

National Folk Festival Limited

ABN: 96 058 761 274

Financial Statements

For the Year Ended 30 June 2022

National Folk Festival Limited

ABN: 96 058 761 274

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National Folk Festival Limited

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Directors' Report For the Year Ended 30 June 2022

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2022.

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
Stephen Gallacher	President	
David Gilks	Vice President	
Peter Williams	Director	
Chris Grange	Director	
Helen Ludellen	Director	
Lynette O'Brien	Director	
Chris Harris-Pascal	Director	
Dr Iain G Johnston	Director	
Virginia Cook	Director	
Rafe Morris	Director	Appointed: 17 January 2022
Genevieve Jacobs	Director	Resigned: 15 December 2021

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

Information on directors

Peter Williams	Director Appointed to the Board: November 2013
Experience	Peter (PJ) Williams has over 40 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. Prior to joining the Festival Board, PJ was a Board member of The Street Theatre (Stagemaster Inc) 2004-09 and 2011-15.
Genevieve Jacobs	Director Appointed to the Board: February 2018 Resigned: December 2021
Experience	Genevieve has been a journalist for 30 years, working in print and radio. She is the former Mornings presenter for ABC Canberra reporting on everything from federal and local politics to human interest stories, and drawing on a deep understanding of her community. She works with a wide range of organisations including the Tara Costigan Foundation, and Gift of Life ACT, sits on the ACT's advisory committee for historic places and the boards of the National Folk Festival, Canberra International Music Festival, M16 artspace and Conflict Resolution Service. Genevieve has an enduring interest in building and strengthening community engagement.

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Directors' Report For the Year Ended 30 June 2022

Information on directors (continued)

David Gilks

Qualifications

Experience

Vice President

Appointed to the Board: October 2018

LLB (ANU), BEc (ANU)

David is a manager with experience in strategic policy and operational delivery roles both in Australia and overseas. He is a folk musician, dancer and dance caller. He has participated in the Festival as a patron, volunteer and performer and was the Festival's Ticket Office Area Coordinator for four Festivals (2009 – 12).

Stephen Gallacher

Qualifications

Experience

President

Appointed to the Board: October 2018

B.Acc, C.A.

Originally hailing from Scotland, Stephen is a Chartered Accountant with over twenty five years of experience in the not for profit sector at senior levels including CEO and CFO in community and hospitality organisations in a number of States and jurisdictions across Australia and Scotland. Whilst being a long standing supporter of performing arts including traditional music and dance, Stephen and his family have become more involved in the folk scene since returning to Canberra in 2013. Stephen has previously chaired the Festival finance committee.

Chris Grange

Qualifications

Experience

Director

Appointed to the Board: September 2018

BA (UNSW), MCom Finance (UOW)

Chris is the Chair of the NFF Finance Committee. Chris was the Chief Operating Officer of the Australian National University, from 2013 until his retirement in September 2019. Prior to that he had an equivalent role at the University of Wollongong. Chris was responsible for financial, facilities, IT, Libraries, human resources, legal and many other functions at the ANU. A regular attendee of the National Folk Festival since his arrival in Canberra, Chris, his wife and 5 children have strong musical interests, including playing and performing together.

Helen Ludellen

Qualifications

Experience

Director

Appointed to the Board: October 2018

BA (ANU)

Helen Ludellen has worked in the cultural and IT sectors, (National Film and Sound Archive, Wizard Information Services, National Museum of Australia, National Library of Australia, Australian Parliament House Art Collection), for over 25 years on the development and administration of collection management databases and collection digitisation projects. Aside from being a volunteer at other folk festivals, she has been a volunteer co ordinator at the National Folk Festival since 2008 and has been organising the Mountaingrass bluegrass and old time music festival since 2013.

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Directors' Report For the Year Ended 30 June 2022

Information on directors (continued)

Lynette O'Brien

Qualifications

Experience

Director

Appointed to the Board: 12 August 2020

Grad Dip. Arts Management, (AIM) Master Arts Management (AIM)

Lynne has extensive experience in the Festival, events, not-for-profit management and government space over the last 35 years, including end to end event management, creative, technical, media, strategic communication procurement and governance. With a Masters in Arts Management, Lynne has been a key figure in a range of events and organisations, including her role as a founding member of Sydney Gay and Lesbian Mardi Gras Limited and her position as Event Manager Sydney New Year's Eve. In an executive capacity, Lynne was Technical Event Executive at Staging Connections Sydney and previously Operations and Technical Manager Sydney Convention and Exhibition Centre and the Star. Lynne is currently President of Canberra SpringOUT Pride Association which produces an annual LGBTQIA+ festival. Lynne has been a participant at the National for many years, as both attendee and volunteer.

Chris Harris-Pascal

Experience

Director

Appointed to the Board: October 2020

Chris is a musician whose long connection to the National has been the seed of his many musical endeavors. His bands, Lazy Harry's, Scroggin, and Zackerbilks have performed at festivals across Australia and his passion for the shared knowledge and traditions of folk music has made him a staple in Canberra's session community. In his professional life, Chris balances his career as a hydrogeologist working on water management issues in Australia and overseas, and was Secretary of the International Association of hydrogeologists, ACT branch from 2017-2019. Chris has been attending the National Folk Festival for 30 years, first as a child doing arts and crafts in the kids' festival, later as a volunteer juggling mugs, and in recent years as a performer. Chris is passionate about working with the festival to continue balancing tradition with innovation, and to ensure a continued emphasis on community, learning.

Dr Iain G Johnston

Qualifications

Experience

Director

Appointed to the Board: October 2020

BA (Monash), MLA (ANU) Phd (ANU)

Iain has been performing and participating in folk music since his youth. Additional to his own musical practice with blues band, Electric Tommy Johnston, Iain became one of the founding members of the Canberra Shanty Club in 2017, a group born out of the NFF singing sessions. The Shanty Club organise inclusive singing sessions and performances around Canberra and at festivals across Australia, fueled by Iain's passion for accessible and participatory folk traditions. In his professional life, Iain is a senior researcher at AIATSIS where he undertakes collaborative research with Aboriginal and Torres Strait Islander communities to repatriate significant cultural heritage material from overseas collecting institutions. Iain brings with him a good network of connections across Australia and is keen to work with the NFF to help build new relationships in the broader community.

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Directors' Report For the Year Ended 30 June 2022

Information on directors (continued)

Virginia Cook

Experience

Director

Appointed to the Board: October 2020

Virginia is a long-time communications professional in Canberra having worked as a journalist (AAP in the Press Gallery, The Canberra Times and local ABC as a radio producer and sometime broadcaster) and for the past 24 years in the public sector, including leading strategic communications for Australia's G20 presidency in 2014. She was most recently a member of the Senior Executive Service in the Department of Industry, Science, Energy and Resources, where she has acted a number of times as Chief Operating Officer. She has sat on a number of boards in Canberra, and is currently vice-president of Canberra Rep. Virginia has been attending the "Folkie" since it first moved to EPIC, turning many family members and friends into equally devoted fans of the event. She is passionate about the folk festival's ability to strengthen community, foster talent and tell important stories. She is very slowly learning to play the fiddle.

Rafe Morris

Qualifications

Experience

Director

Appointed to the Board: January 2022

ADVDIP PR,MBA

Rafe first attended the National in 2001 as a rambunctious teen. There, he found his people and has been going every year (that he's in the country) since. The festival has inspired him to engage in a life of songwriting and performing, which has seen him listed in the festival program many times in several bands of varying genres, as well as performing at festivals internally and throughout Australia. Professionally, his career has spanned management roles in events, PR, and marketing and communications in arts, community and health sectors.

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Directors' Report For the Year Ended 30 June 2022

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 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 2022 the collective liability of members was \$420 (2021: \$420).

2. Operating results

The profit of the Company for the financial year amounted to \$ 90,157(2021 :loss \$ (111,760)).

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.

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Directors' Report For the Year Ended 30 June 2022

3. Other items (continued)

Meetings of directors

During the financial year, 13 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
Peter Williams	13	11
David Gilks	13	11
Stephen Gallacher	13	13
Chris Grange*	9	9
Helen Ludellen	13	12
Lynette O'Brien	13	12
Chris Harris-Pascal	13	13
Dr Iain G Johnston	13	12
Virginia Cook	12	11
Rafe Morris	7	7
Genevieve Jacobs	6	5

* On pre-approved leave of absence April - July 2022

Indemnification and insurance of officers and auditors

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

Proceedings on behalf of company

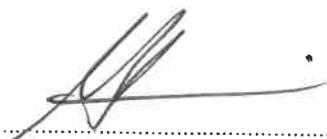
No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not party to any such proceedings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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2022 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: 

Director: 

Dated 29/9/22

29/9/2022

Auditor's Independence Declaration under section 60-40(1) of the Australian Charities and Not-for-profits Commission Act 2012 National Folk Festival Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Hardwickes

Hardwickes
Chartered Accountants



Robert Johnson FCA
Partner

Canberra

29/9/22

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2022

		2022	2021
	Note	\$	\$
Revenue and other income	4	2,552,279	305,906
Depreciation	9(a)	(25,060)	(25,211)
Employee benefits expense	5	(417,870)	(223,044)
Finance costs		-	(777)
Marketing expenses		(215,858)	(23,900)
Occupancy costs		(14,729)	(13,285)
Operational costs		(1,209,803)	(38,143)
Other expenses		(106,356)	(51,066)
Performance costs		(472,447)	(42,240)
Profit / (Loss) before income tax		90,156	(111,760)
Income tax expense	2(a)	-	-
(Loss) for the year		90,156	(111,760)
Other comprehensive income			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		90,156	(111,760)

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 June 2022

	Note	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,021,000	537,880
Trade and other receivables	7	91,597	-
Inventories	8	5,057	11,846
Other assets	10	10,049	591
TOTAL CURRENT ASSETS		1,127,703	550,317
NON-CURRENT ASSETS			
Property, plant and equipment	9	595,622	614,056
TOTAL NON-CURRENT ASSETS		595,622	614,056
TOTAL ASSETS		1,723,325	1,164,373
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	122,785	22,708
Employee benefits	13	20,588	1,869
Contract liability	12	450,000	100,000
TOTAL CURRENT LIABILITIES		593,373	124,577
NON-CURRENT LIABILITIES			
Trade and other payables	11	495	495
Employee benefits	13	242	242
TOTAL NON-CURRENT LIABILITIES		737	737
TOTAL LIABILITIES		594,110	125,314
NET ASSETS		1,129,215	1,039,059
EQUITY			
Asset revaluation surplus		290,307	290,307
Retained earnings		838,908	748,752
TOTAL EQUITY		1,129,215	1,039,059

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2022

2022

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2021	748,752	290,307	1,039,059
Profit for the year	90,156	-	90,156
Balance at 30 June 2022	838,908	290,307	1,129,215

2021

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2020	860,512	290,307	1,150,819
(Loss) for the year	(111,760)	-	(111,760)
Balance at 30 June 2021	748,752	290,307	1,039,059

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		3,017,991	429,893
Payments to suppliers and employees		(2,532,185)	(393,461)
Interest received		3,940	101
Interest paid		-	(777)
Net cash provided by operating activities	20	<u>489,746</u>	<u>35,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of plant and equipment	9(a)	<u>(6,626)</u>	<u>(1,340)</u>
Net cash (used in) investing activities		<u>(6,626)</u>	<u>(1,340)</u>
Net increase in cash and cash equivalents held		483,120	34,416
Cash and cash equivalents at beginning of year		537,880	503,464
Cash and cash equivalents at end of financial year	6	<u>1,021,000</u>	<u>537,880</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 2022

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

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

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 and the *Australian Charities and Not-for-profits Commission Act 2012*.

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 from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Operating grants and donations

When the Company receives operating grant revenue or donations, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance to AASB 15:

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant;

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Specific revenue streams (continued)

- recognises a contract liability of its obligations under the agreement; and
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:

- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (for example AASB 9, AASB 16, AASB 116 and AASB 138);
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
- if a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Sale of tickets

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

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 payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Inventories

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

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(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.

Items of property, plant and equipment acquired for significantly less than fair value have been recorded at the acquisition date fair value.

Buildings

Buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready 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%

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 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

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income - Equity instruments

The Company has no investments in listed and unlisted entities.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

The Company does not hold any asset that falls into this category.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

Notes to the Financial Statements
For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(f) Financial instruments (continued)

Financial assets (continued)

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise of trade and other payables.

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

Notes to the Financial Statements

For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(g) Impairment of non-financial assets (continued)

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.

(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.

(i) Employee benefits

Short-term employee provisions

Provision is made for the Entity's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and annual leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee provisions expense.

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Notes to the Financial Statements For the Year Ended 30 June 2022

2 Summary of Significant Accounting Policies (continued)

(j) 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 2020 1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non current	1 July 2023	The amendment amends AASB 101 to clarify whether a liability should be presented as current or non current	The amendment is not expected to have a material impact on the financial statements once adopted.
AASB 2020 3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments	1 July 2022	AASB 2020 3: Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141.	The impact of the initial application is not yet known.
AASB 2021 2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 July 2022	The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).	The impact of the initial application is not yet known.

3 Critical Accounting Estimates and Judgments

Those charged with governance 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 - 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.

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

3 Critical Accounting Estimates and Judgments (continued)

Key judgments - COVID-19

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Company based on known information. The consideration extends to the nature of the products and services offered, customers and staffing. Other than as addressed in specific notes, there does not currently appear to be either significant impact on the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

Key judgments - employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

4 Revenue and Other Income

	2022	2021
	\$	\$
Revenue from contracts with customers (AASB 15)		
- Revenue from National Folk Festival	1,847,798	121,758
- Sponsorship	22,435	51,000
- Subsidies and Grants	650,000	-
	<u>2,520,233</u>	<u>172,758</u>
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)		
- Donations	833	1,775
- Sundry Income	-	4,372
- Government support - Cash Flow Boost	-	37,500
- Government support - JobKeeper	27,273	89,400
- Interest Income	3,940	101
	<u>32,046</u>	<u>133,148</u>
Total Revenue	<u>2,552,279</u>	<u>305,906</u>

5 Result for the Year

The result for the year includes the following specific expenses:

	2022	2021
	\$	\$
Employee benefits expense		
Salaries and wages	240,932	235,317
Superannuation contributions	24,028	17,448
Contractor costs	131,849	-

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Notes to the Financial Statements For the Year Ended 30 June 2022

6 Cash and Cash Equivalents

	2022	2021
Note	\$	\$
Cash at bank and in hand	26,959	537,880
Short-term deposits	994,041	-
14	<u>1,021,000</u>	<u>537,880</u>

7 Trade and Other Receivables

	2022	2021
Note	\$	\$
CURRENT		
Trade receivables	14 25,101	-
GST receivable	51,164	-
Other receivables	15,332	-
Total current trade and other receivables	<u>91,597</u>	<u>-</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

	2022	2021
	\$	\$
CURRENT		
At cost:		
Inventories	5,057	11,846
	<u>5,057</u>	<u>11,846</u>

9 Property, plant and equipment

	2022	2021
	\$	\$
Buildings		
At fair value	600,000	600,000
Accumulated depreciation	(31,438)	(16,438)
Total buildings	<u>568,562</u>	<u>583,562</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	116,690	110,064
Accumulated depreciation	(89,630)	(79,570)
Total plant and equipment	<u>27,060</u>	<u>30,494</u>
Total property, plant and equipment	<u>595,622</u>	<u>614,056</u>

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Notes to the Financial Statements For the Year Ended 30 June 2022

9 Property, plant and equipment (continued)

(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 \$	Total \$
Year ended 30 June 2022			
Balance at the beginning of year	583,562	30,494	614,056
Additions	-	6,626	6,626
Depreciation expense	(15,000)	(10,060)	(25,060)
Balance at the end of the year	568,562	27,060	595,622

	Buildings \$	Plant and Equipment \$	Total \$
Year ended 30 June 2021			
Balance at the beginning of year	598,562	42,811	641,373
Additions	-	1,340	1,340
Disposals	-	(3,446)	(3,446)
Depreciation expense	(15,000)	(10,211)	(25,211)
Balance at the end of the year	583,562	30,494	614,056

(b) Land and Building valuation

The Company's land and buildings were revalued at \$600,000 on 25 May 2020 by CBRE. Valuations were made on the basis of market capitalisation and direct sales comparison.

Qualification of the valuer are as follows:

Anthony Martin AAPI MRICS, B.Bus (Land Ec).

10 Other Assets

	2022 \$	2021 \$
CURRENT		
Prepayments	8,049	591
Accrued income	2,000	-
	10,049	591

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

11 Trade and Other Payables

		2022	2021
	Note	\$	\$
CURRENT			
Trade payables	14	21,284	480
GST payable		-	4,369
Accrued expenses		95,971	12,643
Other payables		5,530	5,216
		<u>122,785</u>	<u>22,708</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

		2022	2021
		\$	\$
NON-CURRENT			
Peter Daly Memorial Award		495	495
		<u>495</u>	<u>495</u>

12 Contract Liability

		2022	2021
		\$	\$
CURRENT			
Grant received in advance		450,000	100,000
		<u>450,000</u>	<u>100,000</u>

13 Employee Benefits

		2022	2021
		\$	\$
CURRENT			
Provision for annual leave		20,588	1,869
		<u>20,588</u>	<u>1,869</u>

		2022	2021
		\$	\$
NON-CURRENT			
Long service leave provision		242	242
		<u>242</u>	<u>242</u>

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Notes to the Financial Statements For the Year Ended 30 June 2022

14 Financial Risk Management

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

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

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

Specific risks

- Liquidity risk
- Credit risk
- Market risk - interest rate risk

Financial instruments used

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

- Trade payables
- Cash at bank

	Note	2022 \$	2021 \$
Financial assets			
Held at amortised cost		-	-
Cash and equivalents	6	1,021,000	537,880
Trade and other receivables	7	25,101	-
Total financial assets		1,046,101	537,880
Financial liabilities			
Financial liabilities at fair value		-	-
Trade payables	11	21,284	480
Total financial liabilities		21,284	480

Objectives, policies and processes

Those charged with governance have overall responsibility for the establishment of National Folk Festival Limited's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and National Folk Festival Limited's activities.

The day-to-day risk management is carried out by National Folk Festival Limited's staff under policies and objectives which have been approved by those charged with governance. The Managing Director is responsible for supervising the design and implementation of processes which follow the objectives and policies. This includes monitoring the levels

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Notes to the Financial Statements For the Year Ended 30 June 2022

14 Financial Risk Management (continued)

Objectives, policies and processes (continued)

of exposure to interest rate and assessment of market forecasts for interest rate.

Those charged with governance receive monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Liquidity risk

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

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Credit risk

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

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

Trade receivables

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

Those charged with governance receive monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Company's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

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Notes to the Financial Statements For the Year Ended 30 June 2022

14 Financial Risk Management (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(i) Interest rate risk

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

15 Members' Guarantee

The Company is registered with the *Australian Charities and Not-for-profits Commission Act 2012* 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 outstanding obligations of the Company. At 30 June 2022 the number of members was 42 (2021: 42).

16 Key Management Personnel Remuneration

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

	2022	2021
	\$	\$
Short-term employee benefits	86,842	114,755
Post-employment benefits	8,684	9,978
	<u>95,526</u>	<u>124,733</u>

17 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor Hardwickes Chartered Accountants, for:		
- Auditing or reviewing the financial statements	10,050	7,000
Total	<u>10,050</u>	<u>7,000</u>

18 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2022 (30 June 2021: None).

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2022

19 Related Parties

Key management personnel - refer to Note 16.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

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

20 Cash Flow Information

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

	2022	2021
	\$	\$
Profit / (Loss) for the year	90,156	(111,760)
Non-cash flows in profit:		
- depreciation	25,060	25,211
- net loss on disposal of plant and equipment	-	4,100
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(91,596)	11,775
- (increase)/decrease in other assets	(9,458)	28,338
- (increase)/decrease in inventories	6,789	6,285
- increase/(decrease) in income in advance	350,000	95,000
- increase/(decrease) in trade and other payables	100,076	6,783
- increase/(decrease) in provisions	18,719	(29,976)
Cashflows from operations	<u>489,746</u>	<u>35,756</u>

21 Statutory Information

The registered office 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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Responsible Persons' Declaration

The responsible persons declare that in the responsible persons' opinion:

- there are reasonable grounds to believe that the Company is able to pay all of its debts, as and when they become due and payable; and
- the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Responsible person  Responsible person 

Date: 29.9.22 Date: 29/9/2022

Independent Audit Report to the members of National Folk Festival Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of National Folk Festival Limited, which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

In our opinion the financial report of National Folk Festival Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) giving a true and fair view of the Registered Entity's financial position as at 30 June 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Responsible Persons for the Financial Report

The responsible persons of the Registered Entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.



Independent Audit Report to the members of National Folk Festival Limited

Auditor's Responsibilities for the Audit of the Financial Report

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

Hardwickes
Chartered Accountants

Hardwickes

Robert Johnson FCA
Partner

R Johnson

Canberra

29/9/22