

National Folk Festival Limited

ABN 96 058 761 274

Financial Statements

For the Year Ended 30 June 2019

National Folk Festival Limited

ABN 96 058 761 274

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For the Year Ended 30 June 2019

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National Folk Festival Limited

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Directors' Report For the Year Ended 30 June 2019

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2019.

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	Resigned: 9 October 2018
Pam Merrign	Festival Director	Resigned: 31 May 2019
Jacqueline Bradley	Vice President / President	
Ronald Brent	Company Secretary	Resigned: 11 September 2018
Rob Thorman	Director	Resigned: 11 September 2018
Graham McDonald	Director	Resigned: 11 September 2018
Peter Williams	Director	
Jocelyn Vasey	Director	
Genevieve Jacobs	Director	
Graham Chalker	Vice President	Appointed: 9 October 2018
David Gilks	Company Secretary	Appointed: 9 October 2018
Stephen Gallacher	Director	Appointed: 9 October 2018
Chris Grange	Director	Appointed: 9 October 2018
Helen Ludellen	Director	Appointed: 9 October 2018
Judy Turner	Director	Appointed: 9 October 2018
Ruby Hudson	Acting Managing Director	Appointed: December 2018 and June 2019

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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Directors' Report For the Year Ended 30 June 2019

Information on directors

Information on directors

Dr Jacqueline Bradley

Qualifications

Experience

Vice President / President

BA (Hons) Visual Arts (ANU), PhD (ANU)

Dr Jacqueline Bradley is a folk musician, professional artist and university lecturer. She joined the NFF board in 2011, chaired the marketing committee from 2013 – 2018, served as vice-president from 2017 – 2018 and became president at the 2018 AGM. In her art practice, Jacqueline exhibits nationally and internationally and is a lecturer in the Sculpture workshop at the ANU School of Art and Design. Her work is held in private collections nationally, and she has been recipient of a range of residencies, awards and prizes. In her music practice, Jacqueline performs and tours nationally with a variety of bands, and has taught folk music in schools and privately. Her passion for the folk community and dedication to the festival drive her commitment to the future of the NFF.

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.

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.

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.

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Information on directors

Information on directors

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.

Graham Chalker

Qualifications

Experience

Vice President

B. Ec., Dip AICD

Had a long career working in industry/government relations and association governance. His roles included CEO Australia Mobile Telecommunications Association, Convenor Food Industry Council, Executive Director of the Australian Manufacturers' Export Council and Company Secretary Australian Food Foundation. He was for a short time General Manager of Sing Australia. He has represented industry on a range of Federal Government Advisory boards. Most importantly he has been singing and playing Australian bush music for over 4 decades. Graham was an NFF Board member from 2006-13, including 6 years as Company Secretary

David Gilks

Qualifications

Experience

Company Secretary

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).

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Directors' Report

For the Year Ended 30 June 2019

Information on directors

Information on directors

Stephen Gallacher

Qualifications

Experience

Director

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. Whilst being a long-standing supporter of performing arts including traditional music and dance, Stephen and his family have recently become more active as participants in the Australian folk festival community. He is looking forward to contributing to his favourite event in the festival calendar. Stephen joined the board in October 2018.

Chris Grange

Qualifications

Experience

Director

BA (UNSW), MCom Finance (UOW)

Chris is the Chief Operating Officer of the Australian National University, a role he has held since 2013. Prior to that he had an equivalent role at the University of Wollongong. Chris is responsible for financial, facilities, IT, Library, human resources, legal and many other functions at the University. A regular attendee of the National Folk Festival since his arrival in Canberra, Chris, his wife and his 5 children have strong musical interests, including playing and performing together.

Helen Ludellen

Qualifications

Experience

Director

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

Judy Turner

Experience

Director

Judy Turner worked over 40 years in fundraising, arts project management, grant making, community development and violin teaching. She currently runs her own fundraising consultancy and develops community music projects in the regional area of Victoria where she lives. A regular performer at the National Folk Festival both as founder and director of the Melbourne Scottish Fiddle Club and with various bands (Paradiddle, Captain Moonlight, The Bruce Brothers, New Dogs Old Tricks, Neil Adam and Judy Turner), Judy is a passionate folkie.

Ruby Hudson

Experience

Acting Managing Director

Ruby has worked at the National Folk Festival since 2011. Employed originally as the Volunteer Manager (5 years) she then worked as Office Manager (2 years) and Business Manager (current). Ruby has a background in Festival and Hotel event management and has been attending the NFF since the early 90's.

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Directors' Report For the Year Ended 30 June 2019

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 2019 the collective liability of members was \$380 (2018: \$340).

2. Operating result

The loss of the Company for the financial year after providing for income tax amounted to \$ (79,712)(2018:profit \$ 121,816).

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Directors' Report For the Year Ended 30 June 2019

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.

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
Gabrielle Mackey	4	4
Pam Merrign	11	10
Dr Jacqueline Bradley	13	9
Ronald Brent	4	3
Rob Thorman	4	2
Graham McDonald	4	4
Peter Williams	13	11
Jocelyn Vasey	13	11
Genevieve Jacobs	13	7
Graham Chalker	9	7
David Gilks	9	8
Stephen Gallacher	9	9
Chris Grange	9	8
Helen Ludellen	9	7
Judy Turner	9	5
Ruby Hudson	2	2

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.

National Folk Festival Limited

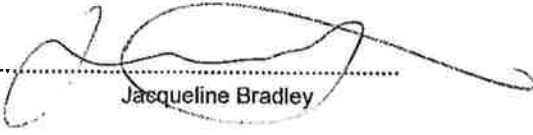
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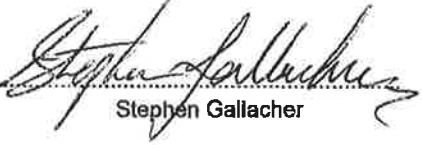
**Directors' Report
For the Year Ended 30 June 2019**

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 2019 has been received and can be found on page 8 of the financial report.

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

Director: 
Jacqueline Bradley

Director: 
Stephen Gallacher

Date: 10 September 2019

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 2019, 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

10 September 2019

Canberra

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2019

		2019	2018
	Note	\$	\$
Sales revenue	5	2,203,870	2,299,415
Other revenue	5	55,257	56,048
Amortisation	10	(414)	-
Depreciation	9(a)	(24,275)	(23,097)
Employee benefit expense		(611,593)	(530,407)
Finance costs		(5,270)	(4,147)
Marketing expenses		(71,464)	(74,104)
Occupancy costs		(20,723)	(19,487)
Operational costs		(1,074,039)	(1,087,054)
Other expenses		(147,986)	(105,633)
Performance costs		(383,075)	(389,718)
(Loss)/Profit before income tax		(79,712)	121,816
Income tax expense	3(a)	-	-
(Loss)/Profit for the year		(79,712)	121,816
Other comprehensive income		-	-
Total comprehensive income for the year		(79,712)	121,816

The accompanying notes form part of these financial statements.

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Statement of Financial Position**As At 30 June 2019**

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	822,406	870,847
Trade and other receivables	7	91,537	84,536
Inventories	8	887	260
Other assets	11	22,706	17,354
TOTAL CURRENT ASSETS		937,536	972,997
NON-CURRENT ASSETS			
Property, plant and equipment	9	482,694	496,141
Intangible assets	10	16,962	500
TOTAL NON-CURRENT ASSETS		499,656	496,641
TOTAL ASSETS		1,437,192	1,469,638
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	36,815	16,494
Borrowings	13	-	4,657
Employee benefits	14	76,961	34,597
TOTAL CURRENT LIABILITIES		113,776	55,748
NON-CURRENT LIABILITIES			
Trade and other payables	12	495	2,495
Employee benefits	14	6,012	14,774
TOTAL NON-CURRENT LIABILITIES		6,507	17,269
TOTAL LIABILITIES		120,283	73,017
NET ASSETS		1,316,909	1,396,621
EQUITY			
Reserves		105,157	105,157
Retained earnings		1,211,752	1,291,464
TOTAL EQUITY		1,316,909	1,396,621

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2019

2019

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2018	1,291,464	105,157	1,396,621
Loss attributable to members of the entity	(79,712)	-	(79,712)
Balance at 30 June 2019	1,211,752	105,157	1,316,909

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

The accompanying notes form part of these financial statements.

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**Statement of Cash Flows
For the Year Ended 30 June 2019**

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	2,375,695	2,465,319
Payments to suppliers and employees	(2,388,890)	(2,381,057)
Interest received	8,426	10,397
Interest paid	(5,270)	(4,147)
Net cash provided by operating activities	20 <u>(10,039)</u>	<u>90,512</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	(20,612)	-
Purchase of property, plant and equipment	(13,133)	(31,723)
Net cash (used in) investing activities	<u>(33,745)</u>	<u>(31,723)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments from borrowings	(4,657)	(717)
Net cash (used in) financing activities	<u>(4,657)</u>	<u>(717)</u>
Net increase/(decrease) in cash and cash equivalents held	(48,441)	58,072
Cash and cash equivalents at beginning of year	870,847	812,775
Cash and cash equivalents at end of financial year	6 <u>822,406</u>	<u>870,847</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 2019

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

These general purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, this disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Company has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

2 Change in Accounting Policy

Financial Instruments - Adoption of AASB 9

Classification of financial assets

The financial assets of the Company have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - equity Instruments (FVOCI - equity).

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139 \$	Carrying amount under AASB 9 \$
Financial assets				
Trade and other receivables	Loans and receivables	Amortised cost	3,926	3,926
Cash and cash equivalents	Loans and receivables	Amortised cost	870,847	870,847
Total financial assets			874,773	874,773
Financial liabilities				
Bank loans	Other financial liabilities	Other financial liabilities	4,657	4,657
Trade payables	Other financial liabilities	Other financial liabilities	1,150	1,150
Total financial liabilities			5,807	5,807

3 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*.

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Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(b) Revenue and other income

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

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

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.

(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.

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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(e) Property, plant and equipment

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

Initial recognition and measurement

For current year

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:

- amortised cost
- fair value through profit or loss - FVTPL

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

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

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.

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.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The Company's financial assets measured at FVTPL comprise derivatives [insert details of other financial assets carried at FVTPL] in the statement of financial position.

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
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial Instruments

Financial assets

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

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 trade payables, bank and other loans and finance lease liabilities.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial Instruments

Initial recognition and measurement

For comparative year

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

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

Financial assets

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

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

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

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

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.

National Folk Festival Limited

ABN 96 058 761 274

Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial Instruments

Financial assets

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 Company to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

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

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

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

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. The Company's available-for-sale financial assets comprise listed securities.

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.

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(f) Financial Instruments

Financial assets

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.

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

Available-for-sale financial assets

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

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

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.

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.

(l) 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.

Notes to the Financial Statements
For the Year Ended 30 June 2019

3 Summary of Significant Accounting Policies

(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 1058: Income of Not-for-Profit Entities	1 July 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 1058. 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>

National Folk Festival Limited

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**Notes to the Financial Statements
For the Year Ended 30 June 2019**

3 Summary of Significant Accounting Policies

(j) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 16: Leases	1 July 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 16. 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 2019

3 Summary of Significant Accounting Policies

(j) New Accounting Standards and Interpretations

Standard Name	Effective date for entity	Requirements	Impact
AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities	1 July 2019	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit (NFP) entities into AASB 9 Financial Instruments (2014) and AASB 15 Revenue from Contracts with Customers. This guidance will assist not-for-profit entities in applying those standards. NFP entities will generally apply AASB 15 where an agreement creates enforceable rights and obligations and includes sufficiently specific promises to transfer goods or services to the customer or third party beneficiaries.	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.

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

4 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.

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

5 Revenue and Other Income

	2019	2018
	\$	\$
Revenue		
- Revenue from National Folk Festival	2,203,870	2,299,415
Total Revenue	2,203,870	2,299,415
	2019	2018
	\$	\$
Other Income		
- Donations	200	507
- Interest income	15,876	8,932
- Subsidies and grants	34,213	42,013
- Sundry income	4,968	4,596
	55,257	56,048

6 Cash and Cash Equivalents

	2019	2018
	\$	\$
Cash at bank and in hand	307,206	561,056
Short-term deposits	515,200	309,791
	822,406	870,847

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:

	2019	2018
	\$	\$
Cash at bank and in hand	822,406	870,847
Balance as per statement of cash flows	822,406	870,847

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

7 Trade and Other Receivables

	2019	2018
	\$	\$
CURRENT		
Trade receivables	11,909	3,926
Estimated credit loss	7(a) (1,100)	-
GST receivable	80,728	80,610
Total current trade and other receivables	<u>91,537</u>	<u>84,536</u>

(a) Estimated credit loss

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

	2019	2018
	\$	\$
Balance at beginning of the year	-	11,503
Additional impairment loss recognised	(1,110)	-
Less provision used	-	(11,503)
Balance at end of the year	<u>(1,110)</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

	2019	2018
	\$	\$
CURRENT		
At cost:		
Inventories	887	260
	<u>887</u>	<u>260</u>

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

9 Property, plant and equipment

	2019	2018
	\$	\$
Buildings		
At fair value	464,675	464,675
Accumulated depreciation	(43,619)	(36,343)
Total buildings	<u>421,056</u>	<u>428,332</u>
Plant and equipment		
At cost	336,279	340,022
Accumulated depreciation	(274,641)	(272,213)
Total plant and equipment	<u>61,638</u>	<u>67,809</u>
Total property, plant and equipment	<u><u>482,694</u></u>	<u><u>496,141</u></u>

National Folk Festival Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2019

9 Property, plant and equipment

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

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

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Year ended 30 June 2019			
Balance at the beginning of year	428,332	67,809	496,141
Additions	-	16,868	16,868
Disposals	-	(6,041)	(6,041)
Depreciation expense	(7,276)	(16,998)	(24,274)
Balance at the end of the year	421,056	61,638	482,694

	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

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

10 Intangible Assets

	2019	2018
	\$	\$
Trademark		
Cost	576	500
Net carrying value	576	500
Computer software		
Cost	16,800	-
Accumulated amortisation	(414)	-
Net carrying value	16,386	-
Total Intangibles	16,962	500

11 Other Assets

	2019	2018
	\$	\$
CURRENT		
Prepayments	15,256	17,354
Accrued income	7,450	-
	22,706	17,354

12 Trade and Other Payables

	2019	2018
	\$	\$
Current		
Trade payables	-	1,150
Accrued expenses	12,979	10,050
PAYG payable	7,217	5,062
Superannuation payable	16,619	232
	36,815	16,494

	2019	2018
	\$	\$
Non-Current		
Peter Daly Memorial Award	495	2,495
	495	2,495

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**Notes to the Financial Statements
For the Year Ended 30 June 2019**

13 Borrowings

	2019	2018
	\$	\$
CURRENT		
Bank Loan	-	4,657
Total current borrowings	<u>-</u>	<u>4,657</u>

14 Employee Benefits

	2019	2018
	\$	\$
Current liabilities		
Long service leave	30,041	7,801
Provision for annual leave	46,920	26,796
	<u>76,961</u>	<u>34,597</u>
	2019	2018
	\$	\$
Non-current liabilities		
Long service leave provision	6,012	14,774
	<u>6,012</u>	<u>14,774</u>

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2019

15 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

		2019	2018
		\$	\$
Financial assets			
Cash and cash equivalents	6	-	870,847
Trade and other receivables Held at amortised cost	7	-	3,926
Cash and equivalents	6	822,406	-
Trade and other receivables	7	11,909	-
Total financial assets		834,315	874,773
Financial liabilities			
Trade and other payables	12	-	18,989
Bank Loan	13	-	4,657
Total financial liabilities		-	23,646

The Company has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

15 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 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 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 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.

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Notes to the Financial Statements

For the Year Ended 30 June 2019

15 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 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 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.

16 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 2019 the number of members was 34 (2018: 34).

17 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:

	2019	2018
	\$	\$
Short-term employee benefits	101,351	87,763
Post-employment benefits	9,628	8,337
	<u>110,979</u>	<u>96,100</u>

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Notes to the Financial Statements For the Year Ended 30 June 2019

18 Auditors' Remuneration

	2019	2018
	\$	\$
Remuneration of the auditor Hardwicks Chartered Accountants, for:		
- Auditing or reviewing the financial statements	10,050	10,050
Total	10,050	10,050

19 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2019 (30 June 2018:None).

20 Cash Flow Information

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

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

	2019	2018
	\$	\$
(Loss)/Profit for the year	(79,712)	121,806
Non-cash flows in profit:		
- amortisation	414	-
- depreciation	24,274	23,097
- net loss on disposal of property, plant and equipment	6,041	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(14,451)	(12,970)
- (increase)/decrease in other assets	2,098	9,139
- (increase)/decrease in inventories	(627)	(536)
- increase/(decrease) in trade and other payables	18,322	(22,579)
- increase/(decrease) in provisions	33,602	(27,455)
Cashflows from operations	(10,039)	90,502

21 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.

22 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 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 Responsible person
Jacqueline Bradley Stephen Gallacher

Date: 10 September 2019

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 2019, 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 2019 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



Robert Johnson FCA
Partner

Canberra
10 September 2019