



SHANTI MISSION HARMONY CENTRES LIMITED
ABN 76 116 997 392

Financial Statements
For the Year Ended
30 June 2013

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Shanti Mission Harmony Centres Limited

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Chairpersons' Report

30 June 2013

Shanti Mission Harmony Centres

Shanti Mission Harmony Centres are schools of the soul committed to wellness and peace. People learn and experience healing, learn and practice meditation, and cultivate inner resources to experience love, joy, happiness and peace.

We teach members of the public, who can attend a wide variety of programs to assist them in cultivating greater wellbeing. We also train therapists and teachers, providing rich, specialized vocational training. It is offered to those who enroll on a 'by donation' basis. We continue to offer our seminars, meditations, satsangs and healing clinics as a charitable giving and in doing so we derive great joy from serving others.

During the past financial year we have continued to provide the services set out in the 2012 report.

The Path of Ease and Grace

The Path of Ease and Grace which is our core set of teachings for wellness and happiness continue to be run in Cooranbong, Newcastle, Port Macquarie, Taree, Gunnedah, Sydney East, west and south, Southern Highlands, Melbourne, Adelaide and Perth. Our teachers have also taken the Path of Ease and Grace and Ignite Your Spirit therapy to the USA, teaching primarily in Connecticut but also in Philadelphia, New York, Sedona, Seattle and Los Angeles. The work is relevant to people everywhere and is warmly received. Some of our USA students have travelled to Australia to attend events and training with us, and we think this trend will grow in the future with streams of people coming from abroad to learn our methods for spiritual emotional mental and physical wellbeing.

Board of Shanti Mission Harmony Centres

We welcomed to our Board Savitire DanVantre (Paul Wilde) who is one of our most senior teachers. He has helped to develop the Sydney and Canyonleigh centres and has provided excellent leadership in both places. His expertise in our healing and teaching work, in our systems of education for wellbeing and his skill in problem solving have been very much appreciated by the board and the wider Shanti Mission community.

Our board has restructured its business so that we now have a designated compliance committee comprising David Cole, Hugh Keller, Shakti Durga and our chief financial officer, Phil Jorgenson. The board meets bi monthly and the compliance committee meets monthly which is streamlining the capacity of the board to deal with matters of policy and direction more deeply in the meetings than before without losing sight of the compliance work.

Retreats

Retreats are very special times when people are able to access very deep healing and transformation in their lives. Our retreats program flourished this year with retreats in Melbourne, Cooranbong, Canyonleigh, Uluru (a mens retreat, which we hope will become an annual event) USA and India.

Ignite Your Spirit Therapy

The core of everything we do in SMHC is based in and around Ignite Your Spirit therapy. As well as continuing to provide excellence in complementary healing, training therapists and teachers we have continued to explore the areas of spiritual, energetic and sound healing with a view to establishing clinical trials in the future of our healing modality Ignite Your Spirit.

New initiatives

As well as continuing with our work as detailed in last years report, we have some new initiatives which are set out below.

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Project Hope

Project Hope has continued to offer quality complementary care to those suffering from diagnosed depression and analysis of the data from the work completed to date will be completed before year end.

What is new is that therapists who volunteer have been trained in the Assist method of dealing with people who have suicidal ideation. This gives them a deeper understanding of the depths of depression and more resources with which to support those people in their journey back to wellbeing peace and happiness.

Hospital Outreach

Some of our therapists who also have medical training have started to run meditations at the Children's Hospital in Melbourne and are contributing to staff wellbeing programs among the Melbourne health and allied professionals groups and these have been well received. The objective is to support those who support the sick in the intense work of hospital medical care.

Two of our therapists have also worked with breast cancer surgeon Dr Beth Dupree in Philadelphia. They assisted in pre and post operative care of the patient and also provided energetic healing during the surgical procedure, attending inside the operating theatre for the duration of surgery.

By Dr Beth Dupree

"Recently, I had the great fortune and grace to have an amazing healer in the operating theatre with me. Savitur Dhanvantre, a master healer, from Shanti Mission Australia not only joined me in the OR but was able to prepare my patients for the experience with pre-operative , intra-operative and post-operative healing.

Sounds kinda funny to talk about "HEALING" in the OR as something spectacular but in our Western world, the OR is thought of as that place where cancer is "cut out", bones are repaired or tissues are removed. Clearly the "physical body" of cancer or repairing abnormal conditions in the body is only one aspect of healthcare. I know that healing has been occurring with my patients as I am surgically removing the tumors, but I liken this to quantum healing to healing the physical, emotional, and spiritual. Energetically, the patients are shifting spiritually as the surgery shifts their bodies physically...

All of my patients that received healing that week had profound and amazing shifts in their physical, emotional, and energetic bodies. Anxiety, fear and stress melted away. Post-operatively each woman was visibly calmer and more at peace. One patient had such severe anxiety that after a simple ten minute pre-op session with Savitur, the pre-op nurse thought that the anesthesiologist had given the patient versed (a strong medication that wipes away anxiety temporarily). The patient's husband asked if he could take Savitur home with them.

Another patient had had several previous surgeries and said that this one was "grace and ease". No anxiety, no pain, and no worries.

So many individuals hold on to beliefs and behavior patterns that do not serve them. I do not know if it is the word "cancer" that allowed these women to make such profound shifts in their energy bodies but the changes were not only perceived and felt by the patients, but by the families and the staff as well.

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Quantum Healing



My treatment of the physical disease cancer is rooted in western medicine. High tech and cutting edge. My treatment of the spiritual and emotional aspects of my patients is rooted simply in healing. Healing comes in many forms. There are so many therapeutic healing modalities available, we just need to give our patients access to them.

My work with The Healing Consciousness Foundation is of the utmost importance to me as it has given us the vehicle to allow women and men affected with breast cancer to not only experience state-of-the-art western medical care of their physical disease, but it allows them to find healing deep in PEACE in their Heart.

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New Premises in Cooranbong

Shanti Mission began in Cooranbong and has since spread to many different locations. In 30 August 2013 we took a lease on a school building in Cooranbong which will become our flagship centre for healing and teaching. We have named it 'Abode of Peace' and we hope it will become a destination for many people seeking deep healing and transformation in their lives.

Establishing online community for Wellbeing

This year we have utilized webinar technology to provide weekly meditations and IYS therapist training to those living remotely. We have 15 students in USA studying IYS therapy in conjunction with our Cooranbong Harmony Centre therapist training class and they are doing very well. Students from various parts of Australia have also been able to take advantage of the support and invaluable learning and skills attained through our study programs.

Website Upgrades

In order to properly inform members of the public about our charitable work we have developed two new websites, one aimed more at the medical and allied health group (Shanti Mission Health) and one aimed at the general public (Shantifaith). We hope that the new formats will provide more clarity and effectiveness in getting our services to the public and enabling a reliable booking system to be offered thereby supporting our teachers and centres as well as the public to access our services more easily.

Bodhi Festival (Now Shanti Vision Pty Ltd)

Bodhi Festival is a 51% owned subsidiary of Shanti Mission Harmony Centres. It was started to expand our work to a wider population, and nearly 6,000 people attended our first event in Newcastle in March 2012. The venture was well supported and successful in many ways but financially it made a loss in its first year resulting in an overdraft being secured against our farm in Canyonleigh. The organization has run another large event, Bhakti Bliss, which ran without the need for further borrowing although it made a small loss and did not contribute to a reduction in the overdraft. Overdraft interest has been met by regular smaller events which will continue to be run during the next year, as plans for more substantial ventures which will reduce the debt and return us to profit in that enterprise are developed and actioned. We changed the name to Shanti Vision Pty Ltd so as to be more in alignment with our other work (of which peace is the core) and also to engage with the work of visioning a better world both individually and as a society. Many healing meditations are now available free of charge on the Shanti Vision website which can be downloaded and practiced by anyone free of charge.

Bhakti Bliss (part of Shantivision)

We ran a festival of spirit, healing and music in Newcastle which was very popular and resulted in an upswing in numbers in our Newcastle classes, healings and meditations. We congratulate all the volunteers, musicians and healers who took part in that and made it so beautiful and rich.

Conclusion

We hope that the infrastructure development being undertaken, particularly in the area of data base, web and booking systems will form a platform of excellence for a continued expansion of our charitable work in the world in 2014 and beyond. Blessings and thanks to everyone who has been part of our Shanti Mission family.

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Directors' Report 30 June 2013

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2013.

1. General information

Directors

The names of the directors in office at any time during, or since the end of, the year are:

| Names | Position | |
|--------------------|-----------------|-------------------------|
| Shakti Durga | Chair | |
| Hugh Keller | Director | |
| Antoinette Sampson | Director | |
| David Cole | Director | |
| Tanya Diesel | Director | |
| Paul Wilde | Director | Appointed November 2012 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Shakti Durga is the company secretary who is also the chair of the parent company.

Members guarantee

Shanti Mission Harmony Centres Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 200, subject to the provisions of the company's constitution.

At 30 June 2013 the collective liability of members was \$ 1,200 (2012: \$ 1,000).

Principal activities

The principal activities of the Group during the financial year were:-

- i. Training teachers, therapists and members of the public in techniques for personal transformation, meditation, energy based healing from diverse holding traditions and spiritual practices;
- ii. Assisting members of the public to achieve optimal physical, emotional, social, spiritual and mental health, manage and reduce stress and anxiety; and
- iii. Raising community awareness of the importance of leading a well balanced and healthy life.

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Directors' Report

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1. General information continued

Significant changes in state of affairs

No significant changes in the Group's state of affairs occurred during the financial year.

Business review

Operating Results

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$ 131,408, (2012: loss \$531,396).

2. Other items

After balance date events

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

Auditors independence declaration

The lead auditors independence declaration for the year ended 30 June 2013 has been received and can be found on page 9 of the financial report.

3. Director Information

Information on directors

| | |
|----------------|---|
| Shakti Durga | Chair |
| Qualifications | Degree in Law and Economics |
| Experience | Has practiced as a barrister in NSW for 16 years. She has also studied a range of alternative and complementary healing modalities and learned meditation with various spiritual teachers in Australia, India, Bali, and the Philippines. She is an expert on meditation, the human energy field, personal development, motivation and alternative health. She has written three books on self development and created the Path of Ease and Grace series of seminars, which focus upon mental emotional and spiritual wellbeing. She has created numerous meditation and relaxation CD's and has written 5 books. |
| Hugh Keller | Director |
| Qualifications | Practicing Solicitor with a leading law firm for 40 years until July 2010 |
| Experience | He has served as a director of an ASX listed company, several large proprietary companies and numerous other smaller companies. He also served for 10 years as chairman of a superannuation fund which grew from 1,200 to 1,600 members during this time. |

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Directors' Report

30 June 2013

3. Director Information continued

Information on directors continued

| | |
|--------------------|---|
| Antoinette Sampson | Director |
| Qualifications | Former Academic of NSW University (Nida) where she taught for 16 years |
| Experience | She brings expertise in creative self expression, teaching and a depth of spiritual training and awareness to her role. She has studied various forms of energetic healing and meditation. Antoinette founded Peace Angels, managed the highly successful Australian Theatre for Young People (ATYP) and has experience directing large theatrical productions. |
| David Cole | Director |
| Qualifications | Chartered Accountant and has over 11 years experience as a management consultant |
| Experience | He is a facilitator for the successful Free To Be Me seminar series. His business and leadership counselling and mentor programs are highly effective bringing desired changes in individual and organisational performance. |
| Tanya Diesel | Director |
| Qualifications | Managing Director and CEO |
| Experience | Tanya was with Deloitte Consulting in the USA, South Africa and Australia for over 10 years; worked with large Australian Corporates: AMP, Bauldersone Hornibrook and Lendlease before joining Zaffyre International, a boutique management consultancy to various fortune 500 companies. As a Managing Director and CEO she led revenue growth of over 900% over 3 years. She has now founded her own strategy consultancy called Aspirall. Tanya consults with some of the leaders of Australian industry and government at high levels. Tanya Joined us in December 2010 and shares her considerable skill with us to provide 'lift' in all areas of the organisation. |
| Paul Wilde | Director - Appointed November 2012 |
| Qualifications | Senior Teacher and Healer |
| Experience | Paul has worked as a teacher and healer for Shanti Mission Harmony Centres, he has helped to develop the Sydney and Canyonleigh centres and has provided excellent leadership in both places. |

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Directors' Report 30 June 2013

3. Director Information continued

Meetings of directors

During the financial year, 6 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | |
|--------------------|---------------------------|-----------------|
| | Number eligible to attend | Number attended |
| Shakti Durga | 6 | 6 |
| Hugh Keller | 6 | 5 |
| Antoinette Sampson | 6 | 6 |
| David Cole | 6 | 6 |
| Tanya Diesel | 6 | 5 |
| Paul Wilde | 4 | 4 |

4. Indemnification and insurance of officers and auditors

Insurance premiums paid for Directors

The company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium is not disclosed due to the terms of the insurance contracts to protect commercially sensitive information of the company.

Signed in accordance with a resolution of the Board of Directors:

Director:
David Cole

Director:
Hugh Keller

Dated 29 November 2013

Shanti Mission Harmony Centres Limited

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Shanti Mission Harmony Centres Limited and Controlled Entities

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

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Cutcher & Neale
Assurance Pty Ltd
(an authorised audit company)

M.J. O'Connor CA
Director

28 November 2013

NEWCASTLE

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Independent Audit Report to the members of Shanti Mission Harmony Centres Limited

Report on the Financial Report

We have audited the accompanying financial report of Shanti Mission Harmony Centres Limited, which comprises the statement of financial position as at 30 June 2013, the statement of surplus or deficit and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Company and the consolidated entity.

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 and the *Corporations Act 2001* 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.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is 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 Company'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 Company'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 qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Shanti Mission Harmony Centres Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

Donation Income

It is not always practicable for the company to establish accounting control over all sources of donation income prior to receipt of these funds by contractors or the company and accordingly it is not possible for our examination to include procedures which extend beyond the amounts of such income recorded in the accounting records of the group.

Shanti Mission Harmony Centres Limited

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Independent Audit Report to the members of Shanti Mission Harmony Centres Limited

In respect of the qualification however, based on our review of the internal controls, nothing has come to our attention which would have us believe that the internal controls over the revenue from donations by the group are not appropriate. For the reasons described above it is not possible to reliably measure the effects or possible effects on the amounts and other disclosures contained in, or omitted from, the financial report.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Shanti Mission Harmony Centres 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 2013 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matter

As at 30 June 2013 the Group's current liabilities exceeded its current assets by \$291,724 (2012: \$144,348). We draw attention to Note 1(d) to the financial statements which describes the Director's considerations in applying the going concern basis of accounting.

Our opinion is not qualified in respect of this matter.

Cutcher & Neale
Assurance Pty Ltd
(An authorised audit company)

M.J. O'Connor CA
Director

Newcastle

30 November 2013

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Directors' Declaration

The directors of the consolidated group declare that:

1. The financial statements and notes, as set out on pages 13 to 38, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the consolidated group.
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 with the continuing support of creditors.

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

Director
David Cole

Director
Hugh Keller

Dated 29 November 2013

Shanti Mission Harmony Centres Limited

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Statement of Surplus or Deficit and Other Comprehensive Income For the Year Ended 30 June 2013

| | | 2013 | 2012 |
|--|------|------------------|------------------|
| | Note | \$ | \$ |
| Retail shop sales | 2 | 186,665 | 268,147 |
| Cost of goods sold | 3 | <u>(138,252)</u> | <u>(117,369)</u> |
| Gross profit | | 48,413 | 150,778 |
| Services revenue | 2 | 1,334,016 | 1,528,118 |
| Other income | 2 | 88,979 | 110,248 |
| Finance costs | 3 | (27,993) | (16,753) |
| Employee benefits expense | | (503,816) | (482,384) |
| Depreciation and amortisation expense | 3 | (33,019) | (56,547) |
| Premises expense | | (281,697) | (324,227) |
| Service delivery expenses | | (333,076) | (503,059) |
| Management and administration expense | | (265,417) | (285,510) |
| Festival expenses | | (157,798) | (650,123) |
| Other expenses | | - | (1,132) |
| Surplus / (deficit) before income tax | | (131,408) | (530,590) |
| Income tax expense | 4 | - | (806) |
| Surplus / (deficit) after income tax | | (131,408) | (531,396) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income | | (131,408) | (531,396) |
| Total comprehensive income attributable to: | | | |
| Members of the parent entity | | (85,285) | (314,762) |
| Non-controlling interest | | (46,123) | (216,634) |
| | | <u>(131,408)</u> | <u>(531,396)</u> |

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

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Statement of Financial Position As At 30 June 2013

| | Note | 2013 \$ | 2012 \$ |
|-------------------------------|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 7 | 193,333 | 224,366 |
| Trade and other receivables | 8 | 3,781 | 11,359 |
| Inventories | 9 | 92,187 | 110,009 |
| Other assets | 10 | 21,048 | 15,109 |
| TOTAL CURRENT ASSETS | | <u>310,349</u> | <u>360,843</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 799,063 | (34,537) |
| TOTAL NON-CURRENT ASSETS | | <u>799,063</u> | <u>(34,537)</u> |
| TOTAL ASSETS | | <u>1,109,412</u> | <u>326,306</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 138,430 | 117,705 |
| Borrowings | 14 | 425,208 | 353,385 |
| Employee benefits | 15 | 14,940 | 33,522 |
| TOTAL CURRENT LIABILITIES | | <u>578,578</u> | <u>504,612</u> |
| NON-CURRENT LIABILITIES | | | |
| TOTAL LIABILITIES | | <u>578,578</u> | <u>504,612</u> |
| NET ASSETS | | <u>530,834</u> | <u>(178,306)</u> |
| FUNDS | | | |
| Issued capital | 17 | 129,500 | 100,100 |
| Accumulated funds | | 788,395 | 873,680 |
| Non-controlling interest | | (262,757) | (216,634) |
| TOTAL FUNDS | | <u>655,138</u> | <u>757,146</u> |

The accompanying notes form part of these financial statements.

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Statement of Changes in Funds For the Year Ended 30 June 2013

2013

| | Note | Accumulated Surplus \$ | Issued Capital \$ | Non- Controlling Interests \$ | Total \$ |
|---|------|------------------------------|-------------------------|--|----------------|
| Balance at 1 July 2012 | | 873,680 | 100,100 | (216,634) | 757,146 |
| Total comprehensive income | | (85,285) | - | (46,123) | (131,408) |
| Transactions with owners in their capacity as owners | | | | | |
| Contribution of equity, net of transaction costs | 17 | - | 29,400 | - | 29,400 |
| Balance at 30 June 2013 | | 788,395 | 129,500 | (262,757) | 655,138 |

2012

| | Note | Accumulated Surplus \$ | Issued Capital \$ | Non- Controlling Interests \$ | Total \$ |
|---|------|------------------------------|-------------------------|--|----------------|
| Balance at 1 July 2011 | | 1,188,442 | - | - | 1,188,442 |
| Total comprehensive income | | (314,762) | - | (216,634) | (531,396) |
| Transactions with owners in their capacity as owners | | | | | |
| Contribution of equity, net of transaction costs | 17 | - | 100,100 | - | 100,100 |
| Balance at 30 June 2012 | | 873,680 | 100,100 | (216,634) | 757,146 |

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

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Statement of Cash Flows

For the Year Ended 30 June 2013

| | 2013 | 2012 |
|--|------------------------------|------------------------|
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from provided goods and services and donations received | 1,444,840 | 1,890,780 |
| Payments to suppliers and employees | (1,474,791) | (2,294,948) |
| Interest received | 2,296 | 4,505 |
| Interest paid | (27,993) | (4,538) |
| Net cash provided by (used in) operating activities | 19 <u>(55,648)</u> | <u>(404,201)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | 11(a) (85,942) | (44,272) |
| Proceeds from sale of plant and equipment | 1,800 | - |
| Net cash used by investing activities | <u>(84,142)</u> | <u>(44,272)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issue of shares | 17(b) 29,400 | 100,100 |
| Proceeds from borrowings | 68,271 | 256,366 |
| Repayment of borrowings | (1,158) | (188,216) |
| Net cash used by financing activities | <u>96,513</u> | <u>168,250</u> |
| Net increase / (decrease) in cash and cash equivalents held | (43,277) | (280,223) |
| Cash and cash equivalents at beginning of year | <u>(61,225)</u> | 218,998 |
| Cash and cash equivalents at end of financial year | 7(a) <u><u>(104,502)</u></u> | <u><u>(61,225)</u></u> |

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

The financial report includes the consolidated financial statements and notes of Shanti Mission Harmony Centres Limited and controlled entities (the Group), incorporated and domiciled in Australia. The parent entity, Shanti Mission Harmony Centres Limited is a not-for-profit Company limited by guarantee.

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Principles of Consolidation

A controlled entity is an entity over which Shanti Mission Harmony Centre Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern the existence and effect of holdings of actual and potential voting rights are considered.

Details of the parent entity is contained in Note 20 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

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

(b) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(c) 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 Group.

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(c) Critical accounting estimates and judgments continued

Key estimates - impairment of plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

(d) Going concern

The Group has current assets of \$310,349 and current liabilities of \$602,073 which represents a negative working capital of \$291,724 (2012 negative working capital \$144,348). The main contributor to the negative working capital position are the borrowings in the Company's subsidiary, Shanti Vision Pty Ltd which commenced operations in 2012.

During the 2012 year Shanti Vision Pty Ltd held the inaugural Bodhi Festival in Newcastle. Shanti Vision Pty Ltd reported an operating loss of \$541,584 which was funded by related party loans and a bank overdraft facility. During the current year Shanti Organisation recorded a further loss of \$114,902. The bank overdraft balance at 30 June 2013 was \$297,835 and is classified as a current liability as it is repayable on demand. This facility is fully secured over property at Canyonleigh.

The Board of Shanti Vision Pty Ltd anticipate the company to record losses during the development phases of the Bhodi Festival with the goal of establishing itself within the local festival marketplace.

Board and Management of Shanti Vision Pty Ltd have established strategic objectives within its Business Plan including;

- Increasing frequency and varying scope of future festivals
- Securing business relationships within the festival industry
- Securing broader corporate and government sponsorship for events
- Establishing a loyal follower base
- Raising additional share capital to improve cash position

The Board and Management of both Shanti Missions Harmony Centre and Shanti Vision Pty Ltd are continually reviewing the operational effectiveness of the Business Plan.

Based on factors outlined above, the Board of Directors consider the going concern basis of accounting appropriate.

(e) Revenue and other income

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of activities as discussed below.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(e) Revenue and other income continued

Donations

Donations, festival income and bequests are recognised as revenue when received. If conditions are attached to the donation, the recognition of the donation as revenue will be deferred until the conditions are met.

Donated assets are recognised in the statement of surplus or deficit and other comprehensive income for the fair value of the consideration of the donated assets received.

Building fund donations are initially recognised as a liability. The liability is reduced and donations are recognised as revenue to match expenditure.

No amounts are included in the financial statements for services donated by volunteers.

Sale of goods

Revenue from the sale of goods is recognised at the point of sale.

Interest revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Provision of services

Healing and training fees are recognised as revenue at the time that the service is provided.

All revenue is stated net of the amount of goods and services tax (GST).

(f) Cash and cash equivalents

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

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at the date of acquisition, which is the deemed cost.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(h) Property, plant and equipment

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

Property

Land and buildings are measured at cost less accumulated depreciation and impairment losses.

Freehold land and buildings that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Building additions | 10% |
| Plant and Equipment | 20% - 50% |
| Motor Vehicles | 10% - 12.5% |
| Computer Equipment | 20% |

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of surplus or deficit and other comprehensive income.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(i) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) 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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(i) Financial instruments continued

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions. At the end of each reporting period, the Group assess whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Impairment losses are recognised through an allowance account for loans and receivables in the statement of surplus or deficit and other comprehensive income.

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 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.

(j) Income tax

The parent entity, Shanti Mission Harmony Centres Limited is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

The controlled entities, Shanti Organisation Pty Ltd and Shanti Vision Pty Ltd are not exempt from income tax and therefore the following accounting policy is relevant.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(j) Income tax continued

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

| | 2013 | 2012 |
|---|----------------|----------------|
| | \$ | \$ |
| Future income tax benefits not brought to account, the benefits of which will only be realised if the conditions for deductibility set out above occur; | | |
| - Tax losses | <u>199,604</u> | <u>162,475</u> |

(k) Impairment of non-financial assets

At the end of each reporting year, the Group 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. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of surplus or deficit and other comprehensive income.

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 Company 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.

Impairment losses are recognised as an expense immediately.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(l) Intangibles

Website development costs

Website development costs are recorded at cost and amortised over its estimated useful life of three years. It is assessed annually for impairment and useful life is altered if estimates have changed significantly.

Amortisation on website development costs are charged to the statement of surplus or deficit and other comprehensive income on a straight-line basis over the estimated useful life.

(m) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting year. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(o) Leases

Finance leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, 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 or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Operating leases

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

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

1 Summary of Significant Accounting Policies continued

(p) 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 Tax 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.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Adoption of new and revised accounting standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory. The adoption of these Standards has not impacted the recognition, measurement and disclosure of transactions.

(r) New accounting standards for application in future periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. The following table summarises those future requirements, and their impact on the Group:

| Standard Name | Effective date for entity | Requirements | Impact |
|---|---------------------------|--|---|
| AASB 10 Consolidated Financial Statements | 30 June 2014 | AASB 10 includes a new definition of control, which is used to determine which entities are consolidated, and describes consolidation procedures. The Standard provides additional guidance to assist in the determination of control where this is difficult to assess. | The Group will review its controlled entities to determine whether they should be consolidated under AASB 10, no changes are anticipated. |

(s) Authorisation of financial statements

The financial statements were approved and authorised for issue by the Board of Directors on 29 November 2013. The Directors have the power to amend the financial report at any time.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

2 Revenue and Other Income

| | 2013 | 2012 |
|--|------------------|-----------|
| | \$ | \$ |
| Operating activities | | |
| - Sale of goods | <u>186,665</u> | 268,147 |
| Services revenue | | |
| - Workshops, meditations and general donations | 1,051,952 | 1,131,838 |
| - Course fees from outside practitioners | 28,613 | 38,077 |
| - Therapist training | 207,305 | 229,613 |
| - Festival revenue | <u>46,146</u> | 128,591 |
| Total services revenue | <u>1,334,016</u> | 1,528,118 |
| | <u>1,520,681</u> | 1,796,265 |
| Other revenue | | |
| - Interest income | 2,296 | 4,722 |
| - Sundry income | 37,143 | 43,776 |
| - Building fund donations | <u>40,299</u> | 61,750 |
| | <u>88,979</u> | 110,248 |
| Total revenue & other income | <u>1,609,660</u> | 1,906,513 |

3 Result for the Year

(a) The result for the year includes the following specific expenses

| | | |
|-------------------------------------|----------------|----------------|
| Cost of goods sold | <u>138,252</u> | <u>117,369</u> |
| Finance costs | | |
| - bank interest - external | <u>27,047</u> | 14,143 |
| Depreciation & amortisation expense | | |
| Depreciation - buildings | 7,631 | 29,300 |
| Depreciation - plant and equipment | 24,171 | 25,902 |
| Amortisation - website development | <u>1,217</u> | 1,345 |
| | <u>33,019</u> | 56,547 |

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

4 Income Tax Expense

(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | 2013 | 2012 |
|---|-----------------|------------------|
| | \$ | \$ |
| Prima facie tax payable on profit from ordinary activities at 30 June | | |
| - Shanti Organisation Pty Ltd | (2,658) | 2,514 |
| - Shanti Vision Pty Ltd | (34,471) | (162,475) |
| | <u>(37,129)</u> | <u>(159,961)</u> |
| Add: | | |
| Tax effect of: | | |
| - Unrealised deferred tax asset Shanti Organisation Pty Ltd | 2,658 | - |
| - Unrealised deferred tax asset Shanti Vision Pty Ltd | 34,471 | 162,475 |
| Less: | | |
| Tax effect of: | | |
| - Administration costs deductible | - | 1,708 |
| Income tax expense | <u>-</u> | <u>806</u> |

5 Remuneration of Key Management Personnel

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

| | | |
|------------------------------|----------------|---------------|
| Short-term employee benefits | 108,552 | 22,000 |
| Long-term benefits | 8,250 | 1,980 |
| | <u>116,802</u> | <u>23,980</u> |

For details of other transactions with key management personnel, refer to Note 22: Related Party Transactions.

6 Auditors' Remuneration

Remuneration of the auditor, for:

| | | |
|--|---------------|---------------|
| - auditing or reviewing the financial report | <u>28,000</u> | <u>25,000</u> |
|--|---------------|---------------|

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

7 Cash and Cash Equivalents

| | 2013 | 2012 |
|--------------------------|----------------|----------------|
| | \$ | \$ |
| Cash on hand | 1,460 | 1,221 |
| Cash at bank | 170,606 | 201,878 |
| Short-term bank deposits | 21,267 | 21,267 |
| | <u>193,333</u> | <u>224,366</u> |

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

| | Note | 2013 | 2012 |
|--|------|------------------|------------------|
| Cash and cash equivalents | | 193,333 | 224,366 |
| Bank overdraft | 14 | <u>(297,835)</u> | <u>(285,591)</u> |
| Balance as per statement of cash flows | | <u>(104,502)</u> | <u>(61,225)</u> |

(b) Security Deposit Gaurantee

A Security Deposit Gaurantee is held over cash at bank and short-term deposits to the value of \$9,625 in favour of Ttirbroc Investments Pty Ltd.

8 Trade and Other Receivables

| | | | |
|-------------------|--|--------------|---------------|
| CURRENT | | | |
| Trade receivables | | <u>3,781</u> | <u>11,359</u> |

9 Inventories

| | | | |
|------------------------|--|---------------|----------------|
| CURRENT | | | |
| At cost finished goods | | <u>92,187</u> | <u>110,009</u> |

10 Other Assets

| | | | |
|-------------|--|---------------|---------------|
| CURRENT | | | |
| Prepayments | | <u>21,048</u> | <u>15,109</u> |

11 Property, Plant and Equipment

| | | | |
|--------------------|--|----------------|----------|
| LAND AND BUILDINGS | | | |
| Freehold land | | | |
| At cost | | <u>727,020</u> | <u>-</u> |

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Notes to the Financial Statements For the Year Ended 30 June 2013

11 Property, Plant and Equipment continued

| | 2013 | 2012 |
|-------------------------------------|----------------|-----------------|
| | \$ | \$ |
| Building | | |
| At cost | 72,043 | - |
| Accumulated depreciation | - | (34,537) |
| Total land and buildings | <u>799,063</u> | <u>(34,537)</u> |
| Total property, plant and equipment | <u>799,063</u> | <u>(34,537)</u> |

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

| | Capital Works in Progress | Land | Buildings | Furniture, Fixtures and Fittings | Motor Vehicles | Total |
|--------------------------------|---------------------------------|----------------|---------------|--|-------------------|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2013 | | | | | | |
| Balance at beginning of year | - | 727,020 | 75,222 | 90,258 | 7,777 | 900,277 |
| Additions | 71,263 | - | - | 14,679 | - | 85,942 |
| Disposals | - | - | (4,466) | - | - | (4,466) |
| Transfers | - | - | (24,020) | 24,020 | - | - |
| Depreciation expense | - | - | (7,631) | (23,171) | (1,000) | (31,802) |
| Balance at 30 June 2013 | <u>71,263</u> | <u>727,020</u> | <u>39,105</u> | <u>105,786</u> | <u>6,777</u> | <u>949,951</u> |

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Notes to the Financial Statements For the Year Ended 30 June 2013

11 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts continued

| | Capital Works in Progress | Land | Buildings | Furniture, Fixtures and Fittings | Motor Vehicles | Total |
|--------------------------------|---------------------------------|---------|-----------|--|-------------------|----------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 30 June 2012 | | | | | | |
| Balance at beginning of year | - | 727,020 | 90,305 | 99,679 | 9,027 | 926,031 |
| Additions | - | - | 26,578 | 17,693 | - | 44,271 |
| Disposals | - | - | (12,361) | (2,462) | - | (14,823) |
| Depreciation expense | - | - | (29,300) | (24,652) | (1,250) | (55,202) |
| Balance at 30 June 2012 | - | 727,020 | 75,222 | 90,258 | 7,777 | 900,277 |

12 Intangible Assets

| | 2013 | 2012 |
|---|---------|---------|
| | \$ | \$ |
| Development costs | | |
| Cost | 5,380 | 5,380 |
| Accumulated amortisation and impairment | (5,380) | (4,163) |
| Net carrying value | - | 1,217 |

(a) Reconciliation Detailed Table

| | Website costs | Total |
|--------------------------------------|------------------|---------|
| | \$ | \$ |
| Year ended 30 June 2013 | | |
| Opening balance | 1,217 | 1,217 |
| Amortisation | (1,217) | (1,217) |
| Closing value at 30 June 2013 | - | - |
| Year ended 30 June 2012 | | |
| Opening balance | 2,562 | 2,562 |
| Amortisation | (1,345) | (1,345) |
| Closing value at 30 June 2012 | 1,217 | 1,217 |

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Notes to the Financial Statements For the Year Ended 30 June 2013

13 Trade and Other Payables

| | Note | 2013 \$ | 2012 \$ |
|--------------------------|------|----------------|----------------|
| CURRENT | | | |
| Unsecured liabilities | | | |
| Trade and other payables | | <u>138,430</u> | <u>117,705</u> |

14 Borrowings

| | Note | 2013 \$ | 2012 \$ |
|------------------------------------|------|-----------------------|----------------|
| CURRENT | | | |
| Bank overdraft - secured | | 297,835 | 285,591 |
| Borrowings - unsecured | | 127,374 | 68,373 |
| Finance lease obligation - secured | 21 | <u>3,370</u> | - |
| Total current borrowings | | <u>428,578</u> | <u>353,964</u> |

| | | | |
|------------------------------------|----|--------------|---|
| NON-CURRENT | | | |
| Finance lease obligation - secured | 21 | <u>3,089</u> | - |

(a) Securities pledged

Bank overdraft facility is secured by;

- A guarantee unlimited as to the amount by Shanti Organisation Pty Limited.
- A guarantee unlimited as to the amount by Shanti Mission Harmony Centre Ltd.
- A first registered mortgage by Shanti Mission Harmony Centre over the property at Canyonleigh.

Lease obligations are secured by their underlying assets.

15 Employee Benefits

| | | | |
|--------------|--|---------------|---------------|
| CURRENT | | | |
| Annual leave | | <u>14,940</u> | <u>33,522</u> |

16 Other liabilities

CURRENT

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

17 Contributed Equity

(a) Share Capital - \$ of Shares

| | 2013 | 2012 |
|----------|---------|---------|
| | \$ | \$ |
| Ordinary | 129,500 | 100,100 |

Ordinary shares

| | 2013 | 2012 |
|-------------------------------|------|------|
| | No. | No. |
| Shares issued during the year | | |
| Ordinary shares - fully paid | 6 | 336 |

Ordinary shares were issued by Shanti Vision Pty Ltd, a for profit subsidiary of Shanti Mission Harmony Centres Limited. The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of Shanti Vision Pty Ltd. On a show of hands at meetings of Shanti Vision Pty Ltd, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The non-controlling interest has a 40% equity holding in Shanti Vision Pty Limited.

(b) Movements in Ordinary Share Capital

| Date | Details | Number of Shares | Issue Price \$ | Total \$ |
|---------------------|----------------------------|------------------|----------------|---------------|
| 23 January 2013 | Issue of fully paid shares | 2 | 4,900 | 9,800 |
| 14 February 2013 | Issue of fully paid shares | 2 | 4,900 | 9,800 |
| 19 February 2013 | Issue of fully paid shares | 2 | 4,900 | 9,800 |
| 30 June 2013 | | 6 | 14,700 | 29,400 |

18 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$ 200 each towards meeting any outstanding and obligations of the Company. At 30 June 2013 the number of members was 6 (2012: 5).

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2013

19 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net surplus to net cash provided by operating activities:

| | 2013 | 2012 |
|---|-----------------|------------------|
| | \$ | \$ |
| Net deficit for the period | (131,408) | (531,396) |
| Cash flows excluded from net surplus / (deficit) attributable to operating activities | | |
| Non-cash flows in surplus / (deficit): | | |
| - amortisation | 1,217 | 1,345 |
| - depreciation | 31,802 | 55,202 |
| - net loss on disposal of property, plant and equipment | 2,666 | 14,822 |
| Changes in assets and liabilities | | |
| - (increase)/decrease in trade and other receivables | 7,578 | 8,831 |
| - (increase)/decrease in other assets | (5,940) | (7,379) |
| - (increase)/decrease in inventories | 17,822 | (52,169) |
| - increase/(decrease) in trade and other payables | 20,725 | 85,169 |
| - increase/(decrease) in other liabilities | 18,472 | - |
| - increase/(decrease) in employee benefits | (18,582) | 21,374 |
| Cashflow from operations | <u>(55,648)</u> | <u>(404,201)</u> |

(b) Credit standby arrangements with banks

| | 2013 | 2012 |
|-----------------|------------------|------------------|
| | \$ | \$ |
| Credit facility | 312,000 | 312,000 |
| Amount utilised | <u>(299,488)</u> | <u>(285,591)</u> |
| | <u>12,512</u> | <u>26,409</u> |

The major facilities are summarised as follows:

Bank overdraft facilities and credit cards are with the Commonwealth Bank with the general terms and conditions being set and agreed to annually.

Interest rates are variable and subject to adjustment.

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Notes to the Financial Statements For the Year Ended 30 June 2013

20 Parent entity

| | 2013 | 2012 |
|---|----------------|--------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 367,607 | 376,914 |
| Non-current assets | 949,951 | 901,494 |
| Total Assets | 1,317,558 | 1,278,408 |
| Liabilities | | |
| Current liabilities | 125,338 | 82,031 |
| Non-current liabilities | 3,089 | - |
| Total Liabilities | 128,427 | 82,031 |
| Funds | | |
| Retained earnings | 1,189,131 | 1,196,377 |
| Total Funds | 1,189,131 | 1,196,377 |
| Statement of Surplus or Deficit and Other Comprehensive Income | | |
| Total surplus/(deficit) for the year | (7,246) | 7,935 |
| Total comprehensive income | (7,246) | 7,935 |

21 Capital and Leasing Commitments

(a) Finance lease commitments

Payable - minimum lease payments:

- no later than 1 year

4,351 -

- between 1 year and 5 years

3,989 -

Minimum lease payments

8,340 -

Less: finance charges

(1,882) -

Present value of minimum lease payments

6,458 -

A finance lease is in place for leased telephone equipment with a term of 24 months.

Recorded in borrowings note 14 as:

Current finance lease obligation

3,370 -

Non-current finance lease obligation

3,089 -

Total

6,458 -

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Notes to the Financial Statements For the Year Ended 30 June 2013

21 Capital and Leasing Commitments continued

(b) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

| | 2013 | 2012 |
|-----------------------------------|----------------|---------------|
| | \$ | \$ |
| Payable - minimum lease payments: | | |
| - no later than 1 year | 44,094 | 12,300 |
| - between 1 year and 5 years | 72,660 | 9,033 |
| | <u>116,754</u> | <u>21,333</u> |

Operating leases have been taken out for rental or real property and hire of office equipment. Lease payments are increased on an annual basis to reflect market rentals.

22 Related Party Transactions

The Group's related party transactions are as follows:

(a) Shakti Durga and Hugh Keller

The premises occupied by the Group at Cooranbong are owned by Shakti Durga and Hugh Keller. The rent paid was based on the market rent in 2005 when the entity commenced trading at its Martinsville Road premises. The rent has not changed since its implementation. As part of the arrangement the the Group also covers all outgoings such as Council rates and electricity. During the year Shakti Durga and Hugh Keller were paid \$20,250 (2012: \$23,400) for rent of the Cooranbong centre.

(b) Higher Guidance Pty Ltd

Shakti Durga is the sole director of Higher Guidance Pty Ltd. Fees for provision of healing, teaching, meditation and other services provided by Shakti Durga were paid to Higher Guidance Pty Ltd. The group also pays Higher Guidance an administration and management fee in relation to duties performed by Higher Guidance staff. The entity runs courses and seminars from programs created by Shakti Durga for which a royalty of 5% of gross proceeds is payable. The group also purchased stock from Higher Guidance.

The value of the transactions have been noted below and was based on normal terms and conditions:-

| | | |
|------------------------------------|---------------|---------------|
| Service rendered | 41,151 | 73,836 |
| Purchase of stock | 51,057 | 29,209 |
| Administration and management fees | (41,809) | (20,228) |
| Royalties | 33,738 | 15,574 |
| Room rental | (5,101) | - |
| | <u>79,036</u> | <u>98,391</u> |

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Notes to the Financial Statements For the Year Ended 30 June 2013

22 Related Party Transactions continued

(c) Shanti Organisation Pty Ltd

Shanti Organisation Pty Ltd is a wholly owned subsidiary of Shanti Mission Harmony Centres Limited. During the year professional fees were paid to Shanti Organisation for the value of \$6,000.

(d) Shanti Vision Pty Ltd

Shanti Vision Pty Ltd is a partially owned subsidiary of Shanti Mission Harmony Centres Limited. During the year loans were provided to Shanti Vision Pty Ltd by various related parties of Shanti Mission Harmony Centres.

(e) Paul Wilde

Paul Wilde receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2013 these payments amounted to \$33,404. The payments were made under paid at the agreed schedule of rates for teachers.

23 Financial Risk Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

The totals for each category of financial instruments, are as follows:

| | 2013 | 2012 |
|---|----------------|----------------|
| | \$ | \$ |
| Financial Assets | | |
| - Cash and cash equivalents | 193,333 | 224,365 |
| - Trade and other receivables | 3,781 | 11,359 |
| Total financial assets | <u>197,114</u> | <u>235,724</u> |
| Financial Liabilities | | |
| Financial liabilities at amortised cost | | |
| - Trade and other payables | 51,586 | 65,469 |
| - Borrowings | 425,208 | 353,385 |
| Total financial liabilities | <u>476,794</u> | <u>418,854</u> |

Financial risk management policies

The Board of Directors has overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as credit risk, liquidity risk and market (interest rate) risk.

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Notes to the Financial Statements For the Year Ended 30 June 2013

23 Financial Risk Management continued

Financial risk management policies continued

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day-to-day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The General Manager has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rates and assessment of market movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Shanti Mission Harmony Centres Limited does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Mitigation strategies for specific risks faced are described below:

(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 to the Group and arises principally from the Group's receivables.

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

The available funds to the Group are discussed in note 19.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

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Notes to the Financial Statements For the Year Ended 30 June 2013

23 Financial Risk Management continued

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposures in existence at the end of the reporting period.

An increase of 100 basis points or a decrease of 50 basis points would have affected equity and net surplus / (deficit) by the amounts shown below. This analysis assumes that other variables are held constant.

| | Surplus / (deficit) | |
|------|---------------------------------|--------------------------------|
| | 100 basis points increase | 50 basis points decrease |
| 2013 | (1,060) | 530 |
| 2012 | (1,308) | 654 |

The movements in profit are due to higher interest costs from variable rate debt and cash balances.

The net exposure at the end of the reporting period is representative of what the Group was and is expecting to be exposed to at the end of the next twelve months.

(d) Net Fair Values

There is no material difference between the carrying value of assets and liabilities and the fair values of the assets and liabilities.

24 Company Details

The registered office of and principal place of business of the company is:

Shanti Mission Harmony Centres Limited
213 Martinsville Road
Cooranbong NSW 2265