Annual Report 2011
2011 was a very important year for the School. It was a year in which we overcame very difficult challenges to lay the foundation stones – both literal and metaphorical – for the school’s future.

For much of the year, the school struggled to find a way to obtain the facilities we needed to be able to continue to offer a Prep to Year 12 Steiner education in Abbotsford. Our perseverance bore fruit at the end of the year, with the news that a permit application had been approved, allowing us to build classrooms with BER funding that would enable the whole School to come together once more.

We also focused on building a strong and supported teaching body to deliver our curriculum and gained accreditation from the International Baccalaureate Organisation for our senior school program.

The building permit and the IB approval are vital to the School’s future development. They marked 2011 as a turning point in the School’s development.

Facilities challenges
Following the sale of the St Joseph’s site in Nicholson Street, Abbotsford by the Catholic Diocese, the Board and management of the school worked exhaustively in exploring, researching and presenting options to meet its critical need for replacement classrooms to house our senior school students, and to ensure the ongoing viability of the whole school.

This work led to a proposal from the Abbotsford Convent Foundation in early 2011 for additional classrooms to be located in the ‘Goat Paddock’ adjacent to the St Mary’s campus. After considerable resistance from the Children’s Farm and community members, Heritage Victoria rejected this application and advised the school to explore other options. In consultation with the ACF, the Children’s Farm and Heritage Victoria, the Board and Management of the school then developed a new application to locate new buildings on currently leased grounds and to use the derelict pool at the Convent for a re-located playground. This new proposal again required the approval of Heritage Victoria and the Minister for Planning.

The School vigorously pursued this proposal and waited for 6 months to obtain an answer. In December 2011, planning approval was finally granted and the school had a clear path towards a successful future. The approval meant the School was able to draw down on the previously secured building grant of $850,000 of federal BER (Building the Education Revolution) funding for 4 new classrooms.

Additionally, the school received planning approval for the renovation of the derelict Mercator Annexe building into a Science wing - required for the senior school and IB in particular. The school also applied for and received preliminary approval for Block Grant Authority funding for the science wing renovation and has started fundraising for the gap between Block grant funding and the total expected science lab costs.

With these funds and approvals in place we have been able to negotiate appropriate long-term leases with the Abbotsford Convent that give the School a clear and stable position for the future. In turn this ensures that the School is now perceived by the Convent as a long-term stakeholder and partner on this historic site.

Educational outcomes
There was a renewed focus on strengthening our educational offering throughout 2011. The school welcomed our new Principal, Jennifer West, from Mt Barker Steiner School in February 2011, after an extensive search. Jennifer immediately set to work strengthening, enabling and nurturing the teaching staff.

The groundwork for the International Baccalaureate Diploma program, which began early in 2010 was completed in 2011, culminating in the accreditation of the school as an IB World School in September. We became only the third school in the world to offer a combined Steiner and IB curriculum. The Board and school community offer particular thanks to the teaching and administration staff, under the leadership of Fiona Cock, for all of their hard work to attain this excellent result.

Community
Reflecting on how we weathered a difficult year, the breadth and strength of community passion and talent that rallied to support the school in its time of need is both heartening and remarkable. We started the year with the daunting challenge of securing our senior curriculum and facilities, both so necessary to ensure a prosperous future for the School. The Board would like to thank all community members who helped us to end the year with these two issues resolved.

We would like to acknowledge all community members for their support and dedication during 2011.

Robin Dexter
Chair, Board of Directors

Our highest endeavour must be to develop free human beings who are able to impart purpose and direction to their lives.

- Rudolf Steiner
Principal’s Report

In the past year or so there have been some exciting and significant changes that have taken place at Sophia Mundi Steiner School. The educational pathway we have developed from Early Childhood to Senior Secondary with the Steiner curriculum to Year 10 followed by the two year IB Diploma Programme provides a clear direction for the school and makes us unique in the Australian educational landscape.

With the sale of the Nicholson Street site we needed more classrooms and other spaces to allow us to consolidate the whole school at St Mary’s. We now have a wonderful place for the school to be, alongside the cultural and artistic life that happens at the Convent and next to the Collingwood Children’s Farm with its farm gardens and animals right next door to us. The positive connections we have already established and the potential to build further on them is exceptional and gives great energy and enthusiasm for our work.

We had a beautiful ceremony to bring to a close our long years of connection with Nicholson Street in November, 2011. Meanwhile at St Mary’s we refurbished the ‘Phil Stokes building’ to accommodate our hard arts and crafts and high school visual arts. We have funding to contribute to the costs of refurbishing the adjacent area in Mercator known as the Blond Wing, to create an up-to-date science lab facility.

Another major undertaking was the process for introducing the International Baccalaureate (IB) Diploma Programme for Years 11 and 12, which has now commenced in January 2012 with a new Year 11. In 2011 there was no Year 11 or 12. We had listened to our parents and heard that students want a secure pathway to University from Year 12. With the IB being internationally recognised, this need will be met. Our IB Coordinator, Fiona Cock, led the teachers in the huge workload of developing documentation and processes for all the requirements for obtaining authorisation and for ensuring our teachers became trained.

At our authorisation visit, the IB representatives were very pleased and positive in what they learned of the Steiner approach and how we add value to the education.

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. The size of the school encourages a strong sense of community and parents are involved in many facets of the school.

Curriculum related activities

A highlight in 2011 was the drama production The Importance of Being Earnest, staged and performed by the students in Year 10. It was the centerpiece of our Winter Festival in the High School, and the performance in ‘The Bishop’s Parlour’ in the Convent was standing room only with crowds flowing out into the antechamber where supper was served. We had four Community Concerts during the year over in Rosina Hall at the Convent, where Upper Primary and Secondary students played in orchestras, ensembles and as soloists. 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 2011.

Programmes that continued in 2011

Class 3 to 6 Strings Programme: All students learn a stringed instrument

Camps: All classes from 3 to 10 went on an average of two curriculum-based camps in the year. In Class 9 camps become a major focus for the year, with six 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. High school classes worked for a term or a semester on projects at the Collingwood Children’s Farm. In 2011 students at various year levels went on a range of excursions connected with their curriculum.

Work Experience: 2 weeks for Class 10 students in a variety of business, scientific and service industry settings.

Co-curricular activities

Peripatetic music tuition: Choir, Various Ensembles, Class & Senior Orchestra

Drama: Plays performed by various classes, related to their curriculum.

Sport: City Sports elective for Classes 8-10, the Summer swimming programme and the Class 5 Olympics, an inter-school competition with other Steiner schools throughout Victoria.

Outdoor Education: There is a comprehensive camps programme from Year 3 to year 10 that develop skills and independence in the field.

Festival Celebrations: The seasonal festivals were celebrated including the harvest festival in autumn, the winter spiral and lantern walk and a spring festival.

Parent Information Evenings: Guest speakers for parents, Parent/Teacher interviews

Healthy Menu (Organic): Canteen operated every Wednesday throughout the term by a dedicated team of parent volunteers; Class Six offered a fresh-cooked menu one day/week for a term, relating to their work on business maths.

Jennifer West
Principal
Staff retention & engagement

In 2011 the proportion of teaching staff retained from the previous year was 65.8% (100% for Primary staff and 50% for Secondary). The music staff retention was 45%. Reasons for leaving included teachers taking a new direction, family reasons and moving out of the area.

The average attendance rate for teaching staff throughout 2011 was 98%. This high figure is a testament to the commitment and dedication of the staff and the good collegial atmosphere that exists in the school.

Professional development

A total of $18,944 was paid to external providers for Professional Development of staff. A good part of this was for training of teachers for the IB. In addition, our teachers attended workshops and conferences at their own expense and most teachers participated in workshops in school 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 2011) are as follows:

<table>
<thead>
<tr>
<th>Qualification</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor of Education</td>
<td>8</td>
</tr>
<tr>
<td>Master of Education</td>
<td>1</td>
</tr>
<tr>
<td>Graduate Diploma of Education</td>
<td>4</td>
</tr>
<tr>
<td>Diploma of Education</td>
<td>9</td>
</tr>
<tr>
<td>Steiner Education Qualification</td>
<td>16</td>
</tr>
<tr>
<td>Bachelor of Arts</td>
<td>11</td>
</tr>
<tr>
<td>Masters</td>
<td>2</td>
</tr>
<tr>
<td>Bachelor of Teaching</td>
<td>2</td>
</tr>
<tr>
<td>Bachelor of Science</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Applied Science</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Outdoor Education</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Music</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Visual Art / Fine Arts</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Letters</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Law</td>
<td>1</td>
</tr>
<tr>
<td>Bachelor of Early Childhood Studies</td>
<td>1</td>
</tr>
<tr>
<td>Advanced Diplomas</td>
<td>1</td>
</tr>
<tr>
<td>Certificates</td>
<td>5</td>
</tr>
<tr>
<td>Eurythmy Qualifications</td>
<td>2</td>
</tr>
<tr>
<td>Workplace Training and Assessment</td>
<td>1</td>
</tr>
</tbody>
</table>

NAPLAN results & student learning outcomes

Once again, our Year 9 students performed well on the annual NAPLAN tests. For the tests of Reading, Grammar and Punctuation every one of the ten Year 9 students who sat these tests performed above the state and national averages. For Reading and Numeracy tests, at least 25% of the students who sat did better than the state and national averages. The results for Spelling have a wider spread than average.

The majority of parents of children in Years 3, 5 and 7 chose to withdraw their children from NAPLAN testing and the results for those who did sit cannot be regarded as a valid representation of the performance of students in general.

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.

Four part-time teachers in the Support Education department 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).

Student Attendance

In 2011 the highest class in the school was Class 10. Parents are required, under the school’s Attendance Policy, to provide a satisfactory reason for non-attendance. Unexplained absences are followed up by phone or email by the school office.
SOPHIA MUNDI LIMITED
Company Limited by Guarantee
ACN 006 411 016

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2011
Contents

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Your directors present their report on the school for the financial year ended 31st December 2011.

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)
James Yeatman
Rowan Doyle (Company Secretary)
Uschi Bay
Emrys Nekvapil

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

School Secretary
The following person held the position of secretary at the end of the financial year:
Rowan Doyle (Company Secretary)
Qualifications: B Mech Eng (Hons), CPGS, MBA (Technology Management), Program Director, Sustainable Renewable Energy Company Pty Ltd

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 surplus for the school for the financial year amounted to $130,707 (2010: net surplus of $43,148).

Review of Operations
A review of the operations of the school during the financial year shows there was an improvement in operational results. Revenue increased by 2% and expenses decreased by 1%.

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 2011, 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. 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 school. Accordingly, this information has not been disclosed in this 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 (Chair)
Qualifications: B. Eng (Hons), Grad Dip Computer Science, Company Director, Logicaltech Pty Ltd

James Yeatman
Qualifications: B Bus (Management), LLB (Hons), Solicitor, Accredited Specialist Workplace Relations Law

Rowan Doyle (Company Secretary)
Qualifications: B Mech Eng (Hons), CPGS, MBA (Technology Management), Program Director, Sustainable Renewable Energy Company Pty Ltd

Uschi Bay
Qualifications: Doctor of Philosophy, RMIT University, Lecturer, Monash University

Emrys Nekvapil
Qualifications: BA/LLB (Melb); LLM (ANU), Barrister, Melbourne Chambers (appointed 29/06/2011)

Meetings of Directors
During the financial year, 16 meetings of directors were held. Attendances by each director during the financial year were as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Eligible to Attend</th>
<th>Attended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robin Dexter</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>James Yeatman</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Rowan Doyle</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Uschi Bay</td>
<td>16</td>
<td>11</td>
</tr>
<tr>
<td>Emrys Nekvapil</td>
<td>7</td>
<td>4</td>
</tr>
</tbody>
</table>
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 2011.

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

Robin Dexter  
Chair

Rowan Doyle  
Director

Dated this 14th Day of April 2012
Auditors Independence Declaration

VIN CROWE & ASSOCIATES

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2011 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.

[Signature]

Vin Crowe & Associates
Vincent R Crowe
Dated this 14th Day of April 2012
<table>
<thead>
<tr>
<th></th>
<th>Note</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>4</td>
<td>26,759</td>
<td>20,381</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>5</td>
<td>296,912</td>
<td>404,513</td>
</tr>
<tr>
<td>Other Financial Assets</td>
<td>6</td>
<td>12,500</td>
<td>12,500</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td></td>
<td>336,171</td>
<td>437,394</td>
</tr>
<tr>
<td><strong>Non Current Assets</strong></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>5</td>
<td>234,460</td>
<td>224,616</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>7</td>
<td>1,621,632</td>
<td>1,583,129</td>
</tr>
<tr>
<td><strong>Total Non Current Assets</strong></td>
<td></td>
<td>1,856,092</td>
<td>1,807,745</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>2,192,263</td>
<td>2,245,139</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>8</td>
<td>205,573</td>
<td>320,592</td>
</tr>
<tr>
<td>Borrowings</td>
<td>9</td>
<td>174,848</td>
<td>419,579</td>
</tr>
<tr>
<td>Provisions</td>
<td>10</td>
<td>95,379</td>
<td>100,229</td>
</tr>
<tr>
<td>Other Current Liabilities</td>
<td>11</td>
<td>1,028,328</td>
<td>824,302</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td></td>
<td>1,504,127</td>
<td>1,664,703</td>
</tr>
<tr>
<td><strong>Non Current Liabilities</strong></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>8</td>
<td>325,936</td>
<td>258,779</td>
</tr>
<tr>
<td>Borrowings</td>
<td>9</td>
<td>231,944</td>
<td>328,426</td>
</tr>
<tr>
<td>Provisions</td>
<td>10</td>
<td>25,926</td>
<td>19,609</td>
</tr>
<tr>
<td><strong>Total Non Current Liabilities</strong></td>
<td></td>
<td>583,806</td>
<td>606,814</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>2,087,933</td>
<td>2,271,517</td>
</tr>
<tr>
<td><strong>Net Assets/(Liabilities)</strong></td>
<td></td>
<td>104,330</td>
<td>(26,377)</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Accumulated Surplus/(losses)</td>
<td></td>
<td>104,330</td>
<td>(26,377)</td>
</tr>
<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>104,330</td>
<td>104,330</td>
</tr>
</tbody>
</table>
SOPHIA MUNDI LIMITED  
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,878,429</td>
<td>2,825,161</td>
</tr>
<tr>
<td>Bad and doubtful debt expense</td>
<td>-</td>
<td>81,162</td>
</tr>
<tr>
<td>Borrowing costs</td>
<td>50,593</td>
<td>47,576</td>
</tr>
<tr>
<td>Bursary discount expense</td>
<td>70,564</td>
<td>84,106</td>
</tr>
<tr>
<td>Sibling discount expense</td>
<td>49,974</td>
<td>54,442</td>
</tr>
<tr>
<td>Annual payment discount expense</td>
<td>35,581</td>
<td>15,570</td>
</tr>
<tr>
<td>Depreciation and amortisation expenses</td>
<td>120,060</td>
<td>127,137</td>
</tr>
<tr>
<td>Occupancy expenses</td>
<td>203,821</td>
<td>168,047</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>1,546,986</td>
<td>1,520,514</td>
</tr>
<tr>
<td>Salaries and wages overheads</td>
<td>182,662</td>
<td>165,799</td>
</tr>
<tr>
<td>Teaching contractors</td>
<td>151,647</td>
<td>153,853</td>
</tr>
<tr>
<td>Bank charges</td>
<td>20,406</td>
<td>26,389</td>
</tr>
<tr>
<td>Cleaning costs</td>
<td>21,148</td>
<td>20,350</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>294,280</td>
<td>317,068</td>
</tr>
<tr>
<td>Total expenses</td>
<td>2,747,722</td>
<td>2,782,013</td>
</tr>
</tbody>
</table>

Surplus before income tax expense | 130,707 | 43,148 |

Income tax expense | - | - |

Surplus for the year | 130,707 | 43,148 |

Other comprehensive income:

Other comprehensive income for the year | - | - |

Total comprehensive income for the year | 130,707 | 43,148 |
SOPHIA MUNDI LIMITED
STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2011

<table>
<thead>
<tr>
<th></th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Equity (Accumulated Surplus)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated losses at beginning of the year</td>
<td>(26,377)</td>
<td>(69,525)</td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>130,707</td>
<td>43,148</td>
</tr>
<tr>
<td>Accumulated Surplus/(losses) at end of the year</td>
<td>104,330</td>
<td>(26,377)</td>
</tr>
</tbody>
</table>

The accompanying notes form part of these financial statements.
Page 8
SOPHIA MUNDI LIMITED  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2011

<table>
<thead>
<tr>
<th>Note</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from tuition fees and other fees</td>
<td>2,045,503</td>
<td>1,861,711</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(2,419,439)</td>
<td>(2,671,014)</td>
</tr>
<tr>
<td>Proceeds of government funding</td>
<td>812,075</td>
<td>829,833</td>
</tr>
<tr>
<td>Other receipts</td>
<td>116,749</td>
<td>109,702</td>
</tr>
<tr>
<td>Interest received</td>
<td>1,859</td>
<td>1,209</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(50,593)</td>
<td>(47,576)</td>
</tr>
<tr>
<td>Net Cash Provided by/(Used in) Operating Activities</td>
<td>506,154</td>
<td>83,365</td>
</tr>
</tbody>
</table>

| Cash flows from Investing Activities | | |
| Payments for property, plant and equipment | (158,563) | (67,363) |
| Net Cash Provided by/(Used in) Investing Activities | (158,563) | (67,363) |

| Cash flows from Financing Activities | | |
| Repayment of borrowings | (100,217) | (93,561) |
| Net Cash Provided by/(Used in) Financing Activities | (100,217) | (93,561) |

| Net Increase (Decrease) in Cash Held | 247,374 | 77,559 |

| Cash at the Beginning of the Year | (302,794) | (225,235) |
| Cash at the End of the Year | 4 | (55,420) | (302,794) |

Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Net Surplus from Ordinary Activities
Operating surplus after tax | 130,707 | 43,148 |

Non-cash items:
Allowance for doubtful debts | - | 73,522 |
Non-cash settlement of school fees | - | (38,561) |
Depreciation and amortisation | 120,060 | 127,137 |

Changes in assets and liabilities:
(Increase) Decrease in Trade and Other Receivables | 97,757 | 204,728 |
(Increase) Decrease in Other Current Assets | - | 667 |
Increase (Decrease) in Trade and Other Payables | (47,862) | (159,000) |
Increase (Decrease) in Other Current Liabilities | 204,025 | 12,461 |
Increase (Decrease) in Provisions | 1,467 | (180,739) |
Net Cash Provided by (Used in) Operating Activities | 506,154 | 83,365 |

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 except for hire purchase financing.
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.

Going Concern
As at 31 December 2011 the Company had a net surplus of $104,330 (2010: Accumulated loss of $26,377) and has a deficiency in current assets of $1,167,956 (2010: $1,227,309). However during 2011 the company produced a surplus of $130,707 (2010: surplus of $43,148) and had a positive cash flow from operating activities of $506,154 (2010: positive cash flow of $83,363).

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.

Accounting Policies

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.
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 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.

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:

<table>
<thead>
<tr>
<th>Class of Fixed Asset</th>
<th>Depreciation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and fittings</td>
<td>10% – 33%</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>5% – 17%</td>
</tr>
</tbody>
</table>

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.
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.
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.

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.

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

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 2011. 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 2011.

Key judgments - Doubtful debts provision
A total of N000 worth of bad debts was written off against the bad and doubtful debts provision, during the year, for all debts where certain doubt as to collection exists.
### Note 2: Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition fees</td>
<td>1,916,546</td>
<td>1,913,800</td>
</tr>
<tr>
<td>Government grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Victorian Department of Education</td>
<td>153,292</td>
<td>160,219</td>
</tr>
<tr>
<td>- Commonwealth Government</td>
<td>595,215</td>
<td>615,404</td>
</tr>
<tr>
<td>- BER</td>
<td>63,568</td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>23,759</td>
<td>23,718</td>
</tr>
<tr>
<td>Donations</td>
<td>2,093</td>
<td>1,349</td>
</tr>
<tr>
<td>Donations - Building fund</td>
<td>18,000</td>
<td>30</td>
</tr>
<tr>
<td>Rental income</td>
<td>32,485</td>
<td>9,455</td>
</tr>
<tr>
<td>Capital fees</td>
<td>31,200</td>
<td>30,000</td>
</tr>
<tr>
<td>Interest</td>
<td>1,859</td>
<td>1,209</td>
</tr>
<tr>
<td>Other Income</td>
<td>40,412</td>
<td>69,978</td>
</tr>
<tr>
<td></td>
<td>2,878,429</td>
<td>2,825,161</td>
</tr>
</tbody>
</table>

### Note 3: Surplus Before Income Tax

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

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation - Leasehold improvements</td>
<td>107,167</td>
<td>104,784</td>
</tr>
<tr>
<td>Depreciation - Furniture and fittings</td>
<td>12,893</td>
<td>22,353</td>
</tr>
<tr>
<td></td>
<td>120,060</td>
<td>127,137</td>
</tr>
</tbody>
</table>

| Allowance for doubtful debts               |        | 9,711  |
| Employee benefits                          | 1,546,986 | 1,520,514 |
| Superannuation                             | 140,314  | 137,696 |

### 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:

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank</td>
<td>26,067</td>
<td>19,489</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>692</td>
<td>892</td>
</tr>
<tr>
<td></td>
<td>26,759</td>
<td>20,381</td>
</tr>
<tr>
<td>Bank overdraft</td>
<td>(82,179)</td>
<td>(323,175)</td>
</tr>
<tr>
<td>Cash per Statement of Cash Flows</td>
<td>(55,420)</td>
<td>(302,794)</td>
</tr>
</tbody>
</table>

### Note 5: Trade and Other Receivables

#### Current

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>436,905</td>
<td>545,269</td>
</tr>
<tr>
<td>Allowance for doubtful debts</td>
<td>(151,153)</td>
<td>(151,153)</td>
</tr>
<tr>
<td></td>
<td>285,752</td>
<td>394,116</td>
</tr>
</tbody>
</table>

| Prepayments                               | 11,160 | 10,397 |
|                                           | 296,912 | 404,513 |

#### Non-Current

<table>
<thead>
<tr>
<th>Description</th>
<th>2011 $</th>
<th>2010 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>234,460</td>
<td>224,616</td>
</tr>
</tbody>
</table>
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 allowance for doubtful debts is detailed below:

Opening Balance  151,152  79,702
Charge for year - 73,522
Amounts written off - (2,072)
Closing Balance  151,152  151,152

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
Term deposit 12,500 12,500

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

Note 7: Property, Plant & Equipment
Furniture and fittings - at cost 470,406 422,570
Less: accumulated depreciation (410,098) (401,757)
                               60,308     20,813

Leasehold improvements - at cost 2,198,799 2,088,071
Less: accumulated amortisation (637,475) (525,755)
                               1,561,324  1,562,316

1,621,632  1,583,129

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

<table>
<thead>
<tr>
<th></th>
<th>Furniture &amp; Fittings</th>
<th>Leasehold Improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at the beginning of year</td>
<td>20,813</td>
<td>1,562,316</td>
<td>1,583,129</td>
</tr>
<tr>
<td>Additions</td>
<td>47,835</td>
<td>110,728</td>
<td>158,563</td>
</tr>
<tr>
<td>Transfer</td>
<td>4,553</td>
<td>(4,553)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(12,893)</td>
<td>(107,167)</td>
<td>(120,060)</td>
</tr>
<tr>
<td>Carrying amount at the end of year</td>
<td>60,308</td>
<td>1,561,324</td>
<td>1,621,632</td>
</tr>
</tbody>
</table>
SOPHIA MUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Note 8: Trade and Other Payables
Current
Trade creditors 17,178 51,695
Sundry creditors & accruals a 188,395 268,897
Non Current Sundry creditors 325,936 258,779

(a) During the year the company entered into a repayment plan with the Australian Taxation Office in respect of unpaid PAYG withholding tax and GST of $408,779. Repayments under the plan commence from September 2011. In the prior year a portion of these liabilities of $150,000 were classified as current in the absence of a formal repayment plan.

Note 9: Borrowings
Short-term
Bank overdraft 82,179 323,175
Commercial bank bills 60,000 60,000
Related party loans - unsecured 32,669 36,404
Total 174,848 419,579

Long-term
Related party loans - unsecured 15,838 52,320
Commercial bank bills 216,106 276,106
Other loans - unsecured

Total 231,944 328,426

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.

Note 10: Provisions
Short-Term
Employee benefits 95,379 100,229

Long-Term
Employee benefits 25,926 19,609

Total Provision for Employee Entitlements 121,305 119,838

Note 11: Other Current Liabilities
Current
Fees paid in advance 785,676 624,705
Holding bonds 242,652 199,597

Total 1,028,328 824,302
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 206,592 200,151
- Later than one year and not later than 5 years 885,284 830,999
- Later than five years 2,205,783 2,080,230
Present Value of Minimum Lease Payments 3,297,659 3,111,380

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

Premises at 73-95 Nicholson Street with a lease term to March 2012, with a view to lease monthly to June 2012 as the premises has been bought by developers during 2010 with plans for redevelopment into residential apartments beyond June 2012.

Premises at 97 Nicholson Street with a lease term to March 2012, with a view to lease monthly to June 2012 as the premises has been bought by developers during 2010 with plans for redevelopment into residential apartments beyond June 2012; 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 14 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).

The glass artist tenant formerly occupying Mercator MG9 has directly transferred his lease to the school as at 1 January 2011. This space has been converted to hard arts classrooms during 2011. The remainder of this lease term is to June 2016 with no CPI increase.

The school has entered into a new lease agreement with the Abbotsford Convent Foundation for the building known as Mercator Annexe in August 2011 with a view to refurbish and fitout into a new science wing for the school during 2012.

Note 13: 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

2011 $2010 $  
415,656 425,965

Note 14: Auditor Remuneration
Remuneration of the auditor of the Company
- auditing the financial report 7,000 29,430
- other services 800 -

7,800 29,430
Note 15: Related Party Transactions
The directors did not receive any remuneration for their services as directors (2010: $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 2011.

(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 2011 are disclosed in Note 9.

(iv) In 2011 Rowan Doyle’s (Director) spouse was employed as a teacher at the school with a gross salary of $69,731 (2010: $60,558)

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.
**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 presented as follows:

<table>
<thead>
<tr>
<th></th>
<th>Average Interest</th>
<th>Interest Bearing</th>
<th>Non-Interest Bearing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011 %</td>
<td>2010 %</td>
<td>2011 $</td>
</tr>
<tr>
<td><strong>Financial Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank</td>
<td>3.75</td>
<td>4.25</td>
<td>20,067</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>5.50</td>
<td>5.17</td>
<td>12,500</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Financial Assets</strong></td>
<td></td>
<td></td>
<td>32,567</td>
</tr>
<tr>
<td><strong>Financial Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank Overdraft</td>
<td>15.46</td>
<td>15.91</td>
<td>82,179</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>4.50</td>
<td>4.50</td>
<td>276,106</td>
</tr>
<tr>
<td>Related party loans</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Financial Liabilities</strong></td>
<td></td>
<td></td>
<td>358,285</td>
</tr>
</tbody>
</table>

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 financial liabilities comprise $276,106 in commercial bank bills set at a premium above the bank bill interest rate.

**Note 17: School 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

**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 towards meeting any outstanding and obligations of the entity. At 31 December 2011 the number of members was 7.
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 2011 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 Doxter (Chair)

Rowan Doyle (Director)
Dated this 14th Day of April 2012
Sophia Mundi Limited
Independent Audit Report
To the Members

VIN CROWE & ASSOCIATES

Scope

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.
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 2011 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.

Emphasis of Matter
Without further qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1, there is material uncertainty whether Sophia Mundi Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. It should also be mentioned that the Company has had an operating surplus for the past three years and that the government continues to support the growth of the school with additional capital funding.

Vin Crowe & Associates
Vincent R Crowe
Dated this 14th Day of April 2012