

National Folk Festival Limited

96 058 761 274

Financial Statements

For the Year Ended 30 June 2015

National Folk Festival Limited

96 058 761 274

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For the Year Ended 30 June 2015

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National Folk Festival Limited

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Directors' Report

For the Year Ended 30 June 2015

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2015.

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	
Pam Merrigan	Festival Director	
John Taylor	Director	Resigned - April 2015
Jacqueline Bradley	Director	
Richard Kenyon	Finance & Audit Committee Chair	
Cassidy Richens	Director	
Graham McDonald	Director	
Ronald Brent	Director	
Sharon Casey	Director	Resigned - May 2015
Peter Williams	Director	

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), LLM (specialising in International Law) (ANU).
Experience	Gabrielle has legal qualifications, both private and public sector legal 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 (CCA), B Lit (ANU)
Experience	Electoral Commissioner, ACT Electoral Commission since 1994. Folk Musician. Board member from 2009.
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.

Directors' Report

For the Year Ended 30 June 2015

Information on directors continued

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.
Ronald Brent	Director
Qualifications	BEc, LLB
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.

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Directors' Report

For the Year Ended 30 June 2015

Information on directors continued

Sharon Casey
Experience

Director

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
Experience

Director

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.

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 member 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 2015 the collective liability of members was \$ 320 (2014: \$ 320).

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Directors' Report For the Year Ended 30 June 2015

2. Operating results and review of operations for the year

Operating results

The profit of the Company amounted to \$ 166,257 (2014: \$ 236,487).

Review of operations

Through careful management of the 2015 National Folk Festival and the Company's annual budget, the Company has again returned a strong surplus of \$166,257 (2014: \$236,487). This has increased equity by \$166,257 to \$923,203 (2014: \$756,946).

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

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.

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.

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Directors' Report

For the Year Ended 30 June 2015

Meetings of directors

During the financial year, 10 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gabrielle Mackey	10	10
John Taylor	7	5
Phillip Green	10	9
Richard Kenyon	10	7
Jacqueline Bradley	10	9
Cassidy Richens	10	5
Graham McDonald	10	9
Pam Merrigan	10	10
Ronald Brent	10	9
Sharon Casey	10	2
Peter Williams	10	6

Indemnification and insurance of officers and auditors

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

"The Insurer will pay to or on behalf of the Insured any Loss for civil liability arising from the performance of the Insured Services by or on behalf of the Insured, and which arises from a Claim first made or commenced against the Insured and notified to the Insurer during the Policy Period, or any applicable Discovery 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.

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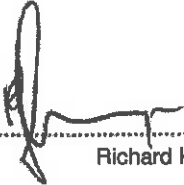
**Directors' Report
For the Year Ended 30 June 2015**

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 2015 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 8 September 2015



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Liability limited by a scheme
approved under Professional
Standards Legislation

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 2015, 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.

Hardwicks

Hardwicks
Chartered Accountants

Robert Johnson
Partner

8 September 2015

Canberra



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2015**

		2015	2014
	Note	\$	\$
Revenue	4	2,169,365	2,088,493
Other Income	4	57,605	86,731
Depreciation and amortisation	5	(24,399)	(24,569)
Employee benefits expense		(542,527)	(487,381)
Finance costs		(3,202)	(9,210)
Operational costs		(900,531)	(877,592)
Performance costs		(364,969)	(331,258)
Marketing expenses		(75,320)	(64,280)
Occupancy costs		(21,041)	(23,045)
Other expenses		(128,724)	(121,402)
Profit before income tax		166,257	236,487
Income tax expense		-	-
Profit for the year		166,257	236,487
Other comprehensive income		-	-
Total comprehensive income for the year		166,257	236,487

The accompanying notes form part of these financial statements.

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Statement of Financial Position**As At 30 June 2015**

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	424,098	279,207
Trade and other receivables	7	65,798	68,245
Inventories	8	1,733	2,187
Other assets	9	15,074	16,219
TOTAL CURRENT ASSETS		506,703	365,858
NON-CURRENT ASSETS			
Property, plant and equipment	10	530,441	510,180
TOTAL NON-CURRENT ASSETS		530,441	510,180
TOTAL ASSETS		1,037,144	876,038
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	35,737	63,087
Borrowings	12	5,584	-
Employee benefits	13	47,619	35,392
TOTAL CURRENT LIABILITIES		88,940	98,479
NON-CURRENT LIABILITIES			
Trade and other payables	11	8,366	10,164
Employee benefits	13	16,635	10,449
TOTAL NON-CURRENT LIABILITIES		25,001	20,613
TOTAL LIABILITIES		113,941	119,092
NET ASSETS		923,203	756,946
EQUITY			
Reserves		105,157	105,157
Retained earnings		818,046	651,789
TOTAL EQUITY		923,203	756,946

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 30 June 2015

2015

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at 1 July 2014	651,789	105,157	756,946
Profit or loss attributable to members	166,257	-	166,257
Balance at 30 June 2015	818,046	105,157	923,203

2014

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

The accompanying notes form part of these financial statements.

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Statement of Cash Flows
For the Year Ended 30 June 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,319,377	2,139,197
Payments to suppliers and employees	(2,153,087)	(1,953,239)
Interest received	9,069	4,175
Interest paid	(3,202)	(9,210)
Net cash provided by operating activities	20 <u>172,157</u>	<u>180,923</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	18,776	12,000
Purchase of property, plant and equipment	(51,669)	-
Net cash used by investing activities	<u>(32,893)</u>	<u>12,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	5,627	-
Repayment of borrowings	-	(5,043)
Net cash used by financing activities	<u>5,627</u>	<u>(5,043)</u>
Net increase/(decrease) in cash and cash equivalents held	144,891	187,880
Cash and cash equivalents at beginning of year	279,207	91,327
Cash and cash equivalents at end of financial year	6 <u>424,098</u>	<u>279,207</u>

The accompanying notes form part of these financial statements.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

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

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

The financial report was authorised for issue by the Directors on 8 September 2015.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

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

2 Summary of Significant Accounting Policies

(a) Income Tax

The Company is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

(b) Revenue and other income

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

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

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

Other Income

Other income is recognised on an accruals basis when the Company is entitled to it.

(c) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(c) Goods and Services Tax (GST) continued

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.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the weighted average costs basis and is net of any rebates and discounts received.

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

(e) Property, Plant and Equipment

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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(e) Property, Plant and Equipment continued

Depreciation

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

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

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%

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.

(f) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Company has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Notes to the Financial Statements For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in prior period consolidated statement of profit or loss and other comprehensive income statements resulting from the impairment of debt securities are reversed through the statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

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

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

Available-for-sale financial assets

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

(g) Impairment of non-financial 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 asset is estimated.

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

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

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.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(i) 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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than 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.

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.

(j) 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 at a surplus.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies continued

(k) 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 not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2014 - Amendments to Australian Accounting Standards- Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: a.establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; b.clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and c.clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	No impact
AASB 2015 -6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	1 January 2016	This standard extends the scope of AASB 124 Related Party Disclosures to include application by not-for-profit public sector entities.	No impact
AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	AASB 2015-3 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.	There is not expected to be any changes to the reported financial position, performance or cash flows of the entity.

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Notes to the Financial Statements

For the Year Ended 30 June 2015

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period 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.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2015	2014
	\$	\$
Revenue		
- Revenue from National Folk Festival	2,169,365	2,088,493
	<u>2,169,365</u>	<u>2,088,493</u>
Other Income		
- Donations	7,435	6,180
- Interest Income	9,069	4,910
- Subsidies and Grants	28,905	69,640
- Sundry Income	12,196	262
- Gain on Disposal of Asset	-	5,739
	<u>57,605</u>	<u>86,731</u>
Total Revenue	<u>2,226,970</u>	<u>2,175,224</u>

5 Expenses

	2015	2014
	\$	\$
Other expenses:		
Depreciation and amortisation		
Depreciation - Buildings	6,613	7,014
Depreciation - Motor Vehicles	-	893
Depreciation - Plant & Equipment	17,786	16,662
Total Depreciation and Amortisation	<u>24,399</u>	<u>24,569</u>

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

5 Expenses continued

	2015	2014
	\$	\$
Auditor Remuneration		
Audit Services	9,150	8,900
Total Audit Expense	<u>9,150</u>	<u>8,900</u>

6 Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	354	272
Cash at bank	423,744	278,935
	<u>424,098</u>	<u>279,207</u>

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:

	2015	2014
	\$	\$
Cash and cash equivalents	6 424,098	279,207
Balance as per statement of cash flows	<u>424,098</u>	<u>279,207</u>

7 Trade and other receivables

	2015	2014
	\$	\$
CURRENT		
Trade receivables	5,422	5,213
Provision for impairment	7(a) (4,914)	(3,399)
	<u>508</u>	<u>1,814</u>
GST receivable	65,290	66,431
Total current trade and other receivables	<u>65,798</u>	<u>68,245</u>

(a) Impairment of receivables

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

	2015	2014
	\$	\$
Balance at beginning of the year	3,399	-
Additional Impairment loss recognised	1,515	3,399
Provision used	-	-
Reversal of impairment	-	-
Balance at end of the year	<u>4,914</u>	<u>3,399</u>

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

7 Trade and other receivables continued

(b) Aged analysis

The ageing analysis of receivables is as follows:

	2015	2014
	\$	\$
31-60 days	-	1,640
61-90 days (past due not impaired)	-	174
91+ days (past due not impaired)	508	3,399
91+ days (considered impaired)	4,914	-
	<u>5,422</u>	<u>5,213</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

8 Inventories

	2015	2014
	\$	\$
CURRENT		
At cost:		
Inventories	1,733	2,187
	<u>1,733</u>	<u>2,187</u>

9 Other assets

	2015	2014
	\$	\$
CURRENT		
Prepayments	13,074	16,219
Deposits	2,000	-
	<u>15,074</u>	<u>16,219</u>

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

10 Property, plant and equipment

Office Building		
At fair value	464,675	460,000
Accumulated depreciation	(10,970)	(4,357)
	<u>453,705</u>	<u>455,643</u>
Plant and equipment		
At cost	314,392	274,407
Accumulated depreciation	(237,656)	(219,870)
	<u>76,736</u>	<u>54,537</u>
Total property, plant and equipment	<u>530,441</u>	<u>510,180</u>

(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:

	Buildings	Plant and Equipment	Motor Vehicles	Total
Parent	\$	\$	\$	\$
Year ended 30 June 2015				
Balance at the beginning of year	455,643	54,537	-	510,180
Additions	11,684	39,985	-	51,669
Disposals - written down value	(7,009)	-	-	(7,009)
Depreciation expense	(6,613)	(17,786)	-	(24,399)
Balance at the end of the year	<u>453,705</u>	<u>76,736</u>	<u>-</u>	<u>530,441</u>

	Buildings	Plant and Equipment	Motor Vehicles	Total
Parent	\$	\$	\$	\$
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	<u>455,643</u>	<u>54,537</u>	<u>-</u>	<u>510,180</u>

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

11 Trade and other payables

	2015	2014
	\$	\$
CURRENT		
Trade payables	5,811	10,005
Sundry creditors and accruals	29,926	53,082
	<u>35,737</u>	<u>63,087</u>
	2015	2014
	\$	\$
NON-CURRENT		
Other payables	8,366	10,164
	<u>8,366</u>	<u>10,164</u>

(a) Financial liabilities at amortised cost classified as trade and other payables

	2015	2014
	\$	\$
Trade and other payables:		
- total current	35,737	63,087
- total non-current	8,366	10,164
Financial liabilities as trade and other payables	<u>44,103</u>	<u>73,251</u>

14

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

12 Borrowings

	2015	2014
	\$	\$
CURRENT		
Bank Loan	5,584	-
	<u>5,584</u>	<u>-</u>

13 Employee Benefits

	2015	2014
	\$	\$
Current liabilities		
Provision for annual leave	47,619	35,392
	<u>47,619</u>	<u>35,392</u>

National Folk Festival Limited

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Notes to the Financial Statements**For the Year Ended 30 June 2015****13 Employee Benefits continued**

	2015	2014
	\$	\$
Non-current liabilities		
Long service leave provision	16,635	10,449
	<u>16,635</u>	<u>10,449</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.

14 Financial Risk Management

The main risks National Folk Festival Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

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

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:

		2015	2014
		\$	\$
Financial Assets			
Cash and cash equivalents	6	424,098	279,207
Trade and other receivables	7	65,798	68,245
Total financial assets		<u>489,896</u>	<u>347,452</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	11(a)	44,103	73,251
- Borrowings	12	5,584	-
Total financial liabilities		<u>49,687</u>	<u>73,251</u>

Notes to the Financial Statements

For the Year Ended 30 June 2015

14 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 National Folk Festival Limited is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

(a) Interest Rate 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

The Company does not have any material credit risk exposure to any single receivable or group of receivables.

(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;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Typically, National Folk Festival Limited ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

The available funds to the Company are discussed in note 16.

Notes to the Financial Statements

For the Year Ended 30 June 2015

14 Financial Risk Management continued

(c) Liquidity risk continued

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

	Within 1 Year		Total	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial assets - cash flows realisable				
Cash and cash equivalents	424,098	279,207	424,098	279,207
Trade, term and loans receivables	65,798	68,245	65,798	68,245
Total anticipated outflows	489,896	347,452	489,896	347,452

Financial liability maturity analysis - Non-derivative

	Within 1 year		Total	
	2015	2014	2015	2014
	\$	\$	\$	\$
Financial liabilities due for payment				
Trade and other payables (excluding estimated annual leave)	44,103	73,251	44,103	73,251
Borrowings (excluding finance lease)	5,584	-	5,584	-
Total contractual outflows	49,687	73,251	49,687	73,251

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

15 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 2015 the number of members was 32 (2014: 32).

16 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

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Notes to the Financial Statements

For the Year Ended 30 June 2015

16 Capital Management continued

The gearing ratio for the year ended 30 June 2015 and 30 June 2014 are as follows:

		2015	2014
		\$	\$
Total borrowings	12	5,584	-
Less Cash and cash equivalents	6	(424,098)	(279,207)
Net debt		(418,514)	(279,207)
Equity		923,203	756,946
Total capital		504,689	477,739
Gearing ratio		(83.00)%	(58.00)%

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2015 (30 June 2014:None).

18 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:

	2015	2014
	\$	\$
Short-term employee benefits	180,192	180,183
Post-employment benefits	17,118	16,667
	197,310	196,850

Other key management personnel transactions

For details of other transactions with key management personnel, refer to Note 19: Related Party Transactions.

19 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 (2014 : \$8,492).

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2015

20 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:

	2015	2014
	\$	\$
Profit for the year	166,257	236,487
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	24,399	31,228
- Impairment of property, plant and equipment	7,009	-
- Impairment of receivables	1,515	-
- net gain on disposal of property, plant and equipment	-	(5,739)
- Insurance recovery - plant and equipment	(18,776)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	932	(50,631)
- (increase)/decrease in other assets	1,145	(13,844)
- (increase)/decrease in inventories	454	613
- increase/(decrease) in trade and other payables	(29,191)	(39,855)
- increase/(decrease) in provisions	18,413	22,664
Cashflow from operations	<u>172,157</u>	<u>180,923</u>

21 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.

22 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

National Folk Festival Limited


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Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2015 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in accounting policy note 2 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director 
Gabrielle Mackey

Director 
Richard Kenyon

Dated 8 September 2015



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Hardwicks
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Hardwicks Partners Pty Ltd
ABN 21 008 401 538

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approved under Professional
Standards Legislation

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 2015, 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.



CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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 2015 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

8 September 2015



Summary of Income and Expenditure 2015

	<u>2015</u>	<u>2014</u>
<u>Income</u>		
Donations	7,385	6,180
Festival Revenue	2,170,608	2,088,493
Interest Income	9,069	4,910
Subsidies and Grants	28,905	69,640
Sundry Income	19,338	6,002
Total Income	2,235,304	2,175,224
<u>Less Expenses</u>		
Administration	88,702	74,758
Annual Leave Provision	12,227	12,214
Long Service Leave Provision	6,185	10,449
Finance Costs	3,202	9,210
Marketing and Promotion	75,320	64,280
Occupancy Costs	21,041	23,045
Operational Costs	900,884.18	877,592.30
Other Expenses	21,008.07	23,291.76
Performance Costs	364,969	331,258
Salaries and Wages	475,773	425,489
Superannuation	42,812	33,925
Staff & Board Training and Welfare	1,125	4,074
Travel	8,437	6,607
Vehicle Expenses	0	758
Volunteer Costs	41,833	36,481
Workers Compensation	5,529	5,304
Total Expenses	2,069,047	1,938,737
Operating Profit/Loss	\$166,257.30	\$236,486.60