

Cutcher & Neale

ASSURANCE SERVICES

SHANTI MISSION HARMONY CENTRES LIMITED

ABN 76 116 997 392

Financial Statements
For the Year Ended
30 June 2010

Innovative thinking. Traditional values.

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Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Directors' Report

30 June 2010

Your directors present their report on Centre for the financial year ended 30 June 2010.

Directors

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

| Names | Position |
|--------------------|----------|
| Kim Fraser | Chair |
| Hugh Keller | Director |
| Antoinette Sampson | Director |
| David Cole | Director |

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

Company Secretary

The company secretary is Kim Fraser who is also the Centre's chair.

Information on Directors

Kim Fraser holds degrees in law and economics and practiced as a barrister in NSW for 16 years. She has also studied a range of alternative and complementary healing modalities and learned meditation with various spiritual teachers in Australia, India, Bali and the Philippines. She is an expert on meditation, the human energy field, personal development, motivation and alternative health. She has written three books on self development and created the Path of Ease and Grace series of seminars, which focus upon mental emotional and spiritual wellbeing. She has created numerous meditation and relaxation CD's.

Hugh Keller is a practicing solicitor with the international law firm Blake Dawson. Hugh is a recognised leader in major commercial litigation and advises public and private sector clients across a broad industry spectrum. He has extensive experience in arbitration, mediation, neutral evaluation, structured negotiation, regulatory investigation and parliamentary inquiry.

David Cole is a chartered accountant and has over 10 years experience as a management consultant. 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.

Antoinette Sampson is an academic with NSW University (Nida) where she has taught for over 15 years. 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 the highly successful Australian Theatre for Young People (ATYP) and has experience directing large theatrical productions.

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Directors' Report

30 June 2010

Meetings of Directors

During the financial year, 5 meetings of directors were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | |
|--------------------|---------------------|-----------------|
| | Eligible to attend | Number attended |
| Kim Fraser | 5 | 5 |
| Hugh Keller | 5 | 5 |
| Antoinette Sampson | 5 | 5 |
| David Cole | 5 | 5 |

Principal Activities

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

- i. Raising community awareness of the importance of leading a well balanced and healthy life;
- ii. Assisting members of the public to achieve optimal physical, emotion, social, spiritual and mental health, manage and reduce stress and anxiety and to acknowledge the deleterious effects of those conditions on the immune system; and
- iii. Teaching techniques for personal transformation, life skills, meditation, energy based healing and exercises from diverse healing traditions.

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

Director emoluments

Other than those disclosed in Note 18 Related Party Transactions, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the Centre, with a Director, a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

Insurance premiums paid for directors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the Centre.

Operating Results

The profit of the Centre for the financial year amounted to \$ 115,068. This represented an 62% increase on the results reported for the year ended 30 June 2009.

Further discussion on the Centre's operations now follows.

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Directors' Report

30 June 2010

Review of Operations

Structure & Expansion

Late last year, prior to Mission day on 28 October 2009 my intuition told me that 2010 would be a year of expansion for Shanti Mission and Shanti Mission Harmony Centres. This has certainly been the case with many arms of Shanti Mission blossoming with new activity, new faces, new projects and new faith.

Name Change

This year Harmony Centre Foundation changed its name to Shanti Mission Harmony Centres so as to create a clearer connection between Shanti Mission and the Harmony Centres.

Shanti Mission Harmony Centres is a school where people come to learn tools to promote physical, mental, emotional and spiritual good health. Classes range from beginners, intermediates and advanced with a systemized and well supported learning environment helping people to really 'get' the teachings. The aim of the school is to train Ignite Your Spirit therapists, spiritual teachers, and members of the public who would like to be more empowered in dealing with the challenges that life brings us.

Shanti Mission is another vision of Shakti Durga's which involves the creation of a new spiritual philosophy. In the coming 12 months it is our intention to incorporate Shanti Mission as a separate spiritual organisation, creating a second charity devoted to spiritual study. Thus, Shanti Mission Harmony Centres will run our education programs, and Shanti Mission will be the organisation through which Shanti Faith is developed and disseminated. Shanti Faith is based upon 8 pillars, the same 8 pillars that already run through all of our work and projects.

Clarity about who we are and what we believe helps everyone to know whether this is the place for them or not. The more we have worked on the detail and the structure of the work that Shakti Durga has brought into the world, the more we are discovering that we are able to offer the public programs and practices that promote loving kindness, inner peace, personal empowerment and a new level of good health and prosperity.

We have all seen the changes in ourselves and our peers through study in our school, and in the years to come we have so many fascinating projects just waiting for the right people to come and say "*yes! That is my passion, I want to run with that!*".

Reports from our Established Centres

Cooranbong 2009 – 2010

Change of Management

A big thank you to Tara who stepped in and managed the Centre from September 2009 to April 2010 at which time Ganga took over as Centre Manager.

Major Achievement

After many hours of work, discussions, testing and lots of trial and error a new Website has replaced the old one. The new website reflects the new energy of Shanti Mission Harmony Centres, is more user friendly and has many new features. Our great appreciation and thanks go to all those who helped get the new website launched.

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Therapist training

Our therapist training program is continually being revised and enhanced under the direction of Durga Devi (head teacher of the course) and guidance of Shakti Durga. This intensive personal development program is a pathway to higher spiritual development and service to humanity.

In February 2008 a new intake of trainees commenced the course and 16 of these graduated in July 2009.

In February 2009 a new revised course which extended the training from 20 weeks to 35 weeks commenced. There are 40 students currently completing therapist training at the Cooranbong Centre.

Healing clinic

Our healing clinic runs on a Monday with a healing meditation and individual healings being offered by donation to the community. This clinic is run under the therapist training program with healings being offered by the trainee therapists under the supervision of the teachers. Over the past 12 months approximately 469 people attended the healing clinic.

Testimonials to the efficacy of the healing clinic

The healings are very accurate and relaxing and are of great benefit. I will be back for more healings, as it is a learning process.

I have suffered a lot of emotional pain most of my adult life which has shown up as physical pain. The more often I come to the Harmony Centre, the better I feel and the peace within my inner being is amazing. Thank you, thank you, thank you

Thank you for allowing me to safely express deep and dark feelings
The healing clinic is a warm and friendly place where I was able to explore past held emotions and painful situations.
The positive change it allowed in my life has been profound.
Thank you.

Teacher training

Two teacher training courses were run over the year:

Intermediate teacher training

This 20 week course for qualified Ignite Your Spirit teachers to be trained to teach the Empowering Relationships seminars commenced in July 2009 with 30 students attending. This was a powerful, intensive course taught by Shakti Durga and Ananda Netti (Antoinette Sampson). Ananda Netti brought her considerable expertise as a teacher of creative self expression combined with a depth of spiritual training and awareness to her role - this enabled the trainee teachers to step more fully into their own personal empowerment, empowerment in their relationships, empowerment in their teaching, and helped bring forth a new level of excellence to their teaching ability.

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IYS teacher training

A new revised program for Ignite Your Spirit teacher training began in February 2010. This program was also taught by Shakti Durga and Ananda Netti, another powerful personal development program with a new standard of excellence required from the students in order to be eligible for graduation. 16 students graduated in June 2010.

Path of Ease & Grace Seminars

These seminars continued to run throughout the year with 548 people attending over the 12 month period.

Higher Guidance Series

Approximately 196 people attended these seminars. They will be further developed next year and offered regularly thereafter. They have proven an effective way to implement pillar 8, heightening awareness of the many healing tools available in all of the world's great spiritual traditions.

Satsang

Satsang ran every Sunday throughout the year with approximately 1769 people attending.

Retreats

The Cooranbong Centre hosted 5 retreats during the year. Approximately 177 people attended.

Sound events

Cooranbong was fortunate to host a number of special events over the past 12 months which included a number of sound healing initiatives including:

- Sacred Earth Concert
- Sacred Earth Workshop
- Peter Dixon concert
- Sushumna Album Launch

The realization of spiritual music as a means to alleviate mental, emotional and even physical ailments is not a new concept but we hope to do more research into this area in coming years as resources permit.

Sydney 2009 - 2010

The Sydney Centre continues to go from strength to strength drawing in large numbers of people from the Sydney community. Congratulations to Gayatri Maa who took on the role of Centre Manager in April 2010 and to Shekinah who remains the spiritual director of the centre. She is joined this coming year by Gayatri, who will help hold the spiritual energy during Shekinah's maternity leave.

Healing clinic

Our healing clinic runs on a Friday offering the community healings and healing meditation by donation. The public support and attendance at this clinic has doubled in the last year. Approximately 1050 people attended the healing clinic over the 12 month period.

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Testimonials to the efficacy of the healing clinic

~~~~~  
This opened up an awareness of something important that was forgotten but carried close to my heart for a long time – my relationship with that person has much improved  
~~~~~

~~~~~  
Provided me with guidance and what to focus on to improve my life  
~~~~~

~~~~~  
I feel much calmer and clear, more relaxed and able to deal with life.  
~~~~~

~~~~~  
I am much happier and more positive than I was which is a big difference  
~~~~~

Path of Ease & Grace Seminars

These seminars continued to run throughout the year with 758 people attending over the 12 month period

Higher Guidance Series

Approximately 360 people attended these seminars.

Satsang

Our Satsangs are proving very popular with the Sydney community with approximately 3800 people attending over the 12 month period. Tremendous healing energy has resulted in vast shifts in the lives and wellbeing of regular attendees.

Other events

Events held at the Sydney Centre during the past 12 months were:

- A number of new workshops and meditations were introduced in response to community feedback. These included: Devotion workshop, Baby Day workshop, Relationship Clinic, Conscious Body & Soul connection weekly meditation and 1 day workshop, Business meditation and 1 day workshop, parenting workshop.
- Buddhas Birthday Celebration
- Regular Laughter Yoga sessions and Laughter Yoga Leader training

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Special events

Sydney hosted a number of special events which included:

- The inaugural Bhakti Festival was launched in Sydney in May 2010, the event ran 5 nights with kirtan events every night. Local and international Kirtan artists performed at the centre. Approximately 600 people pass through our doors during the course of this Festival
- Monthly Friday night Kirtan events
- Sacred Earth Workshop
- Mind Body Spirit Festival stall holder:
 - Shakti Durga key note speaker
 - Shanti Music and Sushumna performed at centre stage
 - healings provided to the public for free
 - promotion of the activities of the Shanti Mission Harmony Centre
- Dave Stringer concert proved very popular with 120 people attending
- Team Management Systems workshop for Leaders and Managers and Key personnel
- Media Skills workshop for Sydney Leadership team and key personnel, to help market our charitable activities
- Sushumna Album Launch
- Outreach and partnering – Sydney Leadership team delivering presentations and meditations at other community networking evenings with Aware Business and Wholistic Business Network
- Fortnightly evening talks and meditations with Shakti Durga addressing the following topics:
 - The Shanti Mission & Vision
 - The Path of Ease and Grace
 - Devotion
 - Ignite Your Spirit Therapy

Bundanoon 2009 - 2010

Shanti Mission Harmony Centres commenced operation in Bundanoon on 22 September 2009 under the spiritual guidance of Savitur and managed by Savitur and Stellar Maya. The first seminar was taught on the weekend of 26/27 September. Six people attended this inaugural seminar.

The following weekend we ran the first of many retreats at Bundanoon. The event was a great success with 65 people attending the weekend of healing, chanting, meditation, spiritual activations and community building with our new neighbours.

Opening ceremony

The official opening ceremony for the Centre was held in February 2010, with 140 attending. Guest speakers included Petrea King from Quest for Life Foundation who attended with her partner Wendie. Shanti Sounds provided the music and our chef, Susan, supplied the catering. The day was a great success and heralded things to come as the Centre is growing rapidly with ease and grace.

Path of Ease and Grace Series

Over the next 9 months 248 people attended the Path of Ease and Grace seminars held at the Centre.

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Retreats

With an aura of peace and tranquility Bundanoon Centre is a beautiful place to hold healing retreats. Bundanoon accommodates 60 people and our amazing chef, Susan, provides good, wholesome, vegetarian food for the attendees. From the time of the opening to June 2010, 378 people attended spiritual retreats at the Centre.

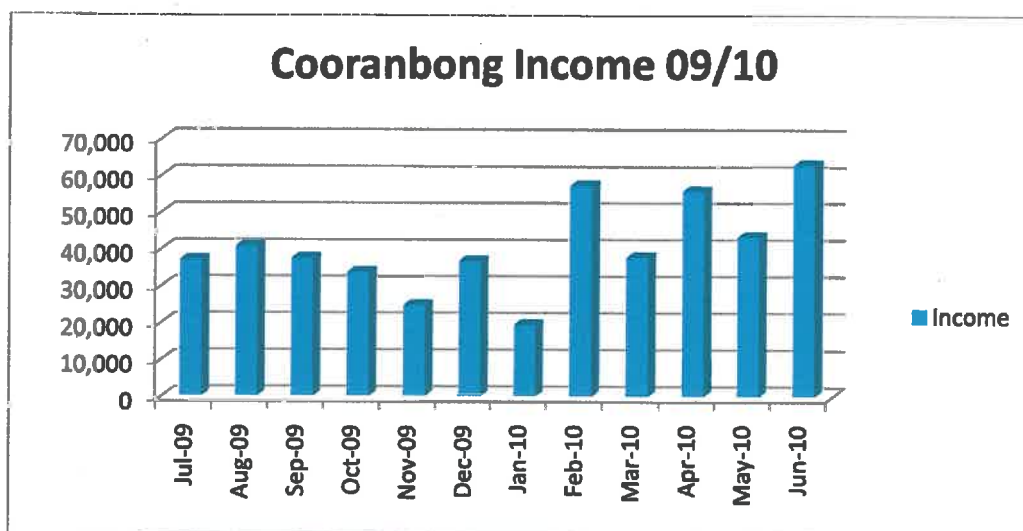
Public healing Clinic

Each Friday morning we facilitate a healing meditation and a public healing clinic, supporting all those within the community who require and desire healing but are unable at the moment to pay standard commercial rates.

Community working bees

The Centre is very fortunate to have the wonderful help of people from the community and our working bees throughout the year have been supported by people from Moss Vale, Sydney, Bowral, Canberra, Wollongong, Kangaroo Valley and many more of the surrounding local towns.

Monthly Income Trends 09/10

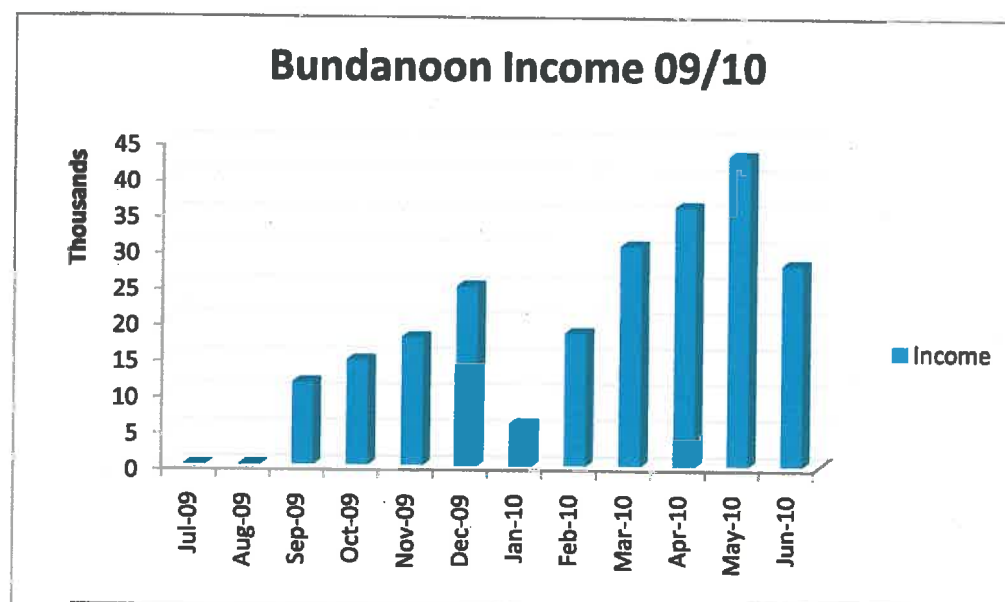
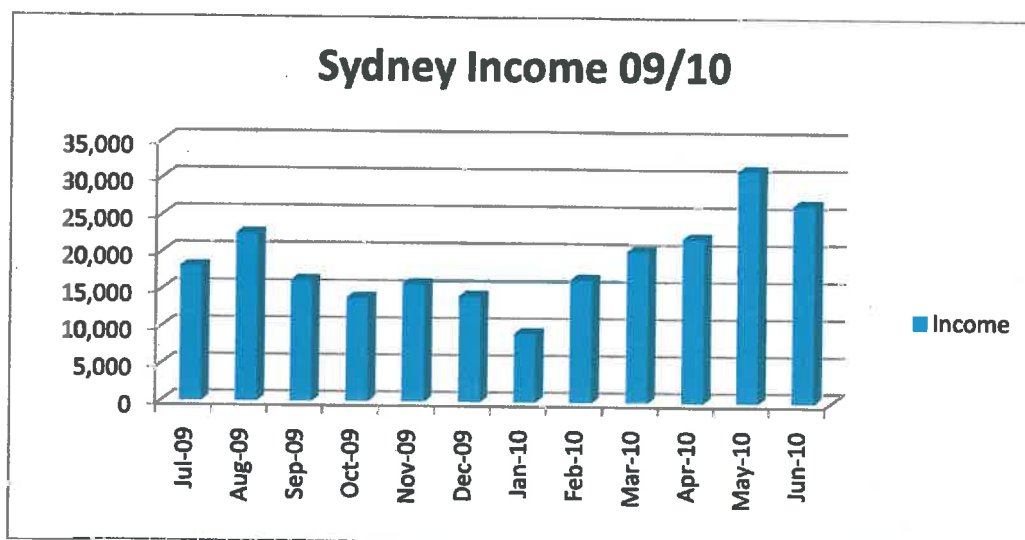


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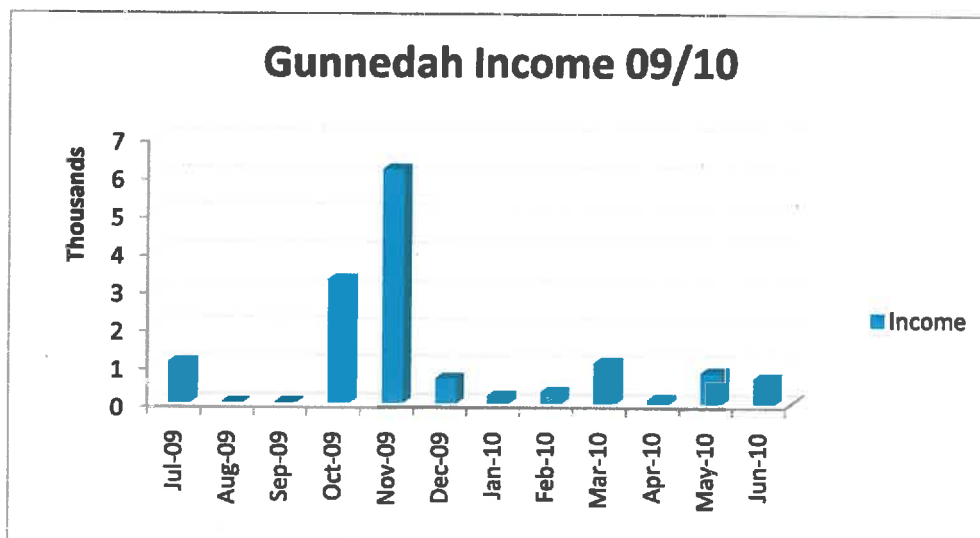


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Under the current accounting system at the Cooranbong Centre the financial figures include monies relating not just to Cooranbong Centre specifically but also includes monies donated to Shanti Mission Harmony Centres as a whole. Our vision is to separate operational financial figures for Cooranbong from Shanti Mission Harmony Centres global operational financial figures in order to reflect centre specific income & expenditure to provide true comparisons across all centres.

Please note the data above has the following qualifications:

- * Cooranbong income includes Friends of the Harmony Centre donations
- * Cooranbong expenditure includes overall operations costs

Spreading

In addition to our centres in Sydney, Cooranbong and Bundanoon, we now have groups creating new Harmony Centres in:

Port Macquarie, Gunnedah, Canberra, Melbourne and Adelaide.

Stay tuned for more: Path of Ease and Grace and IYS therapy is happening already in all of these locations.

Sound Healing – Music with Heart

Shanti Music is up and running and we held our inaugural event the Shanti Music Bhakti festival at Sydney Harmony Centre in May. It was a great success and we look forward to more festivals where people really feel the energy and spirit of Holy music, performed by people who can hold the energy of joy and spread it all around them. Sushumna launched their first album, and we have more launches to look forward to with the imminent release of Rhada Shakti's new CD which has been mastered and is now available. Then we have Shankara and Durga Devi's new CD, wow what great music. Other artists are also joining Shanti Music which is a multi-faith collaboration of people committed to the power of music to bring peace and wellbeing. Physical, mental and emotional healing through sound is an emerging reality proving that wellbeing and health truly comes back to our vibration.

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Directors' Report

30 June 2010

Corporate Sponsorship

Our First Sponsor

We are pleased to announce that we have received a very generous donation of \$20,000 in computer equipment for our Harmony Centres from Digital Camera Warehouse. This business is part owned by Hanumani and Shanti Devi, two of our therapists in training and devotees of Shakti Durga.

We are very grateful to them for all the help and support they have given to Shanti Mission and Shakti Durga since arriving in our centre in Sydney. Their great generosity taking a pictorial history of the unfolding of the mission, and providing significant images for many people at no charge has really made a tremendous difference. Service and giving are two parts of the Pillar of Grace in Shanti Mission. When we give and serve, wonderful things happen for us and as some of you already know, Hanumani and Shanti Devi's business Digital Camera Warehouse has just won a prestigious national trade competition.

Significant Changes since Year End

Miraculous Manifesting: we are now Farming

We have recently received a truly incredible gift. An anonymous benefactor has donated a farm to Shanti Mission Harmony Centres. It is 57 acres down near Bowral at Canyon Leigh, and it is a certified organic and permaculture farm. It comes with sheds, tractors, farm equipment, and loads of fascinating bits and pieces which are needed to grow permaculture and organic food with ease and grace.

What is even more amazing is that the farm is already called Harmony Community Farm!

It will be developed as a school for healing and health related seminars, including our Path of Ease and Grace seminars, regular IYS meditations and seminars on the how's why's and wherefor's of organics. As specialists in energy we know that organic food has many multiples more prana than non-organic food. Eating organic food will therefore contribute to our wellbeing more than non-organic food will. We aim to make organic food more affordable, and produce from our new farm will soon be available at each of our centres.

If you are interested in organics, health through food, how to grow your own organic or permaculture food, if you would like to develop your sacred relationship with the Earth, are keen on sustainable living and so on, we want to hear from you. If you would like to know about our volunteer programs that are being developed for the farm, or you would like any information about classes in organic farming and related topics which are run by experts in the field, then please contact Bundanoon Harmony Centre on 02 48826755 and speak with Savitur, or Matangie, one of our trained IYS teachers and therapists, who will be living full time on the farm and will be the manager there. Matangie has a passion for organics, grew up on farms, and has a background as a registered nurse. Her dream has been to grow organic food and supply the Harmony Centres with it, and her dream is now being realized. Her contact details are 0410 292 462. The farm will be run as a community initiative, to bring people together in a spirit of common joint enterprise, to bring forth old and new knowledge of how to heal humanities relationship with agriculture and the Earth.

We know that the farm will be yet another centre of excellence in the healing arts, this time encompassing good health through our relationship with what we eat, with the Earth, and the spirit of the Earth, in a very tangible way.

Shanti Mission Harmony Centres Limited

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Directors' Report

30 June 2010

Short and Long Term Objectives

The Centre has established short and long term objectives as outlined in the Centre's business plan which is reviewed on annual basis. These objectives are both financial and non financial and are aimed towards providing assistance to individuals to lead a well balance and healthy life. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the industry.

Donation income

The Centre runs seminars and other health related events by donation. So as to avoid embarrassment to those whose financial means are very limited, a system which preserves the anonymity of the donor has been adopted. Donations are placed in an envelope, into a locked box which is opened by two staff at the end of the day. Those who desire receipts pay the office directly and their donation is recorded in retail manager, and a receipt is issued to them.

Significant changes in state of affairs

During the year the directors held a special meeting to change the name of the Centre from Harmony Centre Foundation Limited to Shanti Mission Harmony Centres Limited.

There were no other significant changes in the Centre's state of affairs occurred during the financial year.

After balance day events

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

Future developments

There are no other plans which would result in a change to the manner in which the Centre is currently serving the community.

Environmental Issues

The Centre's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Shanti Mission Harmony Centres Limited

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Directors' Report

30 June 2010

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 14.

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

Director:

Shakti Dunga

Director:

GH Lellen

Dated 22 October 2010

Shanti Mission Harmony Centres Limited

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2010 there have been:

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



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



Mark O'Connor
Director

21 October 2010

Newcastle

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

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

Report on the Financial Report

We have audited the accompanying financial report of Shanti Mission Harmony Centres Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Centre are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial 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 Centre's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Shanti Mission Harmony Centres Limited on 21 October 2010, would be in the same terms if provided to the directors as at the date of this auditor's report.

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 Auditor's Opinion

Donation Income

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

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

Qualified Auditor's Opinion

In our opinion, except for the effects on the financial report of the matters referred to in the qualification paragraph, the financial report of Harmony Centre Foundation Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Centre's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.



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



Mark O'Connor
Director

Newcastle

23 October 2010

Shanti Mission Harmony Centres Limited

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Directors' Declaration

The directors of the Centre declare that:

1. The financial statements and notes, as set out on pages 18 to 33, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards and Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2010 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 Centre will be able to pay its debts as and when they become due and payable.
3. In the directors' opinion, the financial statement comply with all Australian equivalents to the International Financial Reporting Standards (AIFRS) in their entirety.

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

Director

Shakti Durga (L. Hares)

Director

John Lellan

Dated 22 October 2010

Shanti Mission Harmony Centres Limited

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Statement of Comprehensive Income

For the Year Ended 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--|------|----------------|---------------|
| Sale of goods | 2 | 177,218 | 184,399 |
| Cost of goods sold | 3 | (120,663) | (99,421) |
| Gross profit | | 56,555 | 84,978 |
| Other revenue | 2 | 781,832 | 447,272 |
| Administrative costs | | (229,289) | (175,328) |
| Service delivery expenses | | (287,510) | (169,588) |
| Premises expenses | | (184,612) | (94,564) |
| Finance costs | 3 | (785) | (58) |
| Other expenses | | (21,123) | (21,956) |
| Surplus before income tax | | 115,068 | 70,756 |
| Income tax expense | 1(f) | - | - |
| Surplus after income tax | | 115,068 | 70,756 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 115,068 | 70,756 |

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

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Statement of Financial Position

As At 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|-------------------------------|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 118,283 | 76,685 |
| Trade and other receivables | 6 | 39,287 | - |
| Inventories | 7 | 48,337 | 38,131 |
| Other assets | 8 | 5,919 | 7,867 |
| Total current assets | | <u>211,826</u> | <u>122,683</u> |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 55,941 | 63,327 |
| Intangible assets | 10 | 4,355 | - |
| TOTAL ASSETS | | <u>272,122</u> | <u>186,010</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 26,453 | 63,799 |
| Short-term provisions | 12 | 3,864 | - |
| Short-term borrowings | 13 | 7,291 | 2,765 |
| TOTAL LIABILITIES | | <u>37,608</u> | <u>66,564</u> |
| NET ASSETS | | <u>234,514</u> | <u>119,446</u> |
| EQUITY | | | |
| Retained earnings | | 234,514 | 119,446 |
| TOTAL EQUITY | | <u>234,514</u> | <u>119,446</u> |

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

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Statement of Changes In Equity

For the Year Ended 30 June 2010

2010

| | Retained Earnings | Total |
|---------------------------------|------------------------------|----------------|
| | \$ | \$ |
| Balance at 1 July 2009 | 119,446 | 119,446 |
| Surplus attributable to members | 115,068 | 115,068 |
| Other comprehensive income | - | - |
| Balance at 30 June 2010 | 234,514 | 234,514 |

2009

| | Retained Earnings | Total |
|---------------------------------|------------------------------|----------------|
| | \$ | \$ |
| Balance at 1 July 2008 | 48,690 | 48,690 |
| Surplus attributable to members | 70,756 | 70,756 |
| Other comprehensive income | - | - |
| Balance at 30 June 2009 | 119,446 | 119,446 |

The accompanying notes form part of these financial statements.

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Statement of Cash Flows

For the Year Ended 30 June 2010

| | Note | 2010 \$ | 2009 \$ |
|--|-------|-----------------------|----------------------|
| Cash from operating activities: | | | |
| Receipts from customers | | 888,882 | 603,536 |
| Payments to suppliers and employees | | (835,048) | (509,620) |
| Interest received | | 1,713 | 1,521 |
| Interest paid | | (785) | (58) |
| Net cash provided by (used in) operating activities | 19(a) | <u>54,762</u> | <u>95,379</u> |
| Cash flows from investing activities: | | | |
| Purchase of property, plant and equipment | | (6,955) | (49,516) |
| Purchase of intangible assets | | (5,380) | - |
| Net cash provided by (used in) investing activities | | <u>(12,335)</u> | <u>(49,516)</u> |
| Cash flows from financing activities: | | | |
| Proceeds from borrowings | | 4,517 | 2,765 |
| Net cash provided by (used in) financing activities | | <u>4,517</u> | <u>2,765</u> |
| Net increase (decreases) in cash held | | 46,944 | 48,628 |
| Cash at beginning of financial year | | 76,685 | 28,057 |
| Cash at end of financial year | 5 | <u><u>123,629</u></u> | <u><u>76,685</u></u> |

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 2010

1 Summary of Significant Accounting Policies

(a) General information

The financial report is for Shanti Mission Harmony Centres Limited as a company limited by guarantee, incorporated and domiciled in Australia.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report of Harmony Centre Foundation Limited complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety. The financial report is presented in the Australian currency.

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

(c) Comparatives

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

(d) 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.

(e) Inventories

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

(f) Income taxes

The Company is exempt from income tax under Section 50-5 of the Income Tax Assessment Act 1997.

(g) Website development costs

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

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

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies continued

(h) Property, plant and equipment

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

Building additions

Building additions are measured on the cost basis.

Plant and equipment

Plant and equipment are measured on the cost basis.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Centre commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset

| | |
|----------------------------------|-----------|
| Buildings additions | 10% |
| Furniture, Fixtures and Fittings | 20% - 50% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

(i) Goods and Services Tax (GST)

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

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

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

1 Summary of Significant Accounting Policies continued

(j) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Revenue from the rendering of services is recognised upon the delivery of the service to the customers.

Donations are recognised when received in cash or the fair value of goods donated.

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

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

(k) Trade payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) Critical accounting estimates and judgments

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

Key estimates - Impairment

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

(m) Authorisation of the Financial Report

The financial report was authorised for issue on 22 October 2010 by the directors.

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Notes to the Financial Statements

For the Year Ended 30 June 2010

2 Revenue

| | 2010 \$ | 2009 \$ |
|--|----------------|----------------|
| Operating Income | | |
| Sale of goods | 177,218 | 184,399 |
| Donations for workshops, meditations and general donations | 669,671 | 407,650 |
| Healing fees | 35,330 | 25,228 |
| Course fees from outside practitioners | 19,525 | 5,955 |
| | <u>901,744</u> | <u>623,232</u> |
| Non-operating Income | | |
| Interest income | 1,713 | 1,521 |
| Tax refund | 49,179 | - |
| Sundry income | 6,414 | 6,918 |
| | <u>57,306</u> | <u>8,439</u> |
| Total Revenue | <u>959,050</u> | <u>631,671</u> |

3 Profit for the Year

(a) Expenses

| | | |
|--|----------------|---------------|
| Cost of goods sold | <u>120,663</u> | <u>99,421</u> |
| Depreciation and Amortisation | | |
| Depreciation - buildings | 3,838 | 3,615 |
| Depreciation - furniture and fittings | 10,502 | 8,776 |
| Amortisation - website development | 1,025 | - |
| Total Depreciation and Amortisation | <u>15,365</u> | <u>12,391</u> |
| Interest expense | <u>785</u> | <u>58</u> |

4 Auditors' Remuneration

| | | |
|---|--------------|--------------|
| Remuneration of the auditor for: - auditing the financial report | <u>8,400</u> | <u>8,000</u> |
|---|--------------|--------------|

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Notes to the Financial Statements

For the Year Ended 30 June 2010

5 Cash and cash equivalents

| | 2010 | 2009 |
|--------------------------|----------------|---------------|
| | \$ | \$ |
| Cash on hand | 100 | 100 |
| Cash at bank | 95,406 | 76,585 |
| Short-term bank deposits | 22,777 | - |
| | <u>118,283</u> | <u>76,685</u> |

6 Trade and other receivables

| | | |
|-------------------|---------------|----------|
| CURRENT | | |
| Trade receivables | 417 | - |
| GST refund | 38,870 | - |
| | <u>39,287</u> | <u>-</u> |

7 Inventories

| | | |
|----------------|---------------|---------------|
| CURRENT | | |
| At Cost | | |
| Finished goods | 48,337 | 38,131 |
| | <u>48,337</u> | <u>38,131</u> |

8 Other Assets

| | | |
|-------------|--------------|--------------|
| CURRENT | | |
| Prepayments | 5,919 | 7,867 |
| | <u>5,919</u> | <u>7,867</u> |

9 Property, plant and equipment

LAND AND BUILDINGS

| | | |
|---------------------------------|---------------|---------------|
| Building additions | | |
| At cost | 45,853 | 45,853 |
| Accumulated depreciation | (11,529) | (7,690) |
| Total building additions | <u>34,324</u> | <u>38,163</u> |

PLANT AND EQUIPMENT

| | | |
|--|---------------|---------------|
| Furniture and fittings | | |
| At cost | 42,808 | 35,853 |
| Accumulated depreciation | (21,191) | (10,689) |
| Total furniture and fittings | <u>21,617</u> | <u>25,164</u> |
| Total property, plant and equipment | <u>55,941</u> | <u>63,327</u> |

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Notes to the Financial Statements

For the Year Ended 30 June 2010

9 Property, plant and equipment continued

(a) Movements in Carrying Amounts

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

| | Buildings Additions | Furniture, Fixtures and Fittings | Total |
|------------------------------------|--------------------------------|---|---------------|
| | \$ | \$ | \$ |
| Balance at the beginning of year | 38,164 | 25,164 | 63,328 |
| Additions | - | 6,955 | 6,955 |
| Disposals | - | - | - |
| Depreciation expense | (3,838) | (10,502) | (14,340) |
| Carrying amount at the end of year | <u>34,324</u> | <u>21,617</u> | <u>55,941</u> |

10 Intangible assets

| | 2010 | 2009 |
|---|--------------|-------------|
| | \$ | \$ |
| Website development costs | | |
| Cost | 5,380 | - |
| Accumulated amortisation and impairment | (1,025) | - |
| Net carrying value | <u>4,355</u> | <u>-</u> |

(a) Reconciliation of movements

| | | |
|--|--------------|----------|
| Opening balance at the beginning of the year | - | - |
| Additions | 5,380 | - |
| Amortisation | (1,025) | - |
| Closing balance at the end of the year | <u>4,355</u> | <u>-</u> |

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

11 Trade and other payables

| | 2010 | 2009 |
|----------------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Unsecured liabilities | | |
| Trade payables | 31,096 | 54,426 |
| GST payable / (receivable) | (4,643) | 9,373 |
| | <u>26,453</u> | <u>63,799</u> |

12 Provisions

| | | |
|--------------------------------|------------------------------|--------------|
| CURRENT | | |
| Employee benefits | <u>3,864</u> | - |
| | | |
| | Employee entitlements | Total |
| | \$ | \$ |
| Opening balance at 1 July 2009 | - | - |
| Additional provisions | 3,864 | 3,864 |
| Amounts used | - | - |
| Balance at 30 June 2010 | <u>3,864</u> | <u>3,864</u> |

13 Borrowings

| | 2010 | 2009 |
|--------------------------|---------------|---------------|
| | \$ | \$ |
| CURRENT | | |
| Unsecured liabilities | | |
| Credit card | <u>7,291</u> | <u>2,765</u> |
| | | |
| (a) Credit card facility | | |
| Credit card limit | <u>12,000</u> | <u>12,000</u> |

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

14 Key Management Personnel Compensation

There was no compensation paid to key management personnel except that noted in Note 18 Related Party Transactions. The only key management personnel of the entity were its directors.

15 Capital and Leasing Commitments

(a) Operating Lease Commitments

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

Payable - minimum lease payments

- not later than 12 months

98,394 59,832

- between 12 months and 5 years

62,022 123,254

160,416 183,086

16 Members' Guarantee

The Centre is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Centre 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 Centre. At 30 June 2010 the number of members was 4 (2009: 4).

Shanti Mission Harmony Centres Limited

ABN 76 116 997 392

Notes to the Financial Statements

For the Year Ended 30 June 2010

17 Financial instruments

The Centre's financial instruments consist mainly of deposits with banks, short term investments, accounts receivable and payables.

Financial risks

The main risks the Centre is exposed to through its financial instruments are interest rate risk, liquidity risk, and credit risk.

(a) Market risk

Interest rate risk

The Centre receives minimal interest income due to cash being held in transaction accounts which attract minimal or no interest.

Any change to interest rates would not have a notable effect on the Centre's financial position or financial performance.

(b) Liquidity risk

The Centre's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Centre's reputation.

(c) Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The Centre does not offer credit terms to customers however should it be requested, credit would only be granted to customers with an appropriate credit history. The Centre engages in normal debt collection procedures to assist in managing the credit risk of any outstanding debtors.

All bank accounts are with 'A' or higher rated financial institutions.

The Centre does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Centre.

(d) Net Fair Values

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

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

18 Related party transactions

(a) Kim Fraser & Hugh Keller

The premises occupied by the Centre at Cooranbong are owned by Kim Fraser & Hugh Keller. The rent paid was based on the market rent in 2005 when the Centre commenced trading at its Martinsville Road premises. The rent has not changed since its implementation. As part of the arrangement the Centre also covers all outgoings such as Council rates and electricity.

(b) Higher Guidance Pty Ltd

Kim Fraser is the sole director of Higher Guidance Pty Ltd. Fees for the provision of healing, teaching, meditation and other services provided by Kim Fraser were paid to Higher Guidance Pty Ltd. The Centre also pays Higher Guidance an administration and management fee in relation to duties performed by Higher Guidance staff. In the prior year, Higher Guidance contracted the Centre to advertise, promote, and collect the funds for a retreat run by Higher Guidance. In consideration for this work the Centre would retain half of the donations. The Centre runs courses and seminars from programs created by Kim Fraser for which a royalty of 5% of gross proceeds is payable. The Centre also purchased stock from Higher Guidance.

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

| | 2010 | 2009 |
|---|---------|---------|
| | \$ | \$ |
| Rent (a) | 23,850 | 23,850 |
| Service rendered (b) | 55,235 | 38,608 |
| Purchase of stock (b) | 51,094 | 41,456 |
| Administration & management fees (b) | 5,610 | 13,366 |
| Retreat donations paid to Higher Guidance (b) | - | 18,560 |
| Royalties (b) | 6,346 | - |
| Total | 142,135 | 135,840 |

(c) Antoinette Sampson

During the year Antoinette was paid \$8,330 (2009: \$766) for services rendered in the teaching of classes at the Centre. The value of these services were provided on normal terms and conditions.

(d) David Cole

During the year David was paid \$900 for services rendered in accounting and business support. The value of these services were provided on normal terms and conditions.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

19 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax

| | 2010 | 2009 |
|--|---------------|---------------|
| | \$ | \$ |
| Net surplus for the year | 115,068 | 70,756 |
| Cash flows excluded from profit attributable to operating activities | | |
| Non-cash flows in profit | | |
| Depreciation | 14,340 | 12,292 |
| Amortisation | 1,025 | - |
| Donated assets | - | (7,006) |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries | | |
| (Increase)/decrease in trade and other receivables | (41,262) | 7,343 |
| (Increase)/decrease in prepayments | 6,168 | (6,960) |
| (Increase)/decrease in inventories | (10,206) | (25,188) |
| Increase/(decrease) in trade payables and accruals | (34,235) | 44,142 |
| Increase/(decrease) in provisions | 3,864 | - |
| | <u>54,762</u> | <u>95,379</u> |

20 Company Details

The registered office and principal place of business is:

Shanti Mission Harmony Centres Limited

213 Martinsville Road

COORANBONG NSW 2265

21 Change in Accounting Policy

(a) New Accounting Standards for Application In Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Centre has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Centre follows:

AASB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards rising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Centre has not yet determined any potential impact on the financial statements.

Shanti Mission Harmony Centres Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2010

21 Change in Accounting Policy continued

(a) New Accounting Standards for Application in Future Periods continued

AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Centre. AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

The Centre does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Centre's financial statements.

(b) Adoption of New and Revised Accounting Standards

During the current year the Centre adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has impacted the recognition, measurement and disclosure of certain transactions. The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of Shanti Mission Harmony Centres Limited.

AASB 101: Presentation of Financial Statements In September 2007 the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Centre's financial statements.

Disclosure impact Terminology changes — The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Statement of comprehensive income — The revised AASB 101 requires all income and expenses to be presented in either one statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement. The Centre's financial statements now contain a statement of comprehensive income.