

**SOPHIA MUNDI LIMITED
COMPANY LIMITED BY GUARANTEE
ACN 006 411 016
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019**

Contents

Directors' report	2
Auditors Independence Declaration	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Notes to the Financial Statements	10
Directors' Declaration	20
Independent Audit Report	21

SOPHIA MUNDI LIMITED

DIRECTORS' REPORT

Your directors present their report on the school for the financial year ended 31st December 2019.

Directors

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

Nick Conigrave (Resigned effective 1 December 2019)

Darren Scotti (Resigned effective 20 March 2019)

Jennifer West (Resigned effective 22 April 2020)

Kerry Laughton (Chairperson of the Board of Directors)

Annette Batchelor

Matthew Hardie (Confirmed as new Director 7 May 2019)

Serina Mukerjee (Confirmed as new Director on 10 September 2019)

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

Company Secretary

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

John Bradshaw (Business Manager and Company Secretary)

Principal Activities

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

Operating Results

The net profit for the school for the financial year amounted to \$114,595 (2018: net profit of \$69,590).

Review of Operations

A review of operations of the school during the financial year shows that revenue increased by 8% and the expenses increased by 7%. The increase in revenue is mainly as a result of (i) an increase in government grant funding (positive effect), (ii) an increase in student numbers between August census 2018 and 2019 of 7.2%, and (iii) an increase in trading activities (i.e. school aftercare and playgroup services). The school maintained good control over its expenses during 2019, as it did in 2018. Nonetheless, expenses increased mainly as a result of an increase in wages and salaries and an increase in operating 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 2019, or any other year.

Subsequent Events

The unprecedented effects of COVID-19 have arisen since the end of the year, which are affecting and 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

At this stage of the disclosure of COVID-19 information, it is not possible to accurately predict nor narrate the likely developments in the operation of the company in future months and/or years and the expected results of those operations. Nonetheless, due to the school's quick response and agility in its preparation for distant home learning as well as continuation of its regular on site learning, for children of necessary service personnel, it is 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

Nick Conigrave

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

Darren Scotti

Qualifications: B.Bus (Acc), CPA (Au)

Jennifer West

Qualifications: B.Ed

Kerry Laughton

Qualifications: B.Pub.Policy&Mgmt (Hons) (Melb), BA (Monash)

Annette Batchelor

Qualifications: Dip.Naturopathic

Matthew Hardie

Qualifications: B.Bus (Int) (RMIT), Cert IV Small Bus Mgmt (RMIT)

Serina Mukerjee

Qualifications: B.Com (Acc & Fin) (Melb)

Meetings of Directors

During the financial year, 8 meetings of directors were held. Attendances by each director during the financial year

	Number Eligible to Attend	Number Attended
Nick Conigrave	8	7
Darren Scotti	1	1
Jennifer West	8	8
Kerry Laughton	8	8
Annette Batchelor	8	8
Matthew Hardie	6	6
Serina Mukerjee	3	3

Company Secretary

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

John Bradshaw

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

SOPHIA MUNDI LIMITED

DIRECTORS' REPORT

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 2019.

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



Kerry Laughton (Chairperson of the Board of Directors)



Serina Mukerjee (Director)

Dated this 16th Day of June 2020

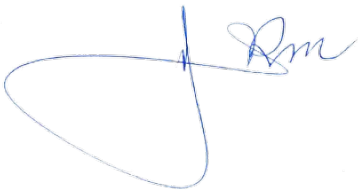
Delay due to impact of COVID-19

Auditors Independence Declaration

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2019 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 16th Day of June 2020

Delay due to impact of COVID-19

SOPHIA MUNDI LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	4	423,132	119,663
Trade Receivables	5	521,814	592,069
Prepayments	5	15,601	13,146
Total Current Assets		<u>960,547</u>	<u>724,878</u>
Non Current Assets			
Other Financial Assets	6	27,819	47,819
Plant and Equipment	7	1,628,308	1,854,300
Total Non Current Assets		<u>1,656,127</u>	<u>1,902,119</u>
Total Assets		<u>2,616,674</u>	<u>2,626,997</u>
Current Liabilities			
Trade and Other Payables	8	166,226	210,637
Borrowings	9	-	-
Provisions	10	287,622	234,984
Other Current Liabilities	11	803,900	847,427
Total Current Liabilities		<u>1,257,748</u>	<u>1,293,048</u>
Non Current Liabilities			
Borrowings	9	-	-
Provisions	10	9,491	26,819
Other Non Current Liabilities	11	-	55,800
Total Non Current Liabilities		<u>9,491</u>	<u>82,619</u>
Total Liabilities		<u>1,267,239</u>	<u>1,375,667</u>
Net Asset		<u>1,349,435</u>	<u>1,251,330</u>
Equity			
Accumulated Surplus		1,349,435	1,251,330
Total Equity		<u>1,349,435</u>	<u>1,251,330</u>

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Revenue	2	<u>4,596,359</u>	<u>4,256,300</u>
Salaries and wages		2,971,530	2,699,784
Workers Compensation Insurance		19,086	24,460
Superannuation		295,257	261,678
Long Service Leave and Annual Leave		35,311	39,635
Music Contractors		19,175	46,267
Operating Expenses		454,820	357,886
Property & Buildings - Occupancy		373,152	383,443
Interest Expense		19	40,502
Depreciation	3	225,991	227,589
Bad and Doubtful Debts		(24,421)	33,789
Trading Activities		<u>111,844</u>	<u>71,677</u>
Total expenses		<u>4,481,764</u>	<u>4,186,710</u>
Surplus (deficit)		<u><u>114,595</u></u>	<u><u>69,590</u></u>

The accompanying notes form part of these financial statements.

SOPHIA MUNDI LIMITED
STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2019

	2019	2018
	\$	\$
Total Equity		
Accumulated surplus (deficit) at beginning of the year	1,234,740	1,165,150
Total comprehensive surplus (deficit) for the year	114,595	69,590
School Building Trust Fund	100	16,590
Accumulated Surplus at end of the year	<u>1,349,435</u>	<u>1,251,330</u>

SOPHIA MUNDI LIMITED**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
Cash flows from Operating Activities		
Receipts from tuition fees and other fees	3,074,290	4,409,750
Payments to suppliers and employees	(4,186,189)	(5,047,722)
Proceeds of government funding	1,415,368	1,164,765
Net Cash Provided by/(Used in) Operating Activities	<u>303,469</u>	<u>526,793</u>
Cash flows from Investing Activities		
Payments for property, plant and equipment	-	-
Net Cash Provided by/(Used in) Investing Activities	<u>-</u>	<u>-</u>
Cash flows from Financing Activities		
Proceeds (repayments) from borrowings	-	(500,000)
Net Cash Provided by/(Used in) Financing Activities	<u>-</u>	<u>(500,000)</u>
Net Increase (Decrease) in Cash Held	303,469	26,793
Cash at the Beginning of the Year	119,663	92,870
Cash at the End of the Year	<u>423,132</u>	<u>119,663</u>
Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Net Surplus from Ordinary Activities		
Operating surplus/(deficit) after tax	114,595	69,590
Non-cash items:		
Bad debt expense	(24,421)	33,789
Depreciation and amortisation	225,991	227,588
School Building Trust Fund	100	16,590
Changes in assets and liabilities:		
(Increase) Decrease in Trade and Other Receivables	92,221	(61,246)
Increase (Decrease) in Trade and Other Current Liabilities	(143,738)	200,847
Increase (Decrease) in Provisions	35,310	39,635
Net Cash Provided by (Used in) Operating Activities	<u>300,058</u>	<u>526,793</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 2019

Note 1: Statement of Significant Accounting Policies

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

Basis of Preparation

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

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

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

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

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

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

Based upon a review of post balance sheet trading conditions, the Board is of the opinion that the Company will continue its trend of surplusability in 2020, as it did in 2018 and 2019, 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 2019

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 28 day term.

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

Property, Plant & Equipment

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

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

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

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

Trade and Other Payables

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

Borrowings

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

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 2019

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 2019. 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 2019.

Key judgments - Doubtful debts

A total of \$(24,421) worth of bad debts was written off during the year.

SOPHIA MUNDI LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
Note 2: Revenue		
Student Fees	2,862,537	2,715,475
Community Participation Levy	65,193	57,083
Private Income	118,476	223,230
Government grants		
- Victorian Department of Education	163,459	148,146
- Total Government Target Programs	21,044	24,465
- Commonwealth Government	1,230,865	992,154
Trading Activities	134,785	95,747
	<u>4,596,359</u>	<u>4,256,300</u>
Note 3: Surplus Before Income Tax		
Surplus/(Deficit) before income tax has been arrived at after charging the following expenses:		
Depreciation - Leasehold improvements	218,115	218,115
Depreciation - Furniture and fittings	7,876	9,474
	<u>225,991</u>	<u>227,589</u>
Bad and doubtful debt expense	(24,421)	33,789
Employees emoluments (excluding Trading Activity Employees)	2,971,530	2,695,299
Superannuation	295,257	261,678
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	403,170	14,142
Cash per Statement of Financial Position	<u>403,170</u>	<u>14,142</u>
Cash at bank	19,962	105,521
Cash per Statement of Cash Flows	<u>423,132</u>	<u>119,663</u>
Note 5: Trade and Other Receivables		
Current		
Trade receivables	581,814	688,765
Doubtful Debts Provision	(60,000)	(96,696)
	<u>521,814</u>	<u>592,069</u>
Prepayments	15,601	13,146
	<u>537,415</u>	<u>605,215</u>

SOPHIA MUNDI LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 \$	2018 \$
Trade debtors are subject to normal terms of trade which provide for settlement within 30 days. The carrying values of receivables approximate fair values. All credit and recovery risk has been provided for in the balance sheet.		
The movement in the provision for doubtful debts is detailed below:		
Opening Balance	96,696	62,907
Charge for year	(36,696)	33,789
Closing Balance	<u>60,000</u>	<u>96,696</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
Allowance for Consultancy/Eventuality/Emergency	(20,000)	-
	<u>27,819</u>	<u>47,819</u>

Note 7: Plant & Equipment

Furniture and fittings - at cost	176,609	176,609
Less: accumulated depreciation	(144,998)	(137,122)
	<u>31,611</u>	<u>39,487</u>
Leasehold improvements - at cost	3,701,928	3,701,928
Less: accumulated amortisation	(2,105,231)	(1,887,115)
	<u>1,596,697</u>	<u>1,814,813</u>
	<u>1,628,308</u>	<u>1,854,300</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	39,487	1,814,813	1,854,300
Additions	-	-	-
Depreciation expense	(7,876)	(218,116)	(225,992)
Carrying amount at the end of year	<u>31,611</u>	<u>1,596,697</u>	<u>1,628,308</u>

SOPHIA MUNDI LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
Note 8: Trade and Other Payables		
Current		
Trade creditors	17,170	6,966
Sundry creditors & accruals	149,056	152,036
Provision for Wages	-	51,635
	<u>166,226</u>	<u>210,637</u>
Note 9: Borrowings		
Short-term		
Bank overdraft	-	-
	<u>-</u>	<u>-</u>
Long-term		
Unrelated party loans (School community) - Unsecured	-	-
Unrelated party loans (School community) - Unsecured	-	-
	<u>-</u>	<u>-</u>
Note 10: Provisions		
Short-Term		
Employee benefits	287,622	234,984
Long-Term		
Employee benefits	9,491	26,819
Total Provision for Employee Entitlements	<u>297,113</u>	<u>261,803</u>
Note 11: Other Current Liabilities		
Short-Term		
Fees paid in advance	803,900	847,427
Long-Term		
Holding bonds	-	55,800
	<u>803,900</u>	<u>903,227</u>

SOPHIA MUNDI LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 \$	2018 \$
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	269,851	261,991
- Later than one year and not later than 5 years	1,319,238	1,128,954
- Later than five years	-	460,135
Present Value of Minimum Lease Payments	<u>1,589,089</u>	<u>1,851,080</u>

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

The whole of the St Mary's building (refurbished in 2005/6) 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 total lease term of twenty (20) years starting 2005, with 6 years remaining. Rental provisions provide for CPI reviews in each year other than in a year in which 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 operational activities of the Company.		
Short-term employee benefits	<u>574,252</u>	<u>568,439</u>

Note 14: Auditor Remuneration

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

SOPHIA MUNDI LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Note 15: Related Party Transactions

The directors did not receive any remuneration for their services as directors (2018: \$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 2019.

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. If deemed necessary with referral to Victorian Civil and Administrative Tribunal (VCAT).
- (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 monthly updating of cash flow forecasts for the Executive Management team and for review by the Board of Directors.

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 2019****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	
	2019	2018	2019	2018	2019	2018
	%	%	\$	\$	\$	\$
Financial Assets						
Cash at bank	0.75	1.50	423,133	119,663	-	-
Trade and other receivables	-	-	-	-	581,814	688,765
Total Financial Assets			<u>423,133</u>	<u>119,663</u>	<u>581,814</u>	<u>688,765</u>
Financial Liabilities						
Bank Overdraft	14.00	14.00	-	-	-	-
Trade and other payables	-	-	-	-	17,170	6,966
Bank Loans	-	-	-	-	-	-
Loans from parents - current	-	-	-	-	-	-
Loans from parents - long term	-	6.00	-	-	-	-
Total Financial Liabilities			<u>-</u>	<u>-</u>	<u>17,170</u>	<u>6,966</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 \$nil in an overdraft facility set at a premium above the bank bill interest rate, and a school community loan of \$Nil.

Note 17: School Details

The registered office of the entity is:

Sophia Mundi Limited
t/a Sophia Mundi Steiner School
St Mary's Campus
Abbotsford Convent
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 2019 the number of members was 10.

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 2019 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.



Kerry Laughton (Chairperson of the Board of Directors)



Serina Mukerjee (Director)

Dated this 16th Day of June 2020

Delay due to impact of COVID-19

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

Opinion

We have audited the financial report of Sophia Mundi Limited ("the Entity"), which comprises the statement of financial position as at 31 December 2019, statement of comprehensive income, statements of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by those charged with governance.

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

- a) giving a true and fair view of the Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1 and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with the auditor independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by Division 60 of the Australian Charities and Not-for-profits Commission Act 2012, which has been given to those charged with governance, would be in the same terms if given as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

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

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

Management is responsible for the preparation of the special purpose financial report that gives a true and fair view in accordance with the relevant Australian Accounting Standards in accordance with the Australian Charities and Not-for Profits Commission Regulations 2013 and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

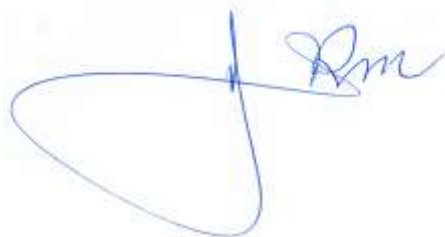
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Adept Financial Auditing Pty Ltd



Ryan Mizael, CA

Date: 16th June 2020