

National Folk Festival Limited

ABN: 96 058 761 274

Financial Statements

For the Year Ended 30 June 2020

National Folk Festival Limited

ABN: 96 058 761 274

Contents

For the Year Ended 30 June 2020

	Page
Financial Statements	
Directors' Report	1
Auditor's Independence Declaration under Section 60-40(1) of the Australian Charities and Not-for-profits Commission Act 2012	6
Statement of Profit or Loss and Other Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Notes to the Financial Statements	11
Responsible Persons' Declaration	28
Independent Audit Report	29

National Folk Festival Limited

ABN: 96 058 761 274

Directors' Report For the Year Ended 30 June 2020

The directors present their report on National Folk Festival Limited for the financial year ended 30 June 2020.

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	
Peter Williams	Director	
Jocelyn Vasey	Director	
Genevieve Jacobs	Director	
Graham Chalker	Director	
David Gilks	Company Secretary	
Stephen Gallacher	Vice President	
Chris Grange	Director	
Helen Ludellen	Director	
Judy Turner	Director	Resigned: 22 October 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

Dr Jacqueline Bradley	President
Qualifications	BA (Hons) Visual Arts (ANU), PhD (ANU)
Experience	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	Director
Experience	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.

National Folk Festival Limited

ABN: 96 058 761 274

Directors' Report For the Year Ended 30 June 2020

Information on directors

Information on directors

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 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

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).

National Folk Festival Limited

ABN: 96 058 761 274

Directors' Report For the Year Ended 30 June 2020

Information on directors

Information on directors

Stephen Gallacher

Qualifications

Experience

Vice President

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.

Principal activities

The principal activity of National Folk Festival Limited during the financial year was the organisation of the National Folk Festival in Canberra.

Impact of COVID

The impact of COVID-19 on the 2020 Festival resulted in significant loss. With the cancellation some 3 weeks prior to the event, the opportunity to maximise Festival Income was lost. As a result of the cancellation, income received at the time of cancellation was returned to relevant stakeholders leaving the Festival with \$20,744 income for the 2020 financial year.

No significant changes in the nature of the Company's activity occurred during the financial year.

National Folk Festival Limited

ABN: 96 058 761 274

Directors' Report For the Year Ended 30 June 2020

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 2020 the collective liability of members was \$380 (2019: \$380).

2. Operating results and review of operations for the year

Operating result

The loss of the Company for the financial year after providing for income tax amounted to \$ (351,240)(2019 : \$ 79,712).

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
Dr Jacqueline Bradley	13	12
Peter Williams	13	10
Jocelyn Vasey	13	10
Genevieve Jacobs	13	7
Graham Chalker	13	12
David Gilks	13	13
Stephen Gallacher	13	11
Chris Grange	13	13
Helen Ludellen	13	13
Judy Turner	4	3

National Folk Festival Limited

ABN: 98 058 761 274

Directors' Report

For the Year Ended 30 June 2020

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

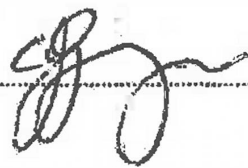
No person has applied for leave of Court to bring proceedings on behalf of the entity or intervene in any proceedings to which the entity is a party for the purpose of taking responsibility on behalf of the entity for all or any part of those proceedings. The entity was not party to any such proceedings 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 2020 has been received and can be found on page 6 of the financial report.

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

Director: 

Director: 

Date: 24/8/2020

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 2020, 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.

Hardwicks

Hardwicks
Chartered Accountants



Robert Johnson FCA
Partner

24 August 2020

Canberra

National Folk Festival Limited

ABN: 96 058 761 274

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Sales Revenue	5	20,744	2,203,870
Other income	5	383,070	55,257
Amortisation		(3,008)	(414)
Depreciation	9(a)	(21,748)	(24,274)
Employee benefits expense		(508,493)	(611,593)
Finance costs		(1,472)	(5,270)
Marketing expenses		(53,611)	(71,464)
Occupancy costs		(18,148)	(20,723)
Operational costs		(23,468)	(1,074,039)
Other expenses		(100,374)	(147,987)
Performance costs		(24,732)	(383,075)
(Loss) before income tax		(351,240)	(79,712)
Income tax expense	3(a)	-	-
(Loss) for the year		(351,240)	(79,712)
Other comprehensive income			
Revaluation increment - owner occupied property	9(b)	185,150	-
Total other comprehensive income		185,150	-
Total comprehensive income for the year		(166,090)	(79,712)

The accompanying notes form part of these financial statements.

National Folk Festival Limited

ABN: 96 058 761 274

Statement of Financial Position

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	503,464	822,406
Trade and other receivables	7	11,774	91,537
Inventories	8	18,131	887
Other assets	11	28,929	22,706
TOTAL CURRENT ASSETS		<u>562,298</u>	<u>937,536</u>
NON-CURRENT ASSETS			
Property, plant and equipment	9	641,373	482,694
Intangible assets	10	654	16,962
TOTAL NON-CURRENT ASSETS		<u>642,027</u>	<u>499,656</u>
TOTAL ASSETS		<u>1,204,325</u>	<u>1,437,192</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	15,924	36,815
Employee benefits	14	31,913	76,961
Other liabilities	13	5,000	-
TOTAL CURRENT LIABILITIES		<u>52,837</u>	<u>113,776</u>
NON-CURRENT LIABILITIES			
Trade and other payables	12	495	495
Employee benefits	14	174	6,012
TOTAL NON-CURRENT LIABILITIES		<u>669</u>	<u>6,507</u>
TOTAL LIABILITIES		<u>53,506</u>	<u>120,283</u>
NET ASSETS		<u>1,150,819</u>	<u>1,316,909</u>
EQUITY			
Asset revaluation surplus		290,307	105,157
Retained earnings		860,512	1,211,752
TOTAL EQUITY		<u>1,150,819</u>	<u>1,316,909</u>

The accompanying notes form part of these financial statements.

National Folk Festival Limited

ABN: 96 058 761 274

Statement of Changes in Equity For the Year Ended 30 June 2020

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)
Revaluation increment	-	185,150	185,150
Balance at 30 June 2020	860,512	290,307	1,150,819

2019

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

The accompanying notes form part of these financial statements.

National Folk Festival Limited

ABN: 96 058 761 274

Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	467,506	2,375,695
Payments to suppliers and employees	(803,453)	(2,388,890)
Interest received	18,555	8,426
Interest paid	(1,472)	(5,270)
Net cash provided by operating activities	20 <u>(318,864)</u>	<u>(10,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	(20,612)
Purchase of property, plant and equipment	(78)	(13,133)
Net cash (used in) investing activities	<u>(78)</u>	<u>(33,745)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments from borrowings	-	(4,657)
Net cash (used in) financing activities	<u>-</u>	<u>(4,657)</u>
Net (decrease) in cash and cash equivalents held	(318,942)	(48,441)
Cash and cash equivalents at beginning of year	822,406	870,847
Cash and cash equivalents at end of financial year	6 <u><u>503,464</u></u>	<u><u>822,406</u></u>

The accompanying notes form part of these financial statements.

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

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

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts* with Customers and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

The Company holds no active leases. There is no impact of AASB 16: *Leases* on the financial statements.

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*.

(b) Revenue and other income

For comparative year

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.

Revenue from contracts with customers

For current year

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(b) Revenue and other income

Revenue from contracts with customers

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.

(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.

Buildings

Buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(e) Property, plant and equipment

Depreciation

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

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

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

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

(f) Financial instruments

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

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

Financial assets

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

Classification

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

- 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

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

- 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.

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 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.

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

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 of trade and other payables.

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(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.

(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.

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Summary of Significant Accounting Policies

(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.

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

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

5 Revenue and Other Income

	2020	2019
	\$	\$
Revenue		
- Revenue from National Folk Festival	20,744	2,203,870
Total Revenue	20,744	2,203,870

	2020	2019
	\$	\$
Other Income		
- Donations	220,018	200
- Government support - Cash flow boost	62,500	-
- Government support - JobKeeper	42,000	-
- Interest income	11,105	15,876
- Subsidies and grants	35,460	34,213
- Sundry income	11,987	4,596
	383,070	54,885

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash at bank and in hand	503,464	307,206
Short-term deposits	-	515,200
	503,464	822,406

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:

	2020	2019
	\$	\$
Cash at bank and in hand	503,464	822,406
Balance as per statement of cash flows	503,464	822,406

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

7 Trade and Other Receivables

	2020	2019
Note	\$	\$
CURRENT		
Trade receivables	-	11,909
Estimated credit loss	-	(1,100)
GST receivable	9,152	80,728
Other receivables	2,622	-
Total current trade and other receivables	11,774	91,537

(a) Estimated credit loss

	2020	2019
	\$	\$
Balance at beginning of the year	(1,110)	-
Additional impairment loss recognised	-	(1,110)
Less: provision used	1,110	-
Balance at end of the year	-	(1,110)

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

	2020	2019
	\$	\$
CURRENT		
At cost:		
Inventories	18,131	887
	18,131	887

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

9 Property, plant and equipment

	2020	2019
	\$	\$
Buildings		
At fair value	600,000	464,675
Accumulated depreciation	(1,438)	(43,619)
Total buildings	<u>598,562</u>	<u>421,056</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	185,928	336,279
Accumulated depreciation	(143,117)	(274,641)
Total plant and equipment	<u>42,811</u>	<u>61,638</u>
Total property, plant and equipment	<u><u>641,373</u></u>	<u><u>482,694</u></u>

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

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

	Buildings	Plant and Equipment	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	<u>598,562</u>	<u>42,811</u>	<u>641,373</u>

	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	<u>421,056</u>	<u>61,638</u>	<u>482,694</u>

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

9 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).

10 Intangible Assets

	2020	2019
	\$	\$
Trade mark		
Cost	654	576
Net carrying value	654	576
Computer software		
Cost	-	16,800
Accumulated amortisation	-	(414)
Net carrying value	-	16,386
Total Intangibles	654	16,962

11 Other Assets

	2020	2019
	\$	\$
CURRENT		
Prepayments	1,429	15,256
Accrued income	27,500	7,450
	28,929	22,706

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

12 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT	-	-
Accrued expenses	10,625	12,979
PAYG payable	5,299	7,217
Superannuation payable	-	16,619
	<u>15,924</u>	<u>36,815</u>
	2020	2019
	\$	\$
NON-CURRENT		
Peter Daly Memorial Award	495	495
	<u>495</u>	<u>495</u>

13 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Sponsorship received in advance	5,000	-
	<u>5,000</u>	<u>-</u>

14 Employee Benefits

	2020	2019
	\$	\$
CURRENT		
Long service leave	18,318	30,041
Provision for annual leave	13,595	46,920
	<u>31,913</u>	<u>76,961</u>
	2020	2019
	\$	\$
NON-CURRENT		
Long service leave provision	174	6,012
	<u>174</u>	<u>6,012</u>

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

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

	Note	2020 \$	2019 \$
Financial assets			
Held at amortised cost		-	-
Cash and equivalents	6	503,464	822,406
Trade and other receivables	7	-	11,909
Total financial assets		503,464	834,315

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 receives monthly reports which provide details of the effectiveness of the processes and policies in place.

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements

For the Year Ended 30 June 2020

15 Financial Risk Management

Objectives, policies and processes

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

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

The 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.

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

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 2020 the number of members was 38 (2019: 38).

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:

	2020	2019
	\$	\$
Short-term employee benefits	90,622	101,351
Post-employment benefits	8,609	9,628
	<u>99,231</u>	<u>110,979</u>

18 Auditors' Remuneration

	2020	2019
	\$	\$
Remuneration of the auditor Hardwickes Chartered Accountants, for:		
- Auditing or reviewing the financial statements	10,050	10,050
Total	<u>10,050</u>	<u>10,050</u>

19 Contingencies

In the opinion of those charged with governance, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

National Folk Festival Limited

ABN: 96 058 761 274

Notes to the Financial Statements For the Year Ended 30 June 2020

20 Cash Flow Information

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

	2020	2019
	\$	\$
(Loss) for the year	(351,240)	(79,712)
Cash flows excluded from profit attributable to operating activities	-	-
Non-cash flows in profit:	-	-
- amortisation	3,008	414
- depreciation	21,748	24,274
- net loss on disposal of property, plant and equipment	18,100	6,041
Changes in assets and liabilities:	-	-
- (increase)/decrease in trade and other receivables	59,713	(14,451)
- (increase)/decrease in other assets	13,827	2,098
- (increase)/decrease in inventories	(17,244)	(627)
- increase/(decrease) in income in advance	5,000	-
- increase/(decrease) in trade and other payables	(20,892)	18,322
- increase/(decrease) in provisions	(50,884)	33,602
Cashflows from operations	<u>(318,864)</u>	<u>(10,039)</u>

21 Events after the end of the Reporting Period

Impact of COVID 2021

COVID will have an impact on the 2021 Festival. We expect Festival attendance and stakeholder numbers will be reduced in 2021. We are adapting to what the future may hold and creating a new and innovative Festival for 2021.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could 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

ABN: 98 068 781 274

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 Responsible person
Date: 7 September 2020

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 2020, 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 2020 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's 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 Accountants



Robert Johnson FCA
Partner

Canberra
24 August 2020