

The Inner City Steiner School P-12

Annual Report 2009

“The need for imagination, a sense of truth and feeling of responsibility – these are the three forces which are the very nerve of education.”

Rudolf Steiner

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The Inner City Steiner School P-12



Sophia Mundi Steiner School

Sophia Mundi is an inner city P-12 Steiner school. It offers a traditional Waldorf curriculum and has a strong tradition in music, arts and outdoor education. Our main campus is located at St Mary's in the historic Abbotsford Convent, nestled alongside the Collingwood Children's farm on the banks of the Yarra River. Our curriculum encourages the development of a healthy body and soul through active participation, consumption of organic foods and use of natural materials.

Sophia Mundi's curriculum is based on the Steiner philosophy that learning outcomes are dramatically improved if the timing and style of teaching are matched to the developmental capabilities of a student. By engendering a love of learning we unlock curiosity, creativity and imagination. Specific themes, rich in context, including Nordic legends and Egyptian hieroglyphics are interlaced and interwoven across all subject areas, working together harmoniously through maths and science, art and literature. Spirituality is explored alongside structure. Musical instruments foster dexterity.

Though contextually rich, Sophia Mundi's curriculum is academically strong. It is fully underpinned by the Victorian Essential Learning Standards (VELS) framework introduced by the College of Teachers in 2008-9 as a continuous improvement process requiring rigorous lesson planning, measurement and reporting. VELS will enable the school to benefit enormously from the new National Steiner curriculum currently under development by Steiner Education Australia.

In recognition of the ever-increasing demands placed upon teachers and students reaching physical maturity at ever-younger ages, Sophia Mundi has introduced a Middle School structure. The class teacher period is reviewed formally during Class 6 and an assessment made as to whether it is beneficial for both students and teacher to continue their journey together to Class 8. Our Middle School teachers are fully equipped to support students through the trauma of puberty whilst assisting them in the transition from dependent to independent learning.

In 2009 we had only two students graduate in year 12. Both went on to tertiary education, one studying Bachelor of Arts at La Trobe University and the other studying Landscape Architecture at RMIT.

Looking ahead, Sophia Mundi will focus on growing its secondary school numbers by increasing the depth of its teacher pool, acquiring new facilities and strengthening tertiary pathways. Two new senior school Maths/Science teachers have been recruited to help generate a greater focus on our programme. The anticipated new facilities are to be financed under our Building the education Revolution (BER) federal funding grant. We aim to strengthen tertiary pathways by working with tertiary institutions to increase awareness of the benefits of our programme, which, similar to the International Baccalaureate, includes a highly demanding year 12 independent major research project.

Tony Sullivan
School Executive Officer



Chairperson's Overview

2009 was a year characterised by great change for our school as we embraced the opportunities created by an audit of our processes by the Victorian Registration and Qualifications Authority.

Change permeated all levels of the school. At Board level a new chair was appointed, a new constitution adopted and a new Board governance charter implemented. After reviewing its own performance, the Board appointed a new School Executive Officer (SEO), Tony Sullivan, responsible for day-to-day running of the school, and re-focused itself on the key issues of governance, strategy and funding.

To add clarity, increase accountability and improve communication, sweeping changes were made within the school organization structure in order. A Management Team was created to oversee the running of the school. The Management Team comprises the chairs of the Early Childhood, Primary and Senior School Faculties as well as the Business Manager, Education Administrator and Enrolments Officer.

The faculties too were reinvigorated and attendance at faculty meetings made compulsory for all class teachers. The responsibilities of faculty were re-defined as managing all day-to-day educational matters and acting as first level support for class and specialist teachers. The College of Teachers, by contrast, has now relinquished all executive powers to focus on longer-term, strategic issues affecting curriculum and pedagogy.

The school finances for the year saw a significant turn for the better. In 2009 the school reported a healthy profit of \$200,000 for the year supported by strong underlying cash flows. Under the watchful gaze of Nicki Gurney, our new Business Manager, costs have been tightly controlled and fee collections improved. The benefits of this can be seen in the modest 2.5% increase in school fees, half the amount recommended by Independent Schools Victoria.

We now look confidently to the future and the next phase of development of our school. This will involve growth in the senior school through upgrading facilities and streamlining tertiary pathways. This will be an exciting time as we seek to extract full value from the federal funding allocated to us.

Robin Dexter
Chair, Board of Directors



Performance Measures

1. Student attendance by class in 2009 was:

Class	Attendance
Prep	88%
1	95%
2	87%
3	91%
4	93%
5	91%
6	91%
7	93%
8	88%
9	90%
10	80%
11	81%
12	94%

Students not attending school for whatever reason are required under the school's Attendance Policy to provide a satisfactory reason for non-attendance as soon as possible. Unexplained non-attendances are followed up by phone or email commencing on the day of the absence. If, after 10 days a satisfactory response has not been received, an unexplained absence is recorded on the student's file. Following return to school after an extended absence, a Return to School Plan may be developed to assist reintegration.

2. Staff

Average staff attendance in 2009 was 98%

Retention of staff in 2009 from 2008 was:

Teaching staff 77%
Music staff 70%

All class teachers and guardians are Steiner trained. We recruit staff on merit with no gender or cultural bias. At present there are no indigenous staff employed at the school.

Expenditure on Professional Learning was less than \$1000 per head and included reading material and conference attendance.



Staff Qualifications of Primary and Secondary and Specialist Music staff as at December 2009:

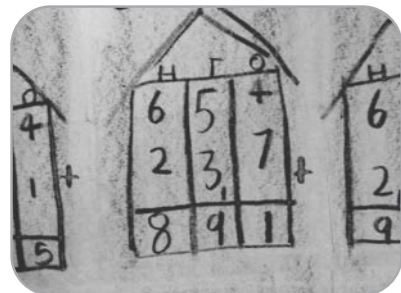
Qualification	Total
Bachelor of Education	10
Master of Education	1
Graduate Diploma of Education	3
Diploma of Education	11
Steiner Education Qualification	13
Bachelor of Arts	10
Masters	5
Bachelor of Science	2
Bachelor of Applied Science	1
Bachelor of Music	4
Bachelor of Visual Art / Fine Arts	3
Bachelor of Letters	1
Bachelor of Law	1
Bachelor of Early Childhood Studies	1
Advanced Diplomas	6
Certificates	5
Eurythmy Qualifications	2
MA Counselling	1
Creative Arts Therapy	1
Workplace Training and Assessment	1

3. Student Outcomes in Standardised (NAPLAN) tests:

Class		Reading	Writing	Spelling	Grammar/ Punctuation	Numeracy
3	2009	A 100%	A 100%	A 100%	A 100%	A 100%
	2008	-	-	-	-	-
5	2009	A 100%	A 100%	A 100%	A 100%	A 100%
	2008	-	-	-	-	-
7	2009	A 100%	A 100%	A 89%	A 100%	A 100%
	2008	-	-	-	-	-
9	2009	A 83%	A 100%	A 50%	A 100%	A 100%
	2008	A 100%	A 100%	A 66%	100%	66%

A = Within or above the average range.

In 2008 only 3 students in year 9 chose to sit NAPLAN. In 2009 the number increased to 17.



4. Senior Secondary Outcomes

In 2009 100% of our students went to tertiary education.

Destinations were:

- Bachelor of Arts, Latrobe University
- Landscape Architecture, RMIT

The proportion of year 9 students (2006) who went on to complete Year 12 (2009), was 7% (1 out of 14).

5. Parent, Teacher and Student Satisfaction

The last formal parent survey was conducted in 2007. The next formal survey will be made in 2010.

Two whole school meetings were held in 2009 to brief the whole school community on overall school progress.

2009 also saw the roll out of the community engagement process as outlined under the school's new Student Engagement policy. Under the new community engagement process, representatives of the wider school community are invited by the Board to participate in the school's annual planning process and to communicate outcomes back to the wider parent community.

6. Value Added

6.1 Sustainable schools Program

The school completed the Core and Energy modules of the Sustainable Schools programme and has been accredited as a one star school. The school intends to complete the remaining four modules to become a five star school.

6.2 Support Education

Sophia Mundi's Support Education staff conduct screening programs for our students in classes 1–3 that involves movement, co-ordination, speech, drawing and painting exercises to detect early warning signs of any potential learning difficulties. They work closely with class teachers to develop classroom strategies to address any potential issues.

In class years 4 and above, Support Education staff performs annual Literacy and Numeracy tests to identify students who may be having difficulties and develop programs to address them.

Sophia Mundi Limited
(Company Limited by Guarantee)
ACN 006411016

Financial Report

FOR THE YEAR ENDED 31 DECEMBER 2009

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Sophia Mundi Limited Directors' Report

The directors present their report on the company for the year ended 31 December 2009.

Directors

The names of directors in office at any time during or since the end of the year and to the date of this report are:

Robin Dexter (Chair) - B. Eng (Hons), Grad Dip Computer Science (appointed 30/07/2008)

James Yeatman - B Bus (Management), LLB (Hons), Solicitor, Accredited Specialist Workplace Relations Law (appointed 21/01/2009)

Rowan Doyle - B Mech Eng (Hons), CPGS, MBA (Technology Management), Program Director, Sustainable Renewable Energy Company Pty Ltd (appointed 11/02/2009)

Uschi Bay - B Social Work, M Social Work, Doc. of Philosophy, Lecturer (Level B) Monash University (appointed 21/01/2010)

Larissa Usenko - B. Ed., Dip Art, Teacher, Sophia Mundi Limited (resigned 23/07/2009)

Cheryl Prigg - B. Ed., Teacher Sophia Mundi Limited (resigned 27/07/2009)

Carlo Lacota - B. Bus, CA, Mast. (Marketing) (resigned 18/08/2009)

Tony Martin - Dip Ed Teaching (Primary), former Teacher, Sophia Mundi Limited (resigned 18/08/2009)

Johan Top - BA (Hons), Senior Program Adviser, Department of Justice, Victoria (resigned 18/08/2009)

Nancy Lee-James - Marketing & Fundraising (appointed 18/03/2009, resigned 17/02/2010)

Cherie Ross - Logistics & Event Management, Office Manager, Southport Constructions (appointed 21/01/2009, resigned 17/02/2010)

Marie Meggitt - BA (Politics), MA (Politics), Grad Dip, Certificate of Steiner Education, Teacher, Sophia Mundi Limited (appointed 11/02/2009, resigned 22/02/2010)

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Rowan Doyle - B Mech Eng (Hons), CPGS, MBA (Technology Management), Program Director, Sustainable Renewable Energy Company Pty Ltd (appointed Company Secretary on 16/09/2009)

Principal Activity

During the year the principal activity of the company was the provision of education. There was no significant change in the nature of this activity during the year.

Operating Results

The operating surplus for the year was \$159,439 (2008: deficit of \$242,343).

Review of Operations

The operations of the company were carried out on a satisfactory basis during the year.

Changes in State of Affairs

No significant change in the state of affairs of the company occurred during the year.

Dividends

In accordance with the Constitution of the company, the directors have not recommended the payment of any dividend in respect of the year ended 31 December 2009, or any other year.

Meetings of Directors

Meetings held during the year and attended during period of appointment:

		Number eligible to attend	Number attended
Robin Dexter	(appointed 30/07/2008)	22	21
James Yeatman	(appointed 21/01/2009)	22	15
Cherie Ross	(appointed 21/01/2009)	22	21
Rowan Doyle	(appointed 11/02/2009)	21	19
Marie Meggitt	(appointed 11/02/2009)	21	14
Nancy Lee-James	(appointed 18/03/2009)	17	14
Larissa Usenko	(resigned 23/07/2009)	15	2
Cheryl Prigg	(resigned 27/07/2009)	15	12
Carlo Lacota	(resigned 18/08/2009)	17	15
Tony Martin	(resigned 18/08/2009)	17	10
Johan Top	(resigned 18/08/2009)	17	16

Subsequent Events

No matters or circumstances have arisen since the end of the year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in subsequent years.

Likely Developments

Disclosure of information regarding likely developments in the operation of the company in future years and the expected results of those operations are likely to result in unreasonable prejudice to the company. Accordingly, this information has not been disclosed in this report.

Environmental Regulations

The operations of the company are not subject to any particular environmental regulations under a Commonwealth, State or Territory Law.

Indemnification of Officers and Auditors

During or since the financial year, the company has paid premiums of \$1,425 (2008: \$1,425) to insure the directors and officers against liability for claims made against individual directors and officers personally, alleging loss caused by wrongful acts committed by them in the management of the company and reimbursement to the company of those amounts which it is legally obliged to pay to directors and officers for costs incurred for successfully defending a claim. The cover is \$20,000,000 for any loss and in the aggregate.

Proceedings on Behalf of Company

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

Auditor's Independence Declaration

The lead Auditor's Independence Declaration, required by section 307C of the Corporations Act 2001, is set out on page 4 and forms part of the Directors' report for the year ended 31 December 2009.

Signed

May 2010 in accordance with a resolution of directors.



Robin Dexter (Chair)
Director



Rowan Doyle
Director

Auditor's Independence Declaration

As lead auditor for the audit of Sophia Mundi Limited for the year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



RA Dean
Partner
PKF
May 2010
Melbourne

Statement of Comprehensive Income for the Year Ended 31 December 2009

	Note	2009 \$	2008 \$
Revenue	2	2,823,831	3,024,153
Agency fees		-	25,849
Bad and doubtful debt expense		8,619	28,972
Borrowing costs		63,425	204,678
Depreciation and amortisation expenses	3	134,434	124,159
Occupancy expenses		261,063	317,986
Salaries and wages		1,494,583	1,817,694
Salaries and wages overheads		150,614	190,293
Teaching contractors		156,815	138,833
Teaching materials, faculty expenses and excursions		85,400	80,835
Accounting fees		58,616	41,118
Bank Charges		27,594	33,958
Cleaning costs		23,629	35,479
Other operating expenses		199,600	226,642
Total expenses		2,664,392	3,266,496
Surplus / (Deficit) before income tax expense		159,439	(242,343)
Income tax expense	1 (c)	-	-
Surplus / (Deficit) for the year		159,439	(242,343)
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		159,439	(242,343)

The accompanying notes form part of these financial statements.

Statement of Financial Position. As at 31 December 2009

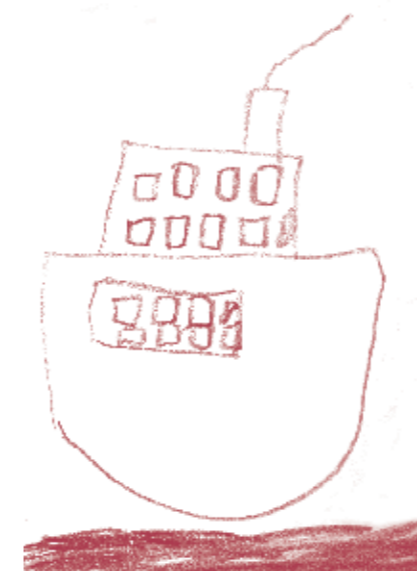
	Note	2009 \$	2008 \$
CURRENT ASSETS			
Cash and cash equivalents	4	45,643	60,134
Trade and other receivables	5	199,785	313,886
Other financial assets	6	12,500	12,500
TOTAL CURRENT ASSETS		257,928	386,520
NON-CURRENT ASSETS			
Trade and other receivables	5	38,354	-
Property, plant and equipment	7	1,642,902	1,712,825
TOTAL NON-CURRENT ASSETS		1,681,256	1,712,825
TOTAL ASSETS		1,939,184	2,099,345
CURRENT LIABILITIES			
Trade and other payables	8	329,592	836,565
Borrowings	9	699,964	721,847
Provisions	10	111,873	97,484
Other	11	341,443	446,990
TOTAL CURRENT LIABILITIES		1,482,872	2,102,886
NON-CURRENT LIABILITIES			
Trade and other payables	8	408,779	-
Borrowings	9	89,305	175,438
Provisions	10	27,753	49,985
TOTAL NON-CURRENT LIABILITIES		525,837	225,423
TOTAL LIABILITIES		2,008,709	2,328,309
(NET DEFICIENCY)		(69,525)	(228,964)
EQUITY			
Accumulated losses		(69,525)	(228,964)
(DEFICIENCY IN EQUITY)		(69,525)	(228,964)

The accompanying notes form part of these financial statements.

Statement of Changes In Equity for the Year Ended 31 December 2009

	Note	2009 \$	2008 \$
(Accumulated Losses) I Retained Profits at the beginning of the year		(228,964)	13,379
Total comprehensive income for the year		159,439	(242,343)
(Accumulated Losses) at the end of the year		(69,525)	(228,964)

The accompanying notes form part of these financial statements.



Statement of Cash Flows for the Year Ended 31 December 2009

	Note	2009 \$	2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from tuition fees and other fees		1,596,076	1,692,062
Payments to suppliers and employees		(2,756,132)	(2,573,549)
Proceeds of government funding		1,100,386	659,173
Other receipts		140,332	327,230
Interest received		801	4,418
Interest paid		(38,380)	(204,678)
Net cash provided by I (used in) operating activities	15	43,083	(95,344)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from holding bonds		70,200	-
Payments for returns of holding bonds		(3,400)	-
Proceeds from disposal of assets held for sale			1,459,926
Payments for property plant and equipment		(64,511)	(114,679)
Net cash provided by I (used in) investing activities		2,289	1,345,247
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(39,778)	(1,458,894)
Proceeds from borrowings		-	195,840
Net cash used in financing activities		(39,778)	(1,263,054)
NET INCREASE / (DECREASE) IN CASH HELD		5,594	(13,151)
Cash and cash equivalents at the beginning of the financial year		(230,829)	(217,678)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4	(225,235)	(230,829)

The accompanying notes form part of these financial statements.

Notes To And Forming Part of the Financial Statements for the Year Ended 31 December 2009

I. Statement of Significant Accounting Policies

The significant accounting policies adopted by the company in the preparation of the financial statements are:

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for the entity Sophia Mundi Limited as an individual entity. Sophia Mundi Limited is an unlisted public company limited by guarantee, incorporated and domiciled in Australia with its registered office and principal place of business being St Mary's Abbotsford Convent, 1 St Helliers Street, Abbotsford.

The principal activity of the company was the provision of education and this has remained unchanged. The financial report is presented in Australian dollars. The financial report was authorised for issue by the Board of Directors of Sophia Mundi Limited on the date shown on the Declaration by the Board of Directors attached to the financial statements.

The financial report has been prepared on a going concern and accruals basis and is based on historic costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies are consistent with those of the previous year.

(b) Going Concern

As at 31 December 2009 the Company had a net deficiency of \$69,525 (2008: \$228,964) and has a deficiency in current assets of \$1,224,944 (2008: \$1,716,366). However during 2009 the company produced a surplus of \$159,439 (2008: deficit of \$242,343) and had a positive cash flow from operating activities of \$43,083 (2008: negative cash flow of \$95,344). These conditions give rise to a material uncertainty that may cast significant doubt over the ability of the Company to continue as a going concern.

The financial statements have been prepared on a going concern basis, which assumes continuity of the normal business activities of the Company. If the Company is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. No adjustments have been made as to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the entity not continue as a going concern.

Based upon a review of post balance sheet trading conditions, the Board is of the opinion that the Company will continue its trend of profitability in 2010 and generate sufficient cash to pay its debts as and when they fall due. Debt reduction programs are in place and continue to reduce reliance on the support of major suppliers

and bankers. Normal branch banking arrangements have resumed and all banking facilities are due to be rolled-over for a further 12 months. The Company however continues to be dependent on the ongoing support from parents of students, the Company's external bankers and major suppliers whilst positive future cash flows are applied to reduce the net deficiency. The directors believe financial support from these or alternative sources, if required, will continue to be available to the company.

(c) Income Tax

The company does not provide for income tax as it is exempt from income tax pursuant to the Income Tax Assessment Act 1997.

(d) Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash includes cash at bank and cash on deposit with banks or financial institutions maturing within less than two months and net of bank overdrafts.

(e) Trade and Other Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date less, where applicable, allowances for doubtful accounts. Trade receivables are non-interest bearing and are generally on 30-90 day terms.

The collectability of debts is assessed at balance date. An allowance for doubtful debts is recognised when there is objective evidence that a trade receivable is impaired.

(f) Property, Plant and Equipment

Property, plant and equipment is brought to account at cost, less where applicable any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the depreciated replacement cost of those assets. The depreciated replacement cost is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Plant and equipment are depreciated over their estimated useful lives to the entity commencing from the time the asset is held ready for use using the straight line method of depreciation. Leasehold improvements are amortised over the shorter of either the unexpired period of the lease over the premises to which they relate or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Furniture and fittings	10 - 33%
Leasehold improvements	5 -17%

(g) Trade and Other Payables

Payables represent the principal amounts outstanding at balance date, plus where applicable, any accrued interest. Payables are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received.

(h) Borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. Interest expense is recognised on an accrual basis.

(i) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries and annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

(j) Limitation of Liability

The company is a public company limited by guarantee. In the event of the company being wound up the constitution states that each member of the company undertakes to contribute an amount not exceeding \$20, while he or she is a member or within one year following cessation of membership, for the payment of debts and liabilities of the company contracted before the cessation of that membership, together with costs, charges and expenses of Winding up and for the adjustment of the rights of the contributors among themselves.

As at 31 December 2009 there were 7 members (2008: 7).

(k) Leases

Operating Leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are expensed on a straight line basis over the term of the lease.

Lease Incentives
In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

l) Revenue

Fee income is recognised in the year in which the corresponding educational or ancillary service is provided. Income received in advance is carried forward as a liability.

Revenue from grants is recognised on an accruals basis upon confirmation of grant entitlements.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets. Revenue from the sale of merchandise is recognised upon the delivery of the goods to the customer.

(m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or

(ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(n) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

(o) Adoption of New and Revised Accounting Standards

The company has adopted the following new and amended Australian Accounting Standards and Interpretations as of 1 January 2009:

AASB 7 Financial Instruments: Disclosures effective 1 January 2009
AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009

Adoption of the above Standards had no impact on the values of assets and liabilities within the financial statements of the company, the impact being with respect to presentation only.

(p) Impact of New and Revised Accounting Standards or Interpretations that are not yet effective

There have been a number of amendments made to Accounting Standards issued by the Australian Accounting Standards Board ("AASB") that are not yet effective.

The directors do not believe that the new and revised standards issued by the AASB that are not yet effective will have any material impact on the financial statements.

(q) Significant Judgements and Key Assumptions

There are no significant judgements or key assumptions made by management in the application of accounting policies that are considered to have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year other than in the determination of the adequacy of the allowance for doubtful debts.

The directors and management have evaluated the adequacy of the allowance for doubtful debts based on historical knowledge and best available current information. They have satisfied themselves the allowance is adequate based on measures in place designed to recover long outstanding debts, including negotiated repayment plans with parents, and implemented debt monitoring and recovery procedures. However, adjustments may be deemed necessary in future financial periods if the measures to recover long outstanding debts are not as effective as currently anticipated.

2. Revenue

	2009	2008
	\$	\$
Tuition fees	1,869,523	1,638,374
Government grants		
- Victorian Department of Education	214,062	272,460
- Commonwealth Government	627,996	545,006
Fundraising	5,988	1,444
Donations	40,500	42,779
Donations - Building fund	8,550	30,105
Rental income	-	101,593
Capital fees	34,700	34,200
Interest	801	4,418
Spring Fair	11,693	14,818
Other Income	10,018	121,089
Gain on disposal of property	-	217,867
Total revenue	2,823,831	3,024,153

3. Surplus / (Deficit) Before Income Tax

Surplus / (Deficit) before income tax has been arrived at after charging the following expenses:

Depreciation - Leasehold improvements	92,871	95,327
Depreciation - Furniture and fittings	41,563	28,832
	134,434	124,159
Write off of fixed assets	-	25
Allowance for doubtful debts	8,619	12,162
Employee benefits	1,645,197	2,007,987
Superannuation	131,853	152,816

4. Cash and Cash Equivalents

Cash and cash equivalents as disclosed in the Statement of Financial Position is reconciled to the Statement of Cash Flows as follows:

Cash at bank	27,111	47,972
Cash on deposit	18,532	12,162
Cash per Statement of Financial Position	45,643	60,134
Bank overdraft	(270,878)	(290,963)
Cash per Statement of Cash Flows	(225,235)	(230,829)

5. Trade and Other Receivables

	2009	2008
	\$	\$
CURRENT		
Trade Receivables	267,621	200,702
Allowance for doubtful debts	(79,702)	(94,176)
	187,919	106,526
Other receivables	2,136	31,019
Prepayments	9,730	18,048
Grant receivable	-	158,293
	199,785	313,886
NON-CURRENT		
Trade receivables	38,354	-

Trade debtors are subject to normal terms of trade which provide for settlement within 30 days. The carrying values of receivables approximate fair values. All credit and recovery risk has been provided for in the balance sheet.

As at 31 December 2009 debts that were past due but not doubtful amounted to \$216,612 (2008: \$95,898). These trade receivables comprise trade receivables that have a good debt history and are considered recoverable.

	As at 31 December 2009		As at 31 December 2008	
	Debtor	Allowance	Debtor	Allowance
	\$	\$	\$	\$
Current	9,913	(252)	12,714	(2,086)
Overdue term	296,062	(79,450)	187,988	(92,090)
Closing Balance	305,975	(79,702)	200,702	(94,176)

The movement in the allowance for doubtful debts is detailed below:

	2009	2008
	\$	\$
Opening Balance	94,176	348,746
Charge for year	8,619	12,578
Amounts written off	(23,093)	(267,148)
Closing Balance	79,702	94,176

The bad debt provision is based upon a review of the actual debtors outstanding and an assessment of the recoverability of overdue balances.

6. Other Financial Assets

	2009	2008
	\$	\$
Term deposit	12,500	12,500

The above deposit is held as security by the company's bankers in satisfaction of a Bank Guarantee in favour of a landlord for guarantee of lease payments.

7. Property, Plant and Equipment

Furniture and fittings - at cost	422,569	416,252
Less: accumulated depreciation	(379,404)	(337,841)
	43,165	78,411
Leasehold improvements - at cost	2,020,708	1,962,514
Less: accumulated amortisation	(420,971)	(328,100)
	1,599,737	1,634,414
	1,642,902	1,712,825

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current year.

	Furniture & Fittings	Leasehold Improvements	Total
	\$	\$	\$
Balance at 1 January 2009	78,411	1,634,414	1,712,825
Additions	6,317	58,194	64,511
Depreciation expense	(41,563)	(92,871)	(134,434)
Balance at 31 December 2009	43,165	1,599,737	1,642,902
Balance at 1 January 2008	60,098	1,662,232	1,722,330
Additions	47,170	67,509	114,679
Disposals	(25)	-	(25)
Depreciation expense	(28,832)	(95,327)	(124,159)
Balance at 31 December 2008	78,411	1,634,414	1,712,825

8. Trade and other Payables

CURRENT		
Trade creditors	54,998	176,459
Sundry creditors	-	443,346
Accruals	274,594	216,760
	329,592	836,565
NON-CURRENT		
Sundry creditors	(a)	408,779
		-

(a) During the year the company entered into a repayment plan with the Australian Taxation Office in respect of unpaid PAYG withholding tax and GST. Repayments under the plan commence from March 2011. In the prior period the balance of these liabilities of \$443,346 were classified as current in the absence of a formal repayment plan.

9. Borrowings

	2009	2008
	\$	\$
CURRENT		
Bank overdraft	270,878	290,963
Commercial bank bills	391,106	421,106
Other borrowings	-	9,778
Related party loans - unsecured	30,452	-
Other loans - unsecured	7,528	-
	699,964	721,847
NON-CURRENT		
Related party loans - unsecured	74,289	139,535
Other loans - unsecured	15,016	35,903
	89,305	175,438

Security for the bank overdraft and commercial bill facilities consists of:
Registered mortgage debenture over all the assets and uncalled capital of Sophia Mundi Limited.

10. Provisions

	2009	2008
	\$	\$
CURRENT		
Employee benefits	111,873	97,484
NON-CURRENT		
Employee benefits	27,753	49,985

11. Other Current Liabilities

	2009	2008
CURRENT		
Fees paid in advance	154,297	319,857
Holding bonds	187,136	127,133
	341,443	446,990

12. Commitments

Operating lease commitments

Non-cancellable operating leases in respect of premises contracted for but not capitalised in the financial statements:

Payable:

- not later than one year	275,317	275,317
- later than one year and not later than five years	446,720	610,357
- later than five years	1,172,640	1,284,320
	1,894,677	2,169,994

Details of non-cancellable operating leases entered into are as follows:

Premises at 73-95 Nicholson Street with a lease term of five (5) years, with the option to renew the lease for four (4) further terms of five (5) years each. Rental provisions provide for rent to be payable monthly in advance and for CPI reviews in each year other than in a year a market review applies with market reviews applying every three (3) years;

Premises at 97 Nicholson Street with a lease term of five (5) years, with the option to renew the lease for four (4) further terms of five (5) years each. Rental provisions provide for rent to be payable monthly in advance and for CPI reviews in each year other than in a year a market review applies with market reviews applying every three (3) years; and

The whole of the 8t Mary's building and part of the Mercator building situated on the grounds of The Abbotsford Convent for a lease term of twenty (20) years. Rental provisions provide for CPI reviews in each year other than in a year a market review applies with market reviews applying every five (5) years with no renewal option(s).

13. Related Party Information

	2009	2008
	\$	\$

(a) Directors

The names of directors who held office at any time during the financial year are:

Robin Dexter
James Yeatman
Cherie Ross
Rowan Doyle
Maree Meggitt
Nancy Lee-James
Larissa Usenko
Cheryl Prigg
Carlo Lacota
Tony Martin
Johan Top

(b) Remuneration of Directors

The directors did not receive any remuneration for their services as directors (2008: \$Nil).

(c) Key Management Personnel Compensation

Members of the Executive Management team having authority and responsibility for planning, directing and controlling the activities of the Company.

Short-term employee benefits	108,260	97,604
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(d) Other Related Party Transactions

- (i) Children of the directors attend the school on terms no more favourable than those available to other children.
- (ii) Several directors of the company are employed in a teaching capacity at the Sophia Mundi School. The aggregate of their salaries paid during the year was \$187,685 (2008: \$155,082).
- (iii) Nancy Lee-James (director) worked in Marketing / Enrolments as a contractor, and received payments totalling \$6,637 (2008: NIL) for services provided.
- (iv) During the prior year donations totalling \$5,000 were made to the Sophia Mundi School by Mr T Martin, director.
- (v) During the prior year loans of \$20,000, \$30,840 and \$100,000 were received from directors, Mr J. Top, Mr C. Lacota and Mr R. Dexter respectively. The loans are unsecured and interest free and are to be set off against future school fees. Loan amounts owing to directors as at 31 December 2009 are disclosed in Note 9.
- (vi) In 2009 Rowan Doyle's (Director) spouse was employed as a teacher at the school with a gross salary of \$56,258 (2008: NIL).

14. Auditor Remuneration

	2009	2008
	\$	\$
Remuneration of the auditor of the Company		
- auditing the financial report	18,000	21,500
- prior year audit fees	-	5,500
- other services	3,000	3,000
	21,000	30,000

15. Cash Flow Information

(a) Reconciliation of surplus I (deficit) for the period to net cash flows from operating activities

Operating surplus I (deficit) after tax	159,439	(242,343)
Non-cash items:		
Write off of fixed assets	-	25
Non-cash settlement of insurance premiums	-	9,778
Allowance for doubtful debts	8,619	12,578
Non-cash settlement of school fees	(48,153)	(20,402)
Depreciation and amortisation	134,434	124,159
Gain on disposal of property	-	(217,867)
Reversal of allowance for doubtful debts against trade debtors	(23,093)	(267,148)
Changes in assets and liabilities:		
Trade debtors	(105,273)	248,385
Grants receivable	158,293	(158,293)
Other current assets	37,201	(36,846)
Trade and other payables	(98,194)	376,883
Other current liabilities	(172,347)	92,853
Employee provisions	(7,843)	(17,106)
Net cash provided by I (used in) operating activities	43,083	(95,344)

(b) Financing Arrangements

Access was available at balance date to the following facilities with various maturity dates.

	2009		2008	
	Used	Unused	Used	Unused
	\$	\$	\$	\$
Secured commercial bank bill facilities	391,106	30,000	421,106	-
Overdraft - balance	270,878	79,122	290,963	59,037
	661,984	109,122	712,069	59,037

16. Financial Instruments

(a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, and the average interest rates on classes of financial assets and financial liabilities are as follows:

	Average Interest Rate		Interest Bearing		Non-Interest Bearing	
	2009	2008	2009	2008	2009	2008
	%	%	\$	\$	\$	\$
Financial Assets						
Cash at bank	3.75	4.40	45,643	60,134	-	-
Other financial assets	5.00	6.76	12,500	12,500	-	-
Trade and other receivables					238,139	313,816
Total Financial Assets			58,143	72,634	238,139	313,816
Financial Liabilities						
Bank Overdraft	14.73	12.58	270,878	290,963	-	-
Trade and other payables	-	-	-	-	738,371	836,565
Bank Loans	5.98	5.66	391,106	421,106	-	-
Related party loans	-	-	-	-	103,995	139,535
Other loans	-	-	-	-	23,290	35,903
Other loans	-	6.31	-	9,778	-	-
Total Financial Liabilities			661,984	721,847	865,656	1,012,003

Interest rate risk arises from changes in interest rates which act to the detriment of:

- (i) the fair values of financial assets and financial liabilities.
- (ii) future cash flows arising from interest-bearing financial assets and liabilities.

At year end the company's interest bearing liabilities comprise \$391,106 in commercial bank bills set at a premium above the bank bill interest rate.

(b) Credit Risk

Financial assets, which potentially subject the company to credit risk, consist of cash and receivables. The company's cash equivalents are placed with high credit quality financial institutions. Trade receivables at balance date are carried, net of any provisions for doubtful debts. Accordingly, the directors believe the company has no significant exposure to credit risk.

Credit risk is managed through:

- (i) monitoring and follow-up of accounts receivable to ensure collections are being made promptly in accordance with terms and conditions.
- (ii) preparation of aged listings of accounts receivable to assist in monitoring and follow-up.
- (iii) cash deposits only held with major recognised banks.

(c) Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk is monitored to ensure sufficient monies are available to meet the company's contractual obligations as and when they fall due. This process involves the updating of cash flow forecasts and review by the Board.

(d) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.



Sophia Mundi Limited Directors' Declaration

The directors of Sophia Mundi Limited declare that:

- (a) in the directors' opinion, the financial statements and notes on pages 5 to 22, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 31 December 2009 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (b) In the directors' opinion, for the reasons stated at Note 1 to the financial statements, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

Robin Dexter (Chair)
Director

Rowan Doyle
Director

May 2010
Melbourne

Independent Audit Report To the Members of Sophia Mundi Limited

We have audited the accompanying financial report of Sophia Mundi Limited, which comprises the Statement of Financial Position as at 31 December 2009, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a Summary of Significant Accounting Policies, other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. Audit Opinion

In our opinion, the financial report of Sophia Mundi Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of Sophia Mundi Limited's financial position as at 31 December 2009 and of its performance for the year ended on that date; and

- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without further qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(b), there is significant uncertainty whether Sophia Mundi Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.



PKF
RA Dean
Partner
May 2010
Melbourne

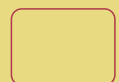
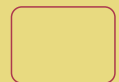




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School tours take place on the first Tuesday of the month, for more information contact the school office.
The school office is open Mon-Fri: 8.45am - 4.30pm. Please visit our website www.sophiamundi.vic.edu.au



The Inner City Steiner School P-12