World Education Australia Limited

ABN 39 106 279 225

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2011

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 2011.

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:

Neild McIntosh (Chairman); (Chair Nominations Committee, member Audit committee, member Remuneration committee); B.A. (Actuarial Studies), Master of International Social Development. Neild has extensive executive experience in business, and currently holds Non-Executive Director roles in the corporate and charitable sectors. Neild is on the board of equigroup, part-owned subsidiary of the Commonwealth Bank specialising in operating leases for technology equipment and is a Vice President of Can Assist, a charity assisting cancer patients in NSW.

David Kahler (Vice-Chairman); B.Sc, M.A., Ed.D. (U. Mass). David is an organisational development and training specialist with over 45 years relevant experience. He is Vice-President of World Education Inc. overseeing new international program development and management in France.

Margaret Wright (Treasurer); (Chair Audit committee, member Nominations committee) CA, University of Otago, FCA. Margaret is a former senior Partner and National Practice Head at KPMG, where she was responsible for review and reporting to Boards on major IT program reviews for major Australian corporations across a variety of industries and sat on KPMG's global IRMSC Committee. Margaret was previously an Executive Director-Technology in Macquarie Bank. She is a former Member of the Auditing Standards Board in Australia and former Regional Vice President of the Information Systems Audit and Control Association. Margaret is an experienced accountant and auditor and a Fellow of the Institute of Chartered Accountants. She is a Director of the National Breast Cancer Foundation where she is Deputy Chair, Audit & Risk and a Member of their Remuneration and Register4 Committees.

Gordon Cairns (Member); M.A. (Hons). Gordon has extensive experience as a senior executive, most recently as CEO of Lion Nathan Ltd. He now serves as a non-executive director of Westpac, Origin Energy, and Quick Service Restaurants, is Chairman of Origin Foundation, and acts as an senior advisor to McKinsey & Company and Greenhill Caliburn.

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

William James Pigott (Member); M.B., B.S., formerly FRACP; Bill is a retired International Civil Servant, having worked for more than 20 years with the World Health Organisation, both as an educationalist and international health practitioner and formerly the World Health Organisation Representative in Nepal and then Cambodia. He is now very much involved in his local community, especially in Landcare, where he is active at local, district, regional and state levels.

DIRECTORS' REPORT

Guy Winship (Chief Executive Officer); B.Soc.Sci., B.Com (Hons), Master of Town & Regional Planning. Guy is a development practitioner with extensive international experience, having worked with and advised NGOs, governments and others in the areas of microfinance, livelihoods, institutional development, public policy and vocational training throughout Africa and Asia. He was previously Managing Director of a large microfinance institution in East Africa.

D James MacNeil (Alternate Director); Ed. D, Harvard, appointed 10 December 2010. D. James MacNeil, Ed. D. is Vice President of World Education's Asia Division. He has 20 years of experience working on education, livelihoods development and natural resources management in South and Southeast Asia, and has lived and worked for 10 of those years in Thailand, Vietnam and India. Since 1999 he has worked with World Education providing technical assistance and managerial oversight to school governance and community-based sustainable agricultural programs in Indonesia and projects that get vulnerable children and plantation child labourers back to school in India.

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DIRECTORS' REPORT

The consolidated surplus for the year was $24,372. This comprises a deficit of $170,202 from World Education Australia Limited (WEAL) and a surplus of $194,574 from the controlled entity WEAORF.

The company is limited by guarantee, with the liability of each member in respect of liabilities of the company, as specified in the Constitution, being restricted to $10. During the year, membership of the company increased from 221 to 232.

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

The purpose of the controlled entity, WEAORF, is exclusively to provide relief to persons in a developing country certified as such by the Department of Foreign Affairs and Trade, and to raise funds for this by way of tax deductible donations. WEAORF, a Deductible Gift Recipient entity, approved as such by the Australian Taxation Office, continues to raise donations from the public. Funds held by WEAORF continue to be applied to the company's projects that are compatible with the purpose of WEAORF.

Key Objectives
The vision of the company and its controlled entity is a world without poverty, where people have access to resources and opportunities to improve their own lives. The mission of the company is to enable the poor in the Asia Pacific region to improve their income and to change their lives forever. This mission describes both the long term and short term objectives of the organisation.

Strategy for achieving these objectives
The company contributes to its poverty reduction objectives by working with its partners in both the Australian community and overseas to provide best practice technical assistance and project management services in a number of Asian and Pacific countries. Programs are designed to strengthen the capacity of local partners, catalyse community and national development, and contribute to individual growth.

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

There was no other 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 Agency for International Development (AusAID), Asian Development Bank (ADB), and United Nations (UN) agencies during the financial year.

DIRECTORS' REPORT

Future plans

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

As the Good Return program is new and unique there may be volatility in both turnover and transaction fee income in the period ahead. The financial results from the operations of the Good Return program during the next fiscal year may accordingly differ materially from those reported during the current year. 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.

Going Concern

The going concern basis of accounting has been adopted because the directors forecast that the company will be able to pay its debts as and when they fall due. In the event that there is not sufficient income from donations, consulting projects and the Good Return program to cover future expenses, the directors believe that they have the ability to reduce the company's expenses accordingly and, further, that they can rely on the commitment by World Education Inc in Boston USA to lend the company up to US$125,000 and subordinate any amount due to them by the company to the claims of other creditors.

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

Director attendance at board meetings

Neild McIntosh	4 (4)
David Kahler	2 (4)
Margaret Wright	4 (4)
Gordon Cairns	3 (4)
Pamela Jonas	3 (4)
William Pigott	4 (4)
Guy Winship	4 (4)
D James MacNeil	2 (3)

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DIRECTORS' REPORT

Auditor's Independence Declaration

The auditor's independence declaration is on page 7.

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

Director ______________________
Neild McIntosh (Chairman)

Director ______________________
Margaret Wright (Treasurer)

18 November 2011

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DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

I declare, to the best of my knowledge and belief, that during the year ended 30 June 2011, there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Foster Raffan
Chartered Accountants

Partner: George Raffan

North Sydney

18 November 2011

WORLD EDUCATION AUSTRALIA LIMITED
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
REVENUE			
Donations & gifts - monetary & non-monetary	2a	319,624	255,324
Legacies & bequests		-	-
Grants:	2b		
AusAID		272,201	339,441
Other Australian		287,988	119,415
Other overseas		304,906	138,010
Investment income		14,676	10,204
Other income	2c	126,723	67,948
TOTAL REVENUE		1,326,118	930,342
EXPENSES			
Overseas projects			
Funds to overseas projects	3a	588,236	381,401
Other project costs	3b	384,931	386,773
Domestic projects	3c	19,642	7,779
Community education	3d	46,050	32,293
Fundraising costs			
Public	3e	119,493	67,605
Government, multilateral and private	3f	23,339	27,725
Administration	3g	120,055	98,425
TOTAL EXPENSES		1,301,746	1,002,001
Profit/(Loss) for the year before income tax expense	4	24,372	(71,659)
Income tax (expense)/ benefit	1c	-	-
Profit/(Loss) for the year		24,372	(71,659)
OTHER COMPREHENSIVE INCOME		-	-
Total Comprehensive Income/(Loss)		24,372	(71,659)

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,465,872	253,518
Loans	12	116,135	22,253
Trade and other receivables	7	21,830	132,557
Inventories	8	-	-
Other current assets	9	24,347	36,000
TOTAL CURRENT ASSETS		1,628,184	444,328
NON-CURRENT ASSETS			
Property, plant and equipment	10	11,641	16,803
Intangible assets	11	80,412	90,661
TOTAL NON-CURRENT ASSETS		92,053	107,464
TOTAL ASSETS		1,720,237	551,792
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	157,170	88,470
Special purpose funding	6	1,210,639	189,242
Loans	15	139,416	31,784
Provisions	14	31,603	23,027
TOTAL CURRENT LIABILITIES		1,538,828	332,523
NON-CURRENT LIABILITIES			
Trade and other payables	13	-	541
Provisions	14	16,465	14,555
Loans	15	-	63,601
TOTAL NON-CURRENT LIABILITIES		16,465	78,697
TOTAL LIABILITIES		1,555,293	411,220
NET ASSETS		**164,944**	**140,572**
EQUITY			
Contributed equity	17	-	-
Reserve for designated purpose	18	227,569	32,995
Accumulated (losses)/ gains		(62,625)	107,577
TOTAL EQUITY		**164,944**	**140,572**

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 2011

	Note	Retained Earnings $	Reserve For Designated Purposes $	Total $
Consolidated Group				
Balance at 1 July 2009		145,315	66,916	212,231
Excess of revenue over expenses/ (shortfall)		(71,659)	-	(71,659)
Transfer (to)/ from reserve	**18**	33,921	(33,921)	-
Balance at 30 June 2010		107,577	32,995	140,572
Excess of revenue over expenses/ (shortfall)		24,372	-	24,372
Transfer (to)/ from reserve	**18**	(194,574)	194,574	-
Balance at 30 June 2011		(62,625)	227,569	164,944

The accompanying notes form part of these financial statements.

WORLD EDUCATION AUSTRALIA LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Donations and grants		2,107,020	632,509
Customers		259,439	49,208
Suppliers and employees		(1,069,763)	(798,299)
Interest		14,676	10,204
Net cash provided by/ (used in) operating activities	19	1,311,372	(106,378)
CASH FLOWS FROM INVESTING ACTIVITIES			
Furniture and equipment		(2,587)	(5,617)
Good Return software and web-site		(38,615)	(52,470)
Security deposit		(549)	(451)
Net cash provided by/ (used in) investing activities		(41,751)	(58,538)
CASH FLOWS FROM FINANCING ACTIVITIES			
Good Return - net loans received from the public		107,632	31,784
Good Return - net loans paid to microfinance institutions		(93,882)	(22,253)
Repayment of related party loan - net		(69,936)	(19,340)
Repayment of equipment lease		(1,081)	(1,081)
Net cash provided by/ (used in) financing activities		(57,267)	(10,890)
Net increase / (decrease) in cash held		1,212,354	(175,806)
Cash at beginning of financial year		253,518	429,324
Cash at end of financial year	6	1,465,872	253,518

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 going concern basis of accounting has been adopted because the directors forecast that the company will be able to pay its debts as and when they fall due. In the event that there is not sufficient income from donations, consulting projects and the Good Return program to cover future expenses, the directors believe that they have the ability to reduce the company's expenses accordingly and, further, that they can rely on the commitment by World Education Inc in Boston USA to lend the company up to US$125,000 and subordinate any amount due to them by the company to the claims of other creditors.

The following is a summary of the material accounting policies adopted by the company and consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Principles of Consolidation

A controlled entity is any entity in respect of which World Education Australia Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

The only controlled entity is World Education Australia Overseas Relief Fund (WEAORF), a trust. It has a June financial year end. World Education Australia Limited is the trustee of WEAORF. There is no minority equity interest in WEAORF.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of the controlled entity have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

(b) Revenue recognition

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

Non-monetary donations are recognised as revenue when the donated goods or services are received. The donated goods or services are accounted for at their market value. The market value of services donated by volunteers is based on relevant AusAID tables.

Revenue from the rendering of services (project fees) is recognised upon completion which, depending on the terms of the contract, can be in measured stages or only when the whole project is completed.

(c) Income tax

The Australian Taxation Office has endorsed the company, a charitable organisation, as being exempt from income tax.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

(e) Receivables and work in progress

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

Work in progress is valued at cost less any provision for anticipated future losses. Cost comprises variable costs, including salaries and donated services, relating to specific contracts.

(f) Property, Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

Depreciation

Depreciation of plant and equipment is calculated on both the prime cost and diminishing value basis over their useful lives to the company. The rates used range from 7.5% on the diminishing balance basis to 40% on the prime cost basis.

(g) Intangible Assets

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

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property and the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Provisions

Provisions are recognised when an entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(j) Good and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(k) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy or presentation.

(l) Foreign currency transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the date of the transaction. Foreign currency balances are translated at the year end exchange rate. Exchange differences arising on the translation are recognised in the statement of comprehensive income to the extent they will be borne by the consolidated group.

(m) Financial Instruments

Initial recognition and measurement

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

Loans and receivables

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

Financial Liabilities

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

Impairment

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

Derecognition

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

(n) Impairment of Assets

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

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

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

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

(o) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(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.

		Consolidated Group 2011 $	Consolidated Group 2010 $
	REVENUE		
2. a	**Donation and gifts**		
	Monetary donations	220,528	163,686
	Non-monetary donations	99,096	91,638
		319,624	255,324

Monetary donations include $105,640 (2010: $20,674) received through the Good Return Program

		2011 $	2010 $
b	**Grants**		
	AusAID	272,201	339,441
	Other Australian	287,988	119,415
	Other Overseas	304,906	138,010
		865,095	596,866
c	**Other income**		
	Project fees:		
	Good Return fees	11,046	2,523
	AusAID project fees	-	-
	Other Australian project fees	-	-
	Other overseas project fees	66,569	49,235
	World Education Inc project fees	21,342	-
	Foreign exchange profit/ (loss)	22,492	9,922
	Other income	5,274	6,268
		126,723	67,948

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

		Consolidated Group 2011 $	Consolidated Group 2010 $
3	**EXPENSES**		
a	**Funds to overseas projects**		
	Project staff costs - overseas	278,566	146,566
	Other costs	304,877	212,596
	Volunteers	4,793	22,239
		588,236	381,401
b	**Other project costs**		
	Project staff costs - in Australia	234,354	249,087
	Other costs	78,382	68,287
	Volunteers	72,195	69,399
		384,931	386,773
c	**Domestic projects**		
	Staff costs	4,852	3,276
	Other costs	14,790	4,503
	Volunteers	-	-
		19,642	7,779
d	**Community education**		
	Staff costs	30,437	26,599
	Other costs	11,512	5,694
	Volunteers	4,101	-
		46,050	32,293
e	**Fundraising costs - public**		
	Staff costs	61,766	32,752
	Other costs	42,144	34,853
	Volunteers	15,583	-
		119,493	67,605

		Consolidated Group 2011 $	Consolidated Group 2010 $
f	**Fundraising costs - government, multilateral and private**		
	Staff costs	20,989	25,089
	Other costs	2,350	2,636
	Volunteers	-	-
		23,339	27,725
g	**Administration**		
	Staff costs	27,155	19,033
	Other costs	90,474	79,392
	Volunteers	2,426	-
		120,055	98,425

4 PROFIT/(LOSS) FOR THE YEAR

Profit /(Loss) for the year before income tax expense has been determined after:

		2011 $	2010 $
a	**Income**		
	Net foreign exchange gain	22,492	9,922
b	**Expenses**		
	Depreciation and amortisation	56,613	45,750
	Remuneration of auditor:		
	- audit	21,500	9,591

5. KEY MANAGEMENT PERSONNEL COMPENSATION

	2011 $	2010 $
Short term benefits	147,000	132,555

6. CASH AND CASH EQUIVALENTS

	2011 $	2010 $
Cash on hand	50	316
Cash at bank - for the Good Return program	95,867	30,588
- for other designated purposes	1,210,639	189,242
- other	159,316	33,372
	1,465,872	253,518

Table of cash movements for designated purposes:

	Cash available at beginning of year	Cash raised during the year	Interest	Cash disbursed during the year	Cash available at the end of the year
Designated purposes					
Good Return development:					
AusAID	43,337	-		(43,337)	-
AusAID Innovations Fund	76,681	150,000		(76,681)	150,000
AusAID annual allocation	11,639	150,000		(152,183)	9,456
Skills For Life	56,585	320,000		(276,988)	99,597
Infuse	-	470,121		(274,598)	195,523
ConnectEd	-	114,495		(108,432)	6,063
Education & Microfinance Expansion	-	750,000		-	750,000
Other	1,000	-		(1,000)	-
	189,242	1,954,616	-	(933,219)	1,210,639
Good Return training	2,450	-		(2,450)	-
Good Return loans transactions	28,138	226,127		(158,398)	95,867
Total for designated purposes	219,830	2,180,743	-	(1,094,067)	1,306,506
Other cash movement	33,688	287,013	14,676	(176,011)	159,366
	253,518	2,467,756	14,676	(1,270,078)	1,465,872

7. TRADE AND OTHER RECEIVABLES

	Consolidated Group 2011 $	Consolidated Group 2010 $
Trade debtors	21,830	132,557

Credit Risk – Trade Receivables

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

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

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

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

	Total	Overdue and impaired	Overdue and not impaired	Not due, not impaired
2011				
<30 days	10,112	-	-	10,112
31-60 days	0	-	-	-
61-90 days	11,718	-	11,718	-
	21,830	-	11,718	10,112
2010				
<30 days	4,795	-	-	4,795
31-60 days	117,762	-	117,762	-
61-90 days	10,000	-	10,000	-
	132,557	-	127,762	4,795

		Consolidated Group 2011 $	Consolidated Group 2010 $
8	**INVENTORIES**		
	Work in progress	-	-
9.	**OTHER CURRENT ASSETS**		
	Security deposits	9,785	9,236
	Prepayment	2,631	6,226
	GST receivable	-	5,188
	Other receivables	5,596	15,350
	Amount due by World Education Inc.	6,335	-
		24,347	36,000

The security deposit is a term deposit that is security for the guarantee provided by the bank in respect of the premises occupied by the company.

10. PROPERTY, PLANT AND EQUIPMENT

Office Furniture and equipment

Cost 30 June 2009	36,268
Additions	5,617
Cost 30 June 2010	41,885
Additions	2,587
Cost 30 June 2011	44,472

Office Furniture and equipment

Accumulated depreciation 30 June 2009	19,405
Depreciation for the year	5,677
Accumulated depreciation 30 June 2010	25,082
Depreciation for the year	7,749
Accumulated depreciation 30 June 2011	32,831

Office furniture and equipment	
Net book value 30 June 2009	16,863
Net book value 30 June 2010	16,803
Net book value 30 June 2011	11,641

11. INTANGIBLE ASSETS

Good Return software and web-site

Cost 30 June 2009	88,640
Additions	52,470
Cost 30 June 2010	141,110
Additions	38,615
Cost 30 June 2011	179,725

Accumulated amortisation 30 June 2009	10,376
Depreciation for the year	40,073
Accumulated amortisation 30 June 2010	50,449
Depreciation for the year	48,864
Accumulated amortisation 30 June 2011	99,313

Net book value 30 June 2009	78,264
Net book value 30 June 2010	90,661
Net book value 30 June 2011	80,412

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

	Consolidated Group 2011 $	Consolidated Group 2010 $
12. LOANS		
Current		
Good Return - loans to microfinance institutions	116,135	22,253

There is no exposure to credit risk arising from Good Return loans of $57,952 (2010: $18,225). The balance is considered to be of high credit quality (see Note 15).

13. TRADE AND OTHER PAYABLES

	2011	2010
Current		
Payroll liabilities	10,834	9,855
GST payable	12,235	-
Trade creditors	112,055	48,818
Accrued expenses	21,505	28,716
Hire purchase	541	1,081
	157,170	88,470
Non-Current		
Hire purchase	-	541

	Consolidated Group 2011 $	Consolidated Group 2010 $
14. Provisions		
Current		
Annual leave provision	31,603	23,027
Non-Current		
Long service leave provision	16,465	14,555
Provision for employee benefits		
Balance at the beginning of the year	37,582	25,782
Additional provision raised during the year	43,955	45,466
Amounts used	(33,469)	(33,666)
Balance at the end of the year	48,068	37,582
15. LOANS		
Current		
Good Return - loans from the public	139,416	31,784
World Education Inc.	-	63,601
Total loans	139,416	95,385

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

The loan from World Education Inc. is unsecured, interest free and has been subordinated.

16. CAPITAL COMMITMENTS

The company has a commitment to spend $7,553 (2010 $31,589) to further the development of the Good Return software.

17. 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 232 members at 30 June 2011 (2010: 221).

18. RESERVE FOR DESIGNATED PURPOSES

The excess of revenue over expenses from operations of the controlled entity, World Education Australia Overseas Relief Fund, is transferred to a Reserve for Designated Purposes to recognise that the net assets represented by this reserve cannot be used for any purpose other than providing relief to persons in a developing country certified as such by the Department of Foreign Affairs and Trade or, on winding up, must be transferred to some other fund qualifying under the Overseas Gift Fund Provisions of the Income Tax Assessment Act 1997.

	Consolidated Group 2011 $	Consolidated Group 2010 $

19. CASH FLOW INFORMATION

	2011 $	2010 $
Reconciliation of cash flow from operations		
Surplus / (deficit)	24,372	(71,659)
Non-cash flows in surplus:		
Depreciation and amortisation	56,613	45,750
Leave provision	10,486	11,800
Changes in Assets & Liabilities:		
Receivables	125,669	(68,822)
Inventories	-	-
Other current assets	3,595	(2,124)
Payables and accruals	1,090,637	(21,323)
Cash flows from operations	1,311,372	(106,378)

20. RELATED PARTY DISCLOSURES

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

	2011 $	2010 $
Loans from WEI, interest free and subordinated per Note 1	-	-
Repayments of loans to WEI	137,061	112,838
Fees received from WEI for services provided by the company	-	-
Fees paid to WEI for the services of WEI staff on company projects	90,366	100,810

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.

21. 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:

	2011 $	2010 $
Financial Assets		
Cash and cash equivalents	1,465,872	253,518
Receivables	21,830	132,557
Loans to microfinance institutions for Good Return program	116,135	22,253
Total financial assets	1,603,837	408,328
Financial Liabilities		
Trade and other payables	133,560	77,534
Related party loan	-	63,601
Loans from the public for Good Return program	139,416	31,784
Total financial liabilities	272,976	172,919

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.

There is no exposure to credit risk arising from Good Return loans as this risk is borne by the public lender (see Note 12).

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

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, managing credit risks and regularly updating its agreement with its related party, World Education Inc in Boston, to provide up to US$125,000 extra funding if required and subordinate what it is owed to the claims of other creditors.

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	133,560	-	-	133,560
Loans	139,416	-	-	139,416
Total expected outflows	272,976	-	-	272,976
Financial assets - cash flows realisable				
Cash and cash equivalents	1,465,872	-	-	1,465,872
Trade and other receivables	21,830	-	-	21,830
Loans	116,135	-	-	116,135
Total anticipated inflows	1,603,837	-	-	1,603,837
Net (outflow)/ inflow on financial instruments	1,330,861	-	-	1,330,861

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.

22. 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.

23. COMPANY INFORMATION

The registered office and principal place of business of the company is:
Level 7, 1 Chandos Street
St Leonards NSW 2065

24. 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 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.

25. 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.

	2011 $	2010 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	661,793	295,162
TOTAL ASSETS	753,846	402,626

	2011	2010
	$	$
LIABILITIES		
Current liabilities	816,471	294,508
TOTAL LIABILITIES	816,471	295,049
EQUITY		
Issued capital	-	-
Retained earnings	107,577	145,316
	107,577	145,316
STATEMENT OF COMPREHENSIVE INCOME		
Total profit/(loss)	(170,202)	(37,739)
Total comprehensive income/(loss)	(170,202)	(37,739)

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:

	2011	2010
	$	$
	850,138	216,714
Rights to be indemnified from the trusts assets	850,138	216,714

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 2011 and 30 June 2010.

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

DECLARATION REQUIRED BY CHARITABLE FUNDRAISING REGULATIONS 2008

I declare that, in my opinion:

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

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

the provisions of the Charitable Fundraising Act 1991, the regulations under that Act and the conditions attached to the authority have been complied with by the company for the year ended 30 June 2011; and

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

Guy Winship
Managing Director

18 November 2011

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes as set out on pages 8 to 26, are in accordance with the

   (a) comply with Accounting Standards and the Corporations Act 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company.

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director Neild McIntosh

Neild McIntosh (Chairman)

Director

Margaret Wright (Treasurer)

18 November 2011

FOSTER RAFFAN
CHARTERED ACCOUNTANTS
BUSINESS, FINANCIAL & TAX ADVISORS

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WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WORLD EDUCATION AUSTRALIA LIMITED

We have audited the accompanying financial report of World Education Australia Limited on pages 8 to 28, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence
In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

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

WORLD EDUCATION AUSTRALIA LIMITED
ABN 39 106 279 225

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF WORLD EDUCATION AUSTRALIA LIMITED

Qualified Auditor's Opinion
In our opinion, except for the effects of such adjustments, if any, as might have been required had the limitation on our audit procedures referred to in the qualification paragraph not existed, the financial report of World Education Australia Limited is in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

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

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

We also report that:

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

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

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

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

Uncertainty Regarding the Adoption of the Going Concern Basis of Accounting and the Carrying Value of Intangible Assets
Without further qualification to the above opinion, we draw attention to:

(a) Note 1 to the financial statements. The going concern basis of accounting has been adopted on the assumption that the directors will be able to reduce expenses if forecast income does not materialise and that World Education Inc will lend the company up to US$ 125,000 which it will subordinate to the claims of other creditors.

(b) Note 11 to the financial statements. It is too early in the life of the Good Return program to determine with an acceptable degree of certainty whether or not the recoverable amount (value in use) for the intangible assets developed for the program exceeds their carrying value and, therefore, whether or not a provision for impairment is required.

Foster Raffan
Chartered Accountants

North Sydney

George Raffan
Partner

18 November 2011