

**SOPHIA MUNDI LIMITED  
COMPANY LIMITED BY GUARANTEE  
ACN 006 411 016**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2016**

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# **SOPHIA MUNDI LIMITED**

## **DIRECTORS' REPORT**

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Your directors present their report on the school for the financial year ended 31st December 2016.

### **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:

Nick Conigrave (From 30 November 2016)

Robin Dexter (Resigned as Director effective 20 April 2016)

Denise Hall (Resigned as Director effective 15 December 2016)

Eleni Kondos

Emrys Nekvapil

Robin Power (Chairperson of the Board of Directors)

Darren Scotti (From 15 December 2016)

Jennifer West

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

### **Company Secretary**

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

John Bradshaw (Business Manager and Company Secretary)

### **Principal Activities**

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 net deficit for the school for the financial year amounted to \$28,165 (2015: net deficit of \$19,979).

### **Review of Operations**

A review of operations of the school during the financial year shows that revenue increased by 0.4% and the expenses increased by 0.7%. The increase in revenue is mainly as a result of (i) an increase in government grant funding (positive effect), and (ii) a decrease in student numbers between the 2015 and 2016 school years (negative effect). The school maintained good control over its expenses during 2016, as it did in 2015. Nonetheless, operating expenses increased mainly as a result of an increase in teaching expenses and an increase in our occupancy expenses.

### **Changes in State of Affairs**

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

### **Dividend**

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 2016, or any other year.

### **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 school in future financial 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 unlikely to result in unreasonable prejudice to the school. Nonetheless, this information has not been disclosed in this report.

## SOPHIA MUNDI LIMITED

### DIRECTORS' REPORT

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#### Environmental Issues

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

#### Information on Directors

*Nick Conigrave*

Qualifications:

B.Eco, GDip.Org.Beh, M.Bus.Org.Change & Consulting, GAICD, AICD

*Robin Dexter*

Qualifications:

B.Eng (Hons), Grad Dip Computer Science, Company Director  
Logicaltech Pty Ltd

*Denise Hall*

Qualifications:

B.Training & Development, MIMC, CAR(REIV), AMREIV, AMAIBB

*Eleni Kondos*

Qualifications:

B.Arch, Grad Dip Construction Eco & Mgmt, Reg Architect, Director of  
Companies

*Emrys Nekvapil*

Qualifications:

BA/LLB (Melb); LLM (ANU), Barrister, Melbourne Chambers

*Robin Power*

Qualifications:

C.Eng B.Eng (Hons), ACDMM (Cambridge), Director & CEO -  
Re:CONSTRUCTION Pty Ltd

*Darren Scotti*

Qualifications:

B.Bus (Acc), CPA (Au)

*Jennifer West*

Qualifications:

B.Ed

#### Meetings of Directors

During the financial year, 9 meetings of directors were held. Attendances by each director during the financial year

	Number Eligible to Attend	Number Attended
Nick Conigrave	2	2
Robin Dexter	1	1
Denise Hall	9	9
Eleni Kondos	9	6
Emrys Nekvapil	9	9
Robin Power	9	9
Darren Scotti	1	1
Jennifer West	9	9

#### Company Secretary

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

*John Bradshaw*

Qualifications:

M.Com (Acc), B.Ed (Ter), CMA (Au), CPA (Au)

## SOPHIA MUNDI LIMITED DIRECTORS' REPORT

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### **Indemnifying Officers or Auditor**

During or since the end of the financial year, the company has paid premiums to insure all of its directors and officers against liability for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the school, other than conduct involving a wilful breach of duty in relation to the school.

### **Proceedings on Behalf of School**

No person has applied for leave of Court to bring proceedings on behalf of the school or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the school for all or any part of those proceedings.

The school was not a party to any such proceedings during the year.

### **Auditor's Independence Declaration**

The Auditor's Independence Declaration, required by section 307C of the Corporations Act 2001, is set out on page 5 and forms part of the Directors' report for the year ended 31 December 2016.

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

**Robin Power**

Digitally signed by Robin Power  
DN: cn=Robin Power, o=ou,  
email=power\_robin@hotmail.com  
, c=AU  
Date: 2017.03.15 17:14:12 +11'00'

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Robin Power (Director)



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Darren Scotti (Director)

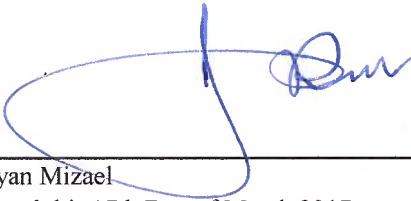
Dated this 17th Day of March 2017

### **Auditors Independence Declaration**

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2016 there has been:

(i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.



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Ryan Mizael

Dated this 17th Day of March 2017

**SOPHIA MUNDI LIMITED****STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	<b>Note</b>	<b>2016 \$</b>	<b>2015 \$</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	4	112	115
Trade Receivables	5	537,105	530,767
Prepayments	5	9,944	9,987
<b>Total Current Assets</b>		<u>547,161</u>	<u>540,869</u>
<b>Non Current Assets</b>			
Other Financial Assets	6	47,819	47,819
Plant and Equipment	7	2,095,492	2,263,364
<b>Total Non Current Assets</b>		<u>2,143,311</u>	<u>2,311,183</u>
<b>Total Assets</b>		<u>2,690,472</u>	<u>2,852,052</u>
<b>Current Liabilities</b>			
Trade and Other Payables	8	73,422	57,399
Borrowings	9	11,831	113,694
Provisions	10	113,339	139,422
Other Current Liabilities	11	685,959	671,231
<b>Total Current Liabilities</b>		<u>884,551</u>	<u>981,746</u>
<b>Non Current Liabilities</b>			
Borrowings	9	516,665	540,000
Provisions	10	64,107	44,875
Other Non Current Liabilities	11	129,652	161,769
<b>Total Non Current Liabilities</b>		<u>710,424</u>	<u>746,644</u>
<b>Total Liabilities</b>		<u>1,594,975</u>	<u>1,728,390</u>
<b>Net Asset</b>		<u>1,095,497</u>	<u>1,123,662</u>
<b>Equity</b>			
Accumulated Surplus		1,095,497	1,123,662
<b>Total Equity</b>		<u>1,095,497</u>	<u>1,123,662</u>

The accompanying notes form part of these financial statements.

**SOPHIA MUNDI LIMITED****INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
Revenue	2	<u>3,756,434</u>	<u>3,738,244</u>
Salaries and wages		2,345,788	2,335,214
Workers Compensation Insurance		20,174	30,032
Superannuation		233,273	223,580
Long Service Leave		24,704	30,197
Music Contractors		157,476	177,651
Operating Expenses		313,329	329,645
Property & Buildings - Occuancy		339,159	329,566
Interest Expense		49,522	58,467
Interest Expense Remitted - ATO		-	-
Depreciation	3	210,815	217,709
Bad and Doubtful Debts		9,997	10,060
Trading Activities		<u>80,362</u>	<u>16,103</u>
Total expenses		<u>3,784,599</u>	<u>3,758,223</u>
Surplus (deficit)		<u>(28,165)</u>	<u>(19,979)</u>



**SOPHIA MUNDI LIMITED****STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2016**

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	2016	2015
	\$	\$
Total Equity		
Accumulated surplus (deficit) at beginning of the year	1,123,662	1,143,641
Total comprehensive surplus (deficit) for the year	<u>(28,165)</u>	<u>(19,979)</u>
Accumulated Surplus at end of the year	<u><u>1,095,497</u></u>	<u><u>1,123,662</u></u>

**SOPHIA MUNDI LIMITED****STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
Cash flows from Operating Activities		
Receipts from tuition fees and other fees	2,809,272	2,974,293
Payments to suppliers and employees	(3,571,958)	(3,784,445)
Proceeds of government funding	930,824	937,635
Net Cash Provided by/(Used in) Operating Activities	<u>168,138</u>	<u>127,483</u>
Cash flows from Investing Activities		
Payments for property, plant and equipment	(42,943)	(32,704)
Net Cash Provided by/(Used in) Investing Activities	<u>(42,943)</u>	<u>(32,704)</u>
Cash flows from Financing Activities		
Proceeds (repayments) from borrowings	(59,441)	(91,935)
Net Cash Provided by/(Used in) Financing Activities	<u>(59,441)</u>	<u>(91,935)</u>
Net Increase (Decrease) in Cash Held	65,754	2,844
Cash at the Beginning of the Year	(77,473)	(80,317)
Cash at the End of the Year	4 <u><u>(11,719)</u></u>	<u><u>(77,473)</u></u>
Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Net Surplus from Ordinary Activities		
Operating surplus/(deficit) after tax	(28,165)	(19,979)
Non-cash items:		
Bad debt expense	9,997	10,060
Depreciation and amortisation	210,815	217,709
Changes in assets and liabilities:		
(Increase) Decrease in Trade and Other Receivables	(16,292)	(76,490)
Increase (Decrease) in Other Current Liabilities	(1,366)	(34,635)
Increase (Decrease) in Provisions	(6,851)	19,800
Net Cash Provided by (Used in) Operating Activities	<u><u>168,138</u></u>	<u><u>116,465</u></u>

Non Cash Financing & Investing Activities and Credit Stand By Arrangements & Loan Facilities:

There were no non cash financing & investing activities and credit stand by arrangements & loan facilities during and / or at the end of the financial period.

## **SOPHIA MUNDI LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Note 1: Statement of Significant Accounting Policies**

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

##### **Basis of Preparation**

The financial report is a general purpose financial report that has been prepared for the purpose of fulfilling the financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012.

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.

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, as this is unlikely.

Based upon a review of post balance sheet trading conditions, the Board is of the opinion that the Company will continue its trend of surplusability in 2016, as it did in 2015, and generate sufficient cash to pay its debts as and when they fall due, as it has over the past number of years. Debt reduction programs are continuing to reduce reliance on the support of bankers. Normal branch banking arrangements have continued 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 and the Company's external bankers whilst positive future cash flows are applied to reduce any net deficiency. The directors believe financial support from these or alternative sources, if required, will continue to be available to the company.

##### **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.

## **SOPHIA MUNDI LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Note 1: Statement of Significant Accounting Policies (Cont.)**

##### **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.

##### **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 normally non-interest bearing and are generally on 30 day term.

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

##### **Property, Plant & 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 asset are:

Class of Fixed Asset	Depreciation Rate
Furniture and fittings	10% – 33%
Leasehold improvements	6.67% – 17%

##### **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.

##### **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.

## **SOPHIA MUNDI LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Note 1: Statement of Significant Accounting Policies (Cont.)**

##### **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.

##### **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.

##### **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.

##### **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.

##### **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.

## **SOPHIA MUNDI LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Note 1: Statement of Significant Accounting Policies (Cont.)**

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.

#### **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.

#### **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the school.

#### **Key estimates - Impairment**

The school assesses impairment at each reporting date by evaluating conditions specific to the school that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of the school's assets and liabilities for the year ended 31st December 2016. Should the projected figures be outside the budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of the school's assets and liabilities as at 31st December 2016.

#### **Key judgments - Doubtful debts**

A total of \$9,997 worth of bad debts was written off during the year.



**SOPHIA MUNDI LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
<b>Note 2: Revenue</b>		
Student Fees	2,491,683	2,517,368
Contributed Services Levy	50,054	52,999
Private Income	220,498	183,942
Government grants		
- Victorian Department of Education	124,044	183,581
- Total Government Programs	7,867	6,094
- Commonwealth Government	771,139	747,960
Trading Activities	63,375	46,300
Capital Grant	27,774	-
	<u>3,756,434</u>	<u>3,738,244</u>
<b>Note 3: Surplus Before Income Tax</b>		
Surplus/(Deficit) before income tax has been arrived at after charging the following expenses:		
Depreciation - Leasehold improvements	200,087	202,997
Depreciation - Furniture and fittings	10,729	14,712
	<u>210,816</u>	<u>217,709</u>
Bad and doubtful debt expense	9,997	10,060
Employee emoluments	2,345,787	2,335,214
Superannuation	233,273	223,580
<b>Note 4: Cash and Cash Equivalents</b>		
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	112	115
Cash per Statement of Financial Position	<u>112</u>	<u>115</u>
Bank overdraft	(11,831)	(77,588)
Cash per Statement of Cash Flows	<u>(11,719)</u>	<u>(77,473)</u>
<b>Note 5: Trade and Other Receivables</b>		
Current		
Trade receivables	596,783	580,448
Doubtful Debts Provision	(59,678)	(49,681)
	<u>537,105</u>	<u>530,767</u>
Prepayments	9,944	9,987
	<u>547,049</u>	<u>540,754</u>

**SOPHIA MUNDI LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
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.		

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

Opening Balance	49,681	60,340
Charge for year	9,997	(10,659)
Closing Balance	<u>59,678</u>	<u>49,681</u>

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

**Note 6: Other Financial Assets**

Rental Bond	47,819	47,819
	<u>47,819</u>	<u>47,819</u>

**Note 7: Plant & Equipment**

Furniture and fittings - at cost	164,754	156,613
Less: accumulated depreciation	<u>(117,752)</u>	<u>(107,023)</u>
	47,002	49,590

Leasehold improvements - at cost	3,467,485	3,467,485
Less: accumulated amortisation	<u>(1,453,799)</u>	<u>(1,253,711)</u>
	2,013,686	2,213,774

Leasehold improvements - WIP	34,804	-
	<u>2,095,492</u>	<u>2,263,364</u>

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

	Furniture & Fittings \$	Leasehold Improvements \$	Total \$
Balance at the beginning of year	49,590	2,213,774	2,263,364
Additions	8,141	-	8,141
WIP	-	34,804	34,804
Depreciation expense	<u>(10,729)</u>	<u>(200,088)</u>	<u>(210,817)</u>
Carrying amount at the end of year	<u>47,002</u>	<u>2,048,490</u>	<u>2,095,492</u>



**SOPHIA MUNDI LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016 \$	2015 \$
<b>Note 8: Trade and Other Payables</b>		
Current		
Trade creditors	15,413	5,692
Sundry creditors & accruals	58,009	51,707
	<u>73,422</u>	<u>57,399</u>
<b>Note 9: Borrowings</b>		
Short-term		
Bank overdraft	11,831	77,588
Commercial bank bills	-	36,106
	<u>11,831</u>	<u>113,694</u>
Long-term		
Unrelated party loans (School community) - Unsecured	16,665	40,000
Unrelated party loans (School community) - Unsecured	500,000	500,000
	<u>516,665</u>	<u>540,000</u>
<b>Note 10: Provisions</b>		
Short-Term		
Employee benefits	113,339	139,422
Long-Term		
Employee benefits	64,107	44,875
Total Provision for Employee Entitlements	<u>177,446</u>	<u>184,297</u>
<b>Note 11: Other Current Liabilities</b>		
Short-Term		
Fees paid in advance	685,959	671,231
Long-Term		
Holding bonds	129,652	161,769
	<u>815,611</u>	<u>833,000</u>

**SOPHIA MUNDI LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

	2016	2015
	\$	\$
<b>Note 12: Commitments</b>		
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	246,952	227,773
- Later than one year and not later than 5 years	1,064,149	993,654
- Later than five years	1,063,018	1,304,061
Present Value of Minimum Lease Payments	<u>2,374,119</u>	<u>2,525,488</u>

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

The whole of the St Mary's building including the new classrooms and part of the Mercator building and the Science laboratories building which was refurbished during 2011 situated on the grounds of The Abbotsford Convent for a lease term of twenty (20) years, with 10 years remaining. 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).

	\$	\$
<b>Note 13: Key Management Personnel Compensation</b>		
Members of the Executive Management team having authority and responsibility for planning, directing and controlling the operating activities of the Company.		
Short-term employee benefits	<u>483,040</u>	<u>592,931</u>

**Note 14: Auditor Remuneration**

Remuneration of the auditor of the Company

- auditing the financial report	5,200	5,200
- other services	500	500
	<u>5,700</u>	<u>5,700</u>

## **SOPHIA MUNDI LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **Note 15: Related Party Transactions**

The directors did not receive any remuneration for their services as directors (2015: \$Nil).

Key Management Personnel Compensation: as per note 13

Other Related Party Transactions:

(i) Children of the directors attend the school on terms no more favourable than those available to other children.

(ii) No directors of the company were employed in a teaching capacity at the Sophia Mundi School for the year ending 31 December 2016.

#### **Note 16: Financial Instruments**

##### **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.

##### **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.

##### **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****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016****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		Interest Bearing		Non-Interest Bearing	
	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$
Financial Assets						
Cash at bank	1.50	1.50	112	115	-	-
Trade and other receivables	-	-	-	-	596,783	580,448
<b>Total Financial Assets</b>			<u>112</u>	<u>115</u>	<u>596,783</u>	<u>580,448</u>
Financial Liabilities						
Bank Overdraft	13.62	13.62	11,831	77,588	-	-
Trade and other payables	-	-	-	-	73,424	57,399
Bank Loans	-	5.32	-	36,106	-	-
Loans from parents - current	-	-	-	-	-	-
Loans from parents - long term	9.00	9.00	516,665	540,000	-	-
<b>Total Financial Liabilities</b>			<u>528,496</u>	<u>653,694</u>	<u>73,424</u>	<u>57,399</u>

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 \$11,831 in an overdraft facility set at a premium above the bank bill interest rate, and a school community loan of \$516,665 set at a 9% interest rate.

**Note 17: School Details**

The registered office of the entity is:

Sophia Mundi Limited  
St Mary's Campus  
1 St Heliers Street  
ABBOTSFORD VIC 3067

The principal place of business is:

Sophia Mundi Limited  
St Mary's Campus  
1 St Heliers Street  
ABBOTSFORD VIC 3067

**Note 18: Members' Guarantee**

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstandings and obligations of the entity. At 31 December 2016 the number of members was 10.

## SOPHIA MUNDI LIMITED DIRECTORS' DECLARATION

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The directors of the school declare that:

1. The financial statements, comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial statements are in accordance with the Corporations Act 2001 and:

(a) comply with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the school's financial position as at 31st December 2016 and of the performance of the school for the year then ended;

2. In the directors' opinion there are reasonable grounds to believe that the school 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 the Board of Directors.

**Robin Power**

Digitally signed by Robin Power  
DN: cn=Robin Power, o=su,  
email=power\_robin@hotmail.com, r=All  
Date: 2017.03.15 17:17:41 +1100

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Robin Power (Director)



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Darren Scotti (Director)

Dated this 17th Day of March 2017

## **Independent Auditor's Report To the Members of Sophia Mundi Limited**

### **Opinion**

We have audited the financial report of Sophia Mundi Limited ("the Entity"), which comprises the statement of financial position as at 31 December 2016, statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

In our opinion, the accompanying financial report of the Entity is in accordance with Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, including:

- a) giving a true and fair view of the Entity's financial position as at 31 December 2016 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence 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 confirm that the independence declaration required by Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, which has been given to those charged with governance, would be in the same terms if given as at the time of this auditor's report.

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

## **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the financial reporting responsibilities under the Australian Charities and Not-for-profits Commission Act 2012. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## **Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the relevant Australian Accounting Standards in accordance with the Australian Charities and Not-for-Profits Commission Regulations 2013 and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as management determines 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 special purpose financial report, management is responsible for assessing the Entity'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 management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 this financial report.





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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management'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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.





We also provide the those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Adept Financial Auditing**



**Ryan Mizael, Director**  
Heidelberg, MELBOURNE  
Date: 17<sup>th</sup> March 2017

