

National Folk Festival Limited

96 058 761 274

Financial Statements

For the Year Ended 30 June 2014

National Folk Festival Limited

96 058 761 274

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For the Year Ended 30 June 2014

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Directors' Report

For the Year Ended 30 June 2014

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2014.

1. General Information

Directors

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

Names	Position	Appointed/Resigned
Gabrielle Mackey	President	
Phillip Green	Vice President	Appointed as Vice President November 2013
Pam Merrigan	Festival Director	Appointed - July 2013
John Taylor	Director	Resigned as Vice President - November 2013
Jacqueline Bradley	Director	
Richard Kenyon	Finance & Audit Committee Chair	
Cassidy Richens	Director	
Graham McDonald	Director	
Ronald Brent	Director	Appointed - November 2013
Sharon Casey	Director	Appointed - November 2013
Peter Williams	Director	Appointed - November 2013
Graham Chalker	Secretary	Resigned - November 2013
Mark Cranfield	Director	Resigned - November 2013
Peter Logue	Director	Resigned - July 2013

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

Information on directors

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

Gabrielle Mackey	President
Qualifications	BA (University of Newcastle), LL.M (specialising in International Law) (ANU).
Experience	Lawyer with both private and public sector experience and specialist knowledge in copyright law. Dancer of various folk styles. Festival Dance Program Coordinator 1998-2001. First joined the Board in December 2001 and served until November 2008, rejoining again in September 2010.
Phillip Green	Vice President
Qualifications	BA (CCAIE), B Lit (ANU)
Experience	Electoral Commissioner, ACT Electoral Commission since 1994. Folk Musician. Board member from 2009.

Directors' Report For the Year Ended 30 June 2014

1. General information continued

Information on directors continued

Pam Merrigan	Festival Director
Qualifications	MMus - University NSW (1998) Instrumental Pedagogy & Australian Music; Dip. Teach. (Music) Newcastle CAE / Conservatorium of Music (1974).
Experience	Pam has extensive experience in music, arts and education, arts production and management and the development of high quality community based music projects. She has worked with a broad range of individuals, groups and organisations, as facilitator, administrator, educator and musician.
John Taylor	Director
Qualifications	BA (Hons) LLB - ANU
Experience	Bluegrass and folk musician. First joined the Board in 1998 and served until December 2009, rejoining again in 2010. Former Board President and Vice President. Previously coordinator Festival Security 1997 and 1998, VIP Reception 2009 and American Music Program Advisor 1996 – 2000.
Jacqueline Bradley	Director
Qualifications	BA (Hons) Visual Arts - ANU
Experience	Jacqueline Bradley is a folk musician, professional artist and university lecturer. She teaches at the ANU school of art, as well as through CMAG and VAA. She has been involved in organising and promoting arts exhibitions, events and lectures, and chairs the gallery committee at ANCA Gallery. In her other life, Jacqueline plays and teaches trad folk music. Jacqueline joined the board of the NFF in 2011.
Richard Kenyon	Director, Finance & Audit Committee Chair
Qualifications	Chartered Accountant
Experience	Rick is a Chartered Accountant with experience in Professional Accounting, Banking and Property. He currently owns and manages a family based property business. He is an amateur folk musician who played with the Sydney based bush band, Skewiff, in the 1980s. Rick is Chairman of the National Folk Festival Finance Committee.
Cassidy Richens	Director
Qualifications	BA Communication (Journalism)– UC
Experience	Cassidy is a folk singer, Communications and Public Relations Manager and long standing volunteer of the National Folk Festival (NFF). Cassidy first joined the Board in 1999 (then Cassidy Buxton) and served until October 2001, rejoining again in November 2012.
Graham McDonald	Director
Experience	Sound Archivist at the National Film & Sound Archive Graham is a former Board member 1992-1997, NFF Program Manager 2001-2005 and briefly Festival Director in 2004. He rejoined the Board in 2012.

Directors' Report

For the Year Ended 30 June 2014

1. General information continued

Information on directors continued

Ronald Brent	Director
Experience	Ronald Brent has extensive senior government administration experience. For 10 years Ron was the Director of the National Film and Sound Archive and then Deputy Commonwealth Ombudsman for seven years with a stint as acting Commonwealth Ombudsman in 2010. He currently works as the Aviation Noise Ombudsman and is the Chair of the Australian Research Integrity Committee. A loyal National Folk Festival supporter and attendee since 1992, Ron joined the NFF Board in November 2013.
Sharon Casey	Director
Experience	Sharon has extensive experience in arts management and administration, including as NFF Manager of Volunteers & Administration (1998 – 2005), General Manager of Canberra Youth Theatre, Executive Officer of the Friends of the National Museum of Australia (2009-11) and Manager of Ag Institute Australia. Sharon currently is Arts Centre Administrator at Tuggeranong Arts Inc, runs an arts management consultancy, ArtSorcery, and serves on the Board of PhotoAccess. Sharon joined the NFF Board in November 2013.
Peter Williams	Director
Experience	Peter (PJ) Williams has over 30 years experience in the areas of Live Music / Theatre / Events and Media. PJ is a long time National Folk Festival attendee and supporter and for 6 years (2003-9) was Producer and Production Coordinator for the ABC's live broadcasts from the National Folk Festival. PJ joined the NFF Board in November 2013.
Graham Chalker	Former Secretary
Qualifications	B.Ec (ANU), Dip AICD
Experience	Formerly the General Manager of Sing Australia, CEO of Australian Mobile Telecommunications Association and Federal Affairs Adviser of Australian Business Ltd (ABL).
Mark Cranfield	Former Director
Qualifications	O.A.M. For service to Australian folklore and to the recording of oral histories, BA (Hons.) (ANU), Grad. Dip. Archives Admin. (UNSW), Emeritus Faculty Member (ANU) (2007).
Experience	Formerly employed as Curator of Oral History and Folklore at the National Library of Australia between 1981 and 2006. Mark is also a freelance historian, folklore consultant and archivist.
Peter Logue	Former Director
Qualifications	Media and journalism
Experience	Manager, Media and Communications with the Consumers Health Forum, A former journalist of 35 years, Peter is a past President of the National Press Club and former Vice President of the Australian Journalists Association (Canberra Branch), as well as being a folk musician for over 40 years.

Directors' Report

For the Year Ended 30 June 2014

1. General information continued

Information on directors continued

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

Principal activities

The principal activity of National Folk Festival Limited during the financial year was the organisation of the National Folk Festival in Canberra.

No significant changes in the nature of the Company's activity occurred during the financial year.

Objectives

The objective of the entity is to continue hosting the National Folk Festival in Canberra in a financially sustainable manner.

Strategy for achieving the objectives

The Strategy for achieving the entity's objective is to grow revenue through higher ticket sales via more strategic marketing programs and development of the event program. The entity will continue to seek cost savings where possible and will seek to maximise value for money from its major suppliers and contractors. The company will look to apply its resources, financial and otherwise, in the most efficient manner that maximises its financial outcome.

Members guarantee

National Folk Festival 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 members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 10 for members, subject to the provisions of the company's constitution.

At 30 June 2014 the collective liability of members was \$ 320 (2013: \$ 290).

2. Operating results and review of operations for the year

Operating results

The profit of the Company after providing for income tax amounted to \$ 236,487 (2013: \$ 276,178).

Review of operations

Through careful management of the 2014 National Folk Festival and the Company's annual budget, the Company has again returned a strong surplus of \$236,487 (2013: \$276,178). This, in addition to the revaluation increment, has increased equity by \$341,643 to \$756,946 (2013: \$415,302).

3. Other items

Events after the reporting date

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

Directors' Report

For the Year Ended 30 June 2014

3. Other items continued

Future developments and results

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Environmental issues

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

Options

No options over issued shares or interests in the entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Meetings of directors

During the financial year, 11 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gabrielle Mackey	11	10
John Taylor	11	9
Graham Chalker	5	4
Mark Cranfield	5	4
Phillip Green	11	9
Richard Kenyon	11	10
Jacqueline Bradley	11	10
Cassidy Richens	11	5
Graham McDonald	11	10
Pam Merrigan	11	11
Ronald Brent	7	6
Sharon Casey	7	7
Peter Williams	7	5
Peter Logue	-	-

Directors' Report For the Year Ended 30 June 2014

Indemnification and insurance of officers and auditors

The Company has paid insurance premiums on behalf of its directors and officers. The insurance policy states:

"We will pay on behalf of the Insured Persons that Loss for which the Insured Persons may not be legally indemnified by the Association arising out of any Claim by reason of any Wrongful Act committed by them in their capacity as an Insured Person of the Association which Claims:

- (a) are first made against them jointly or severally during the Period of Insurance; and*
- (b) of which we are first notified in writing during the Indemnity Period."*

The premiums were paid in respect of the directors of the Company listed in this report and cover the activities of the National Folk Festival Limited.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not a party to any such proceedings during the year.

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 7 of the financial report.

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

Director:
Gabrielle Mackey

Director:
Richard Kenyon

Dated 9 SEPTEMBER 2014

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of National Folk Festival Limited

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.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson
Partner

9 September 2014

Canberra, Australian Capital Territory

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2014

		2014	2013
	Note	\$	\$
Revenue	2	2,088,493	2,100,666
Other revenue	2	86,731	209,381
Depreciation and amortisation	3	(24,569)	(41,756)
Employee benefits expense		(487,381)	(524,211)
Finance costs		(9,210)	(15,306)
Operational costs		(877,592)	(913,244)
Performance costs		(331,258)	(351,153)
Marketing and promotion		(64,280)	(42,278)
Occupancy costs		(23,045)	(21,126)
Other expenses		(121,402)	(124,795)
Profit before income tax		236,487	276,178
Income tax expense		-	-
Profit for the year		236,487	276,178
Other comprehensive income, net of income tax			
Revaluation increment (decrement)		105,156	-
Total comprehensive income for the year		341,643	276,178

The accompanying notes form part of these financial statements.

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Statement of Financial Position**As At 30 June 2014**

	Note	2014 \$	2013 \$
ASSETS			
CURRENT ASSETS			
Cash & cash equivalent	4	279,207	91,327
Trade and other receivables	5	68,245	17,614
Inventories	6	2,187	2,800
Other assets	7	16,262	2,375
TOTAL CURRENT ASSETS		365,901	114,116
NON-CURRENT ASSETS			
Property, plant and equipment	8	510,180	442,512
TOTAL NON-CURRENT ASSETS		510,180	442,512
TOTAL ASSETS		876,081	556,628
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	63,130	106,149
Employee benefits	11	35,392	23,177
TOTAL CURRENT LIABILITIES		98,522	129,326
NON-CURRENT LIABILITIES			
Trade and other payables	9	10,164	7,000
Borrowings	10	-	5,000
Employee benefits	11	10,449	-
TOTAL NON-CURRENT LIABILITIES		20,613	12,000
TOTAL LIABILITIES		119,135	141,326
NET ASSETS		756,946	415,302
EQUITY			
Reserves		105,157	-
Retained earnings		651,789	415,302
TOTAL EQUITY		756,946	415,302

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2014

2014

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2013	415,302	-	415,302
Profit attributable to members of the entity	236,487	-	236,487
Revaluation increment (decrement)	-	105,157	105,157
Balance at 30 June 2014	651,789	105,157	756,946

2013

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2012	139,124	-	139,124
Profit attributable to members of the entity	276,178	-	276,178
Balance at 30 June 2013	415,302	-	415,302

The accompanying notes form part of these financial statements.

National Folk Festival Limited

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**Statement of Cash Flows
For the Year Ended 30 June 2014**

	2014	2013
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,069,557	2,112,210
Payments to suppliers and employees	(1,953,239)	(2,030,794)
Interest received	4,175	4,546
Interest paid	(9,210)	(15,306)
Receipt from grants	69,640	194,001
Net cash provided by (used in) operating activities	17 <u>180,923</u>	<u>264,657</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	12,000	-
Purchase of property, plant and equipment	-	(890)
Net cash used by investing activities	<u>12,000</u>	<u>(890)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(5,043)	(310,000)
Net cash used by financing activities	<u>(5,043)</u>	<u>(310,000)</u>
Net increase (decrease) in cash and cash equivalents held	187,880	(46,233)
Cash and cash equivalents at beginning of year	91,327	137,560
Cash and cash equivalents at end of financial year	4 <u><u>279,207</u></u>	<u><u>91,327</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2014

The financial statements are for National Folk Festival Limited as an individual entity, incorporated and domiciled in Australia. National Folk Festival Limited is a not-for-profit Company limited by guarantee.

The functional and presentation currency of National Folk Festival Limited is Australian dollars.

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.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

(d) Leases

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

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(e) Revenue and other income

Unexpended Grants

The entity receives grant monies to fund projects either for contractual periods of time or specific projects irrespective of the period of time required to complete those projects. It is the policy of the entity to treat grants monies as unexpended grants in the statement of financial positions where the entity is contractually obliged to provide the services in a subsequent financial period to when the grant is received or in the case of specific project grants where the project has not been completed.

(f) 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.

(g) Property, Plant and Equipment

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

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuation by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and building are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same classes of assets are charged against fair value reserves directly in equity, all other decreases are charged to the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset is charged to the statement of profit or loss and other comprehensive income.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(g) Property, Plant and Equipment continued

Plant and equipment continued

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

Depreciation

The depreciable amount of all property, plant and equipment, except for leasehold land is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

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

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	10% - 40%
Motor Vehicles	23%

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(h) Financial instruments continued

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 Company does not designate any interest as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

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

(ii) Loans and receivables

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

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

(iii) Held-to-maturity investments

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(h) Financial instruments continued

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 Company 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 Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Impairment of financial assets

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

Financial assets at amortised cost

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

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

Available-for-sale financial assets

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(l) Impairment of assets

At the end of each reporting period the Company 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.

(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. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. 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) Provisions

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

Notes to the Financial Statements

For the Year Ended 30 June 2014

1 Summary of Significant Accounting Policies continued

(m) Critical accounting estimates and judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment

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

(n) Economic dependence

National Folk Festival Limited is dependent on the annual National Folk Festival for the majority of its revenue used to operate the business. At the date of this report the directors have no reason to believe the annual National Folk Festival will not continue to support National Folk Festival Limited.

(o) 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 Company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Company:

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 1055 - Budgetary Reporting AASB 2013-1 Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements	30 June 2015	This standard specifies the nature of budgetary disclosures and circumstances for inclusion in the financial statements.	No impact as the entity is not a public sector entity.
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..

Notes to the Financial Statements

For the Year Ended 30 June 2014

2 Revenue and Other Income

	2014	2013
	\$	\$
Revenue from National Folk Festival		
- Festival revenue	<u>2,088,493</u>	<u>2,100,666</u>
	<u>2,088,493</u>	<u>2,100,666</u>
Other revenue		
- Donations	6,180	3,290
- Interest Income	4,910	4,546
- Subsidies and grants	69,640	194,000
- Gain on Disposal of Asset	5,739	-
- Sundry income	262	7,545
	<u>86,731</u>	<u>209,381</u>
Total Revenue	<u>2,175,224</u>	<u>2,310,047</u>

3 Expenses

	2014	2013
	\$	\$
Depreciation and Amortisation		
Depreciation - Buildings	7,014	8,851
Depreciation - Motor Vehicles	893	2,148
Depreciation - Plant & Equipment	16,662	30,757
Total Depreciation and Amortisation	<u>24,569</u>	<u>41,756</u>
Auditor Remuneration		
Audit services	8,900	12,500
Total rental expense	<u>8,900</u>	<u>12,500</u>

4 Cash and cash equivalents

	2014	2013
	\$	\$
Cash on hand	272	351
Cash at bank	<u>278,935</u>	<u>90,976</u>
	<u>279,207</u>	<u>91,327</u>

Notes to the Financial Statements

For the Year Ended 30 June 2014

4 Cash and cash equivalents continued

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2014	2013
	\$	\$
Cash & cash equivalent	279,206	91,327
Balance as per statement of cash flows	279,206	91,327

5 Trade and other receivables

	2014	2013
	\$	\$
CURRENT		
Trade receivables	5,213	11,530
Provision for impairment	(3,399)	-
	1,814	11,530
GST receivable	66,431	6,084
Total current trade and other receivables	68,245	17,614

(a) Impairment of receivables

Reconciliation of changes in the provision for impairment of receivables is as follows:

	2014	2013
	\$	\$
Balance at beginning of the year	-	5,660
Additional impairment loss recognised	3,399	-
Provision used	-	(5,660)
Balance at end of the year	3,399	-

The following table details the Company's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Company and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

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

5 Trade and other receivables continued

	Gross amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			< 30	31-60	61-90	> 90	
			\$	\$	\$	\$	
2014							
Trade and term receivables	5,213	-	-	1,640	174	3,399	-
Total	5,213	-	-	1,640	174	3,399	-
2013							
Trade and term receivables	11,530	-	-	5,500	-	6,030	-
Total	11,530	-	-	5,500	-	6,030	-

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

6 Inventories

	2014	2013
	\$	\$
CURRENT		
At cost:		
Inventories	2,187	2,800
	<u>2,187</u>	<u>2,800</u>

7 Other assets

	2014	2013
	\$	\$
Prepayments	16,262	557
Deposits	-	1,818
	<u>16,262</u>	<u>2,375</u>

8 Property, plant and equipment

Office Building		
At cost	460,000	412,033
Accumulated depreciation	(4,357)	(53,730)
	<u>455,643</u>	<u>358,303</u>
Furniture, Fixtures and Fittings		
At cost	274,407	272,034
Accumulated depreciation	(219,870)	(194,978)
	<u>54,537</u>	<u>77,056</u>

Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property, plant and equipment continued

Motor vehicles	-	30,383
At cost	-	(23,230)
Accumulated depreciation	-	7,153
	510,180	442,512
Total property, plant and equipment		

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

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

	Office Buildings \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Year ended 30 June 2014				
Balance at the beginning of year	358,303	77,056	7,153	442,512
Disposals - written down value	-	-	(6,260)	(6,260)
Retirements	-	(6,659)	-	(6,659)
Transfers	(802)	802	-	-
Depreciation expense	(7,014)	(16,662)	(893)	(24,569)
Revaluation increase recognised in equity	105,156	-	-	105,156
Balance at the end of the year	455,643	54,537	-	510,180

	Buildings \$	Furniture, Fixtures and Fittings \$	Motor Vehicles \$	Total \$
Year ended 30 June 2013				
Balance at the beginning of year	367,154	106,923	9,301	483,378
Additions	-	890	-	890
Depreciation expense	(8,851)	(30,757)	(2,148)	(41,756)
Balance at the end of the year	358,303	77,056	7,153	442,512

Notes to the Financial Statements

For the Year Ended 30 June 2014

8 Property, plant and equipment continued

(b) Asset revaluations

Valuation of office building at Unit 11, 160 Lysaght Street Mitchell ACT 2911 \$460,000 is based on the estimated realisable (fair) value of the land and building in an open market. The valuation was carried out as at 1st November 2013 by CBRE.

Qualifications of the valuer is as follows:

CBRE Valuation Pty Limited (CBRE) - James Lovell (Certified Practising Valuer, AAPI).

9 Trade and other payables

	2014	2013
	\$	\$
CURRENT		
Trade payables	10,048	82,559
Sundry creditors and accruals	53,082	23,590
	<u>63,130</u>	<u>106,149</u>

	2014	2013
	\$	\$
NON-CURRENT		
Other payables	10,164	7,000
	<u>10,164</u>	<u>7,000</u>

Financial liabilities at amortised cost classified as trade and other payables

	2014	2013
	\$	\$
Trade and other payables:		
- total current	63,130	106,149
- total non-current	10,164	7,000
Financial liabilities as trade and other payables	<u>73,294</u>	<u>113,149</u>

12

10 Borrowings

	2014	2013
	\$	\$
NON-CURRENT		
Bank Loan	-	5,000
Total non-current borrowings	<u>-</u>	<u>5,000</u>

Notes to the Financial Statements

For the Year Ended 30 June 2014

11 Employee benefits

	2014	2013
	\$	\$
CURRENT		
Annual Leave	35,392	23,177
	<u>35,392</u>	<u>23,177</u>
	2014	2013
	\$	\$
NON-CURRENT		
Long service leave	10,449	-
	<u>10,449</u>	<u>-</u>

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

Provision for Short-term Employee Benefits

A provision has been recognised for employee entitlements relating to annual leave. The provision has been made on an undiscounted basis as the employee benefit is wholly due within 12 months after the end of the reporting period. The measurement and recognition criteria relating to employee benefit have been included in Note 1 to this report.

12 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2014	2013
		\$	\$
Financial Assets			
Cash & cash equivalent	4	279,206	91,327
Trade and other receivables	5	68,245	19,433
Total financial assets		<u>347,451</u>	<u>110,760</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	9	73,294	113,149
- Borrowings		-	5,000
Total financial liabilities		<u>73,294</u>	<u>118,149</u>

Notes to the Financial Statements

For the Year Ended 30 June 2014

12 Financial Risk Management continued

Financial risk management policies

Consisting of directors, the finance committee's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific financial risk exposures and management

The main risks the National Folk Festival Limited is exposed to through its financial instruments are interest rate risk and liquidity risk.

(a) Interest risk

Exposure to interest risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(b) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to National Folk Festival Limited and arises principally from National Folk Festival Limited's receivables.

Credit risk is managed through the maintenance of procedures (such procedures includes the utilisation of systems for the approval, granting and removal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counter parties), ensuring to the extent possible, that customers and counter parties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally zero to 30 days from the invoice date. Customers who do not meet the company's strict credit policies may only purchase in cash or only use recognised credit cards.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the finance committee has otherwise cleared as being financially sound.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at balance date is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amount are as detailed in Note 5.

The company does not have any material credit risk exposure to any singled receivable or group of receivables under financial instruments entered into by the company. The trade receivables balance at 30 June 2014 and 30 June 2013 do not include any counter parties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

Credit risk relating to balances with bank and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counter parties with a Standard & Poor's (S&P) rating of AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P counter party credit ratings.

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

12 Financial Risk Management continued

	2014	2013
	\$	\$
Cash and cash equivalent - AA rated	279,206	91,327

(c) Liquidity risk

Liquidity risk arises from the possibility that National Folk Festival Limited might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The available funds to the Company are discussed in note 17.

The table/s below reflect maturity analysis for financial assets.

	Within 1 Year		Total	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial assets - cash flows realisable				
Cash and cash equivalents	279,206	91,327	279,206	91,327
Trade, term and loans receivables	68,245	17,614	68,245	17,614
Forward exchange contracts - gross settled				
Total anticipated outflows	347,451	108,941	347,451	108,941

Notes to the Financial Statements

For the Year Ended 30 June 2014

12 Financial Risk Management continued

Financial liability maturity analysis

	Within 1 Year		Total	
	2014	2013	2014	2013
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	73,294	113,149	73,294	113,149
Borrowings (excluding finance lease)	-	5,000	-	5,000
Total contractual outflows	73,294	118,149	73,294	118,149

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Net fair values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

	2014		2013	
	Net Carrying Value	Net Fair value	Net Carrying Value	Net Fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	279,206	279,206	91,327	91,327
Trade and other receivables	68,245	68,245	17,614	17,614
Total financial assets	347,451	347,451	108,941	108,941
Financial liabilities				
Trade and other payables	73,294	73,294	113,149	113,149
Bank overdraft	-	-	5,000	5,000
Total financial liabilities	73,294	73,294	118,149	118,149

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

13 Contingencies

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

14 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the year directors and their immediate family members were provided tickets to attend the National Folk Festival which totalled \$8,492 (2013 : \$7,075).

15 Events Occurring After the Reporting Date

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

16 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of National Folk Festival Limited during the year are as follows:

	2014	2013
	\$	\$
Short-term employee benefits	180,183	225,587
Post-employment benefits	16,667	20,303
	196,850	245,890

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

17 Cash Flow Information

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

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

	2014	2013
	\$	\$
Profit for the year	236,487	276,178
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	31,228	41,756
- net gain on disposal of property, plant and equipment	(5,739)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(50,631)	710
- (increase)/decrease in other assets	(13,844)	42,962
- (increase)/decrease in inventories	613	988
- increase/(decrease) in trade payables	(39,855)	57,888
- increase/(decrease) in other payables & provisions	22,664	(155,825)
Cashflow from operations	180,923	264,657

18 Capital Management

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These includes credit risk policies and future cash flow requirements.

The Company's capital consists of financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the Company capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes in the strategy adopted by management to control the capital since the previous year.

National Folk Festival Limited

96 058 761 274

Notes to the Financial Statements

For the Year Ended 30 June 2014

18 Capital Management continued

The gearing ratio for the year ended 30 June 2014 and 30 June 2013 are as follows:

		2014	2013
		\$	\$
Cash & cash equivalent	4	279,206	91,327
Less Debt	4	-	(5,000)
Net asset		279,206	86,327
Equity		756,946	415,302
Total capital		1,036,152	501,629
Gearing ratio		27.00 %	17.00 %

19 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 \$ 10 each towards meeting any outstandings and obligations of the Company. At 30 June 2014 the number of members was 32 (2013: 29).

20 Company Details

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

National Folk Festival Limited
Unit 11, 160 Lysaght Street
Mitchell ACT 2911

Directors' Declaration

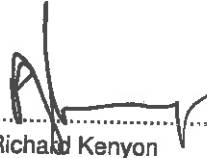
The directors of the entity declare that:

1. The financial statements and notes, as set out on pages 9 to 30, 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 

Gabrielle Mackey

Director 

Richard Kenyon

Dated 9 SEPTEMBER 2014

Independent Audit Report to the members of National Folk Festival Limited

Report on the Financial Report

We have audited the accompanying financial report of National Folk Festival 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Independent Audit Report to the members of National Folk Festival Limited

Report on the Financial Report

We have audited the accompanying financial report of National Folk Festival 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.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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

Independent Audit Report to the members of National Folk Festival Limited

Basis for Qualified Opinion

It was not practicable to establish control over cash receipt from all sources prior to their receipt by the responsible persons during the festivals. Accordingly, it was not practical for our examination relating to such receipts to extend beyond the amounts recorded as received. As the evidence available to us regarding income from these sources was limited, our audit procedures with respect to income had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion as to whether the income from cash receipt by the National Folk Festival Limited is complete.

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 National Folk Festival Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson
Partner

Canberra

9 SEPTEMBER 2014