Statement of cash flows

	Note	2023	2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations and grants		3,048,933	2,816,634
Customers		390,640	421,905
Payments to suppliers and employees		(3,468,070)	(3,321,460)
Interest Received		22,211	472
Net cash (used in)/provided by operating activities		(6,286)	(82,449)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Investments		(1,200,000)	(10,000)
Net cash provided by/ (used in) investing activities		(1,200,000)	(10,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Good Return Loan Program - net loans movement with public		(5,915)	58,938
Good Return Loan Program - net loans movement with microfinance institutions		62,488	14,951
Good Return Impact Investment Fund			550,000
Net cash (used in)/provided by financing activities		56,573	623,889
Net (decrease)/increase in cash held		(1,149,713)	531,441
Cash at beginning of financial year		3,576,289	3,044,848
Cash at end of financial year	4.1	2,426,576	3,576,289

The statement of cash flows is to be read in conjunction with the attached notes

Index to notes to and forming part of the financial report

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Notes to and forming part of the financial report (continued)

Section 1: About World Education Australia Limited

1.1 Corporate Information

World Education Australia Limited is a Company limited by guarantee, incorporated and domiciled in Australia. It operates under its registered business name of Good Return.

The purpose of the Company is to enable those who are marginalised and excluded to achieve economic empowerment through access to responsible inclusive finance and capability development.

The principal activities of the Company include:

- training and technical assistance support to offshore financial service provider partners to promote the delivery of responsible and inclusive finance
- design and provision of financial capability and small business management training to individuals
- financing of loans and loan guarantees to offshore financial service provider partners to stimulate lending to small and medium enterprises that generate jobs and income for people living in poverty

On 30 June 2022 World Education Overseas Relief Fund (WEAORF) was terminated. A recent review demonstrated that as a result of regulatory change it was no longer required. The Directors extend their deep appreciation to the McIntosh family who served as the initial benefactors of the Trust.

The financial report for World Education Australia Limited (the Company) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors on 30 October, 2023.

Notes to and forming part of the financial report (continued)

Members' guarantee

The Company is limited by guarantee. In the event of the Company being wound up, the constitution states that each member is required to contribute a maximum of \$10 towards meeting any outstanding obligations of the Company. At 30 June 2023, the number of members was 269 (2022: 270).

1.2 Basis of preparation

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Australian Charities and Not-for-profits Commission (ACNC) Act 2012, Australian Accounting Standards – Simplified Disclosures, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Historical cost convention

The financial report has been prepared on the basis of historical cost (based on the fair value of the consideration given in exchange for assets) except for Equity instruments that are measured at fair value.

Currency and rounding of amounts

The financial report is presented in Australian dollars, which is the Company's functional and presentation currency.

1.3 Significant accounting policies

The significant accounting policies documenting the measurement basis used in preparing the financial information and other accounting information relevant to an understanding of the financial report are discussed in the relevant note. These policies have been consistently applied to all the years presented, unless otherwise stated.

Notes to and forming part of the financial report (continued)

Goods 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 which case it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST

The net amount of GST recoverable from or payable to the Australian Taxation Office is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities that is recoverable from or payable to the Australian Taxation Office is classified as operating cash flows.

1.4 Significant accounting judgements, estimates and assumptions

The preparation of financial information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

Specific accounting judgements and estimates are discussed in the relevant note.

Notes to and forming part of the financial report (continued)

Section 2: Programs, Goods and Services

2.1 Revenue

(a) Disaggregation of revenue

Revenue has been disaggregated based on type of goods or services provided and source of funds in accordance with ACFID guidelines.

	2023	2022
	\$	\$
REVENUE		
a Donation and gifts		
Monetary donations	1,635,863	1,639,044
Add/(Less): Funds raised for Designated Purposes	144,076	(76,498)
Non-monetary Donations	354,092	417,133
Non-monetary Gifts in Kind	116,269	25,000
Bequests & legacies	-	29,945
	2,250,300	2,034,624
b Grants		
DFAT	1,097,135	700,085
Other Australian	-	419,187
Other Overseas	270,613	380,289
	1,367,748	1,499,561
c Other income		
Interest Received	22,211	472
Investment Income	18,233	-
Other Australian project fees	5,087	-
Other overseas project fees	89,308	81,138
Government COVID 19 Stimulus	-	81,301
Foreign exchange (loss)/gain	(1,473)	6,977
Other income	295	-
	133,661	169,888

(b) Revenue from Government sources - Economic dependency

Government funding not yet recognised as revenue – refer to note 2.3.

Notes to and forming part of the financial report (continued)

(c) Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service (performance obligations) is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is usually the fund provider.

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

(d) Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but may be property which has been donated or sold to the Company at significantly below its fair value.

Once the asset has been recognised, the Company recognises any related liability amounts (e.g., provisions, financial liabilities).

Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Revenue from fundraising

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control of the asset.

Legacies

Legacies are recognised when the Company is notified of an impending distribution or the legacy is received, whichever occurs earlier.

Revenue from legacies comprising bequests of shares or other property is recognised at fair value, being the market value of the shares or property at the date the Company becomes legally entitled to the shares or property.

In-kind donations

Professional services donated for software development by Accenture are included at the fair value to the Company where this can be quantified, and a third party is bearing the cost. The market value of services donated by volunteers is based on relevant DFAT tables.

Notes to and forming part of the financial report (continued)

Significant estimates and judgements relating to revenue

For many of the grant agreements received, the determination of whether the contract includes sufficiently specific performance obligations was a significant judgement involving discussions with several parties at the Company, review of the proposal documents prepared during the grant application phase and consideration of the terms and conditions.

Grants received by the Company have been accounted for under both AASB 15 and AASB 1058 depending on the terms and conditions and decisions made.

If this determination was changed then the revenue recognition pattern would be different from that recognised in this financial report.

Notes to and forming part of the financial report (continued)

2.2 Expenditure

	2023	2022
	\$	\$
EXPENDITURE		
a Funds to international programs		
Program staff costs - international	1,245,705	1,019,961
Other costs	608,764	615,624
Volunteers	284,466	344,732
Non-monetary Gifts in Kind	116,269	25,000
	2,255,204	2,005,317
b Program Support Costs		
Program staff costs - in Australia	372,685	515,914
Other costs	8,045	15,645
Volunteers	58,486	60,817
	439,216	592,376
c Domestic Programs		
Domestic Program staff costs	95,757	117,485
Domestic Program Other costs	258,231	151,346
	353,988	268,831
d Community education		
Staff costs	78,766	60,636
Other costs	17,507	22,211
Volunteers	1,393	1,448
	97,666	84,295
e Fundraising costs - public		
Fundraising costs - public	55,285	99,467
Other costs	14,161	24,530
Volunteers	9,748	10,136
	79,194	134,133
f Fundraising costs - government, multilateral and private		
Staff costs	194,025	180,597
Other costs	49,702	52,872
	243,727	233,469
g Administration		
Staff costs	175,330	168,631
Other costs	63,022	28,878
	238,352	197,509
h Loss on Investment	-	8,862
Expenditure in relation to administrating DFAT grant, included in expenditure above.	116,915	79,153

Notes to and forming part of the financial report (continued)

Expenses accounting policy

All expenditure is accounted for on an accruals basis and has been classified under headings reflecting ACFID's guidelines. Where costs cannot be directly attributed to a particular category, they have been allocated to activities on a basis consistent with use of the resources, for example, overheads have been allocated on a labour allocation basis. Fundraising and appeal costs are those incurred in seeking voluntary contributions through donation and do not include costs of disseminating information relating to the activities carried out by the Company.

Program costs are those costs directly incurred in providing programs to support the objectives of the Company other than those specified.

Administration costs are those incurred in connection with administration of the Company and compliance with constitutional and statutory requirements including investment management fees.

2.3 Contract balances

(a) Contract assets and liabilities

The Company has recognised the following contract assets and liabilities from contracts with customers:

	2023 \$	2022 \$
Contract assets		
Work performed on programs not yet invoiced	-	11,941
Contract liabilities		
Grant monies received in advance	835,557	1,495,771

Contract asset and liabilities accounting policy

Contract assets

Contract assets arise when work has been performed on a particular program and goods or services have been transferred to the customer, but the invoicing milestone has not been reached and the rights to the consideration are not unconditional.

If the rights to the consideration are unconditional then a receivable is recognised.

Notes to and forming part of the financial report (continued)

As the counterparties to the agreements are Government departments or large philanthropic organisations, the credit risk of these organisations is deemed to be low and therefore the expected credit loss is nil. No impairment losses were recognised in relation to these assets during the year (2022: \$nil).

Contract liabilities

Contract liabilities generally represent the unspent grants or other fees received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided, or the conditions usually fulfilled within 12 months of receipt of the grant/fees.

Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is presented as non-current.

	2023 \$	2022 \$
Revenue recognised during the year that was included in the contract liability balance at the beginning of the period		
Grant monies received in advance	1,136,913	1,471,254

Costs to fulfil a contract

Where costs are incurred to fulfil a contract, they are accounted for under the applicable accounting standard; otherwise if the costs:

- relate directly to a contract;
- generate or enhance resources that will be used to satisfy performance obligations in the future and
- are expected to be recovered

then they are capitalised as contract cost assets. The contract cost asset is released to expenses on the same basis as the associated revenue is recognised.

These costs would include items such as expenses to set up programs, employ relevant staff, prepare and print materials and information portals.

Notes to and forming part of the financial report (continued)

	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	180,538	984,238	(1,091,388)	73,388
Good Return Impact Invest Capacity Building Fund	155,000	30,000	(114,519)	70,481
Accenture: Skills for a Digital Life	85,999	-	(85,999)	-
Menzies Foundation: Indigenous Women's Empowerment	(11,941)	300,000	(288,059)	-
English Family Foundation & Mundango Abroad: PNG Scoping	40,000	-	(40,000)	-
EBF: Responsible Investment in Pacific Livelihoods & Enterprises	566,861	500,000	(448,484)	618,377
UNESCAP: Financial Solutions for Women Entrepreneurs	-	184,400	(184,400)	-
ACCESS	4,985	75,057	(80,042)	-
Good Business Foundation	50,000	100,000	(150,000)	-
Other	212,388	162,483	(301,560)	73,311
	1,283,830	2,336,178	(2,784,451)	835,557
Good Return Impact Investment Fund:				
- First loss pool	250,000	-	-	250,000
- Senior debt – funds Held in Trust	750,000	-	-	750,000
	1,000,000	-	-	1,000,000
Guy Winship Award	-	24,500	-	24,500
Good Return Loan Program	149,040	13,195	(22,092)	140,143
Total for designated purposes	2,432,870	2,373,873	(2,806,543)	2,000,200
Funds placed on Short Term Deposit	-	-	(1,200,000)	(1,200,000)
Other cash movement	1,143,418	1,150,400	(667,442)	1,626,376
	3,576,288	3,524,273	(4,673,985)	2,426,576

Notes to and forming part of the financial report (continued)

Good Return Loan Program: amounts indicated under cash raised include loans and donations from public lenders and corporate partners. Cash disbursed represents loans to partner microfinance institutions.

At year-end Good Return held \$1,000,000 in the Good Return Impact Investment Fund. \$250,000 of this comprises grant funds from DFAT and CAGES set aside as a first loss pool to be drawn down in the event of a claim by a counterparty, whereby the Fund covers a portion of any losses up to an agreed limit. The remaining \$750,000 is senior debt from various investors that will absorb losses if the first loss tranche is exhausted.

On maturity of the Fund in 2025, the balance of the first pool loss will revert to grant, and the balance of the senior debt will be repaid to the contributors.

Section 3: Governing body, employees and other related parties

3.1 Employee provisions

	2023 \$	2022 \$
Annual Leave - current	111,356	105,388
Long Service Leave - current	54,213	27,358
Long service leave – non current	-	14,145
Total employee provisions	165,569	146,891

The entire annual leave balance has been classified as a current liability since the Company does not have an unconditional right to defer settlement of these liabilities for at least 12 months after the end of the reporting period. The Company expects that 50% of the annual leave liability and 70% of the long-service liability will be paid after 12 months following the end of the reporting period.

Employee benefits accounting policy

Employee benefits comprise wages and salaries, annual leave, non-accumulating sick leave, long-service leave and contributions to superannuation plans.

Liabilities for short-term employee benefits expected to be wholly settled within 12 months of the reporting date in respect of employees' services up to the reporting date are recognised at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long-term benefits is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Notes to and forming part of the financial report (continued)

Consideration is given to anticipated future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The Company pays contributions to certain defined contribution superannuation plans. Contributions are recognised in the statement of profit or loss and other comprehensive income when they are due. The Company has no obligation to pay further contributions to these plans if the plans do not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

3.2 Related party transactions

(a) Directors' compensation

The directors act in an honorary capacity and receive no compensation for their services. During the year, no travel expenses were reimbursed to the directors in fulfilling their role.

(b) Transactions with director-related entities

There are no transactions with director-related entities to report. No amounts are payable to or receivable from directors or director-related entities at the reporting date.

(c) Key management personnel compensation

The compensation paid to key management personnel during the year was \$563,948 (2022: \$539,893).

Section 4: Financial assets and liabilities (excluding lease liabilities)

4.1 Cash and cash equivalents

	Note	2023 \$	2022 \$
Cash at bank		2,426,576	3,576,288
Short term deposits		1,250,000	50,000
		3,676,576	3,626,288

Cash accounting policy

Cash and cash equivalents in the statement of financial position comprise cash at bank and short-term deposits with an original maturity of twelve months or less where the investment is convertible to known amounts of cash and is subject to insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Notes to and forming part of the financial report (continued)

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and twelve months, depending on the Company's cash requirements.

These deposits earn interest at market rates.

4.2 Trade and other receivables

	Note	2023 \$	2022 \$
Trade receivables		61,762	356,786
Other debtors			
Security deposit		19,400	16,966
		81,162	373,752

Trade receivables, which comprise amounts due work for performed under grant agreements and from services provided to third parties are unconditional amounts owed and carried at original invoice amount less an allowance for any uncollectible amounts.

Normal terms of settlement vary from seven to 90 days.

No collateral is held in respect of these receivables.

4.2.1 Loans Receivable

	Note	2023 \$	2022 \$
Loans Receivable			
Micro Finance Institutions		45,796	101,410
Less: Provision for impairment		(22,878)	(16,004)
		22,918	85,406

Notes to and forming part of the financial report (continued)

The Company has determined the ECLs for the portfolio by determining the expected loss based on the PD of the country of exposure. The Weighted Average Loss Rate has been revised to 50% as a result of the current economic conditions. The following table provides information about the exposure to credit risk and ECL's for the Company's loan portfolio as at 30 June 2023:

	Weighted Average Loss Rate %	Gross Carrying Amount \$	Less Allowance \$
Loans to Microfinance institutions	50	45,796	22,918

The public lender is liable for any credit losses arising from any payment default from the Loan Program.

Credit risk arises only on loans that financed by the Company's own equity funds. Potential 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.

The Company measures the Expected Credit Loss (ECL) for loans funded by itself 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.

4.3 Financial investments

	Note	2023 \$	2022 \$
Investments in shares – listed equities		113,454	119,675
Classified as: Fair value through profit and loss (FVTPL)		113,454	119,675

Notes to and forming part of the financial report (continued)

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The fair value of financial investments is determined by reference to quoted market bid prices at the close of business on the reporting date. Shares have no fixed maturity date or coupon rate.

4.4 Trade creditors and other payables

	Note	2023 \$	2022 \$
Trade creditors		129,449	97,259
Other creditors		171,627	123,682
		301,076	220,941

Trade creditors and other payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid. These amounts are usually settled in 30 days.

4.4.1 Loans Payable

	Note	2023 \$	2022 \$
Good Return Loan Program from the public		140,143	146,058

Loans Payable represent liabilities for loans provided to the Company prior to the end of the financial year that are unpaid. These amounts are usually settled in 7 to 365 days.

4.5. Financial Liability

Financial instruments accounting policies

Financial instruments are recognised initially on the date that the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs except for financial assets through profit or loss.

Notes to and forming part of the financial report (continued)

Classification

On initial recognition, the Company classifies its financial assets into the following categories, instruments measured at:

- amortised cost
- fair value through profit or loss – FVTPL

Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Amortised cost

The Company measures receivables, cash and cash equivalents at amortised cost.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Investment income

Investment income comprises interest and dividends. Interest income is recognised as it accrues, using the effective interest method.

Dividends from investments are recognised when the right to receive a dividend has been established.

None of the other receivables are past due at the reporting date.

Funds held in Trust

	Note	Year of Maturity	2023 \$	2022 \$
Impact Investment Fund	2.3	2025	750,000	750,000

These funds are used to back guarantees under the Impact Investment program and are held in trust until 30 June 2025.

Notes to and forming part of the financial report (continued)

Section 5: Future obligations and outlook

5.1 Capital Expenditure Commitments

At the reporting date, the Company has not entered into contracts for capital expenditure (2022: nil).

5.2 Contingencies

Directors are not aware of any contingent liabilities which could affect future results.

5.3 Events after the reporting period

No matters or circumstances have arisen since the end of the financial year which would significantly affect the operations of the Company, the results of those operations or the state of affairs in future financial years.

DECLARATION REQUIRED BY NSW CHARITABLE FUNDRAISING REGULATION 2021

This declaration is prepared in accordance with section 21(3) of the Regulation.

I declare that, in my opinion:

- (a) the organisation is able to pay all of the organisation's debts as and when the debts become due and payable,
- (b) the financial statement satisfies the requirements of the Act and this Regulation,
- (c) the contents of the financial statement are true and fair,
- (d) the organisation has appropriate and effective internal controls.



Shane Nichols

Chief Executive Officer

30 October, 2023.

Directors' declaration

1. In the opinion of the directors of World Education Australia Limited ('the Company'):
 - (a) the Company is not publicly accountable;
 - (b) the financial statements and notes that are set out on pages 6 to 27 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (Cth), including compliance with Australian accounting standards (including the Australian Accounting Interpretations), and:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company will be able to meet any obligations or liabilities to which it is or may become subject to.

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



Director

Kathryn Jordan (Chair)

Director



Sondra Cortis (Treasurer)

Date

30 October, 2023



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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent auditor's report to the members of World Education Australia Limited

Report on the financial report

Opinion

We have audited the financial report of World Education Australia Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes to and forming part of the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Regulations 2022*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 and, in doing so, 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. We have nothing to report in this regard.

Other Matter

The financial report of World Education Australia Limited, for the year ended 30 June 2022, was audited by another auditor who expressed an unmodified opinion on that report on 7th November 2022.

Responsibilities of the directors 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 - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ 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.
- ▶ 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 of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ 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 Company'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



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Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- ▶ 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.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors 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.

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A handwritten signature in blue ink, appearing to read 'APR', is written over a faint, dotted grid background.

Andrew Price
Partner
Sydney
30 October 2023