



SOPHIA
MUNDI

The Inner City Steiner School P-12



Annual Report 2010



SOPHIA MUNDI Limited
St Mary's, Abbotsford Convent
1 St Heliers Street, Abbotsford Victoria 3067 Australia
T 03 9419 9229 F 03 9419 0835 E enquiries@sophiamundi.vic.edu.au www.sophiamundi.vic.edu.au
A.B.N. 44 006 411 016

Chairperson's Overview

2009 was characterised as a year of foundation building – getting our systems, processes, and accountabilities in place under the stewardship of our School Executive Officer (SEO) Tony Sullivan and the Management Team.

Educational Strategy

By contrast, 2010 was a year focused at addressing some key strategic educational issues – what should our educational offerings be so that we can thrive as an inner city Steiner school, and how do we rebuild our senior school by offering a curriculum that dovetails in with the Junior and Middle school Steiner pedagogy, appeals to parents and students and is widely accepted outside of our school.

A strategic review of our senior school offering was undertaken in early 2010 – involving the Board, SEO, Management Team and Teachers. From this review it was concluded that the International Baccalaureate Diploma Program would be the best fit for our school to offer a clearer pathway for students and parents into post year 12 education. We resolved to work towards obtaining accreditation from the International Baccalaureate Organisation (IBO) to commence offering year 11 from 2012.

Facilities Strategy

The long-term aim of the school has been to consolidate on a single site on or adjacent to our existing Abbotsford Convent site. This need became urgent and pressing when we were advised that the Nicholson Street site leased from the Catholic Archdiocese was to be sold in October 2010.

A large number of options were investigated throughout 2010 to find a suitable location to build the facilities that would be required to offer a complete P-12 offering including the IB from 2012.

We were finally successful in obtaining the backing from the Abbotsford Convent Foundation to build a multipurpose classroom/library building adjacent to the St Mary's building. This proposal was lodged with Heritage Victoria in late 2010. This building will be funded from a Building the Education Revolution (BER) grant to the school.

In addition we secured the use of part of the Mercator building previously used by Phil Stokes Glassblowers, from Jan 2011, for our hard arts program.

A separate application has been made for federal block grant funding to convert the building adjacent to the hard arts area, known as the 'Blond Wing', into a science laboratory.

Financial Outcomes

In 2010 the school reported a profit for the year supported by strong underlying cash flows. Under the watchful gaze of Cung Nguyen, our new Business Manager, costs have been tightly controlled and fee collections improved.

Significant investments were undertaken to prepare for the introduction of the IB in 2012 – including the search for an educational leader for the school.

Leadership

Following our strategic review, we worked with Tony Sullivan to find the right educational leader for the school to implement the International Baccalaureate and integrate it with our Steiner Curriculum. Our new Principal, Jennifer West, was appointed in January 2011, joining us from the Mount Barker Steiner School in Adelaide.

The Board thanks Tony Sullivan for his 18 months at the helm of the school and in particular thanks him for his assistance in setting our strategy and embedding our management structure. We are confident that we now have the right vision and direction to become a world class school. We also now have a first class complement of staff preparing to implement the first Steiner / IB model in Australia.

Robin Dexter

Chair, Board of Directors

Principal's Report

Sophia Mundi is a non-denominational and co-educational inner city Steiner school. We offer an enriching educational pathway from Early Childhood to Senior Secondary with the Steiner curriculum that has a strong emphasis on the arts and music.

Our highly developed curriculum and pedagogy is suited to the diverse range of ethnic and cultural backgrounds of our students and they reflect the cultural and ethnic richness of the surrounding population. We encourage an active lifestyle, healthy eating and sustainability. We try to use natural and recycled materials. And we encourage parents to participate in support of the school. We celebrate a range of festivals, particularly those in response to seasonal changes. It is commonplace within our school to see colourful dancing, live music, drama, games, singing, puppetry and story telling.

Steiner's educational approach is now becoming recognised as being at the forefront of educational thinking. Not only the content but also the methodology we use have a beneficial effect on student learning. The philosophy encompasses a holistic broad-based curriculum firmly embedded in an understanding of the three aspects of the human being that we educate – the thinking, the feeling and the will. A rich panorama of subjects which includes the humanities, the sciences, mathematics, the arts, the crafts, sport and movement gradually unfold as the student develops through the primary years to high school. These resonate through the cultures of yesterday and today, enriching the child's experience. The visual arts and music are now acknowledged as influencing positively learning outcomes. These begin for our students in Prep with art being integrated through the primary school and music being both integrated and an individual instrumental program from class 3.

Sophia Mundi applied to become a candidate school for the International Baccalaureate (IB) Diploma programme in 2010. The philosophy underpinning the IB has similar aims to our philosophy and is internationally recognised, so students are able to apply worldwide for tertiary studies. The IB encourages students to be involved in their learning in a broader sense. It seeks to develop independent learners who are interested in the world and their fellow human beings and are prepared to be active in this way. The Steiner curriculum to Class 10 will ensure that students are well prepared for the IB Diploma in Classes 11 and 12.

In 2010 there were twelve students in a combined 10/11 class, with no students in Class 12. These students all chose to complete their secondary education elsewhere as the school prepares for the introduction of the IB Diploma programme in 2012.

Value added

Sophia Mundi Steiner School adds value to the educational experience of our students and the experience of the wider school community in so many ways. It is one of the reasons many parents are attracted to this form of education.

One of the highlights of 2010 was the performance of the musical Aladdin. This was a great event, with performers from Classes 7 to 11 and puppeteers from upper primary classes, presenting an outstanding evening's entertainment. Its success required an encores performance.

The following are other examples of activities undertaken during 2010 that added value to the educational experience at our school.

Curriculum Related Activities

The broad curriculum undertaken by all students at our school is one of the features of Steiner Education. In relation to this we had visiting artists and visiting speakers throughout the school in 2010.

Programmes that continued in 2010 included:

Class 3 to 6 Strings Programme – all students learn a stringed instrument.

Camps: All classes from 3 to 11 went on an average of two curriculum-based camps in the year. In Class 9 camps become a major focus for the year, with seven camps undertaken that increase the independence, fitness and skill level of the students. One of the camps is to a farm where all students undertake work experience activities.

In 2010 students at various year levels went on a range of excursions.

Work Experience: Farming and water testing at the Collingwood Children's Farm; Convent electives – a partnership with Convent Tenants, for Class 10 and 11 where students worked with artists and artisans each week for two-three terms; Secondary Industry and Community Service.

Co-curricular Activities

- Folk Dancing for Class 5
- Peripatetic music tuition: Choir; Various Ensembles; Class & Senior Orchestra
- Drama: Plays performed by various primary classes, related to their curriculum.
- Sport: including the City Sports elective for Classes 8-11, the Summer swimming programme and the Class 6 Olympics, an inter-school competition with other Steiner schools throughout Victoria.
- Outdoor Education – There is a comprehensive camps programme from Year 3 to year 11 that develop skills and independence in the field.
- Festival Celebrations: The seasonal festivals were celebrated including the winter spiral and lantern walk.
- Whole School occasions - High School Musical: A production of Aladdin was performed.
- Parent Information Evenings: Guest speakers for parents; Parent/Teacher interviews
- Whole School Community Meetings
- Healthy Menu (Organic) Canteen operated every Wednesday throughout the term by a dedicated team of parent volunteers;

Jennifer West
Principal

School Performance Information

Professional Engagement and Staff Retention and Professional Development

In 2010 the proportion of teaching staff retained from the previous year was 76% (71% for Primary staff and 80% for Secondary). The music staff retention was 80%.

The average attendance rate for teaching staff throughout 2010 was 97%.

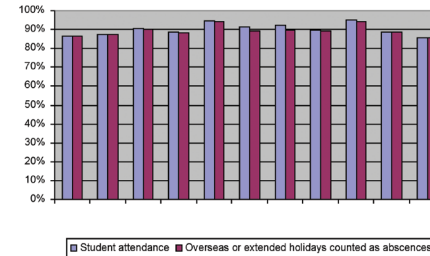
A total of \$5477 was paid to external providers for Professional Development of staff. In addition our teachers participated in workshops with Lisa Devine, the School Chaplain and Dr Lakshmi Prasanna and attended regular study in their Faculties.

Details of qualifications held by teaching staff at Sophia Mundi Steiner School (in 2010) are as follows

QUALIFICATION	TOTAL
Bachelor of Education	6
Master of education	1
Graduate Diploma of Education	3
Diploma of Education	8
Steiner Education Qualification	13
Bachelor of Arts	10
Masters	3
Bachelor of Teaching	1
Bachelor of Science	1
Bachelor of Applied Science	2
Bachelor of Music	1
Bachelor of Visual Art / Fine Arts	3
Bachelor of Letters	1
Bachelor of Law	1
Bachelor of Early Childhood Studies	1
Advanced Diplomas	10
Certificates	2
Eurythmy Qualifications	2
Workplace Training and Assessment	1

Student Attendance

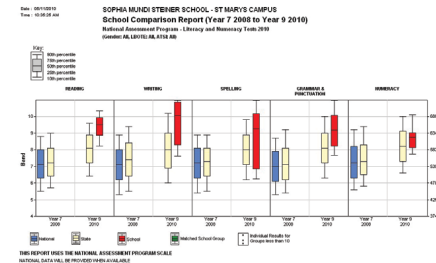
2010 Student Attendance



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.

NAPLAN results and student learning outcomes

In 2010, 67% of Year 9 students and 16% of Year 7 students sat the NAPLAN tests. The results for the Year 9 students were exceptional and well above the Australian average for all of the benchmarks, with particularly high results for reading and writing (see the graph below) This shows a considerable improvement over the Year 9 results for 2009.



In Years 3 and 5, the majority of parents chose to withdraw their children from NAPLAN testing and the results for the students who do sit, while consistently above average in all areas, cannot be considered a valid sample of students.

Our school monitors the learning outcomes of all students by assessing them annually on standardised tests of reading, spelling comprehension and numeracy that are compatible with our curriculum and the way we teach.

In 2010, the school employed an additional staff member in the Support Education department. These four part-time teachers work with Class and specialist teachers to continually improve teaching strategies and tailor them to the needs of the individual children in their class (something our school is able to do effectively because of the long term teaching relationship).

Parent Survey

In August the Student and Community Engagement Committee conducted a survey of satisfaction of parents. The purpose of the survey was to get an idea of what parents thought of the school so as to focus on what the needs of the community were. Questions asked covered the areas of curriculum, quality of teaching, quality of pastoral care, learning outcomes, discipline and safety, facilities and resources, and level of parental involvement. There were 24 responses and the overall level of satisfaction was high. Two areas, curriculum and quality of teaching, stood out as having all high to very high responses, with pastoral care, learning outcomes and parental involvement being similarly all positively weighted. Discipline and safety had two dissatisfied responses and facilities and resources were mostly neutral. A school forum followed out of the results of the survey. The forum was to provide the community an opportunity to come up with some ideas to address issues and further contribute opinions on the school.

SOPHIA MUNDI LIMITED

(Company Limited by Guarantee)

ACN 006 411 016

**FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010**

SOPHIA MUNDI LIMITED

Contents

Directors Report	1 - 3
Auditor's Independence Declaration	4
Statement of Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 17
Director' Declaration	18
Independent Audit Report	19

**SOPHIA MUNDI LIMITED
DIRECTORS' REPORT**

The directors present their report on the company for the year ended 31 December 2010.

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 (Company Secretary)	B Mech Eng (Hons), CPGS, MBA (Technology Management), Program Director, Sustainable Renewable Energy Company Pty Ltd (appointed 11/02/2009)
Uschi Bay	Doctor of Philosophy, RMIT University, Lecturer, Monash University (appointed 18/12/2009)
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)
Nancy Lee-James	Marketing & Fundraising (appointed 18/03/2009) (resigned 17/02/2010)

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)
-------------	--

**SOPHIA MUNDI LIMITED
DIRECTORS' REPORT (CONT'D)**

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 profit for the year was \$43,148.

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 2010, 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	15	15
James Yeatman	15	12
Cherie Ross (resigned 17/02/2010)	2	2
Rowan Doyle	15	15
Marie Meggitt (resigned 22/02/2010)	2	1
Nancy Lee-James (resigned 17/02/2010)	2	1
Uschi Bay	15	13

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. Part of the remaining tax liability has been recognised as current rather than non current in prior year per note 8(a) in the Financial Report.

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.

**SOPHIA MUNDI LIMITED
DIRECTORS' REPORT (CONT'D)**

INDEMNIFICATION OF OFFICERS AND AUDITORS

During or since the financial year, the company has paid premiums of \$1,424.50 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 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 2010.

Signed 27th July 2011 in accordance with a resolution of directors.



.....
Robin Dexter (Chair)
Director



.....
Rowan Doyle
Director

SOPHIA MUNDI LIMITED ABN 44 006 411 016

AUDITORS INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SOPHIA MUNDI LIMITED

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 for professional conduct in relation to the audit.



K. F. Proctor
Director
Proctor Major & Co

26th July 2011
164 Waverley Road
Malvern East, VIC 3145

**SOPHIA MUNDI LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 \$	2009 \$
Revenue	2	2,825,162	2,997,832
Bad and doubtful debt expense		81,162	8,619
Borrowing costs		47,576	63,425
Bursary discount expense		84,106	116,711
Sibling discount expense		54,442	43,995
Annual payment discount expense		15,570	13,295
Depreciation and amortisation expenses	3	127,137	134,434
Occupancy expenses		168,047	261,063
Salaries and wages		1,520,514	1,494,583
Salaries and wages overheads		165,799	150,614
Teaching contractors		153,853	156,815
Teaching materials, faculty expenses and excursions		61,590	85,400
Accounting Fees		-	58,616
Bank charges		26,389	27,594
Cleaning costs		20,350	23,629
Other operating expenses		255,478	199,600
Total expenses		2,782,013	2,838,393
Surplus / (Deficit) before income tax expense		43,148	159,439
Income tax expense	1c	-	-
Surplus / (Deficit) for the year		43,148	159,439
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		43,148	159,439

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010	2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	20,381	45,643
Trade and other receivables	5	404,513	199,785
Other financial assets	6	12,500	12,500
TOTAL CURRENT ASSETS		<u>437,395</u>	<u>257,928</u>
NON-CURRENT ASSETS			
Trade and other receivables	5	224,616	38,354
Property plant and equipment	7	1,583,128	1,642,902
TOTAL NON-CURRENT ASSETS		<u>1,807,744</u>	<u>1,681,256</u>
TOTAL ASSETS		<u>2,245,139</u>	<u>1,939,184</u>
CURRENT LIABILITIES			
Trade and other payables	8	320,592	329,592
Borrowings	9	695,685	699,964
Provisions	10	100,229	111,873
Other	11	824,302	341,443
TOTAL CURRENT LIABILITIES		<u>1,940,808</u>	<u>1,482,872</u>
NON-CURRENT LIABILITIES			
Trade and other payables	8	258,779	408,779
Borrowings	9	52,320	89,305
Provisions	10	19,609	27,753
TOTAL NON-CURRENT LIABILITIES		<u>330,708</u>	<u>525,837</u>
TOTAL LIABILITIES		<u>2,271,516</u>	<u>2,008,709</u>
(NET DEFICIENCY)		<u>(26,377)</u>	<u>(69,525)</u>
EQUITY			
Accumulated losses		<u>(26,377)</u>	<u>(69,525)</u>
(DEFICIENCY IN EQUITY)		<u>(26,377)</u>	<u>(69,525)</u>

The accompanying notes form part of these financial statements.

**SOPHIA MUNDI LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010	2009
Retained Profits (Accumulated Losses) at the beginning of the year		(69,525)	(228,964)
Total comprehensive income for the year		43,148	159,439
Retained Profits (Accumulated Losses) at the end of the year		<u>(26,377)</u>	<u>(69,525)</u>

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 \$	2009 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from tuition fees and other fees		1,849,251	1,596,076
Payments to suppliers and employees		(2,671,015)	(2,756,132)
Proceeds of government funding		829,833	1,100,386
Other receipts		109,201	140,332
Interest received		1,209	801
Interest paid		(47,576)	(38,380)
Net cash provided by / (used in) operating activities	15	<u>70,903</u>	<u>43,083</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from holding bonds		77,400	70,200
Payments for returns of holding bonds		(64,939)	(3,400)
Proceeds from disposal of assets held for sale		-	-
Payments for property plant and equipment		(67,363)	(64,511)
Net cash provided by / (used in) investing activities		<u>(54,902)</u>	<u>2,289</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		(93,561)	(39,778)
Proceeds from borrowings		-	-
Net cash used in financing activities		<u>(93,561)</u>	<u>(39,778)</u>
NET INCREASE / (DECREASE) IN CASH HELD		(77,559)	5,594
Cash and cash equivalents at the beginning of the year		<u>(225,235)</u>	<u>(230,829)</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	<u>(302,794)</u>	<u>(225,235)</u>

The accompanying notes form part of these financial statements.

**SOPHIA MUNDI LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

1. 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 2010 the Company had a net deficiency of \$26,377 (2009: \$69,525) and has a deficiency in current assets of \$1,503,413 (2009: \$1,224,944). However during 2010 the company produced a surplus of \$43,148 (2009: surplus of \$159,439) and had a positive cash flow from operating activities of \$70,903 (2009: positive cash flow of \$43,083).

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 2011 and generate sufficient cash to pay its debts as and when they fall due. Debt reduction programs are continuing to reduce reliance on the support of major suppliers and 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, the Company's external bankers and major suppliers (including the ATO) 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.

(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 amended Australian Accounting Standards and Interpretations as of 1 January 2010:

AASB 117 Leases
AASB 136 Impairment of Assets

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.

	2010	2009
	\$	\$
2. REVENUE		
Tuition fees	1,913,800	2,043,524
Government grants		
- Victorian Department of Education	160,219	214,062
- Commonwealth Government	615,404	627,996
Fundraising	-	5,988
Donations	1,349	40,500
Donations - Building fund	30	8,550
Rental income	9,455	-
Capital fees	30,000	34,700
Interest	1,209	801
Spring Fair	23,718	11,693
Other Income	69,978	10,018
Gain on disposal of property	-	-
Total revenue	<u><u>2,825,162</u></u>	<u><u>2,997,832</u></u>

3. SURPLUS / (DEFICIT) BEFORE INCOME TAX

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

Depreciation - Leasehold improvements	104,784	92,871
Depreciation - Furniture and fittings	22,353	41,563
	<u>127,137</u>	<u>134,434</u>
Write off of fixed assets		-
Allowance for doubtful debts	9,711	8,619
Employee benefits	1,520,514	1,645,197
Superannuation	137,696	131,853

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	19,489	27,111
Cash on deposit	892	18,532
Cash per Statement of Financial Position	<u>20,381</u>	<u>45,643</u>
Bank overdraft	<u>(323,175)</u>	<u>(270,878)</u>
Cash per Statement of Cash Flows	<u><u>(302,794)</u></u>	<u><u>(225,235)</u></u>

5. TRADE AND OTHER RECEIVABLES**CURRENT**

Trade receivables	545,269	267,621
Allowance for doubtful debts	<u>(151,153)</u>	<u>(79,702)</u>
	394,116	187,919

Other receivables	-	2,136
Prepayments	10,397	9,730
Grant receivable	-	-
	<u>404,513</u>	<u>199,785</u>

NON-CURRENT

Trade receivables	<u>224,616</u>	<u>38,354</u>
-------------------	----------------	---------------

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 2010 debts that were past due but not doubtful amounted to \$93,014 (2009: \$216,612). These trade receivables comprise trade receivables that have a good debt history and are considered recoverable.

	As at 31 December 2010		As at 31 December 2009	
	Debtor \$	Allowance \$	Debtor \$	Allowance \$
Current	16,335	(12,430)	9,913	(252)
Overdue term	378,441	(59,021)	296,062	(79,450)
Closing Balance	<u>394,776</u>	<u>(71,451)</u>	<u>305,975</u>	<u>(79,702)</u>

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

	2010 \$	2009 \$
Opening Balance	79,702	94,176
Charge for year	73,522	8,619
Amounts written off	<u>(2,072)</u>	<u>(23,093)</u>
Closing Balance	<u>151,152</u>	<u>79,702</u>

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

Term deposit	<u>12,500</u>	<u>12,500</u>
--------------	---------------	---------------

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	422,570	422,569
Less: accumulated depreciation	<u>(401,757)</u>	<u>(379,404)</u>
	20,813	43,165
Leasehold improvements - at cost	2,088,071	2,020,708
Less: accumulated amortisation	<u>(525,755)</u>	<u>(420,971)</u>
	1,562,316	1,599,737
	<u>1,583,129</u>	<u>1,642,902</u>

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 2010	43,165	1,599,737	1,642,902
Additions	-	67,363	67,363
Depreciation expense	<u>(22,353)</u>	<u>(104,784)</u>	<u>(127,137)</u>
Balance at 31 December 2010	<u>20,812</u>	<u>1,562,316</u>	<u>1,583,128</u>
Balance at 1 January 2009	78,411	1,634,414	1,712,825
Additions	6,317	58,194	64,511
Depreciation expense	<u>(41,563)</u>	<u>(92,871)</u>	<u>(134,434)</u>
Balance at 31 December 2009	<u>43,165</u>	<u>1,599,737</u>	<u>1,642,902</u>

8. TRADE AND OTHER PAYABLES

	2010	2009
	\$	\$
CURRENT		
Trade creditors	51,695	54,998
Sundry creditors	(a) 150,110	-
Accruals	118,787	274,594
	<u>320,592</u>	<u>329,592</u>
NON-CURRENT		
Sundry creditors	(a) 258,779	408,779

(a) On 19 January 2010, the Australian Taxation Office approved a repayment plan in respect of prior years arrears of PAYG Withholding & GST, totalling \$408,779, and to commence repayment in 2011. Presently (in 2011) we are in positive discussions with the ATO to reduce the instalments.

Classification above is:

Current - Sundry creditors	150,000
Non-Current - Sundry Creditor	<u>258,779</u>
	<u>408,779</u>

9. BORROWINGS

CURRENT		
Bank overdraft	323,175	270,878
Commercial bank bills	336,106	391,106
Other borrowings	-	-
Related party loans - unsecured	36,404	30,452
Other loans - unsecured	-	7,528
	<u>695,685</u>	<u>699,964</u>
NON-CURRENT		
Related party loans - unsecured	52,320	74,289
Other loans - unsecured	-	15,016
	<u>52,320</u>	<u>89,305</u>

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

CURRENT		
Employee benefits	<u>100,229</u>	<u>111,873</u>
NON-CURRENT		
Employee benefits	<u>19,609</u>	<u>27,753</u>

11. OTHER CURRENT LIABILITIES

CURRENT		
Fees paid in advance	624,705	154,297
Holding bonds	199,597	187,136
	<u>824,302</u>	<u>341,433</u>

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	200,151	275,317
- later than one year and not later than five years	830,999	446,720
- later than five years	2,080,230	1,172,640
	<u>3,111,380</u>	<u>1,894,677</u>

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

Premises at 73-95 Nicholson Street with a lease term of 12 months, with no option to renew as the premises has been bought by developers during 2010 with plans for redevelopment into residential apartments beyond December 2011.

Premises at 97 Nicholson Street with a lease term of 12 months, with no option to renew as the premises has been bought by developers during 2010 with plans for redevelopment into residential apartments beyond December 2011; and

The whole of the St 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, with 15 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).

13. RELATED PARTY INFORMATION

(a) Directors

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

Robin Dexter
 James Yeatman
 Rowan Doyle
 Uschi Bay
 Cherie Ross
 Marie Meggitt
 Nancy Lee-James

(b) Remuneration of Directors

The directors did not receive any remuneration for their services as directors (2009: \$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	425,965	108,260
------------------------------	---------	---------

(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) No directors of the company were employed in a teaching capacity at the Sophia Mundi School for the year ending 31 December 2010.

(iii) During 2008 loans of \$30,000, \$30,840 and \$100,000 were received from directors, Mr R. Doyle, 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 2010 are disclosed in Note 9.

(iv) In 2010 Rowan Doyle's (Director) spouse was employed as a teacher at the school with a gross salary of \$60,558 (2009: \$56,258)

14. AUDITOR REMUNERATION

Remuneration of the auditor of the Company		
- auditing the financial report	29,430	18,000
- other services	-	3,000
	<u>29,430</u>	<u>21,000</u>

15. CASH FLOW INFORMATION**Reconciliation of surplus / (deficit) for the period to net cash flows from****(a) operating activities**

Operating surplus / (deficit) after tax	43,148	159,439
Non-cash items:		
Write off of fixed assets	-	-
Non-cash settlement of insurance premiums	-	-
Allowance for doubtful debts	73,522	8,619
Non-cash settlement of school fees	(38,561)	(48,153)
Depreciation and amortisation	127,137	134,434
Gain on disposal of property	-	-
Reversal of allowance for doubtful debts against trade debtors	-	(23,093)
Changes in assets and liabilities:		
Trade debtors	204,728	(105,273)
Grants receivable	-	158,293
Other current assets	667	37,201
Trade and other payables	(159,000)	(98,194)
Current Liabilities Employee	(169,095)	(172,347)
Provisions	(11,644)	(7,843)
Net cash provided by / (used in) operating activities	<u>70,903</u>	<u>43,083</u>

(b) Financing Arrangements

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

	2010		2009	
	Used	Unused	Used	Unused
	\$	\$	\$	\$
Secured commercial bank bill facilities	336,106	55,000	391,106	30,000
Overdraft - balance	323,175	26,825	270,878	79,122
	<u>659,281</u>	<u>81,825</u>	<u>661,984</u>	<u>109,122</u>

Security for the above facilities is described in Note 9.

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	
	2010	2009	2010	2009	2010	2009
	%	%	\$	\$	\$	\$
Financial Assets						
Cash at bank	4.25	3.75	19,489	45,643	-	-
Other financial assets	5.17	5.00	12,500	12,500	-	-
Trade and other receivables					769,885	238,139
Total Financial Assets			<u>31,989</u>	<u>58,143</u>	<u>769,885</u>	<u>238,139</u>
Financial Liabilities						
Bank Overdraft	15.91	14.73	323,175	270,878		
Trade and other payables					571,171	738,371
Bank Loans	4.50	5.98	336,106	391,106		
Related party loans	-	-			88,723	103,995
Other loans	-	-			-	23,290
Total Financial Liabilities			<u>659,281</u>	<u>661,984</u>	<u>659,894</u>	<u>865,656</u>

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

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

At year end the company's interest bearing liabilities comprise \$336,106 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.

17. ENTITY DETAILS

The registered office of the entity is:

Sophia Mundi Limited
1 St Heliers Street
ABBOTSFORD VIC 3067

The principal place of business is:

Sophia Mundi Limited
1 St Heliers Street
ABBOTSFORD VIC 3067

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 2010 the number of members was 7.

SOPHIA MUNDI LIMITED ABN 44.016 411 016

DIRECTORS' DECLARATION

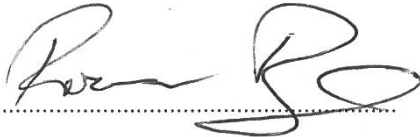
The directors of Sophia Mundi Limited declare that:

- a) The financial statements and notes on pages 9 to 17 are in accordance with the Corporations Act 2001, including:
 - i. Complying with Australian Accounting Standards; and
 - ii. Giving a true and fair view of the company's financial position as at 31st of December 2010 and of its performance for the year ended on that date.
- b) In the directors' opinion, for the reasons stated in 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 the board of directors.



.....
Robin Dexter (Chair)
Director



.....
Rowan Doyle
Director

27th
July 2011
Melbourne

Sophia Mundi Ltd
ABN 44 006 411 016
Independent Audit Report
to the Members of
Sophia Mundi Ltd

Report on the Financial Report

We have audited the accompanying financial report, being a general purpose financial report of Sophia Mundi Ltd (the company), which comprises the Statement of Financial Position as at 31st December 2010 and 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 and 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), the Corporations Act 2001. This responsibility includes establishing and maintaining internal control 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 judgment, 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.

Basis for Qualified Auditor Opinion

With respect to the comparatives reported in the financial report of the company, we have been unable to obtain sufficient appropriate audit evidence to form an audit opinion on the comparatives (as audited by the previous auditor).

Qualified Opinion


In our opinion except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial report of Sophia Mundi Limited is in accordance with the Corporations Act 2001, including:

- i. Giving a true and fair view of the company's financial position as at 31st December 2010 and of its performance for the year ended on that date; and
- ii. Complying with the Australian Accounting Standards and the Corporations Regulations 2001.

Emphasis of Matter

Inherent Uncertainty Regarding Continuation as a Going Concern

Without modification to the opinion expressed above, the following relevant matter must be noted. Resulting from the matters described in Note 1(b), there remains significant uncertainty whether Sophia Mundi Limited can continue as a going concern and therefore whether it would be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. It should be mentioned that the government (through its agencies) continues to support the growth of the school with additional capital funding for approved buildings, \$850,000, in 2011.

Kevin Frederick Proctor 
Registered Company Auditor
Proctor Major & Co Pty Ltd
164 Waverley Rd, East Malvern, VIC, 3145
Dated this... 27th day of July 2011