

National Folk Festival Limited

ABN 96 058 761 274

Financial Statements

For the Year Ended 30 June 2018

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 2018

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2018.

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	
Pam Merrign	Festival Director	
Jacqueline Bradley	Vice President	
Ronald Brent	Company Secretary	
Richard Kenyon	Director	Resigned: 10 October 2017
Rob Thorman	Director	
Graham McDonald	Director	
Peter Bayliss	Director	Appointed: 25 July 2017/ Resigned: 18 May 2018
Peter Williams	Director	
Jocelyn Vasey	Director	
David Whitney	Director	Resigned: 19 April 2018
Genevieve Jacobs	Director	Appointed: 25 February 2018

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

Information on directors

Gabrielle Mackey	President
Qualifications	BA (University of Newcastle), Diploma in Law (B.A.B), Grad Dip Legal Practice (UTS), 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. Board President since 13 November 2012.
Pam Merrign	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.

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Information on directors

Jacqueline Bradley
Qualifications
Experience

Vice President

BA (Hons) Visual Arts - ANU

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 traditional folk music. Jacqueline joined the board of the NFF in 2011.

Ronald Brent
Qualifications
Experience

Company Secretary

BEc, LLB

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 six months as acting Commonwealth Ombudsman in 2010. He currently chairs the Australian Research Integrity Committee. A loyal National Folk Festival supporter and attendee since 1992, Ron joined the NFF Board in November 2013 and chairs the Governance committee.

Richard Kenyon
Qualifications
Experience

Director

Chartered Accountant

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.

Peter Bayliss
Experience

Director

Peter is a Chartered Accountant with a business and personal interest in music. Whilst mostly with contemporary music, Peter has been a long stalwart of the Canberra Musicians Club. As well as a standard accountancy business with commercial non music related organisations, Peter has provided accountancy business and strategic planning advice, and book-keeping/servicing to a number of Canberra Arts Organisations (Canberra Symphony, Canberra Glassworks, Tuggeranong Arts Centre, Ausdance National), as well as establishing a musician management business. His Business is called Into Tomorrow. Peter joined the Board in July 2017 and resigned on 18 May 2018.

Rob Thorman
Qualifications
Experience

Director

MA Environmental Planning – Macquarie Uni.

Rob has over 30 years professional experience within Government and the private sector, currently working with the ACT Government. A keen supporter of live music, Rob was an active member of the Canberra Musicians Club (CMC) since its formation in 2008, and was president for 5 years. Rob has fully immersed himself in the National Folk Festival, camping with family and friends for the duration of most festivals over the last decade. Rob joined the Board in 2015.

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Directors' Report For the Year Ended 30 June 2018

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2018.

Information on directors

Graham McDonald
Experience

Director

Retired 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.

Genevieve Jacobs
Experience

Director

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. Genevieve joined the Board in February 2018.

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.

Jocelyn Vasey
Qualifications
Experience

Director

BA, Dip.Ed, Grad Dip Sp. Ed, M.Ed.

Jocelyn has worked in a variety of roles in the education sector, as a teacher in primary, secondary, TAFE and university and in senior management roles focussed on special education, recruitment and performance management, and vocational education and training. She has been an education consultant and researcher and was the Stalls Coordinator for the National Folk Festival for five years. She is a long-term supporter of the Festival as both a volunteer and participant. She joined the Board in 2016.

David Whitney
Experience

Director

David's working career includes arts management experience with the Adelaide Festival; Riverland Regional Culture Trust (S.A); Araluen Arts Centre, Alice Springs; Canberra Theatre Centre and Director artsACT (the ACT Government Arts Policy and Funding program). Responsibilities included oversight of budgets, programming and patron engagement including direct management of national and international artists and performers. David was introduced to the folk movement through Radio5UV in 1983 when South Australia hosted the National Folk Festival. He has been a regular attender in Canberra since 1996. David volunteered as a bus driver for the 2016 National Folk Festival, and joined the Board the same year.

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Directors' Report For the Year Ended 30 June 2018

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2018.

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 2018 the collective liability of members was \$ 340 (2017: \$ 330).

2. Operating results

The profit of the Company after providing for income tax amounted to \$ 121,816 (2017: \$ 59,512).

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 2018

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Gabrielle Mackey	12	11
Pam Merrign	12	10
Jacqueline Bradley	12	10
Ronald Brent	12	7
Richard Kenyon	3	3
Rob Thorman	12	9
Graham McDonald	12	10
Peter Bayliss	11	4
Peter Williams	12	11
Jocelyn Vasey	12	10
David Whitney	9	3
Genevieve Jacobs	4	3

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 a party to any such proceedings during the year

National Folk Festival Limited

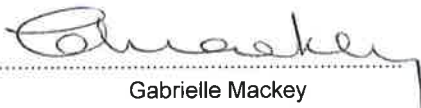
ABN 96 058 761 274

**Directors' Report
For the Year Ended 30 June 2018**

Auditor's independence declaration

The auditor's independence declaration in accordance with section 60-40(1) of the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 30 June 2018 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: 
Jacqueline Bradley

Dated 26 September 2018 2

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 2018, 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.

Hardwickses

Hardwickses
Chartered Accountants



Robert Johnson FCA
Partner

Canberra

26/9/18

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2018

		2018	2017
	Note	\$	\$
Sales revenue	4	2,299,415	2,203,782
Other revenue	4	56,048	40,628
Depreciation and amortisation	8.1.	(23,097)	(24,056)
Employee benefit expense		(530,407)	(562,505)
Finance costs		(4,147)	(3,336)
Marketing expenses		(74,104)	(77,035)
Occupancy costs		(19,487)	(15,151)
Operational costs		(1,087,054)	(1,029,570)
Other expenses		(105,633)	(108,622)
Performance costs		(389,718)	(364,623)
Profit before income tax		121,816	59,512
Income tax expense		-	-
Profit for the year		121,816	59,512
Other comprehensive income		-	-
Total comprehensive income for the year		121,816	59,512

The accompanying notes form part of these financial statements.

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Statement of Financial Position

As At 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash at bank and in hand	5	870,847	812,775
Trade and other receivables	6	84,536	71,565
Inventories	7	260	224
Other assets	9	17,354	26,493
TOTAL CURRENT ASSETS		972,997	911,057
NON-CURRENT ASSETS			
Property, plant and equipment	8	496,141	487,515
Trademark		500	-
TOTAL NON-CURRENT ASSETS		496,641	487,515
TOTAL ASSETS		1,469,638	1,398,572
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	16,494	37,073
Borrowings	11	4,657	5,374
Employee benefits	12	34,597	60,872
TOTAL CURRENT LIABILITIES		55,748	103,319
NON-CURRENT LIABILITIES			
Trade and other payables	10	2,495	4,495
Employee benefits	12	14,774	15,953
TOTAL NON-CURRENT LIABILITIES		17,269	20,448
TOTAL LIABILITIES		73,017	123,767
NET ASSETS		1,396,621	1,274,805
EQUITY			
Reserves		105,157	105,157
Retained earnings		1,291,464	1,169,648
TOTAL EQUITY		1,396,621	1,274,805

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2018

2018

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2017	1,169,648	105,157	1,274,805
Profit attributable to members of the entity	121,816	-	121,816
Balance at 30 June 2018	1,291,464	105,157	1,396,621

2017

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2016	1,110,136	105,157	1,215,293
Profit attributable to members of the entity	59,512	-	59,512
Balance at 30 June 2017	1,169,648	105,157	1,274,805

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2018

	2018	2017
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,465,319	2,358,628
Payments to suppliers and employees	(2,381,057)	(2,278,235)
Interest received	10,397	10,874
Interest paid	(4,147)	(3,336)
Net cash provided by operating activities	18 <u>90,512</u>	<u>87,931</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	8.1 <u>(31,723)</u>	(9,016)
Net cash (used in) investing activities	<u>(31,723)</u>	(9,016)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments from borrowings	<u>(717)</u>	(572)
Net cash (used in) financing activities	<u>(717)</u>	(572)
Net increase/(decrease) in cash and cash equivalents held	58,072	78,343
Cash and cash equivalents at beginning of year	812,775	734,432
Cash and cash equivalents at end of financial year	5 <u>870,847</u>	<u>812,775</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 2018

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

2.1. Income Tax

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

2.2. 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.

Other income

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

2.3. 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.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.4. 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.

2.5. 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.

Land and buildings

Land and 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.

2.6. 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).

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Notes to the Financial Statements For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.6. Financial instruments

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.

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 other receivables fall into this category of financial instruments.

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.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.6. Financial instruments

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.

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 the prior period statement of profit or loss and other comprehensive income 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.

Impairment of financial assets

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

Financial assets at amortised cost

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.6. Financial instruments

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.

2.7. 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 for 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.

2.8. 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.

2.9. 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 one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Changes in the measurement of the liability are recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.10. 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 9: Financial Instruments	1 January 2018	The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments, and simplified requirements for hedge accounting. The key changes that may affect the entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge that will allow greater flexibility in the ability to hedge risk, particularly with respect to the hedging of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.	The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.10. New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 1058: Income of Not-for-Profit Entities	1 January 2019	<p>The significant accounting requirements of AASB 1058 are as follows:</p> <p>-Income arising from an excess of the initial carrying amount of an asset over the related contributions by owners, increases in liabilities, decreases in assets and revenue should be immediately recognised in profit or loss. For this purpose, the assets, liabilities and revenue are to be measured in accordance with other applicable Standards.</p> <p>-Liabilities should be recognised for the excess of the initial carrying amount of a financial asset (received in a transfer to enable the entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity) over any related amounts recognised in accordance with the applicable Standards. The liabilities must be amortised to profit or loss as income when the entity satisfies its obligations under the transfer.</p> <p>An entity may elect to recognise volunteer services or a class of volunteer services as an accounting policy choice if the fair value of those services can be measured reliably, whether or not the services would have been purchased if they had not been donated. Recognised volunteer services should be measured at fair value and any excess over the related amounts (such as contributions by owners or revenue) immediately recognised as income in profit or loss.</p> <p>The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented in accordance with AASB 108 (subject to certain practical expedients); or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. For this purpose, a completed contract is a contract or transaction for which the entity has recognised all of the income in accordance with AASB 1004 Contributions.</p>	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.</p>

Notes to the Financial Statements

For the Year Ended 30 June 2018

2 Summary of Significant Accounting Policies

2.10. New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 16: Leases	1 January 2019	<p>When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard are as follows:</p> <ul style="list-style-type: none"> -new lessee accounting requirements for leases at significantly below-market terms and conditions (commonly known as 'peppercorn leases') principally to enable the lessee to further its objectives. This requires the lessee to recognise the leased asset / right-of-use asset at fair value per AASB 13, the lease liability per AASB 117/AASB 16 and the residual as income (after related amounts) at the inception of the lease per AASB 1058; -recognition of a right-of-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets); -depreciation of right-of-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components; -inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date; -application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and -inclusion of additional disclosure requirements. 	<p>The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.</p>

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

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.

Key judgments

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

	2018	2017
	\$	\$
Revenue		
- Revenue from National Folk Festival	2,299,415	2,203,782
Total Revenue	2,299,415	2,203,782
	2018	2017
	\$	\$
Other Income		
- Donations	507	2,890
- Interest Income	8,932	10,874
- Subsidies and Grants	42,013	20,000
- Sundry Income	4,597	6,865
	56,049	40,629

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Notes to the Financial Statements

For the Year Ended 30 June 2018

5 Cash and Cash Equivalents

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:

	2018	2017
	\$	\$
Cash at bank and in hand	870,847	812,775
Balance as per statement of cash flows	870,847	812,775

6 Trade and Other Receivables

	2018	2017
	\$	\$
CURRENT		
Trade receivables	3,926	11,503
Provision for impairment	6.1. -	(11,503)
GST receivable	80,610	71,565
Total current trade and other receivables	84,536	71,565

6.1. Impairment of receivables

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

	2018	2017
	\$	\$
Balance at beginning of the year	11,503	5,438
Additional impairment loss recognised	-	6,065
Less provision used	(11,503)	-
Balance at end of the year	-	11,503

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.

7 Inventories

	2018	2017
	\$	\$
CURRENT		
At cost:		
Inventories	260	224
	260	224

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Notes to the Financial Statements

For the Year Ended 30 June 2018

8 Property, plant and equipment

	2018	2017
	\$	\$
Buildings		
At fair value	464,675	464,675
Accumulated depreciation	(36,343)	(28,578)
Total buildings	428,332	436,097
Plant and equipment		
At cost	340,022	308,298
Accumulated depreciation	(272,213)	(256,880)
Total plant and equipment	67,809	51,418
Total property, plant and equipment	496,141	487,515

8.1. 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 2018			
Balance at the beginning of year	436,097	51,418	487,515
Additions	-	31,723	31,723
Depreciation expense	(7,765)	(15,332)	(23,097)
Balance at the end of the year	428,332	67,809	496,141

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Year ended 30 June 2017			
Balance at the beginning of year	444,494	58,061	502,555
Additions	-	9,016	9,016
Depreciation expense	(8,397)	(15,659)	(24,056)
Balance at the end of the year	436,097	51,418	487,515

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Notes to the Financial Statements

For the Year Ended 30 June 2018

9 Other Assets

	2018	2017
	\$	\$
CURRENT		
Prepayments	17,354	25,028
Accrued income	-	1,465
	<u>17,354</u>	<u>26,493</u>

10 Trade and Other Payables

	2018	2017
	\$	\$
Current		
Trade payables	1,150	2,092
Accrued expenses	10,050	10,168
PAYG payable	5,062	7,148
Superannuation payable	232	17,665
	<u>16,494</u>	<u>37,073</u>
	2018	2017
	\$	\$
Non-Current		
Peter Daly Memorial Award	2,495	4,495
	<u>2,495</u>	<u>4,495</u>

11 Borrowings

	2018	2017
	\$	\$
CURRENT		
Bank Loan	4,657	5,374
Total current borrowings	<u>4,657</u>	<u>5,374</u>

12 Employee Benefits

	2018	2017
	\$	\$
Current liabilities		
Long service leave	7,801	-
Provision for annual leave	26,796	60,872
	<u>34,597</u>	<u>60,872</u>
	2018	2017
	\$	\$
Non-current liabilities		
Long service leave provision	14,774	15,953
	<u>14,774</u>	<u>15,953</u>

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Notes to the Financial Statements

For the Year Ended 30 June 2018

13 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 receivables
- Cash at bank
- Trade and other payables
- Floating rate bank loans

	Note	2018 \$	2017 \$
Financial Assets			
Cash at bank and in hand	5	870,847	812,775
Trade and other receivables	6	84,536	71,565
Total financial assets		955,383	884,340
Financial Liabilities			
Trade and other payables		(18,989)	(41,569)
Bank Loan		(4,657)	(5,374)
Total financial liabilities		(23,646)	(46,943)

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

13 Financial Risk Management

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 finance function under policies and objectives which have been approved by those charged with governance. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate.

Those charged with governance receives 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.

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

13 Financial Risk Management

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.

Those charged with governance receives 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 credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

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

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.

14 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 2018 the number of members was 320 (2017: 330).

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2018

15 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:

	2018	2017
	\$	\$
Short-term employee benefits	87,763	98,650
Post-employment benefits	8,337	9,372
	<u>96,100</u>	<u>108,022</u>

16 Auditors' Remuneration

	2018	2017
	\$	\$
Remuneration of the auditor Hardwicks Chartered Accountants, for:		
- Auditing or reviewing the financial statements	10,050	9,750
Total	<u>10,050</u>	<u>9,750</u>

17 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2018 (30 June 2017:None).

18 Cash Flow Information

18.1. Reconciliation of result for the year to cashflows from operating activities

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

	2018	2017
	\$	\$
Profit for the year	121,816	59,512
Non-cash flows in profit:		
- depreciation	23,097	24,056
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(12,970)	6,902
- (increase)/decrease in other assets	9,139	(5,031)
- (increase)/decrease in inventories	(536)	346
- increase/(decrease) in trade and other payables	(22,579)	1,423
- increase/(decrease) in provisions	(27,455)	723
Cashflows from operations	<u>90,512</u>	<u>87,931</u>

19 Events after the end of the Reporting Period

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.

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**Notes to the Financial Statements
For the Year Ended 30 June 2018**

20 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

ABN 96 058 761 274

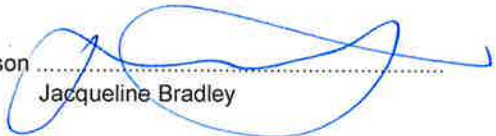
Responsible Persons' Declaration

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

- there are reasonable grounds to believe that the registered entity 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 
.....
Gabrielle Mackey

Responsible person 
.....
Jacqueline Bradley

Dated *26 September 2018*

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 2018, 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 National Folk Festival Limited's financial position as at 30 June 2018 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 National Folk Festival Limited 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* (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 National Folk Festival Limited 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 persons 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 National Folk Festival Limited'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 persons either intends to liquidate National Folk Festival Limited or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing National Folk Festival Limited's financial reporting process.

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.

Independent Audit Report to the members of National Folk Festival Limited

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 National Folk Festival Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company.
- Conclude on the appropriateness of the Company' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on National Folk Festival Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause National Folk Festival Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hardwickes

Hardwickes
Chartered Professional Accountants

R Johnson

Robert Johnson FCA
Partner

Canberra

26/9/18