

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

Financial Statements

For the Year Ended 30 June 2017

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

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Shanti Mission Harmony Centres Limited

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Responsible Entities' Declaration

30 June 2017

The 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 2017.

1. Operations Summary

Shanti Mission was established to teach and promote wellness, health and well-being, to help members of the public to achieve optimal physical, emotional, social, spiritual and mental health and to teach techniques for personal transformation, life skills, meditation, energy based healing and exercises from diverse healing traditions.

In this report, we have set out some information in relation to the programs and activities which took place between July 2016 and 30 June 2017.

Before going through those activities, it is important to clarify a change to the financial way in which an historical loss situation is being reported. In 2012 Shanti Mission ran a large event in Newcastle called Bodhi Festival. This was a festival of yoga, music, healing, spiritual teaching and it attracted over 6,000 people and led to a large elevation in the visibility of Shanti Mission in the yoga, music and general community. Many people came to subsequent events and studied in our spiritual school having met us through this event. However financially the event was not successful, and as the event was underwritten by Shanti Mission it was left with a debt in excess of over \$300,000.

Some of this debt was re-paid and the balance of \$250,000 was being repaid gradually. However, due to a re-arrangement of the bank financing and liquidation of the subsidiary company, this has been dealt with in a different way in this years accounts. Due to the way in which the accounting standards work, even though the net position is the same as the year before, it shows up on our balance sheet as a liability and in the profit and loss statement as a loss of \$250,000. This accounting treatment then creates a negative bottom line in this financial year. When this historical loss along with depreciation were deducted from the P&L, a clearer picture of the actual cash position for Shanti mission emerges, whereby we made a slight profit of \$33,751, which all things considered was a satisfactory result. This is a one off situation.

The highlights of 2016/17 financial year are as follows.

Therapist Training

Our therapist training program was substantially upgraded, with 30 people studying this modality. We were assisted by Dr Mark Deal a chiropractor who has trained tertiary level students in anatomy and physiology and who shared his enthusiasm and expertise for this subject with our therapists in training. They were given a thorough grounding in the systems of the body, and how to utilize energetic healing to best effect upon the physical systems. We collected several hundred testimonials from our patrons and clients who had a wide variety of ailments respond positively to their treatments.

Healing Clinics

Healing clinic took place in Cooranbong, Canyonleigh and Crows Nest, as well as after our Henley satsangs in Sydney. The clinics perform the dual function of helping our therapists-in-training gain valuable experience in supervised situations, and give the public a free taste of what the Ignite Your Spirit therapy, a mainstay of Shanti Mission, is all about.

Venues

The central campus of our school and operations is at Cooranbong, with a venue also in the Southern Highlands where our Harmony Farm continues to produce crops of apples and other fruit and nuts annually.

Our retreat centre at Cooranbong has enjoyed higher occupancy rates in this past year as spiritual seekers come to the Abode of Peace for weekends and retreats, intensives and classes.

A new space for contemplation and prayer was established in honour of the Western mysteries and the Archangels. Patrons were taught how to meditate upon the Angelic beings for blessings and wellbeing.

In May 2017 a new venue was secured in Castle Hill in Sydney's west to serve as a base for the beginning of a new community in that district. Events have been run there each week attracting as yet small numbers, but allowing for the establishment of a solid core of people who visit and live in the centre. Subsequent to the end of the financial year,

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outreach enabled Shanti Mission to partner in that area and to present workshops in vicarious trauma to case workers in the domestic violence field.

Programs

We reported in the FY 2016 directors report that we were restructuring our activities so as to make it clearer to the public how they could get involved, with events being streamlined into wisdom classes, healings, devotional or community events. This was useful and further streamlining has taken place. Our website has been reformatted and our calendar of events redesigned to allow easier search options and a new booking system has made it easier to book.

Shanti Mission programs continued to be offered by our committed group of active registered teachers and healers within Shanti Mission facilities, however it is important to honour and thank the teachers who are getting out in the community. The teachings have been shared with enthusiastic participants in Melbourne, Canberra, Adelaide, Nowra, Goulburn, Mullumbimby, Vaucluse, Sydney CBD, Sydney northern beaches, Jannali in Sydney south, Wollongong, Port Macquarie, Tamworth, Gunnedah, The Entrance, Newcastle and Morisset. Overseas the teachings are being offered in Auckland NZ, San Diego CA, Denver CO, Munroe CT, Myrtle Beach SC and Hilo in Hawaii. Teachings have been offered in Kamloops and Calgary in Canada, London England, Berlin Germany, and Beijing China.

Our Path of Ease and Grace series of seminars was offered, however it was not a focus for the year. Even though management responsibilities were re-arranged and there was a reduction in staffing levels, efficiencies and technological advances as well as more expansive and robust systems will fully support successful events and reporting in FY 18. In early 2018 there will be a marketing initiative both in local media and online to enable the public to have greater visibility and access to our unique and supportive services offered across the four categories of healing, wisdom teachings, devotion and community.

Classes were offered in our world mystery school series in Kabbalah as well as Sisterhood of the Rose, Christ Consciousness studies and Angelic studies. Our Eastern Mysteries classes included a widening range of puja and mantra training programs, which were well attended, enabling people to go deeper into meditation and experience wellbeing and peace.

Music continued to be a theme, with sound healings taking place at Cooranbong most weeks attracting a steady group of enthusiasts. Several groups of musicians took part in this work and it is anticipated that sound healing (a modality that has now been well scientifically researched) will be a more expansive part of our work.

Online

We have identified that in a changing landscape, online courses and trainings will become increasingly important as a means to spread our healing services and continue to grow Shanti Mission spiritual school, and to that end several iterations of webinar platforms and online class platforms have been trialled and will be monitored for use with greater numbers in FY 2018.

Our newsletter which is emailed to people is up from 2800 subscribers to 3570 subscribers. As an indication of how the landscape is changing, this compares to the 82000 followers of our founder Shakti Durga on face book, and posts which reach as many as 40,000 people. Development of further avenues for the dissemination of work are being investigated.

The directors would like to thank everyone who has been working to support a transition to more online classes, including our moderators, archivists and the teachers who have been working to adapt the teachings to online delivery.

Volunteering

Studies have shown that helping others and being part of something greater than ourselves is good for our psychological wellbeing. We are happy to report that there continue to be many joyful, enthusiastic and productive hours spent by the large team of volunteers and the Shanti Mission staff in making sure that all Shanti Mission activities are undertaken professionally and as examples of "love on legs". The deep embodiment of these attributes has again ensured the Abode of Peace lived up to its name and from the feedback regularly gathered, it seems virtually everyone who came to or had contact with a Shanti Mission event enjoyed the use of the facilities, experienced a strong sense of community and felt nurtured and respected.

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Devotional ceremonies

Ceremony has been shown to bring people together and lift people's mood. We have offered regular ceremonies (Pujas and other ceremonies) which have created a great deal of positive energy, and we would like to thank our pujaris for all the work they have put into this with the knowledge that in the years to come more and more people will no doubt attend and participate. We would also like to thank those who have served in our Archangelic temple, which has been a very popular space for meditation, contemplation and blessings.

Shanti Mission operational structure

During FY 17 the Shanti Mission board of directors met almost every 2nd month and the board's Compliance Committee met almost every month to deal with finance and regulatory requirements and to provide a regular forum in which the management team could seek feedback from directors.

The day to day operations of Shanti Mission continue to be undertaken by a management team of around 14 paid employees, all of whom are part time employees. The management team meet fortnightly and there were regular meetings held with Shakti Durga. The Directors greatly appreciate the efforts of all these people and especially for the extra work they do as a volunteer which is over and above their paid work.

There are over 100 people who consistently offer volunteer service to Shanti Mission in many ways and places which enables Shanti Mission to deliver its charitable services and other activities to the broader community. The directors greatly appreciate all the services provided by these people as it would not be possible to function effectively without this help which is given with such generosity and joy.

Thanks

The directors extend their heartfelt thanks and appreciation to everyone who contributes to this past year, to all our staff, volunteers, teachers, therapists, helpers, students, participants, puja teams, musicians, cleaners, chefs, gardening teams and everyone who has participated in this wonderful plan of peace.

In this report, we have set out some information in relation to the programs and activities which took place between July 2016 and 30 June 2017.

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2. General information

The names of each person who has been a director during the year and to the date of this report are:

Shakti Durga

Qualifications

Experience

Degree in Law and Economics

Has practiced as a barrister in NSW for 17 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.

Special responsibilities

Director

Shiva Kata Tjuta (Hugh Keller)

Qualifications

Experience

Degree in law and practising as a Solicitor with a leading law firm for 40 years until July 2010

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.

Special responsibilities

Chair, member of the Compliance Committee

Rachel Anderson

Special responsibilities

Appointed 21 September 2015

Director

Jennifer Nurick

Special responsibilities

Appointed 23 September 2015

Director

Del King

Special responsibilities

Appointed 10 September 2015

Director

Sioux Burns

Special responsibilities

Appointed 10 September 2015

Director

Jagatambe Narayani

Special responsibilities

Appointed 12 September 2015

Director

Bhadra Kali (Joanne McKay)

Special responsibilities

Appointed 10 September 2015

Director

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Barbara Bell
Special responsibilities

Appointed 24 June 2016
Director

Patricia Lyon
Special responsibilities

Appointed 15 September 2016
Director

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

Principal activities

The principal activities of the Group during the financial year were running a school for:

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

No significant change in the nature of these activities occurred during the year.

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.

At 30 June 2017 the collective liability of members was \$ 2,000 (2016: \$ 2,000).

Meetings of directors

During the financial year, 6 meetings of directors were held.

A committee of the Board called the Compliance Committee was created by the Board and has a Board approved charter. This committee included 2 members of the Board meetings and dealt with all financial and compliance issues. It met in August, October (twice), December, February, March, April, May and June and circulated to the remaining members of the Board minutes of these meetings. The Board met in September (2), October, November, May and June and kept minutes of these meetings

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30 June 2017

Indemnification and insurance of officers and auditors

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.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with Division 60.40 of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2017 has been received and can be found on page 9 of the financial report.

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

Director:  Director: 
Dr Jagatambe Narayani Shiva Kata Tjuta (Hugh Keller)

Dated 31 January 2018

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Auditors Independence Declaration under Division 60.40 of the Australian Charities and Not-for-profits Commission Act 2012 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 2017, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Neil Watson
Partner
KLM Accountants

Charlestown, NSW

31 January 2018

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2017

	Note	Parent		Consolidated	
		2017	2016	2017	2016
		\$	\$	\$	\$
Revenue	4	1,233,417	1,273,800	1,233,417	1,352,920
Raw materials and consumables used		(303,409)	(340,669)	(303,409)	(340,669)
Employee benefits expense		(473,398)	(555,041)	(473,398)	(555,041)
Depreciation and amortisation expense		(56,191)	(56,604)	(56,191)	(56,604)
Other expenses		(639,558)	(411,224)	(639,558)	(417,219)
Finance costs		(9,784)	(427)	(9,784)	(17,773)
Surplus / (deficit) before income tax		(248,923)	(90,165)	(248,923)	(34,386)
Income tax expense		-	-	-	-
Surplus / (deficit) for the year		(248,923)	(90,165)	(248,923)	(34,386)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(248,923)	(90,165)	(248,923)	(34,386)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As at 30 June 2017

	Note	Parent		Consolidated	
		2017	2016	2017	2016
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	141,010	139,140	141,010	139,240
Trade and other receivables	8	5,553	9,819	5,553	9,819
Inventories	9	53,971	57,774	53,971	57,774
Other assets	10	3,740	3,737	3,740	3,737
TOTAL CURRENT ASSETS		204,274	210,470	204,274	210,570
NON-CURRENT ASSETS					
Trade and other receivables	8	-	22,499	-	22,499
Property, plant and equipment	11	1,380,785	909,425	1,380,785	909,425
Intangible assets	12	3,833	5,169	3,833	5,169
TOTAL NON-CURRENT ASSETS		1,384,618	937,093	1,384,618	937,093
TOTAL ASSETS		1,588,892	1,147,563	1,588,892	1,147,663
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	13	181,103	190,671	181,101	213,170
Borrowings	14	231,221	-	231,221	227,501
Employee Benefits	15	24,079	23,069	24,079	23,069
Other financial liabilities	16	(61)	-	(61)	-
TOTAL CURRENT LIABILITIES		436,342	213,740	436,340	463,740
NON-CURRENT LIABILITIES					
TOTAL LIABILITIES		436,342	213,740	436,340	463,740
NET ASSETS		1,152,550	933,823	1,152,552	683,923
EQUITY					
Issued capital	17	-	-	-	179,600
Reserves		467,649	-	467,649	-
Retained earnings		684,901	933,823	684,901	504,323
TOTAL EQUITY		1,152,550	933,823	1,152,550	683,923

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

Note	Parent			Total
	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	
	\$	\$	\$	
Balance at 1 July 2016	-	933,823	-	933,823
Deficit for the year	-	(248,923)	-	(248,923)
Revaluation increment	-	-	467,650	467,650
Balance at 30 June 2017	-	684,900	467,650	1,152,550

2016

Note	Parent			Total
	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	
	\$	\$	\$	
Balance at 1 July 2015	-	1,023,988	-	1,023,988
Deficit for the year	-	(90,165)	-	(90,165)
Balance at 30 June 2016	-	933,823	-	933,823

2017

Note	Consolidated			Total
	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	
	\$	\$	\$	
Balance at 1 July 2016	179,600	504,423	-	684,023
Deficit for the year	-	(248,923)	-	(248,923)
Revaluation increment (decrement)	-	-	467,650	467,650
Subsidiary loan transfer	-	249,800	-	249,800
Balance at 30 June 2017	179,600	505,300	467,650	1,152,550

2016

Note	Consolidated			Total
	Ordinary Shares	Retained Earnings	Asset Revaluation Surplus	
	\$	\$	\$	
Balance at 1 July 2015	179,600	538,809	-	718,409
Surplus for the year	-	(34,386)	-	(34,386)
Balance at 30 June 2016	179,600	504,423	-	684,023

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2017

Note	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	1,237,290	1,261,977	1,237,290	1,338,489
Payments to suppliers and employees	(1,434,421)	(1,228,063)	(1,434,421)	(1,221,559)
Interest received	390	1,254	390	1,254
Finance costs	-	(427)	-	(17,773)
Net cash provided by/(used in) operating activities	25(b) (196,741)	34,741	(196,741)	100,411
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of plant and equipment	-	3,128	-	3,128
Purchase of property, plant and equipment	(32,610)	(51,555)	(32,610)	(51,555)
Net cash used by investing activities	(32,610)	(48,427)	(32,610)	(48,427)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from borrowings	231,221	-	231,221	-
Repayment of borrowings	-	-	-	(69,465)
Net cash used by financing activities	231,221	-	231,221	(69,465)
Net increase/(decrease) in cash and cash equivalents held	1,870	(13,686)	1,870	(17,481)
Cash and cash equivalents at beginning of year	139,140	152,826	139,140	156,721
Cash and cash equivalents at end of financial year	25(a) 141,010	139,140	141,010	139,240

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

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

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Australian Charities and Not-for-profit's Commission Act 2012.

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.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Income Tax

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 tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

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For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(c) Income Tax

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(d) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

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 profit or loss 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.

Interest revenue

Interest is recognised using the effective interest method.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(g) Property, Plant and Equipment

Classes of property, plant and equipment are carried at cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings are measured using the revaluation model.

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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Notes to the Financial Statements

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2 Summary of Significant Accounting Policies

(g) Property, Plant and Equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	10%
Plant and Equipment	20 - 50%
Motor Vehicles	10 - 12.5%
Computer Equipment	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) 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 cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

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.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

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) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) 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.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to be realised within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be sold within 12 months after the end of the reporting period.

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(v) *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.

Impairment of financial assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(i) **Impairment of non-financial assets**

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(i) Impairment of non-financial assets

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(j) 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, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(k) Employee benefits

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(l) Excess of current liabilities over current assets

At 30 June 2017, the Group's current liabilities (\$436,342) exceed its current assets (\$204,274) by \$232,068. Notwithstanding this deficiency, the financial statements have been prepared on a going concern basis which contemplates the realisation of assets and the extinguishment of liabilities in the ordinary course of business.

The bank overdraft balance at 30 June 2017 was \$231,221 (2016: \$227,501) and is classified as a current liability as it is repayable on demand.

The directors have considered the going concern basis appropriate with consideration to the following:

- Shanti Mission Harmony Centre's budget for 2017-18 is forecasting a small surplus.
- Shanti Mission had planned an extensive calendar of events for FY 2018 and expects an increasing number of people to attend the programs during this time.

It is with full consideration of the factors noted above that the financial statements have been prepared on a going concern basis.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(m) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2017, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

(n) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

4 Revenue and Other Income

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Shop sales	125,072	143,991	125,072	143,991
HC courses and events	560,633	659,297	560,633	659,297
Other donations	351,633	345,964	351,633	345,964
Other courses and retreats	49,685	34,941	49,685	34,941
Rent received	73,745	57,891	73,745	57,891
Events and festivals	690	1,119	690	1,119
Other income	39,279	11,339	39,279	11,917
Teacher / Therapist fees	20,184	18,004	20,184	18,004
Loan forgiveness	-	-	-	78,542
	1,220,921	1,272,546	1,220,921	1,351,666
Finance income				
- Interest received	390	1,254	390	1,254
- other trading revenue	12,107	-	12,107	-
	1,233,418	1,273,800	1,233,418	1,352,920

5 Result for the Year

Cost of sales	303,409	340,669	303,409	340,669
Finance costs	9,784	427	9,784	17,773
Write off of financial assets	270,972	74,407	270,972	74,407

6 Income Tax Expense

The prima facie tax on profits from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable at 30 June

Shanti Vision Pty Ltd	-	-	-	(16,894)
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Add tax effect of:

Unrealised deferred tax asset Shanti Vision Pty Ltd	-	-	-	16,894
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	-	-	-	-
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Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

7 Cash and cash equivalents

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash at bank and in hand	124,444	101,936	124,444	102,036
Short-term deposits	16,567	37,204	16,567	37,204
	141,011	139,140	141,011	139,240

Security deposit guarantee

A security deposit guarantee is held over cash at bank and short-term deposits to the value of the following:

- \$15,937 in favour of James Cook Seafood Pty Ltd.

8 Trade and other receivables

CURRENT

Trade receivables	5,264	6,803	5,264	6,803
Other receivables	-	3,016	-	3,016
Other receivables	289	-	289	-
	5,553	9,819	5,553	9,819

NON-CURRENT

Related party receivables	-	22,499	-	22,499
	-	22,499	-	22,499

9 Inventories

CURRENT

At cost:

Stock on hand	53,971	57,774	53,971	57,774
	53,971	57,774	53,971	57,774

10 Other non-financial assets

CURRENT

Prepayments	3,740	3,737	3,740	3,737
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Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Property, plant and equipment

Buildings and work in progress				
At cost	-	823,182	-	823,182
Accumulated depreciation	-	(84,584)	-	(84,584)
At fair value	1,250,000	-	1,250,000	-
Total land and buildings	1,250,000	738,598	1,250,000	738,598
PLANT AND EQUIPMENT				
Plant and equipment				
At cost	123,533	116,554	123,533	116,554
Accumulated depreciation	(88,468)	(67,246)	(88,468)	(67,246)
Total plant and equipment	35,065	49,308	35,065	49,308
Furniture, fixtures and fittings				
At cost	22,963	22,963	22,963	22,963
Accumulated depreciation	(16,797)	(13,948)	(16,797)	(13,948)
Total furniture, fixtures and fittings	6,166	9,015	6,166	9,015
At cost	-	-	-	-
Computer equipment				
At cost	32,428	32,428	32,428	32,428
Accumulated depreciation	(32,428)	(30,512)	(32,428)	(30,512)
Total computer equipment	-	1,916	-	1,916
Leasehold Improvements				
At cost	175,820	175,242	175,820	175,242
Accumulated depreciation	(86,266)	(64,654)	(86,266)	(64,654)
Total leasehold improvements	89,554	110,588	89,554	110,588
Total plant and equipment	130,785	170,827	130,785	170,827
Total property, plant and equipment	1,380,785	909,425	1,380,785	909,425

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Property, plant and equipment

The directors had an independent valuation of the land and buildings performed in November 2017 from valuer Jacksonwall which resulted in a revaluation net surplus of \$467,650. As at 30 June 2017, the directors assessed that the fair value of the land and buildings acquired be reflective of the independent valuation of \$1,250,000..

(a) Movements in carrying amounts of property, plant and equipment

Parent and Consolidated	Capital Works in Progress \$	Land & Buildings \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$
Year ended 30 June 2017				
Balance at the beginning of year	26,696	711,902	49,308	9,015
Additions	16,011	-	15,571	-
Transfers	(42,707)	42,707	-	-
Depreciation expense	-	-	(29,814)	(2,849)
Revaluation increase recognised in equity	-	495,391	-	-
Balance at the end of the year	-	1,250,000	35,065	6,166

Parent and Consolidated	Computer Equipment \$	Improvement s \$	Total \$
Year ended 30 June 2017			
Balance at the beginning of year		1,916	909,425
Additions		-	32,160
Transfers		-	-
Depreciation expense		(1,916)	(56,191)
Revaluation increase recognised in equity		-	495,391
Balance at the end of the year	-	89,554	1,380,785

Parent and Consolidated	Capital Works in Progress \$	Buildings \$	Plant and Equipment \$	Furniture, Fixtures and Fittings \$
Year ended 30 June 2016				
Balance at the beginning of year	-	717,466	55,936	10,005
Additions	26,696	-	10,654	1,585
Disposals - written down value	-	-	-	-
Depreciation expense	-	(5,564)	(17,282)	(2,575)
Balance at the end of the year	26,696	711,902	49,308	9,015

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

	Motor Vehicles	Computer Equipment	Improvement s	Total
Parent and Consolidated	\$	\$	\$	\$
Year ended 30 June 2016				
Balance at the beginning of year	3,777	7,935	132,053	927,172
Additions	-	8,947	-	47,882
Disposals - written down value	(2,777)	(6,248)	-	(9,025)
Depreciation expense	(1,000)	(8,718)	(21,465)	(56,604)
Balance at the end of the year	-	1,916	110,588	909,425

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Intangible Assets

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Website development				
Cost	18,711	17,023	18,711	17,023
Accumulated amortisation and impairment	(14,878)	(11,854)	(14,878)	(11,854)
	3,833	5,169	3,833	5,169

13 Trade and other payables

Current				
Trade payables	22,926	63,993	22,926	63,993
GST payable	2,244	2,884	2,244	2,884
Employee benefits	20,603	15,747	20,603	15,747
Sundry payables and accrued expenses	12,999	17,780	12,999	17,780
Related party payables	-	-	-	22,499
Other payables	3,689	403	3,687	403
Building fund liability	118,642	89,864	118,642	89,864
	181,103	190,671	181,101	213,170

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

14 Borrowings

CURRENT				
Secured liabilities:				
Bank overdraft	231,221	-	231,221	227,501
	231,221	-	231,221	227,501

15 Employee Benefits

CURRENT				
Annual leave	19,815	19,815	19,815	19,815
Long service leave	4,264	3,254	4,264	3,254
	24,079	23,069	24,079	23,069

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Notes to the Financial Statements

For the Year Ended 30 June 2017

16 Other Financial Liabilities

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
CURRENT				
Deferred income	(61)	-	(61)	-
	(61)	-	(61)	-

17 Issued Capital

Ordinary shares- Shanti Vision Pty Ltd	-	-	-	179,500
Ordinary shares- Shanti Organisation Pty Ltd	-	-	-	100
Total	-	-	-	179,600

18 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	88,675	88,675	88,675	88,675
- between one year and five years	15,742	104,417	15,742	104,417
	104,417	193,092	104,417	193,092

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

19 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The Group does not speculate in financial assets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Bank overdraft
- Trade and other payables

Objectives, policies and processes

Risk management is carried out by the Group's Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Group, these policies and procedures are then approved by the Board of Directors.

Reports are presented at each Board meeting regarding the implementation of these policies.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

19 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

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.

(i) Interest rate risk

The Group is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Group is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

20 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 outstandings and obligations of the Company. At 30 June 2017 the number of members was 10 (2016: 10).

21 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2017	2016
	\$	\$
Short-term employee benefits	68,755	59,693
Long-term benefits	6,484	5,605
	<u>75,239</u>	<u>65,298</u>

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

22 Remuneration of Auditors

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Remuneration of the auditor for:				
- auditing or reviewing the financial statements	11,750	14,000	11,750	14,000

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

24 Related Parties

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 commences trading at its Martinsville Road premises. As part of the arrangement the Group also covers all outgoings such as council rates and electricity. During the year Shakti Durga and Hugh Keller were paid \$23,400 (2016: \$23,550 for rent of the Cooranbong centre. Hugh Keller received payments from Shanti Mission Harmony Centres Limited for teaching classes in 2017 these payments amounted to \$918.

(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. Higher Guidance pays the Group an administration and management fee in relation to some services provided to it by Group staff and for room rental. 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 at wholesale prices.

The value of the transactions have been noted and was based on normal terms and conditions including the agreed schedule of rates for teachers.

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Services rendered	69,158	84,797	69,158	84,797
Purchase of stock	20,948	35,461	20,948	35,461
Administration, rental and management fees	(30,753)	(35,960)	(30,753)	(35,960)
Royalties	(7,893)	5,360	(7,893)	5,360
	51,460	89,658	51,460	89,658

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

(c) Shanti Organisation Pty Ltd

Shanti Organisation Pty Ltd is a wholly owned subsidiary of Shanti Mission Harmony Centres Limited. Historically, professional fees were paid to Shanti Organisation. No professional fees were paid during the 2017 or 2016 financial period.

(d) Shanti Vision

Shanti Vision Pty Ltd is a wholly 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.

Loans provided by related parties of Shanti Mission Harmony Centres were formally forgiven at 30 June 2015.

(e) Lisa Sansom

Lisa Sansom receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$491 (2016: \$283). The payments were made in accordance with an agreed schedule of rates for teachers.

(f) Barbara Bell

Barbara Bell receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$788.

(g) Rachel Anderson

Rachel Anderson receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$365. The payments were made in accordance with an agreed schedule of rates for teachers.

(h) Jennifer Nurick

Jennifer Nurick receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$2,715.

(i) Jagatambe Narayani

Jagatambe Narayani receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$7,121. The payments were made in accordance with an agreed schedule of rates for teachers.

(j) Bhadri Kali

Bhadri Kali receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$1,805. The payments were made in accordance with an agreed schedule of rates for teachers.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

(k) Sioux Burns

Sioux Burns receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$20,157. The payments were made in accordance with an agreed schedule of rates for teachers. Sioux's partner also received teaching payments (\$2,515) and employee benefits (\$33,038) as Shanti Mission's Registrar.

(l) Del King

Del King receives payments from Shanti Mission Harmony Centres Limited for teaching classes. In 2017 these payments amounted to \$8,264. The payments were made in accordance with an agreed schedule of rates for teachers.

25 Cash Flow Information

(a) Reconciliation of cash

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash and cash equivalents	-	139,140	-	139,240
Bank overdrafts	(231,221)	-	(231,221)	(227,501)
	<u>(231,221)</u>	<u>139,140</u>	<u>(231,221)</u>	<u>(88,261)</u>

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

25 Cash Flow Information

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

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Profit for the year	(248,923)	(90,165)	-	(34,386)
Non-cash flows in profit:				
- amortisation	-	2,714	-	2,714
- depreciation	56,191	56,604	-	56,604
- net loss on disposal of property, plant and equipment	-	5,897	-	5,897
- (gain)/loss on revaluation of investment property	(33,310)	-	-	-
Changes in assets and liabilities:				
- (increase) / decrease in trade and other receivables	26,765	(18,782)	-	(21,390)
- (increase) / decrease in other assets	(3)	(726)	-	(726)
- (increase)/decrease in financial assets	1,338	-	-	-
- (increase) / decrease in inventories	3,803	(1,943)	-	(1,943)
- increase / (decrease) in trade and other payables	(3,549)	89,138	-	101,637
- increase/(decrease) in other liabilities	(61)	-	-	-
- (decrease) / increase in employee benefits	1,010	(7,996)	-	(7,996)
Cashflows from operations	(196,739)	34,741	-	100,411

(c) Borrowing facilities

Unrestricted access was available at reporting date to the following lines of credit:

	Parent		Consolidated	
	2017	2016	2017	2016
	\$	\$	\$	\$
Credit facility	300,000	-	300,000	300,000
Amount utilised	(231,221)	-	(231,221)	(227,501)
	68,779	-	68,779	72,499

26 Events Occurring After the Reporting Date

The financial report was authorised for issue on 25 January 2018 by the Board of Directors.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2017

26 Events Occurring After the Reporting Date

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.

27 Company Details

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

Shanti Mission Harmony Centres Limited

45 Kings Road

COORANBONG NSW 2265

Shanti Mission Harmony Centres Limited

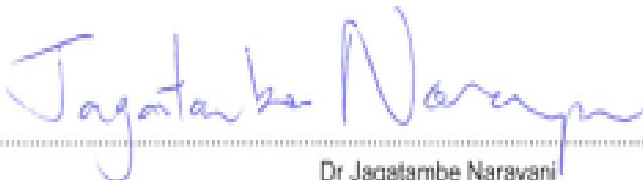
ABN: 76 116 997 392

Directors' Declaration

The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 10 to 35, are in accordance with the *Australian Charities and Not-for-profit's Commission Act 2012* and:
 - (a) comply with Australian Accounting Standards; and
 - (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the entity.
2. In the directors' opinion, there are reasonable grounds to believe that the entity 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 
Dr Jagatambe Narayani

Director 
Shiva Kata Tjuta (Hugh Keller)

Dated 31 January 2018

Shanti Mission Harmony Centres Limited

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

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Shanti Mission Harmony Centres Limited (the Company) and its subsidiaries (the Group), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-profit's Commission Act 2012*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profit's Commission Regulation 2013*.

Basis for Qualified Opinion

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

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Section 60.40 of the *Australian Charities and Not-for-profit's Commission Act 2012*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter

We draw attention to Note 2(l) to the financial statements which describe the uncertainty related to the Group's ability to operate as a going concern. The entity has a deficiency in working capital such that the current liabilities exceed the current

Shanti Mission Harmony Centres Limited

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

assets by \$232,068. This indicates the existence of material uncertainty as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. In our opinion, knowledge of the significant uncertainty affecting the Group's ability to continue as a going concern is necessary for the proper understanding of the financial report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profit's Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.



Neil Watson
Partner
KLM Accountants

Charlestown, NSW

31 January 2018