

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

Financial Statements

For the Year Ended 30 June 2014

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

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For the Year Ended 30 June 2014

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Shanti Mission Harmony Centres Limited

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Directors' Report

30 June 2014

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 2014.

1. Operations Summary

In this report we have set out some information in relation to the programs and activities which took place between July 2013 and 30 June 2014. Before going to that detail, we would like to refer to 2 important matters which occurred.

First, when Heritage College moved in May 2013 from 45 Kings Road to new premises some miles away, the directors made a strategic decision to take advantage of the opportunity to enter into a 5 year lease of the premises so we could properly establish our School of the Soul and run our flagship courses, seminar and workshops in a building which had operated as a school for many years and which was large enough to accommodate several programs running simultaneously. From late August until mid- November 2013, a large team of volunteers and trades people spent many joyful, enthusiastic and productive hours knocking down or erecting internal walls, pulling up damp and mouldy carpet, removing rubbish and materials left over by the prior school, creating new spaces, swinging doors, pulling cables, plastering, sweeping, painting, cleaning windows, digging weeds, planting flowers, shrubs and plants, laying carpet tiles, cleaning gutters, moving furniture and doing all of the other tasks, whether small, large, interesting or boring, which were required to transform the premises into what is now known as the Abode of Peace.

It was wonderful and heart- warming (opening) to see how everyone blended their efforts and talents to create such an amazing space in such a unified manner. The directors extend their heartfelt thanks and appreciation to everyone who contributed to this endeavour physically or financially including those who, although not able to be physically present, held the project and the community in their thoughts in that period and in so doing allowed their spirit to be present as part of the foundations of a place from which the magnificence of the Divine will emanate in the form of wondrous events, miracles and people in and from whom the inner light shines brightly.

Secondly, during FY 14 a strategic decision was also made to consolidate the structure of Shanti Mission by maintaining 4 "centres" and by requiring the other venues which had previously been called "centres" to operate as stand-alone venues managed and run by the local community or a registered teacher but fully supported by Shanti Mission and members of the Council of Light. This change was encouraged by the auditors as it allowed Shanti Mission to streamline the accounting procedures and reduce the number of Shanti Mission bank accounts. With all such decisions success can usually only be determined with the benefit of hindsight however the directors are confident that giving these venues independence, allowing them to use the Shanti Mission name, providing support for their programs and requiring them to take responsibility for their expansion and finances will in the long run be extremely empowering and will bring more people into Shanti Mission.

Shanti Mission operational structure

Shanti Mission has a board of directors who aim to meet bi-monthly. There is also a board committee known as the Compliance Committee which meets monthly to deal with finance and regulatory requirements and to provide a regular forum in which the management team can seek feedback from several of the directors.

The day to day operations of Shanti Mission are undertaken by a management team of 14 paid employees, 12 of whom are part time and 2 who are full time employee. The management team meet fortnightly and there are 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.

During FY 14 Shanti Mission was particularly fortunate that after Somamrita resigned from a senior executive manager role in which she managed a large team of people in a top 30 ASX listed Australian corporation, she offered to spend 3 days a week (which became 4 days) for 9 months volunteering her strategic planning skills and expertise and acting as our General Manager. We accepted her offer with gratitude and alacrity and the directors, management, volunteers and community have benefitted greatly from the work she did in that time. She not only showed us how to map and manage all our projects and key tasks she was also a role model to the team for her level of skilfulness in living the Shanti Mission 8 Pillars and values which are at the core of all our activities as she worked through a large agenda of items.

There are 95 core volunteers who consistently offer service to Shanti Mission in a part time capacity to do many of the things that are necessary for Shanti Mission to deliver its charitable services to the broader community. In addition, there are many other volunteers who provide service on a regular basis. The directors greatly appreciate all of 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.

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As Shanti Mission is a School for the Soul, it has also established a leadership team comprising Shakti Durga and 11 of her senior disciples and teachers. This team known as the Council of Light meets weekly and provides support and helps Shakti Durga to hold the energy required for manifestation into the physical form of the 6 Intentions which underpin all the Shanti Mission activities, including teaching the Path of Ease and Grace seminars and Ignite Your Spirit ("IYS") therapy.

The Shanti Mission community and our regular activities

Shanti Mission has 2,738 people who have registered to receive our regular email and event updates. There are 68 teachers registered to teach some or all of the Path of Ease and Grace seminars and 85 registered IYS therapists.

In the next 4 paragraphs we set out the approximate head counts for the numbers of attendees at regular events or activities during FY 14 at the 4 "centres" and later in this report we set out similar information for activities at our various communities.

Abode of Peace- there were over 6,273 attendees at our programs which included 3,025 attending Satsang on Sunday mornings, 949 attending Path of Ease & Grace seminars and 27 people and 130 people respectively attending the Therapist Training and Teacher Training courses throughout the year. There were 603 attendances by members of the public at the Healing Clinic, 168 at evening meditations, 375 at retreats, 679 at Kirtan evenings, 200 attending seminars and 117 teachers or therapists attended higher training sessions .

Southern Highlands- there were over 2,210 attendees at our programs which included 1,331 attending Satsang on Sunday mornings, 212 attending Path of Ease & Grace seminars and 26 people attending Therapist Training throughout the year. There were 461 attendances by members of the public at the Healing Clinic and 180 at Retreats .

Sydney centre at Henley- there were over 2,637 attendees at our programs which included 2,355 attending Satsang on Sunday mornings, 196 attending Path of Ease & Grace seminars and 30 people attending Therapist Training throughout the year. There were 56 attendances by members of the public at the Healing Clinic .

Melbourne- there were over 1,684 attendees at our programs which included 1,189 attending Satsang on Sunday mornings, 346 attending Path of Ease & Grace seminars and 13 people attending Therapist Training throughout the year. There were 45 attendances by members of the public at the Healing Clinic, 82 at Retreats and 9 at meditations .

Shanti Mission venues

The directors believed FY 14 was a year of consolidation. What follows is a description of some of the facilities used during FY 14.

Abode of Peace- this is located at 45 Kings Road, Cooranbong, one hour and a half by car from Sydney, and is nestled in nature on a 9 acre block of land which is at the foot of the Watagan state forest. The Ashram consists of a large multi-purpose room which is used for teaching and spiritual practices, a smaller room used as a classroom and Shakti Temple by Shakti Durga and teachers, 4 healing rooms, another large multi-purpose classroom, office space, meeting room, reception, spiritual gift shop and tuck shop. There is also a large internal break out space which connects the various teaching spaces.

As noted above we first took occupation of the Abode of Peace premises in August 2013 and thereafter many volunteers and tradesmen worked to renovate and refurbish the Ashram to make it a comfortable, peaceful and beautiful environment for our community and members of the public. The official opening took place on Mission Day in October 2013 although the landlord's agreed scope of works was not completed until late December. The lease term expires in late 2018 unless we exercise our option to extend.

The Abode of Peace is now used as our head office where our dedicated staff and volunteers work from Tuesday to Friday each week. There are many programs run throughout the day as well as special events, celebrations and spiritual practices. We offer healing clinic to the public on Wednesdays and our gift shop is open 6 days per week, and our vegetarian food canteen is open when programs are on.

Avalon House- this is located in a building adjacent to the Abode of Peace building and forms part of our lease. The 4 bedroom Avalon House offers budget accommodation to students who come to the Ashram and can accommodate up to 7 guests in 2 twin share bedrooms and a 3 share bedroom. There are new bathroom facilities, a kitchenette and a large lounge dining area with caretaker room.

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Cooranbong retreat centre- this is the former Cooranbong Harmony Centre which is in walking distance to the Abode of Peace or a short drive around the block into the next road. It is a 1970's country style house which has been renovated as a retreat centre. The retreat centre now features a general use temple / teaching space, Shakti Temple and accommodation and lounge areas including new carpet, kitchen and bathrooms with fresh paint throughout. The Cooranbong Retreat Centre is located on 65 acres of land and can accommodate up to 12 guests and a caretaker in twin share, quad and 8 share bunk style rooms. The centre has walking trails into the Watagan state forest, gracious gardens around the centre and ample parking for large events in 3 separate inter-connecting parking areas layered up the hill from Martinsville Road.

During FY 14 the Cooranbong Retreat centre has been used by other spiritual friends including One Tribe, Free to Be Me, Peace Angels and Shanti Mission Retreats with the intention to build the business of in-house and alternative retreats. The centre provides accommodation and is regularly used by those attending Abode of Peace events.

Southern Highlands Centre- this is located at Canyonleigh, a 2 hour drive south of Sydney. The centre is located on a farm of 57 acres and is about 2,300 feet above sea level. There are 5000 fruit and nut trees, 2000 apple trees and 110 different varieties of apples. There are farm buildings, a weatherboard cottage, a training centre with kitchen, shower and toilet facilities as well as a large shed which has been refurbished to provide a reception/office area, a retail shop area and a large multi-purpose room in which our main activities are conducted.

We have 5 alpacas and 3 sheep to keep some of the grass down and the orchard is maintained by our centre manager and volunteers. We offer the fruit to the public as "pick-your-own" by donation, and take the apples to the Ashram when there is an event on and they are in season. During FY 14 the Southern Highlands community have undertaken a number of beautification projects around the buildings and have created a wonderful sacred space in which there is a large Ganesh statue which is now used every week for pujas and abhishekham practices.

Southern Highlands centre is headed by Savitur and offers many programs details of which are set out earlier in this report. The Canyonleigh property is owned by Shanti Mission.

Melbourne centre- this was located in leased premises at 7 Studley Street, Abbotsford and was open for just over a year. The centre was closed on 31 August 2014 and in FY 15 and for the foreseeable future Melbourne will be run as a community.

Sydney centre- during FY 14 we used a council owned community facility located in Henley overlooking the inner harbour of Sydney. The premises are well maintained and are ideal for our weekly events and for other teaching programs. In addition, we were also fortunate to have access to a city based teaching facility for our after-hours programs due to the generosity of a member of our community.

Shanti Mission communities in Australia

There are a number of communities across Australia which ran regular programs and activities for members of their respective communities throughout the year. These communities deserve our congratulations for their efforts and for the way in which they enhance the general wellbeing of people in their regions and districts. Members of the Council of Light and other teachers continue to visit these communities to help present programs and during FY 14 better marketing and promotional material was prepared and made available for use throughout Shanti Mission and we expect it to be especially useful in these communities.

The numbers of attendees at these communities and programs during FY 14 are set out below:

- Adelaide
 - Satsang: 348
 - Meditation: 663
 - Path of Ease & Grace: 80
 - Abishekham: 48
- Jannali
 - Satsang: 325
 - Meditation: 308
 - Healing Clinic: 17
 - Path of Ease & Grace: 93
 - Seminars: 102
 - Kirtan: 17

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- Sydney East
 - Satsang: 1,000
 - Meditation: 750
 - Path of Ease & Grace: 200
- Port Macquarie
 - Meditation: 148
- Canberra
 - Meditation: 492
 - Path of Ease & Grace: 234
- Nowra
 - Meditation: 750
- Goulburn
 - Meditation: 312
- Gunnedah
 - Satsang: 78
 - Meditation: 224
 - Path of Ease & Grace: 50

The higher learning and spiritual path

As a school, Shanti Mission operates at a number of levels. In our entry level activities we seek to ensure that all who attend feel welcome and able to participate without any pre-requisite other than a willingness to listen with an open mind and to measure the worth of any teachings by tuning into the heart.

We entirely respect that every person has free will and the right to pursue whatever journey of personal exploration which is right and appropriate for them. It is for this reason that our entry level courses are designed to take people onto a path of a better understanding of their feelings, their emotional and energy bodies and how every one of us has the capacity to influence and change the dynamics of all our relationships.

If people elect to pursue higher studies, as each course is undertaken, there is likely to be a change in the level of consciousness and an opening of the heart and Einstein's well known statement that "problems are mostly solved at a higher levels of consciousness than those present when the problem was created" takes on a greater meaning for most students. As the study continues, these changes speed up and inevitably lead to an ability on the part of the student to make significant differences in their world in grounded practical ways.

As Shakti Durga and 23 devotees live in close proximity to the Abode of Peace, this has facilitated in FY 14 a routine of daily morning prayers, abishekham and regular puja programs at the Abode of Peace. The directors believe this will greatly assist Shanti Mission to achieve its primary objective of Peace through the promulgation of the work of Shakti Durga.

At the higher level of study and devotion, there are almost 300 very committed students who are on a spiritual path with Guru Shakti Durga. There are now 194 disciples, 29 Golden Body Initiates and 44 Paramahansa Initiates and a number of others who are progressing to the levels which attract these initiations.

Shakti Durga Retreats and international activities

The teachings of Shakti Durga are disseminated at retreats which she arranges and runs and also in a number of countries where they are undertaken in the name and style of Shanti Mission but are undertaken by separate legal entities. For this reason what follows does not form part of the financial reporting of this company and the information which has been provided to the directors by those involved is repeated by us in good faith and for information purposes only.

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Shakti Durga Retreats

Retreats run by Shakti Durga and some of the senior disciples are offered to the general public and to the Shanti Mission communities. In the year under review 543 people attended the 11 different retreats arranged by Shakti Durga. The retreats are powerful and mystical journeys into the world of the Divine and run anywhere from a weekend to a few weeks. These intensive spiritual escapes allow people to retreat and explore their true inner self and are in addition to the retreats held at the 4 main centres as set out earlier in this report.

Retreats are held throughout the year at key times in the calendar and when spiritual energy is at its most potent. They are held in Australia and around the world at selected venues in many sacred lands and places.

There were 136 and 125 attendees at an Initiates retreat in July 2013 and in June 2014 respectively at Coffs Harbour; 45, 20, 53 and 7 attendees at the October 2013 Cosmic Mother retreat, the November 2013 Savitur retreat, the February 2014 Strength of the Soul retreat and the June 2014 Shekinah retreat all held at Peedam; 28 at the September 2013 Peace Angels' retreat in Ireland; 30 at the September 2013 Holy Grail retreat in England; 30 at the October 2013 Jagatambe and Maitreya retreat in Nepal; 53 at the October 2013 Mission Day retreat at the Cooranbong Retreat centre and 16 at the May 2014 Sacred Song Lines retreat at Uluru and Kings Canyon.

Shanti Mission America

Shanti Mission America ("SMA") is a U.S. corporation, incorporated in the State of Connecticut. It is recognized charity by the IRS with a 501(c)(3) status, which means it is tax exempt and donations are tax deductible. SMA is also a registered charity with the Secretary of State in Connecticut.

In FY 14 there were approximately 350 people in the SMA database and activities were undertaken in Connecticut, Colorado, New York, Washington DC and San Diego. Several senior teachers registered in Australia travelled to USA to present seminars and events and will continue to do so in FY 15 and beyond.

Shanti Mission Canada

An Australian registered teacher who is a Canadian citizen has taken up residence in Kamloops and is teaching the Path of Ease and Grace seminars as well as IYS therapy.

2. General information

Information on directors

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

**Shiva Kata Tjuta
(Hugh Keller)**

Chair

Qualifications

Degree in law and practising as a 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.

Shakti Durga

Director

Qualifications

Degree in Law and Economics

Experience

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.

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Information on directors (cont'd)

**Ananda Netti
(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.

**Sandalphon
(David Cole)**

Director

Qualifications

Chartered Accountant and has over 12 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.

**Bhadra Shakti
(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.

**Savitur Dhanvantre
(Paul Wilde)**

Director

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.

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

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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 2014 the collective liability of members was \$ 1,200 (2013: \$ 1,200).

Meetings of directors

During the financial year, 6 meetings 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
Shiva Kata Tjuta	6	6
Ananda Netti	6	5
Sandalphon	6	3
Bhadra Shakti	6	2
Savitur Dhanvantre	6	6

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.

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Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2014 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:

Shiva Kata Tjuta (Hugh Keller)

Director:

Sandalphon (David Cole)

Dated 26 March 2015



**KILPATRICK
LAKE
MACKENZIE**

PTY LTD

ABN 73 097 844 945

accountants and
business advisers

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 2014, 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.

Kilpatrick Lake Mackenzie

Neil Watson
Partner

26 March 2015

Charlestown, NSW

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Liability limited by a
scheme approved under
Professional Standards
Legislation

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2014

	Note	Parent		Consolidated	
		2014	2013	2014	2013
		\$	\$	\$	\$
Revenue	2	1,383,623	1,529,623	1,410,910	1,530,449
Raw materials and consumables used		(394,552)	(458,686)	(395,123)	(389,279)
Employee benefits expense		(514,418)	(515,792)	(514,418)	(515,792)
Depreciation and amortisation expense		(53,094)	(33,019)	(53,094)	(33,019)
Other expenses		(518,378)	(529,519)	(470,902)	(699,769)
Finance costs		(9,054)	(251)	(23,721)	(23,998)
Deficit before income tax		(105,873)	(7,644)	(46,348)	(131,408)
Income tax expense		-	-	-	-
Deficit for the year		(105,873)	(7,644)	(46,348)	(131,408)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		(105,873)	(7,644)	(46,348)	(131,408)
Total comprehensive income attributable to:					
Members of the Shanti Vision		-	-	(30,126)	(85,447)
Non-controlling interest		-	-	(16,222)	(45,961)
		-	-	(46,348)	(131,408)

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As at 30 June 2014

		Parent		Consolidated	
		2014	2013	2014	2013
Note		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
	5	142,202	189,009	145,778	193,333
	6	35,570	21,352	35,846	22,929
	7	73,428	76,572	89,044	92,187
	8	7,043	12,139	7,043	12,139
		258,243	299,072	277,711	320,588
NON-CURRENT ASSETS					
	6	2,959	77,329	-	-
	9	970,989	949,951	970,989	949,951
	10	2,719	-	2,719	-
		976,667	1,027,280	973,708	949,951
		1,234,910	1,326,352	1,251,419	1,270,539
LIABILITIES					
CURRENT LIABILITIES					
	11	134,251	115,821	327,320	296,167
	12	3,089	3,370	300,998	301,205
	13	14,311	14,940	14,311	14,940
		151,651	134,131	642,629	612,312
NON-CURRENT LIABILITIES					
	12	-	3,089	-	3,089
		-	3,089	-	3,089
		151,651	137,220	642,629	615,401
		1,083,259	1,189,132	608,790	655,138
EQUITY					
	14	-	-	129,600	129,600
		1,083,259	1,189,132	758,007	788,133
		-	-	(278,817)	(262,595)
		1,083,259	1,189,132	608,790	655,138

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

Note	Parent			Total
	Ordinary Shares	Retained Earnings	Non-controlling Interests	
	\$	\$	\$	\$
Balance at 1 July 2013	-	1,189,132	-	1,189,132
Deficit for the year	-	(105,873)	-	(105,873)
Balance at 30 June 2014	-	1,083,259	-	1,083,259

2013

Note	Parent			Total
	Ordinary Shares	Retained Earnings	Non-controlling Interests	
	\$	\$	\$	\$
Balance at 1 July 2012	-	1,196,776	-	1,196,776
Deficit for the year	-	(7,644)	-	(7,644)
Balance at 30 June 2013	-	1,189,132	-	1,189,132

2014

Note	Consolidated			Total
	Ordinary Shares	Retained Earnings	Non-controlling Interests	
	\$	\$	\$	\$
Balance at 1 July 2013	129,600	788,133	(262,595)	655,138
(Deficit)/ surplus for the year	-	(30,126)	(16,222)	(46,348)
Balance at 30 June 2014	129,600	758,007	(278,817)	608,790

2013

Note	Consolidated			Total
	Ordinary Shares	Retained Earnings	Non-controlling Interests	
	\$	\$	\$	\$
Balance at 1 July 2012	100,200	873,580	(216,634)	757,146
Deficit for the year	-	(85,448)	(45,960)	(131,408)
Contribution of equity	29,400	-	-	29,400
Balance at 30 June 2013	129,600	788,132	(262,594)	655,138

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2014

Note	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from community	1,470,718	1,561,074	1,424,936	1,444,840
Payments to suppliers and employees	(1,396,462)	(1,473,332)	(1,336,835)	(1,474,791)
Interest received	1,522	282	1,522	2,296
Finance costs	(9,054)	(251)	(23,721)	(27,993)
Net cash provided by/ (used in) operating activities	22(b) 66,724	87,773	65,902	(55,648)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of plant and equipment	-	1,800	-	1,800
Purchase of property, plant and equipment	(110,161)	(85,942)	(110,161)	(85,942)
Net cash used in investing activities	(110,161)	(84,142)	(110,161)	(84,142)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from issue of shares	-	-	-	29,400
Proceeds from borrowings	-	6,459	-	68,271
Repayment of borrowings	(3,370)	-	(3,370)	(1,158)
Net cash (used in)/ provided by financing activities	(3,370)	6,459	(3,370)	96,513
Net (decrease)/ increase in cash and cash equivalents held	(46,807)	10,090	(47,629)	(43,277)
Cash and cash equivalents at beginning of year	189,009	178,919	(104,502)	(61,225)
Cash and cash equivalents at end of financial year	22(a) 142,202	189,009	(152,131)	(104,502)

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

Notes to the Financial Statements For the Year Ended 30 June 2014

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 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 *Corporations Act 2001*.

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 relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax 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 tax laws) that have been enacted or substantively enacted by the end of the reporting period.

(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 entity 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.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

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.

(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.

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.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(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.

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 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 property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

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 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.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

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.

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.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(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.

(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.

(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 assets 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.

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.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(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 Company'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 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 twelve months 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. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(l) Excess of current liabilities over current assets

At 30 June 2014, the Group's current liabilities (\$642,629) exceed its current assets (\$274,250) by \$368,379. 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 main contributor to the negative working capital position are the borrowings in the Group's subsidiary, Shanti Vision Pty Ltd. The bank overdraft balance at 30 June 2014 was \$297,909 (2013: \$297,835) 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 Vision Pty Ltd had a surplus of \$61,232 in the 2014 financial period (2013: deficit \$114,902).
- The Board and shareholders of Shanti Vision Pty Ltd worked through a number of iterations of possible business plans the primary object of which is to generate sufficient cash to meet all outstanding liabilities of Shanti Vision within a reasonable time frame. The final view reached is that the injection of fresh capital is not feasible and that a continuation of trading in the present structure cannot be justified. Accordingly, the minority shareholders have each agreed to transfer to the Company their shares in, and any loan made to, Shanti Vision Pty Ltd for a nominal consideration of \$1 to be paid to each shareholder or lender by the Company.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(l) Excess of current liabilities over current assets (cont'd)

- The Group will retain Shanti Vision Pty Ltd as a fully owned non-trading subsidiary, will progressively pay down the Shanti Vision Pty Ltd bank debt and will review the position prior to 30 June 2015.
- The Group continues to generate cash from operating activities (2014: \$65,902).
- Shanti Mission Harmony Centre's budget for 2014-15 has estimated a surplus of \$76,000.

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

(m) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Group:

- AASB 10 *Consolidated Financial Statements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2012-9 *Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 10 *Consolidated Financial Statements* is effective for annual reporting periods beginning on or after 1 January 2013 and therefore the Group has applied it for the first time in these financial statements. AASB 10 includes a new definition of control, including additional guidance for specific situations such as control in a principal / agent situation and when holding less than majority voting rights may give control. AASB 10 supersedes the previous requirements of AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation - Special Purpose Entities* and resulted in consequential amendments to a number of other standards.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies (cont'd)

(m) Adoption of new and revised accounting standards (cont'd)

The Group has reviewed its investment in other entities to determine whether any changes were required to the consolidated entity under AASB 10. The composition of the consolidated entity is the same under AASB 10 and therefore there is no change to the reported financial position and performance.

AASB 12 *Disclosure of Interests in Other Entities* includes all disclosures relating to an entity's interest in associates, joint arrangements, subsidiaries and structured entities. On adoption of AASB 12, additional disclosures have been included in the financial statements in relation to investments held.

AASB 13 *Fair Value Measurement* does not change what and when assets or liabilities are recorded at fair value. It provides guidance on how to measure assets and liabilities at fair value, including the concept of highest and best use for non-financial assets. AASB 13 has not changed the fair value measurement basis for any assets or liabilities held at fair value, however additional disclosures on the methodology and fair value hierarchy have been included in the financial statements.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Group reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

In accordance with the transition provisions in the standard, the comparative figures have been restated.

(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 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 9 Financial Instruments and amending standards AASB 2010-7 / AASB 2012-6	30 June 2016	Changes to the classification and measurement requirements for financial assets and financial liabilities. New rules relating to derecognition of financial instruments.	The impact of AASB 9 has not yet been determined as the entire standard has not been released.
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities [AASB 132]	30 June 2015	This standard adds application guidance to AASB 132 to assist with applying some of the offset criteria of the standard.	There will be no impact to the entity as there are no offsetting arrangements currently in place.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Revenue and Other Income

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Shop sales	158,301	178,324	158,301	178,324
HC courses and events	583,584	654,018	583,584	654,018
Other donations	418,211	430,780	418,229	430,780
Other courses and retreats	126,351	97,128	126,351	97,128
Rent received	68,730	147,248	68,730	147,248
Events and festivals	19,916	8,939	44,390	8,939
Other income	7,008	12,904	9,803	13,625
	1,382,101	1,529,341	1,409,388	1,530,062
Finance income				
- Interest received	1,522	282	1,522	387
	1,383,623	1,529,623	1,410,910	1,530,449

3 Result for the Year

Cost of sales	394,552	458,686	395,123	389,279
Finance costs	9,054	251	23,721	23,998
Write off of financial assets	74,175	-	(1,604)	-

4 Income Tax Expense

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

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Prima facie tax payable at 30 June				
Shanti Organisation Pty Ltd	-	-	-	(2,658)
Shanti Vision Pty Ltd	-	-	(18,370)	(34,471)
Add tax effect of:				
Unrealised deferred tax asset Shanti Organisation Pty Ltd	-	-	-	2,658
Unrealised deferred tax asset Shanti Vision Pty Ltd	-	-	18,370	34,471
	-	-	-	-

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

5 Cash and cash equivalents

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash on hand	1,083	1,212	1,183	1,312
Cash at bank	114,852	166,530	118,328	170,754
Short-term bank deposits	26,267	21,267	26,267	21,267
	142,202	189,009	145,778	193,333

Security deposit guarantee

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

- \$9,625 in favour of Ttirbroc Investments Pty Ltd; and
- \$15,937 in favour of James Cook Seafood Pty Ltd.

6 Trade and other receivables

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
CURRENT				
Trade receivables	11,351	1,810	11,351	1,810
Deposits	3,508	8,909	3,508	8,909
GST receivable	11,259	8,793	11,404	10,239
Other receivables	9,452	1,840	9,583	1,971
	35,570	21,352	35,846	22,929
NON-CURRENT				
Related party receivables	2,959	77,329	-	-

7 Inventories

CURRENT

At cost:

Stock on hand	73,428	76,572	89,044	92,187
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8 Other non-financial assets

CURRENT

Prepayments	7,043	12,139	7,043	12,139
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Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

9 Property, plant and equipment

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Land and buildings				
At cost	796,486	799,063	796,486	799,063
Accumulated depreciation	(68,980)	(32,938)	(68,980)	(32,938)
Total land and buildings	727,506	766,125	727,506	766,125
PLANT AND EQUIPMENT				
Capital works in progress				
At cost	-	71,263	-	71,263
Plant and equipment				
At cost	100,134	64,885	100,134	64,885
Accumulated depreciation	(40,583)	(15,617)	(40,583)	(15,617)
Total plant and equipment	59,551	49,268	59,551	49,268
Furniture, fixtures and fittings				
At cost	18,432	33,977	18,432	33,977
Accumulated depreciation	(8,099)	(23,176)	(8,099)	(23,176)
Total furniture, fixtures and fittings	10,333	10,801	10,333	10,801
Motor vehicles				
At cost	10,000	10,000	10,000	10,000
Accumulated depreciation	(5,223)	(3,223)	(5,223)	(3,223)
Total motor vehicles	4,777	6,777	4,777	6,777
Computer equipment				
At cost	41,375	40,828	41,375	40,828
Accumulated depreciation	(24,421)	(15,560)	(24,421)	(15,560)
Total computer equipment	16,954	25,268	16,954	25,268
Improvements				
At cost	173,344	25,565	173,344	25,565
Accumulated depreciation	(21,476)	(5,116)	(21,476)	(5,116)
Total improvements	151,868	20,449	151,868	20,449
Total plant and equipment	243,483	183,826	243,483	183,826
	970,989	949,951	970,989	949,951

Financial Statements

Year Ended 30 June 2014

Property, plant and equipment

Each class of property, plant and equipment between the beginning and the end of the current financial year:

Capital Works in Progress	Land and Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Improvements	Total
\$	\$	\$	\$	\$	\$	\$	\$
71,263	766,125	49,268	10,801	6,777	25,268	20,449	949,951
69,335	-	27,860	1,270	-	546	7,181	106,192
(140,598)	-	-	-	-	-	140,598	-
-	(5,309)	(17,577)	(1,738)	(2,000)	(8,860)	(16,360)	(51,844)
-	(33,310)	-	-	-	-	-	(33,310)
-	727,506	59,551	10,333	4,777	16,954	151,868	970,989

Capital Works in Progress	Land and Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Computer Equipment	Improvements	Total
\$	\$	\$	\$	\$	\$	\$	\$
-	802,242	49,114	13,680	7,777	27,464	-	900,277
71,263	-	9,426	1,072	-	4,181	-	85,942
-	(3,249)	-	-	-	-	-	(3,249)
-	(24,020)	-	-	-	-	24,020	-
-	(8,848)	(9,272)	(3,951)	(1,000)	(6,377)	(3,571)	(33,019)
71,263	766,125	49,268	10,801	6,777	25,268	20,449	949,951

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

10 Intangible Assets

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cost	9,349	5,380	9,349	5,380
Accumulated amortisation	(6,630)	(5,380)	(6,630)	(5,380)
	2,719	-	2,719	-

11 Trade and other payables

CURRENT				
Trade payables	86,011	40,139	92,006	47,137
Employee benefits	21,250	12,210	21,250	12,210
Sundry payables and accrued expenses	18,608	36,706	64,583	82,681
Other payables	5,157	8,294	5,157	21,188
Building fund liability	3,225	18,472	3,225	18,472
Related party payables	-	-	141,099	114,479
	134,251	115,821	327,320	296,167

(a) Building fund liability

Opening balance	18,472	-	18,472	-
Building fund donations	101,246	-	101,246	-
Work in progress additions	(69,335)	-	(69,335)	-
Rent	(25,695)	-	(25,695)	-
Bank guarantee reimbursement	(13,546)	-	(13,546)	-
Capital additions expensed	(7,917)	-	(7,917)	-
	3,225	-	3,225	-

12 Borrowings

CURRENT				
Bank overdraft	-	-	297,909	297,835
Finance lease obligations	3,089	3,370	3,089	3,370
	3,089	3,370	300,998	301,205
NON-CURRENT				
Finance lease obligations	-	3,089	-	3,089

13 Employee Benefits

CURRENT				
Annual leave	14,311	14,940	14,311	14,940

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

14 Issued Capital

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Ordinary shares- Shanti Vision Pty Ltd	-	-	129,500	129,500
Ordinary shares- Shanti Organisation Pty Ltd	-	-	100	100
Total	-	-	129,600	129,600

Ordinary shares were issued by Shanti Vision Pty Ltd, a for profit subsidiary of Shanti Mission Harmony Centres Limited. The shareholders 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.

15 Capital and Leasing Commitments

(a) Finance Leases

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Minimum lease payments:				
- not later than one year	3,989	4,351	3,989	4,351
- between one year and five years	-	3,989	-	3,989
Minimum lease payments	3,989	8,340	3,989	8,340
Less: finance charges	(900)	(1,881)	(900)	(1,881)
Present value of minimum lease payments	3,089	6,459	3,089	6,459

(b) Operating Leases

Minimum lease payments under non-cancellable operating leases:				
- not later than one year	104,750	44,094	104,750	44,094
- between one year and five years	313,840	72,660	313,840	72,660
- later than five years	210	-	210	-
	418,800	116,754	418,800	116,754

16 Financial Risk Management

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

This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

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

The Company does not speculate in financial assets.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements For the Year Ended 30 June 2014

16 Financial Risk Management (cont'd)

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

Specific risks

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

Financial instruments used

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

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

Objectives, policies and processes

Risk management is carried out by the Company'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 Company, 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 Company is exposed is provided below.

Liquidity risk

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

Market risk

(i) Cash flow interest rate sensitivity

The Company 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 Company'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 Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

16 Financial Risk Management (cont'd)

Credit risk

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

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.

17 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 2014 the number of members was 6 (2013: 6).

18 Key Management Personnel Disclosures

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

	2014	2013
	\$	\$
Short-term employee benefits	41,425	108,552
Long-term benefits	3,794	8,250
	<u>45,219</u>	<u>116,802</u>

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 21: Related Party Transactions.

19 Remuneration of Auditors

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Remuneration of the auditor for:				
- auditing or reviewing the financial report	24,199	26,947	24,199	26,947

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2014 (30 June 2013: None).

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2014

21 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 Martinville 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 (2013: \$20,250) 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 pay 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 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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Serviced rendered	74,137	41,151	74,137	41,151
Purchase of stock	46,127	51,057	46,127	51,057
Administration and management fees	(62,728)	(41,809)	(62,728)	(41,809)
Royalties	20,575	33,738	20,575	33,738
Room rental	(583)	(5,101)	(583)	(5,101)
	<u>77,528</u>	<u>79,036</u>	<u>77,528</u>	<u>79,036</u>

(c) Shanti Organisation Pty Ltd

Shanti Organisation Pty Ltd is a wholly owned subsidiary of Shanti Mission Harmony Centres Limited. During the 2013 year professional fees were paid to Shanti Organisation for the value of \$6,000. No professional fees were paid during the 2014 financial period.

(d) Shanti Vision

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 2014 these payments amounted to \$35,975. 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 2014

22 Cash Flow Information

(a) Reconciliation of cash

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash and cash equivalents	142,202	189,009	145,778	193,333
Bank overdrafts	-	-	(297,909)	(297,835)
	<u>142,202</u>	<u>189,009</u>	<u>(152,131)</u>	<u>(104,502)</u>

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

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

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deficit for the year	(105,873)	(7,644)	(46,348)	(131,408)
Non-cash flows in profit:				
- depreciation	53,094	34,236	53,094	34,236
- net gain on disposal of property, plant and equipment	-	2,668	-	2,668
- revaluation of property, plant and equipment	33,310	-	33,310	-
Changes in assets and liabilities:				
- (increase)/decrease in trade and other receivables	60,152	4,187	(12,917)	7,578
- (increase)/decrease in inventories	3,144	26,822	3,143	17,822
- (increase)/decrease in other assets	5,096	(6,264)	5,096	(5,940)
- increase/(decrease) in trade and other payables	18,430	19,252	31,153	37,978
- increase/(decrease) in employee benefits	(629)	14,516	(629)	(18,582)
Cashflow from operations	<u>66,724</u>	<u>87,773</u>	<u>65,902</u>	<u>(55,648)</u>

(c) Credit standby arrangement and loan facilities

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

	Parent		Consolidated	
	2014	2013	2014	2013
	\$	\$	\$	\$
Credit facility	-	-	312,000	312,000
Amount utilised	-	-	(299,132)	(299,488)
	<u>-</u>	<u>-</u>	<u>12,868</u>	<u>12,512</u>

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

Notes to the Financial Statements

For the Year Ended 30 June 2014

23 Events Occurring After the Reporting Date

The financial report was authorised for issue on 26 March 2015 by the Board of Directors.

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.

24 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 11 to 32, 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 2014 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



Shiva Kata Tjuta (Hugh Keller)

Director



Sandalphon (David Cole)

Dated 26 March 2015



**KILPATRICK
LAKE
MACKENZIE**

PTY LTD

ABN 73 097 844 945

accountants and
business advisers

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 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity 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*.

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accountants and
business advisers

Shanti Mission Harmony Centres Limited

ABN: 76 116 997 392

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

Basis for Qualified Opinion

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 income recorded in the accounting records of the group.

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 Company's and the consolidated entity's financial position as at 30 June 2014 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

We draw attention to Note 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 assets by \$368,379. This indicates the existence of material uncertainty as to whether the Company 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 Company's ability to continue as a going concern is necessary for the proper understanding of the financial report.

Our opinion is not qualified in respect of this matter.

Neil Watson
Partner
Kilpatrick Lake Mackenzie

Charlestown, NSW

26 March 2015

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