

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

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2020**

# SOPHIA MUNDI LIMITED

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# SOPHIA MUNDI LIMITED

## DIRECTORS' REPORT

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Your directors present their report on the school for the financial year ended 31st December 2020.

### **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:

Michael Arcella (Confirmed as new Director 4 June 2020)

Jennifer West (Resigned effective 22 April 2020)

Kerry Laughton (Resigned effective 8 December 2020)

Annette Batchelor (Resigned effective 8 December 2020)

Matthew Hardie (Chairposon and Confirmed as new Director 7 May 2019)

Serina Mukerjee (Resigned effective 19 November 2020)

Damien Hicks (Officially recommended to members on the 11 November 2020)

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

### **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 \$1,320,243 (2019: net profit of \$114,595).

### **Review of Operations**

2020 was an unprecedented year. COVID-19 caused the closure of the school for the majority of the teaching year. Staff were required to work from home and teach students remotely. The school was able to qualify for JobKeeper and the Cash Flow Boost which increased revenue and enabled the continued employment of staff and the successful education of students. Revenue also rose due to an increase in government recurrent grant funding. Trading activities and fundraising revenues were greatly reduced due to COVID-19. Many bursaries were provided to families to help them to afford to stay at the school. Credits were given to assist where educational services were unable to be provided. The school incurred additional costs resulting from COVID-19. These were IT and communication costs required for remote learning as well as increased hygiene and building cleaning costs. JobKeeper top ups also added to increased costs.

### **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 2020, 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

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### Environmental Issues

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

### Information on Directors

*Michael Arcella*

Qualifications: PhD Grad. Dip. Bus. B. Legal Stud.

*Damien Hicks*

Qualifications: PhD M.Sc B.Sc

*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. International Bus

*Serina Mukerjee*

Qualifications:

### Meetings of Directors

During the financial year, 7 meetings of directors were held. Attendances by each director during the financial year

	Number Eligible to Attend	Number Attended
Jennifer West	3	2
Kerry Laughton	8	8
Annette Batchelor	8	8
Matthew Hardie	8	8
Serina Mukerjee	7	5
Michael Arcella	8	7
Damien Hicks	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**

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**Indemnifying Officers or Auditor**

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

**Proceedings on Behalf of School**

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

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

**Auditor's Independence Declaration**

The Auditor's Independence Declaration, required by section 307C of the Corporations Act 2001, is set out on page 5 and forms part of the Directors' report for the year ended 31 December 2020.

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



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Matthew Hardie (Chairperson of the Board of Directors)



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Michael Arcella (Director)

Dated this 29th Day of April 2021

## **Auditors Independence Declaration**

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2020 there has been:

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

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



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Ryan Mizael

Dated this 29th Day of April 2021

**SOPHIA MUNDI LIMITED**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	4	1,610,182	423,132
Trade Receivables	5	713,941	521,814
Prepayments	5	23,116	15,601
Total Current Assets		<u>2,347,239</u>	<u>960,547</u>
<b>Non Current Assets</b>			
Other Financial Assets	6	47,819	27,819
Plant and Equipment	7	2,633,811	1,628,308
Total Non Current Assets		<u>2,681,630</u>	<u>1,656,127</u>
Total Assets		<u>5,028,869</u>	<u>2,616,674</u>
<b>Current Liabilities</b>			
Trade and Other Payables	8	127,102	166,226
Provisions	9	332,726	287,622
Other Current Liabilities	10	807,223	803,900
Total Current Liabilities		<u>1,267,051</u>	<u>1,257,748</u>
<b>Non Current Liabilities</b>			
Provisions	9	60,090	9,491
Other Non Current Liabilities	10	1,021,596	-
Total Non Current Liabilities		<u>1,081,686</u>	<u>9,491</u>
Total Liabilities		<u>2,348,737</u>	<u>1,267,239</u>
Net Asset		<u>2,680,132</u>	<u>1,349,435</u>
<b>Equity</b>			
Accumulated Surplus		<u>2,680,132</u>	<u>1,349,435</u>
Total Equity		<u>2,680,132</u>	<u>1,349,435</u>

The accompanying notes form part of these financial statements.

**SOPHIA MUNDI LIMITED**  
**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 \$	2019 \$
Revenue	2	<u>5,949,686</u>	<u>4,596,359</u>
Salaries and wages		3,016,046	2,971,530
Workers Compensation Insurance		22,824	19,086
Superannuation		295,510	295,257
Long Service Leave and Annual Leave		140,798	35,311
Music Contractors		-	19,175
Operating Expenses		753,764	454,820
Property & Buildings - Occupancy		31,529	373,152
Interest Expense		9	19
Depreciation	3	224,600	225,991
Bad and Doubtful Debts		50,721	(24,421)
Trading Activities		93,642	111,844
Total expenses		<u>4,629,443</u>	<u>4,481,764</u>
Surplus (deficit)		<u>1,320,243</u>	<u>114,595</u>

The accompanying notes form part of these financial statements.



**SOPHIA MUNDI LIMITED**  
**STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total Equity		
Accumulated surplus (deficit) at beginning of the year	1,349,335	1,234,740
Total comprehensive surplus (deficit) for the year	1,320,243	114,595
Adjustment	454	-
School Building Trust Fund	10,100	100
Accumulated Surplus at end of the year	<u>2,680,132</u>	<u>1,349,435</u>

**SOPHIA MUNDI LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
Cash flows from Operating Activities		
Receipts from tuition fees and other fees	2,917,731	3,074,290
Payments to suppliers and employees	(4,506,846)	(4,186,189)
Proceeds of government funding	3,031,955	1,415,368
Net Cash Provided by/(Used in) Operating Activities	<u>1,442,840</u>	<u>303,469</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	-	-
Net Cash Provided by/(Used in) Financing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash Held	1,187,050	303,469
Cash at the Beginning of the Year	423,132	119,663
Cash at the End of the Year	<u>4</u> <u>1,610,182</u>	<u>423,132</u>
Reconciliation of Net Cash Provided by/(Used in) Operating Activities to Net Surplus from Ordinary Activities		
Operating surplus/(deficit) after tax	1,320,243	114,595
Non-cash items:		
Bad debt expense	50,721	(24,421)
Depreciation and amortisation	224,600	225,992
School Building Trust Fund	10,100	100
Changes in assets and liabilities:		
(Increase) Decrease in Trade and Other Receivables	(172,127)	(63,379)
Increase (Decrease) in Trade and Other Current Liabilities	(35,801)	15,272
Increase (Decrease) in Provisions	45,104	35,310
Net Cash Provided by (Used in) Operating Activities	<u>1,442,840</u>	<u>303,469</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 2020**

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

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

**Basis of Preparation**

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

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

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

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

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

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

Based upon a review of post balance sheet trading conditions, the Board is of the opinion that the Company will continue its trend of surplusability in 2021, as it did in 2019 and 2020, 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 2020**

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

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash at bank and cash on deposit with banks or financial institutions maturing within less than two months and net of bank overdrafts.

**Trade and Other Receivables**

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at balance date less, where applicable, allowances for doubtful accounts. Trade receivables are normally non-interest bearing and are generally on 30 day term.

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

**Property, Plant & Equipment**

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

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

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

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

**Trade and Other Payables**

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

**Borrowings**

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

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

**Employee Benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries and annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

**Limitation of Liability**

The company is a public company limited by guarantee. In the event of the company being wound up the constitution states that each member of the company undertakes to contribute an amount not exceeding \$20, while he or she is a member or within one year following cessation of membership, for the payment of debts and liabilities of the company contracted before the cessation of that membership, together with costs, charges and expenses of winding up and for the adjustment of the rights of the contributors among themselves.

**Leases**

**Operating Leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments made under operating leases are expensed on a straight line basis over the term of the lease.

**Lease Incentives**

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Revenue**

Fee income is recognised in the year in which the corresponding educational or ancillary service is provided. Income received in advance is carried forward as a liability.

Revenue from grants is recognised on an accruals basis upon confirmation of grant entitlements.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets. Revenue from the sale of merchandise is recognised upon the delivery of the goods to the customer.

**Goods and Services Tax (GST)**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST) except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense, or
- (ii) for receivables and payables which are recognised inclusive of GST, the net amount of GST recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Receivables and payables are stated with the amount of GST included.

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

**Borrowing Costs**

Borrowing costs are recognised as an expense in the period in which they are incurred, except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

**Comparative Figures**

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

**Critical accounting estimates and judgments**

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

**Key estimates - Impairment**

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

No impairment has been recognised in respect of the school's assets and liabilities for the year ended 31st December 2020. 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 2020.

**Key judgments - Doubtful debts**

A total of \$50,721 worth of bad debts was written off during the year.

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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**New and amended accounting policies adopted by the Company**

Initial application of AASB 16

The Company has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised at 1 January 2020. In accordance with AASB 16, the comparatives for the 2019 reporting period have not been restated.

"The Company has recognised a lease liability and right-of-use asset for all leases (with the exception of short-term and low-value leases) recognised as operating leases under AASB 117: Leases where the Company is the lessee.

There has been no significant change from prior year treatment for leases where the Company is a lessor.

The lease liabilities are measured at the present value of the remaining lease payments. The Company's incremental borrowing rate as at 1 January 2020 was used to discount the lease payments.

The right-of-use asset for manufacturing equipment was measured at its carrying amount as if AASB 16 had been applied since the commencement date, but discounted using the Company's weighted average incremental borrowing rate on 1 January 2020.

The right-of-use assets for the remaining leases were measured and recognised in the statement of financial position as at 1 January 2020 by taking into consideration the lease liability and prepaid and accrued lease payments previously recognised as at 1 January 2020 (that are related to the lease).

The following practical expedients have been used by the Group in applying AASB 16 for the first time:

- for a portfolio of leases that have reasonably similar characteristics, a single discount rate has been applied;
- leases that have remaining lease term of less than 12 months as at 1 January 2020 have been accounted for in the same way as short-term leases;
- the use of hindsight to determine lease terms on contracts that have options to extend or terminate;
- applying AASB 16 to leases previously identified as leases under AASB 17 and Interpretation 4: Determining whether an arrangement contains a lease without reassessing whether they are, or contain, a lease at the date of initial application; and
- not applying AASB 16 to leases previously not identified as containing a lease under AASB 117 and Interpretation 4.

The Company's lease portfolio includes buildings, plant and equipment. These leases have an average of 5 years as their lease term.

(1) Variable Lease Payments

There are a number of property leases that contain variable payment terms which correlates to the revenue generated. These are retail stores that have up to 100% of the lease payment dependent on the store's revenue. These terms enable the Company to minimise fixed cost expense for stores that have seasonal revenue periods as well as stores that have just started business. These variable lease payments are recognised in the statement of profit or loss in the period which they occur.

(2) Options to Extend or Terminate

The options to extend or terminate are contained in several of the Company's property leases. There were no extension options for equipment leases. These clauses provide the Company opportunities to manage leases in order to align with its strategies. All of the extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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(i) AASB 16 related amounts recognised in the balance sheet

Right-of-use assets	
Leased building and other assets	\$1,503,459
Accumulated depreciation	(\$273,356)
Total right-of-use asset	\$1,230,103

Movements in carrying amounts

Leased building and other assets: \	\$1,503,459
Depreciation expense	(\$273,356)
Net carrying amount	\$1,230,103

(ii) AASB 16 related amounts recognised in the statement of profit or loss

Depreciation charge related to right-of-use assets	\$273,356
Interest expense on lease liabilities	\$75,042
Short-term leases expense	-
Low- value asset leases expense	-
Variable lease payment expense	-



**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<b>2019</b>
<b>Note 2: Revenue</b>	<b>\$</b>	<b>\$</b>
Student Fees	2,682,351	2,862,537
Contributed Services Levy	53,561	65,193
Private Income	91,348	118,476
Government grants		
- Victorian Department of Education	199,752	163,459
- Total Government Target Programs	559	21,044
- Commonwealth Government	1,585,859	1,230,865
- State Government Subsidies	3,554	-
- Government Allowances	1,242,231	-
Trading Activities	90,471	134,785
	<u>5,949,686</u>	<u>4,596,359</u>
 <b>Note 3: Surplus Before Income Tax</b>		
Surplus/(Deficit) before income tax has been arrived at after charging the following expenses:		
Depreciation - Leasehold improvements	218,115	218,115
Depreciation - Furniture and fittings	6,485	7,876
	<u>224,600</u>	<u>225,991</u>
 Bad and doubtful debt expense	50,721	(24,421)
Employee emoluments	3,016,046	2,971,530
Superannuation	295,510	295,257
 <b>Note 4: Cash and Cash Equivalents</b>		
Cash and cash equivalents as disclosed in the Statement of Financial Position is reconciled to the Statement of Cash Flows as follows:		
Cash at bank	<u>1,240,120</u>	<u>403,170</u>
Cash per Statement of Financial Position	1,240,120	403,170
 Cash at bank	<u>370,062</u>	<u>19,962</u>
Cash per Statement of Cash Flows	<u>1,610,182</u>	<u>423,132</u>
 <b>Note 5: Trade and Other Receivables</b>		
Current		
Trade receivables	813,941	581,814
Doubtful Debts Provision	<u>(100,000)</u>	<u>(60,000)</u>
	713,941	521,814
 Prepayments	<u>23,116</u>	<u>15,601</u>
	<u>737,057</u>	<u>537,415</u>

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
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	60,000	96,696
Charge for year	40,000	(36,696)
Closing Balance	100,000	60,000

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)
	47,819	47,819

**Note 7: Plant & Equipment**

Furniture and fittings - at cost	176,609	176,609
Less: accumulated depreciation	(151,483)	(144,998)
	25,126	31,611
Leasehold improvements - at cost	3,701,928	3,701,928
Less: accumulated amortisation	(2,323,346)	(2,105,231)
	1,378,582	1,596,697
ROU Assets	1,503,459	-
ROU Assets - accumulated amortisation	(273,356)	-
	1,230,103	-
	2,633,811	1,628,308

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

	<b>Furniture &amp; Fittings</b>	<b>Leasehold Improvements</b>	<b>Total</b>
	\$	\$	\$
Balance at the beginning of year	31,611	1,596,697	1,628,308
Additions	-	-	-
Depreciation expense	(6,485)	(218,115)	(224,600)
Carrying amount at the end of year	25,126	1,378,582	1,403,708

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	\$	\$
<b>Note 8: Trade and Other Payables</b>		
Current		
Trade creditors	31,935	17,170
Sundry creditors & accruals	95,167	149,056
	<u>127,102</u>	<u>166,226</u>
<b>Note 9: Provisions</b>		
Short-Term		
Employee benefits	332,726	287,622
Long-Term		
Employee benefits	60,090	9,491
	<u>392,816</u>	<u>297,113</u>
<b>Note 10: Other Liabilities</b>		
Current		
Fees paid in advance	557,776	803,900
ROU Lease Liability	249,447	-
Non Current		
ROU Lease Liability	1,021,596	-
	<u>1,828,819</u>	<u>803,900</u>

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>Note 11: Commitments</b>		
Operating lease commitments		
Non-cancellable operating leases in respect of premises contracted for but not capitalised in the financial statements:		
Payable:		
- not later than one year	277,946	269,851
- Later than one year and not later than 5 years	1,041,292	1,319,238
- Later than five years	-	-
Present Value of Minimum Lease Payments	1,319,238	1,589,089

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 7 years remaining. Rental provisions provide for CPI reviews in each year other than in a year a market review applies with market reviews applying every five (5) years with no renewal option(s).

	\$	\$
<b>Note 12: Key Management Personnel Compensation</b>		
Members of the Executive Management team having authority and responsibility for planning, directing and controlling the operating activities of the Company.		
Short-term employee benefits	591,835	574,252

<b>Note 13: Auditor Remuneration</b>		
Remuneration of the auditor of the Company		
- auditing the financial report	5,200	5,200
- other services	500	500
	5,700	5,700

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

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**Note 14: Related Party Transactions**

The directors did not receive any remuneration for their services as directors (2019: \$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 2020.

**Note 15: 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 updating of cash flow forecasts and review by the Board.

**Net Fair Values**

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

**SOPHIA MUNDI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

**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	
	2020	2019	2020	2019	2020	2019
	%	%	\$	\$	\$	\$
Financial Assets						
Cash at bank	1.50	1.50	1,610,181	423,133	-	-
Trade and other receivables	-	-	-	-	813,941	581,814
<b>Total Financial Assets</b>			<u>1,610,181</u>	<u>423,133</u>	<u>813,941</u>	<u>581,814</u>
Financial Liabilities						
Bank Overdraft	14.00	14.00	-	-	-	-
Trade and other payables	-	-	-	-	37,199	31,935
Bank Loans	-	-	-	-	-	-
Loans from parents - current	-	-	-	-	-	-
Loans from parents - long term	-	6.00	-	-	-	-
<b>Total Financial Liabilities</b>			<u>-</u>	<u>-</u>	<u>37,199</u>	<u>31,935</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 16: 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 17: 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 2020 the number of members was 10.

**SOPHIA MUNDI LIMITED  
DIRECTORS' DECLARATION**

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The directors of the school declare that:

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

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

(b) give a true and fair view of the school's financial position as at 31st December 2020 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.

  
\_\_\_\_\_  
Matthew Hardie (Chairperson of the Board of Directors)

  
\_\_\_\_\_  
Michael Arcella (Director)

Dated this 29th Day of April 2021

**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 2020, 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 2020 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.

**Mizael Auditors Pty Ltd**



**Ryan Mizael, CA**

Date: 30<sup>th</sup> April 2021