

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

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2015**

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SOPHIA MUNDI LIMITED

DIRECTORS' REPORT

Your directors present their report on the school for the financial year ended 31st December 2015.

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 (Resigned as Director effective 20 April 2016)

Denise Hall

Eleni Kondos

Emrys Nekvapil (Chairperson of the Board of Directors)

Robin Power

Jennifer West (from July 2015)

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)

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

Principle 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 \$19,980 (2014: net surplus of \$215,474).

Review of Operations

A review of operations of the school during the financial year shows that revenue increased by 1.7% and the expenses increased by 8.6%. Increase in revenue is mainly as a result of increases in government funding and composite school fees. The school had good control over its expenses during 2015, as it did in 2014. Nonetheless, operating expenses increased mainly as a result of (i) an increase in information technology and telecommunication expenses, due to our educational need for fibre optic volume capacity and speed, and (ii) an increase in teaching and class materials; as well as 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 2015, 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

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

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 & Mgnt, 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

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
Robin Dexter	9	9
Denise Hall	9	8
Eleni Kondos	9	9
Emrys Nekvapil	9	7
Robin Power	9	9
Jennifer West	5	5

Company Secretary

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

John Bradshaw

SOPHIA MUNDI LIMITED

DIRECTORS' REPORT

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

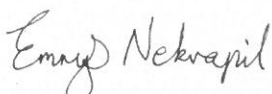
No person has applied for leave of Court to bring proceedings on behalf of the school or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the school for all or any part of those proceedings.

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

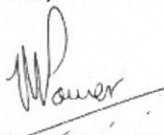
Auditor's Independence Declaration

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 2015.

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



Emrys Nekvapil (Director)



Robin Power (Director)

Dated this 6th Day of May 2016

Factels Accountants & Business Advisors



FAC†ELS
ACCOUNTANTS & BUSINESS ADVISORS

Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2015 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.

Ryan Mizael

Dated this 6th Day of May 2016

SOPHIA MUNDI LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
Current Assets			
Cash and Cash Equivalents	4	115	-
Trade Receivables	5	530,767	475,516
Prepayments	5	9,987	9,826
Total Current Assets		<u>540,869</u>	<u>485,342</u>
Non Current Assets			
Other Financial Assets	6	47,819	47,819
Plant and Equipment	7	<u>2,263,364</u>	<u>2,448,369</u>
Total Non Current Assets		<u>2,311,183</u>	<u>2,496,188</u>
Total Assets		<u>2,852,052</u>	<u>2,981,530</u>
Current Liabilities			
Trade and Other Payables	8	5,692	28,305
Sundry Creditors & Accruals	8	51,707	42,841
Borrowings	9	113,694	169,523
Provisions	10	139,422	135,714
Other Current Liabilities	11	671,231	639,553
Total Current Liabilities		<u>981,746</u>	<u>1,015,936</u>
Non Current Liabilities			
Borrowings	9	540,000	576,106
Provisions	10	44,875	28,783
Other Non Current Liabilities	11	161,769	217,064
Total Non Current Liabilities		<u>746,644</u>	<u>821,953</u>
Total Liabilities		<u>1,728,390</u>	<u>1,837,889</u>
Net Asset		<u>1,123,662</u>	<u>1,143,641</u>
Equity			
Accumulated Surplus		<u>1,123,662</u>	<u>1,143,641</u>
Total Equity		<u>1,123,662</u>	<u>1,143,641</u>

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 \$	2014 \$
Revenue	2	<u>3,738,244</u>	<u>3,557,236</u>
Salaries and wages		2,335,214	2,172,140
Workers Compensation Insurance		30,032	31,861
Superannuation		223,580	206,475
Long Service Leave		30,197	20,623
Music Contractors		177,651	156,855
Operating Expenses		329,645	282,626
Property & Buildings - Occuancy		329,566	307,548
Interest Expense		58,467	46,585
Interest Expense Remitted - ATO		-	(119,172)
Depreciation	3	217,709	214,242
Bad and Doubtful Debts		10,060	1,131
Trading Activities		<u>16,103</u>	<u>20,849</u>
Total expenses		<u>3,758,223</u>	<u>3,341,763</u>
Surplus (deficit)		<u>(19,979)</u>	<u>215,473</u>

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED**STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2015**

	2015	2014
	\$	\$
Total Equity		
Accumulated surplus (deficit) at beginning of the year	1,143,641	928,168
Total comprehensive surplus (deficit) for the year	(19,979)	215,473
Accumulated Surplus at end of the year	<u>1,123,662</u>	<u>1,143,641</u>

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 \$	2014 \$
Cash flows from Operating Activities		
Receipts from tuition fees and other fees	2,974,293	2,863,995
Payments to suppliers and employees	(3,784,445)	(3,572,799)
Proceeds of government funding	937,635	891,165
Net Cash Provided by/(Used in) Operating Activities	<u>127,483</u>	<u>182,361</u>
Cash flows from Investing Activities		
Payments for property, plant and equipment	(32,704)	(70,166)
Net Cash Provided by/(Used in) Investing Activities	<u>(32,704)</u>	<u>(70,166)</u>
Cash flows from Financing Activities		
Proceeds (repayments) from borrowings	(91,935)	15,972
Net Cash Provided by/(Used in) Financing Activities	<u>(91,935)</u>	<u>15,972</u>
Net Increase (Decrease) in Cash Held	2,844	128,167
Cash at the Beginning of the Year	(80,317)	(208,484)
Cash at the End of the Year	4 <u><u>(77,473)</u></u>	<u><u>(80,317)</u></u>
Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Net Surplus from Ordinary Activities		
Operating surplus/(deficit) after tax	(19,979)	215,474
Non-cash items:		
Bad debt expense	10,060	1,131
Depreciation and amortisation	217,709	214,242
Changes in assets and liabilities:		
(Increase) Decrease in Trade and Other Receivables	(65,472)	117,855
Increase (Decrease) in Trade and Other Payables	(11,018)	(337,900)
Increase (Decrease) in Other Current Liabilities	(23,617)	(21,871)
Increase (Decrease) in Provisions	19,800	(6,570)
Net Cash Provided by (Used in) Operating Activities	<u><u>127,483</u></u>	<u><u>182,361</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 2015

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 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.

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 2014, 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 2015

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 14 day terms.

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 2015

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 2015

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 2015. 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 2015.

Key judgments - Doubtful debts

A total of \$10,060 worth of bad debts was written off during the year.

SOPHIA MUNDI LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
Note 2: Revenue		
Student Fees	2,517,368	2,386,899
Contributed Services Levy	52,999	46,106
Private Income	183,942	184,522
Government grants		
- Victorian Department of Education	183,581	180,799
- Total Government Programs	6,094	9,109
- Commonwealth Government	747,960	701,257
Trading Activities	46,300	48,544
	<u>3,738,244</u>	<u>3,557,236</u>

Note 3: Surplus Before Income Tax

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

Depreciation - Leasehold improvements	202,997	202,037
Depreciation - Furniture and fittings	14,712	12,205
	<u>217,709</u>	<u>214,242</u>
Bad and doubtful debt expense	10,060	1,131
Employee emoluments	2,335,214	2,171,740
Superannuation	223,580	206,475

Note 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	115	-
Cash per Statement of Financial Position	<u>115</u>	<u>-</u>
Bank overdraft	(77,588)	(80,317)
Cash per Statement of Cash Flows	<u>(77,473)</u>	<u>(80,317)</u>

Note 5: Trade and Other Receivables

Current		
Trade receivables	580,448	535,856
Doubtful Debts Provision	(49,681)	(60,340)
	<u>530,767</u>	<u>475,516</u>
Prepayments	9,987	9,826
	<u>540,754</u>	<u>485,342</u>

SOPHIA MUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
Trade debtors are subject to normal terms of trade which provide for settlement within 14 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	60,340	60,340
Charge for year	-	-
Adjustment	(10,659)	-
Closing Balance	<u>49,681</u>	<u>60,340</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	156,613	132,491
Less: accumulated depreciation	(107,023)	(92,311)
	<u>49,590</u>	<u>40,180</u>
Leasehold improvements - at cost	3,467,485	3,458,903
Less: accumulated amortisation	(1,253,711)	(1,050,714)
	<u>2,213,774</u>	<u>2,408,189</u>
	<u>2,263,364</u>	<u>2,448,369</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	40,180	2,408,189	2,448,369
Additions	24,122	8,582	32,704
Depreciation expense	(14,712)	(202,997)	(217,709)
Carrying amount at the end of year	<u>49,590</u>	<u>2,213,774</u>	<u>2,263,364</u>

SOPHIA MUNDI LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 \$	2014 \$
Note 8: Trade and Other Payables		
Current		
Trade creditors	5,692	28,305
Sundry creditors & accruals	51,707	42,841
	<u>57,399</u>	<u>71,146</u>
Note 9: Borrowings		
Short-term		
Bank overdraft	77,588	80,317
Commercial bank bills	36,106	60,000
Unrelated party loans (Parents) - Unsecured	-	29,206
	<u>113,694</u>	<u>169,523</u>
Long-term		
Unrelated party loans (School community) - Unsecured	40,000	40,000
Unrelated party loans (School community) - Unsecured	500,000	500,000
Commercial bank bills	-	36,106
	<u>540,000</u>	<u>576,106</u>
Note 10: Provisions		
Short-Term		
Employee benefits	139,422	135,714
Long-Term		
Employee benefits	44,875	28,783
Total Provision for Employee Entitlements	<u>184,297</u>	<u>164,497</u>
Note 11: Other Current Liabilities		
Short-Term		
Fees paid in advance	671,231	639,553
Long-Term		
Holding bonds	161,769	217,064
	<u>833,000</u>	<u>856,617</u>

SOPHIA MUNDI LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 \$	2014 \$
Note 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	227,773	222,473
- Later than one year and not later than 5 years	993,654	889,892
- Later than five years	1,304,061	1,378,247
Present Value of Minimum Lease Payments	<u>2,525,488</u>	<u>2,490,612</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).

	\$	\$
Note 13: Key Management Personnel Compensation		
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>592,931</u>	<u>578,918</u>

Note 14: Auditor Remuneration

Remuneration of the auditor of the Company

- auditing the financial report	5,200	5,800
- other services	500	500
	<u>5,700</u>	<u>6,300</u>

SOPHIA MUNDI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Note 15: Related Party Transactions

The directors did not receive any remuneration for their services as directors (2014: \$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 2015.

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 2015****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	
	2015	2014	2015	2014	2015	2014
	%	%	\$	\$	\$	\$
Financial Assets						
Cash at bank	1.50	-	-	-	115	-
Trade and other receivables	-	-	-	-	580,448	533,161
Total Financial Assets			<u>-</u>	<u>-</u>	<u>580,563</u>	<u>533,161</u>
Financial Liabilities						
Bank Overdraft	13.62	13.87	77,588	80,317	-	-
Trade and other payables	-	-	-	-	57,399	71,146
Bank Loans	5.32	9.82	36,106	96,106	-	-
Loans from parents - current	-	-	-	-	-	29,206
Loans from parents - long term	9.00	9.00	540,000	540,000	-	-
Total Financial Liabilities			<u>653,694</u>	<u>716,423</u>	<u>57,399</u>	<u>100,352</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 \$113,694 in a commercial bank bill and an overdraft facility set at a premium above the bank bill interest rate, and a school community loan of \$540,000 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 2015 the number of members was 11.

SOPHIA MUNDI LIMITED
DIRECTORS' DECLARATION

The directors of the school declare that:

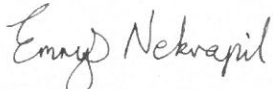
1. The financial statements, comprising the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the financial statements are in accordance with the Corporations Act 2001 and:

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

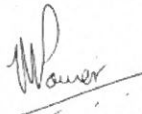
(b) give a true and fair view of the school's financial position as at 31st December 2015 and of the performance of the school for the year then ended;

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.



Emrys Nekvapil (Director)



Robin Power (Director)

Dated this 6th Day of May 2016

Factels Accountants & Business Advisors



Sophia Mundi Limited Independent Audit Report To the Members

Scope

The financial report comprises the Directors' Report, Directors' Declaration, Statement of Comprehensive Income, Statement of Financial Statements, and Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements of Sophia Mundi Limited for the financial year ended 31st December 2015.

The company's directors are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are recognised to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of this financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. We formed the audit opinion on the basis of these procedures, which included:

- examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Factels Accountants & Business Advisors



FAC+ELS
ACCOUNTANTS & BUSINESS ADVISORS

Audit Opinion

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

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 31st December 2015 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

Ryan Mizael

Dated this 6th Day of May 2016