

National Folk Festival Limited

ABN: 96 058 761 274

Financial Statements

For the Year Ended 30 June 2021

National Folk Festival Limited

ABN: 96 058 761 274

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For the Year Ended 30 June 2021

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National Folk Festival Limited

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Directors' Report For the Year Ended 30 June 2021

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2021.

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
Jacqueline Bradley	President	Resigned: 15 October 2020
Peter Williams	Director	
Jocelyn Vasey	Director	Resigned: 15 October 2020
Genevieve Jacobs	Director	
Graham Chalker	Director	Resigned: 15 October 2020
David Gilks	Vice President	
Stephen Gallacher	President	
Chris Grange	Director	
Helen Ludellen	Director	
Lynette O'Brien	Director	Appointed: 12 August 2020
Chris Harris-Pascal	Director	Appointed: 15 October 2020
Dr Iain G Johnston	Director	Appointed: 15 October 2020
Virginia Cook	Director	Appointed: 15 October 2020

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

Information on directors

Dr Jacqueline Bradley

Qualifications

Experience

President. Resigned 15 October 2020

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 at the National Art School in Sydney. 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 Festival.

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.

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Directors' Report For the Year Ended 30 June 2021

Information on directors

Jocelyn Vasey

Qualifications

Experience

Director. Resigned 15 October 2020

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 and is an active volunteer in her local community. She joined the Board in 2016.

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.

Graham Chalker

Qualifications

Experience

Director. Resigned: 15 October 2020

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

Vice President

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 2021

Information on directors

Stephen Gallacher

Qualifications

Experience

President. Vice President to 15 October 2020.

B.Acc, C.A.

Originally hailing from Scotland, Stephen is a Chartered Accountant with over twenty five years of experience in the not for profit sector at senior levels including CEO and CFO in community and hospitality organisations in a number of States and jurisdictions across Australia and Scotland. Whilst being a long standing supporter of performing arts including traditional music and dance, Stephen and his family have become more involved in the folk scene since returning to Canberra in 2013. Stephen joined the board in October 2018 and has previously chaired the Festival finance committee.

Chris Grange

Qualifications

Experience

Director

BA (UNSW), MCom Finance (UOW)

Chris was the Chief Operating Officer of the Australian National University, until his retirement in September 2019. 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.

Lynette O'Brien

Qualifications

Experience

Director. Appointed: 12 August 2020

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

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

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Directors' Report For the Year Ended 30 June 2021

Information on directors

Chris Harris-Pascal
Experience

Director. Appointed: 15 October 2020

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

Dr Iain G Johnston
Qualifications
Experience

Director. Appointed: 15 October 2020

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

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

Virginia Cook
Experience

Director. Appointed: 15 October 2020.

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

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Directors' Report For the Year Ended 30 June 2021

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 2021 the collective liability of members was \$420 (2020: \$380).

2. Operating results

The loss of the Company for the financial year after providing for income tax amounted to \$ (111,760)(2020 : \$ 351,240).

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 2021**

3. Other Items

Meetings of directors

During the financial year, 12 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
Dr Jacqueline Bradley	3	3
Peter Williams	12	11
Jocelyn Vasey	3	2
Genevieve Jacobs	12	9
Graham Chalker	3	2
David Gilks	12	12
Stephen Gallacher	12	12
Chris Grange	12	11
Helen Ludellen	12	11
Lynette O'Brien	11	11
Chris Harris-Pascal	11	10
Dr Iain G Johnston	9	9
Virginia Cook	9	7

Indemnification and insurance of officers and auditors

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


Proceedings on behalf of company

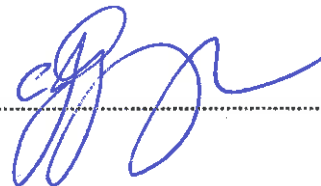
No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not party to any such proceedings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

Auditor's Independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the year ended 30 June 2021 has been received and can be found on page 7 of the financial report.

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

Director: 

Director: 

Dated 30/9/2021

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 2021, 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
Chartered Accountants



Robert Johnson FCA
Partner

20 October 2021

Canberra

National Folk Festival Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

		2021	2020
	Note	\$	\$
Sales revenue	4	121,758	20,744
Other income	4	184,148	383,070
Amortisation		-	(3,008)
Depreciation	8(a)	(25,211)	(21,748)
Employee benefits expense		(223,044)	(508,493)
Finance costs		(777)	(1,472)
Marketing expenses		(23,900)	(53,611)
Occupancy costs		(13,285)	(18,148)
Operational costs		(38,143)	(23,468)
Other expenses		(51,066)	(100,374)
Performance costs		(42,240)	(24,732)
(Loss) before income tax		(111,760)	(351,240)
Income tax expense	2(a)	-	-
(Loss) for the year		(111,760)	(351,240)
Other comprehensive income			
Revaluation increment - owner occupied property	8(b)	-	185,150
Other comprehensive income for the year		-	185,150
Total comprehensive income for the year		(111,760)	(166,090)

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 June 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	537,880	503,464
Trade and other receivables	6	-	11,774
Inventories	7	11,846	18,131
Other assets	10	591	28,929
TOTAL CURRENT ASSETS		<u>550,317</u>	<u>562,298</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	614,056	641,373
Intangible assets	9	-	654
TOTAL NON-CURRENT ASSETS		<u>614,056</u>	<u>642,027</u>
TOTAL ASSETS		<u>1,164,373</u>	<u>1,204,325</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	22,708	15,924
Employee benefits	13	1,869	31,913
Other liabilities	12	100,000	5,000
TOTAL CURRENT LIABILITIES		<u>124,577</u>	<u>52,837</u>
NON-CURRENT LIABILITIES			
Trade and other payables	11	495	495
Employee benefits	13	242	174
TOTAL NON-CURRENT LIABILITIES		<u>737</u>	<u>669</u>
TOTAL LIABILITIES		<u>125,314</u>	<u>53,506</u>
NET ASSETS		<u>1,039,059</u>	<u>1,150,819</u>
EQUITY			
Asset revaluation surplus		290,307	290,307
Retained earnings		748,752	860,512
TOTAL EQUITY		<u>1,039,059</u>	<u>1,150,819</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2021

2021

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

2020

	Retained Earnings	Asset Revaluation Surplus	Total
	\$	\$	\$
Balance at 1 July 2019	1,211,752	105,157	1,316,909
Loss for the year	(351,240)	-	(351,240)
Total other comprehensive income for the year	-	185,150	185,150
Balance at 30 June 2020	<u>860,512</u>	<u>290,307</u>	<u>1,150,819</u>

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	429,893	467,506
Payments to suppliers and employees	(393,461)	(803,453)
Interest received	101	18,555
Interest paid	(777)	(1,472)
Net cash provided by / (used in) operating activities	19 <u>35,756</u>	<u>(318,864)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant and equipment	<u>(1,340)</u>	(78)
Net cash (used in) investing activities	<u>(1,340)</u>	<u>(78)</u>
Net increase / (decrease) in cash and cash equivalents held	34,416	(318,942)
Cash and cash equivalents at beginning of year	<u>503,464</u>	<u>822,406</u>
Cash and cash equivalents at end of financial year	5 <u><u>537,880</u></u>	<u><u>503,464</u></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 2021

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 Company 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 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

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

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

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(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.

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

Buildings

Buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

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

Financial assets

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

Classification

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

- 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.

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 and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Financial assets through profit or loss

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

Impairment of financial assets

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

- financial assets measured at amortised cost

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

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

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.

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.

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Notes to the Financial Statements For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Other financial assets measured at amortised cost

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

Financial liabilities

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

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

(g) Impairment of non-financial assets

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

Where an indicator exists and regardless 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(h) Intangibles

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) 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.

(j) 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 2021

2 Summary of Significant Accounting Policies

(k) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 July 2021	The amendments refine the definition of material in AASB 101 to clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.	Unlikely to be any impact on the reported financial position, performance or cash flows in the financial statements.
AASB 2020-1 Amendments to Australian Accounting Standards – Classifications of Liabilities as Current or Non-Current	1 July 2022	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	Minor impact expected but entities should consider the appropriate classification of liabilities as current or non-current.

3 Critical Accounting Estimates and Judgments

Those charged with governance make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

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

The significant estimates and judgements made have been described below.

Key estimates - receivables

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

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgments

Key judgments - COVID-19

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

Key judgments - employee benefits

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

4 Revenue and Other Income

	2021	2020
	\$	\$
Revenue		
- Revenue from National Folk Festival	<u>121,758</u>	20,744
Total Revenue	<u>121,758</u>	<u>20,744</u>
	2021	2020
	\$	\$
Other Income		
- Sponsorship	51,000	-
- Donations	1,775	220,018
- Government support - Cash flow boost	37,500	62,500
- Government support - JobKeeper	89,400	42,000
- Interest income	101	11,105
- Subsidies and grants	-	35,460
- Sundry income	4,372	4,596
	<u>184,148</u>	<u>375,679</u>

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Notes to the Financial Statements For the Year Ended 30 June 2021

5 Cash and Cash Equivalents

	2021	2020
	\$	\$
Cash at bank and in hand	537,880	503,464
	<u>537,880</u>	<u>503,464</u>

Reconciliation of cash

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

	2021	2020
	\$	\$
Cash at bank and in hand	537,879	503,463
Balance as per statement of cash flows	<u>537,879</u>	<u>503,463</u>

6 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
GST receivable	-	9,152
Other receivables	-	2,622
Total current trade and other receivables	<u>-</u>	<u>11,774</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.

7 Inventories

	2021	2020
	\$	\$
CURRENT		
At cost:		
Inventories	11,846	18,131
	<u>11,846</u>	<u>18,131</u>

8 Property, plant and equipment

	2021	2020
	\$	\$
Buildings		
At fair value	600,000	600,000
Accumulated depreciation	(16,438)	(1,438)
Total buildings	<u>583,562</u>	<u>598,562</u>

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

8 Property, plant and equipment

PLANT AND EQUIPMENT

Plant and equipment

At cost

110,064 185,928

Accumulated depreciation

(79,570) (143,117)

Total plant and equipment

30,494 42,811

Total property, plant and equipment

614,056 641,373

(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 2021			
Balance at the beginning of year	598,562	42,811	641,373
Additions	-	1,340	1,340
Disposals	-	(3,446)	(3,446)
Depreciation expense	(15,000)	(10,211)	(25,211)
Balance at the end of the year	583,562	30,494	614,056

	Buildings	Plant and Equipment	Total
	\$	\$	\$
Year ended 30 June 2020			
Balance at the beginning of year	421,056	61,638	482,694
Disposals	-	(4,723)	(4,723)
Depreciation expense	(7,644)	(14,104)	(21,748)
Revaluation increase recognised in equity	185,150	-	185,150
Balance at the end of the year	598,562	42,811	641,373

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

8 Property, plant and equipment

(b) Land and Building valuation

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

Qualification of the valuer are as follows:

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

9 Intangible Assets

	2021	2020
	\$	\$
Trade mark		
Cost	-	654
Net carrying value	-	654
Total Intangibles	-	654

10 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	591	1,429
Accrued income	-	27,500
	591	28,929

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

11 Trade and Other Payables

	2021	2020
Note	\$	\$
CURRENT		
Trade payables	480	-
GST payable	4,369	-
Accrued expenses	13,011	10,625
PAYG payable	4,848	5,299
	<u>22,708</u>	<u>15,924</u>
NON-CURRENT		
Peter Daly Memorial Award	495	495
	<u>495</u>	<u>495</u>

12 Other Liabilities

	2021	2020
	\$	\$
CURRENT		
Revenue received in advance	100,000	5,000
	<u>100,000</u>	<u>5,000</u>

13 Employee Benefits

	2021	2020
	\$	\$
CURRENT		
Long service leave	-	18,318
Provision for annual leave	1,869	13,595
	<u>1,869</u>	<u>31,913</u>
NON-CURRENT		
Long service leave provision	242	174
	<u>242</u>	<u>174</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Financial Risk Management

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

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

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

Specific risks

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

Financial instruments used

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

- Trade payables
- Cash at bank

	Note	2021 \$	2020 \$
Financial assets			
Cash and equivalents	5	<u>537,880</u>	503,464
Total financial assets		<u>537,880</u>	503,464
Financial liabilities			
Trade payables	11	<u>480</u>	-
Total financial liabilities		<u>480</u>	-

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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

14 Financial Risk Management

Objectives, policies and processes

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

Mitigation strategies for specific risks faced are described below:

Liquidity risk

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

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

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

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

Credit risk

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

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail 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 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.

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

14 Financial Risk Management

(i) Interest rate risk

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

15 Members' Guarantee

The Company is 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 2021 the number of members was 42 (2020: 38).

16 Key Management Personnel Remuneration

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

	2021	2020
	\$	\$
Short-term employee benefits	114,755	90,622
Post-employment benefits	9,978	8,609
	124,733	99,231

17 Auditors' Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor Hardwickes Chartered Accountants, for:		
- Auditing or reviewing the financial statements	10,050	10,050
Total	10,050	10,050

18 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2021 (30 June 2020:None).

National Folk Festival Limited

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Notes to the Financial Statements For the Year Ended 30 June 2021

19 Cash Flow Information

	2021	2020
	\$	\$
(Loss) for the year	(111,760)	(351,240)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- amortisation	-	3,008
- depreciation	25,211	21,748
- net loss on disposal of plant and equipment	4,100	18,100
Changes in assets and liabilities:	-	-
- (increase)/decrease in trade and other receivables	11,775	59,713
- (increase)/decrease in other assets	28,338	13,827
- (increase)/decrease in inventories	6,285	(17,244)
- increase/(decrease) in income in advance	95,000	5,000
- increase/(decrease) in trade and other payables	6,783	(20,892)
- increase/(decrease) in provisions	(29,976)	(50,884)
Cashflows from operations	<u>35,756</u>	<u>(318,864)</u>

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

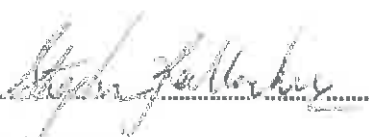
ABN: 93 065 761 274

Responsible Persons' Declaration

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

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

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

Responsible person 
Date: 30/9/2021

Responsible person 

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 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the responsible persons' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

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

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

Responsibilities of Responsible Entities for the Financial Report

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

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

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



Independent Audit Report to the members of National Folk Festival Limited

Auditor's Responsibilities for the Audit of the Financial Report

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

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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities' 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 the Company'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 the Company 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
Chartered Accountants



Robert Johnson FCA
Partner

Canberra
20 October 2021



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND