

Castlemaine State Festival Ltd

ABN 68 005 488 684

Financial Report - 30 June 2024

Castlemaine State Festival Ltd

Contents

30 June 2024

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Castlemaine State Festival Ltd
Directors' report
30 June 2024

The directors present their report of Castlemaine State Festival Ltd (herein referred to as Castlemaine State Festival) for the year ended 30 June 2024.

Directors

The names of each person who has been a director during the year and to the date of this report are:

| Name | Position | Details |
|-----------------------------|-----------------|--|
| Shona Brady | Secretary | |
| Christopher (Chris) Capper | Acting Chair | Appointed 04/12/23 Deputy Chair from 9/12/23 Acting Chair 7/6/24 - 30/6/24 |
| John Carruthers | Treasurer | Appointed 04/12/23 Treasurer from 09/12/23 |
| Melissa Cater | | Retired 04/12/23 |
| James Hudson | | Retired 04/12/23 |
| William (Bill) Forrest | | |
| Dennis Goldner | | Retired 12/09/23 as director and Chair |
| Tom Gyorffy | | Retired 20/10/23 |
| Lucy Mayes | Chair | Retired 30/6/24 Chair 09/12/23 - 07/06/24 (leave of absence) Acting Chair from 12/09/23 - 09/12/23 Deputy Chair from 28/11/22 to 12/09/23 |
| Abby McClure | | Appointed 09/12/23 |
| Jennifer Newport | | Retired 04/12/23 |
| Nicola Reynolds | | Appointed 04/12/23 |
| Jeanette (Jenny) Ryssenbeek | | Appointed 04/12/23 |
| Marshall Segan | | Appointed 04/12/23 |
| John Watson | | Retired 08/12/23 as director and Treasurer |
| John Wellington | | Appointed 05/02/24 |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. No director or related company has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Principal activities

The principal activity of the company during the course of the financial year was to promote arts in Victoria through the development and presentation of a biennial multi-arts festival in Castlemaine.

Significant changes

During the financial year ended 30 June 2024 the company experienced significant changes in its operational and financial circumstances. On 26 March 2024, the company entered voluntary administration due to financial difficulties impacting its ability to meet obligations. The period of administration continued until 28 June 2024, at which time the creditors approved a Deed of Company Arrangement (DOCA).

Under the DOCA, the company has taken steps to restructure its finances and operations, aiming to return to sustainable trading and address creditor claims. These actions are expected to provide a framework for stabilising the company with an intention of resuming normal activities.

Operating Result

The company reported an operating surplus for the financial year ended 30 June 2024, despite the challenges posed by entering voluntary administration from 26 March to 28 June 2024, and the subsequent execution of the DOCA.

The operating result for 2024 and comparatively for 2023 rest upon the accounting treatment that recognises Good Shed capital funding from government grants and bequests as entity revenue. Operationally, since 2024, directors have treated these sources of funding as "quarantined" for their intended or obligated capital works purpose and therefore excluded when calculating an operating surplus for the festival's administration.

The operating result of the company for the financial year was \$260,598 (2023: \$195,284).

Castlemaine State Festival Ltd
Directors' report
30 June 2024

After balance date events

Subsequent to balance date, the company exited the DOCA, which facilitated a critical restructuring phase. Through the DOCA \$400,000 of previously received capital funding (originally allocated to the Goods Shed Project) was converted to operational funds to meet immediate needs. This \$400,000 was structured as a loan subsequent to year end, repayable within a five year period.

This arrangement was undertaken to support ongoing operational requirements and strengthen the company's financial stability, with the aim of establishing a sustainable future.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Castlemaine State Festival, the results of the operations or the state of affairs of Castlemaine State Festival in future financial years.

Meetings of directors

During the financial year, 4 meetings of directors, and 6 meetings of the Finance, Risk and Audit Committee were held. Attendance by each director was as follows:

| | Director's meetings | | Finance, Risk and Audit Committee meetings | |
|---|---------------------|----------|--|----------|
| | Eligible | Attended | Eligible | Attended |
| Lucy Mayes | 4 | 4 | 5 | 5 |
| Shona Brady | 4 | 3 | 6 | 6 |
| William Forrest | 4 | 3 | 1 | 1 |
| John Carruthers (Appointed 04/12/23) | 2 | 2 | 3 | 3 |
| Christopher Capper (Appointed 04/12/23) | 2 | 2 | 3 | 3 |
| Nicola Reynolds (Appointed 04/12/23) | 2 | 2 | - | - |
| Jenny Ryssenbeek (Appointed 04/12/23) | 2 | 2 | - | - |
| Marshall Segan (Appointed 04/12/23) | 2 | 2 | - | - |
| Abby McClure (Appointed 09/12/23) | 1 | 1 | - | - |
| John Wellington (Appointed 05/2/24) | 1 | 1 | 1 | 1 |
| John Watson (Retired 08/12/23) | 3 | 3 | 3 | 3 |
| Melissa Cater (Retired 04/12/23) | 2 | 2 | - | - |
| Jennifer Newport (Retired 04/12/23) | 2 | 1 | - | - |
| James Hudson (Retired 04/12/23) | 2 | 1 | - | - |
| Tom Gyorffy (Retired 20/10/23) | 2 | 2 | 2 | 2 |
| Dennis Goldner (Retired 12/09/23) | 1 | 1 | 2 | 2 |

Indemnification and insurance of directors and officers

The company has agreed to indemnify each officer (director, secretary or employee) out of the assets of the company to the extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or lack of good faith.

The company also has officer's insurance for the benefit of officers of the company against liability incurred by the officer, which includes the officer's liability for legal costs, in or arising out of the conduct of the business of the company, or, in or arising out of the discharge of the officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company.

Proceedings on behalf of the company

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

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

Castlemaine State Festival Ltd
Directors' report
30 June 2024

Members guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstanding obligations of the company. At 30 June 2024 the number of members was 92 (2023: 26).

Auditor's independence declaration

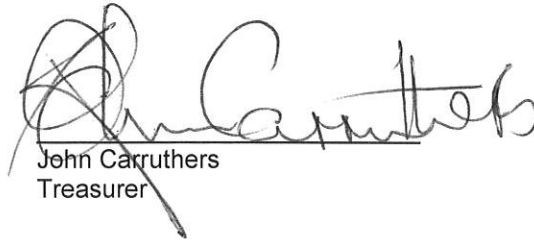
The lead auditor's independence declaration for the year ended 30 June 2024 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Chris Capper
Chair



John Carruthers
Treasurer

20 November 2024

AUDITOR'S INDEPENDENCE DECLARATION

Under the *Australian Charities and Not-for-profits Commission Act 2012 Section 60-40*

**To the Directors of
Castlemaine State Festival Ltd.**

In accordance with Subdivision 60-C of the *Australian Charities and Not-for-Profits Commission Act 2012*, I am pleased to provide the following declaration of independence to the Directors of Castlemaine State Festival Ltd. as the lead auditor for the audit of the financial report of Castlemaine State Festival Ltd. for the year ended 30 June 2024, I declare that, to the best of my knowledge, there have been no contraventions of:

- (1) the auditor independence requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* in relation to the audit; and
- (2) any applicable code of professional conduct in relation to the audit.



Bradley Dowsey
Registered Company Auditor # 528899
Accounting & Audit Solutions Bendigo

Dated this 21st day of November, 2024.

Castlemaine State Festival Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--|------|-----------------------|-----------------------|
| Revenue | | | |
| Revenue from contracts with customers | 3 | 20,288 | 392,675 |
| Other income | 3 | 946,669 | 1,471,189 |
| Total revenue | | <u>966,957</u> | <u>1,863,864</u> |
| Expenses | | | |
| Arts and major event expenses | | (13,234) | (725,764) |
| Supplies and consumables | | (278,166) | (104,896) |
| Employee benefits expense | | (289,467) | (678,662) |
| Sponsor/patron donor expenses | | (1,042) | (22,048) |
| Depreciation and amortisation expense | 4 | (108,756) | (106,279) |
| Promotions and marketing | | (2,236) | (13,484) |
| Insurance | | (9,310) | (12,988) |
| Finance costs | | (4,148) | (4,459) |
| Total expenses | | <u>(706,359)</u> | <u>(1,668,580)</u> |
| Surplus for the year | | 260,598 | 195,284 |
| Other comprehensive income for the year | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u><u>260,598</u></u> | <u><u>195,284</u></u> |

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Castlemaine State Festival Ltd
Statement of financial position
As at 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--------------------------------|------|-------------------------|-------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 5,980 | 99,487 |
| Trade and other receivables | 6 | 1,660,478 | 24,447 |
| Investments | 7 | - | 1,600,000 |
| Other assets | | 12,198 | 12,198 |
| Total current assets | | <u>1,678,656</u> | <u>1,736,132</u> |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 1,681,484 | 1,533,230 |
| Right-of-use assets | 9 | 54,665 | 61,183 |
| Total non-current assets | | <u>1,736,149</u> | <u>1,594,413</u> |
| Total assets | | <u>3,414,805</u> | <u>3,330,545</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 174,533 | 73,313 |
| Contract liabilities | 11 | 1,413,053 | 1,661,985 |
| Lease liabilities | 12 | 11,750 | 7,350 |
| Employee benefits | 13 | 13,476 | 35,148 |
| Total current liabilities | | <u>1,612,812</u> | <u>1,777,796</u> |
| Non-current liabilities | | | |
| Lease liabilities | 12 | 56,429 | 63,925 |
| Employee benefits | 13 | 3,422 | 7,280 |
| Total non-current liabilities | | <u>59,851</u> | <u>71,205</u> |
| Total liabilities | | <u>1,672,663</u> | <u>1,849,001</u> |
| Net assets | | <u><u>1,742,142</u></u> | <u><u>1,481,544</u></u> |
| Equity | | | |
| Restricted funds reserve | | 457,696 | - |
| Retained surpluses | | 1,284,446 | 1,481,544 |
| Total equity | | <u><u>1,742,142</u></u> | <u><u>1,481,544</u></u> |

The above statement of financial position should be read in conjunction with the accompanying notes

Castlemaine State Festival Ltd
Statement of changes in equity
For the year ended 30 June 2024

| | Restricted funds reserve \$ | Retained surpluses \$ | Total equity \$ |
|---|--|--------------------------------------|----------------------------|
| Balance at 1 July 2022 | - | 1,286,260 | 1,286,260 |
| Surplus for the year | - | 195,284 | 195,284 |
| Other comprehensive income for the year | - | - | - |
| | - | 195,284 | 195,284 |
| Total comprehensive income for the year | - | 195,284 | 195,284 |
| Balance at 30 June 2023 | - | 1,481,544 | 1,481,544 |

| | Restricted funds reserve \$ | Retained surpluses \$ | Total equity \$ |
|---|--|--------------------------------------|----------------------------|
| Balance at 1 July 2023 | - | 1,481,544 | 1,481,544 |
| Surplus for the year | - | 260,598 | 260,598 |
| Other comprehensive income for the year | - | - | - |
| | - | 260,598 | 260,598 |
| Total comprehensive income for the year | - | 260,598 | 260,598 |
| Transfers to/(from) reserves | 457,696 | (457,696) | - |
| Balance at 30 June 2024 | 457,696 | 1,284,446 | 1,742,142 |

The above statement of changes in equity should be read in conjunction with the accompanying notes

Castlemaine State Festival Ltd
Statement of cash flows
For the year ended 30 June 2024

| | Note | 2024 | 2023 |
|--|-------------|---------------------|----------------------|
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 706,244 | 1,328,078 |
| Payments to suppliers and employees (inclusive of GST) | | (296,429) | (1,752,182) |
| Transferred to administrator | | (1,915,136) | - |
| Interest received | | 71,714 | 26,828 |
| Interest and other finance costs paid | | <u>(4,148)</u> | <u>(4,459)</u> |
| Net cash used in operating activities | 14 | <u>(1,437,755)</u> | <u>(401,735)</u> |
| Cash flows from investing activities | | | |
| Redemption of /(payments for) investments | | 1,600,000 | (1,600,000) |
| Payments for property, plant and equipment | 8 | <u>(248,945)</u> | <u>(653,918)</u> |
| Net cash from/(used in) investing activities | | <u>1,351,055</u> | <u>(2,253,918)</u> |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | | <u>(6,807)</u> | <u>(6,565)</u> |
| Net cash used in financing activities | | <u>(6,807)</u> | <u>(6,565)</u> |
| Net decrease in cash and cash equivalents | | (93,507) | (2,662,218) |
| Cash and cash equivalents at the beginning of the financial year | | <u>99,487</u> | <u>2,761,705</u> |
| Cash and cash equivalents at the end of the financial year | 5 | <u><u>5,980</u></u> | <u><u>99,487</u></u> |

The above statement of cash flows should be read in conjunction with the accompanying notes

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 1. Material accounting policy information

The financial statements cover Castlemaine State Festival as an individual entity, incorporated and domiciled in Australia.

Castlemaine State Festival is a company limited by guarantee with the principal activity of promoting arts in Victoria through the development and presentation of a biennial multi-arts festival in Castlemaine.

Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards – Simplified Disclosures developed by the Australian Account Standards Board (AASB) in order to meet the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Statement of compliance

The company does not have 'public accountability' as defined in AASB 1053 Application of Tiers of Australian Accounting Standards and is therefore eligible to apply the 'Tier 2' reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060.

Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

Going concern

The financial statements have been prepared on a going concern basis, which assumes the company will be able to meet its obligations as and when they fall due.

Castlemaine State Festival achieved an operating surplus totalling \$260,598 for the year ended 30 June 2024, however this included capital funding recognised totalling \$373,931. The adjusted result of Castlemaine State Festival was therefore a deficit totalling \$104,025 reflecting the ongoing restructure expenses and the impact of voluntary administration from 26 March to 30 June 2024, after which the company entered a DOCA.

Despite the current year deficit, the company has significantly improved the working capital position from the prior year, which was a deficit totalling \$41,664, to a surplus totalling \$66,343 as at 30 June 2024. This improvement is attributed to strategic restructuring measures that have been undertaken whilst the company was in voluntary administration, and subsequently the DOCA.

The directors have assessed the financial position and future cash flows, taking into account the impact of the DOCA and ongoing restructuring efforts. Based on this assessment, the directors are confident the company will be able to continue as a going concern, with sufficient resources to meet its obligations for the foreseeable future.

Historical cost convention

The financial statements, except the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Functional and presentation currency and rounding

These financial statements are presented in Australian dollars, which is the company's functional currency. The amounts presented have been rounded to the nearest dollar.

Note 1. Material accounting policy information (continued)

New or amended Accounting Standards and Interpretations adopted

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new and amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-6 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-6 includes amendments to AASB 101 Presentation of Financial Statements, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-6 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Impairment of assets

At each reporting date, tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Comparative figures

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

Note 2. Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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 company.

Impairments of assets

The company assesses impairment at each reporting period by evaluating the conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amount of the relevant assets are reassessed using the value-in-use calculation which incorporates various key assumptions.

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

Identifying performance obligations under AASB 15

To identify a performance obligation under AASB 15, the promise must be sufficiently specific to be able to determine when the obligation is satisfied. Management exercises judgement to determine whether the promise is sufficiently specific by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, management includes the nature/-type, cost/-value, quantity and the period of transfer related to the goods or services promised.

Determination and timing of revenue recognition under AASB 15

For each revenue stream, the company applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation.

Note 2. Critical accounting estimates and judgements (continued)

Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with both periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the company will make.

The company determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the company, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the company is typically reasonably certain to extend (or not terminate).
- Otherwise, the company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The company's lease agreement for the Goods Shed originally expired on 31 August 2022. The lease agreement contains two additional options for one further term of five years and a second further term of three years and eight months. The first of these options has been exercised and the Board believe they are reasonably certain to utilise this second option and have therefore included all options in lease calculations.

Borrowing rate under AASB 16

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the company's leases, the company's incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Annual leave

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

Long service leave calculation

The company assesses the long service leave liability in accordance with the requirements of AASB 119: *Employee Benefits* and applies probability factors reducing the balance of the liability on employees' balances that have not reached their vesting period i.e. not entitled to be paid out as at 30 June 2024. The probability factors are increased as the respective employees' years of service increase and are provided for at 100% probability at vesting period (in accordance with employment conditions). The probability rates have been determined based on management estimate.

Note 3. Revenue and other income

| | 2024 | 2023 |
|---------------------------------------|----------------|------------------|
| | \$ | \$ |
| Revenue from contracts with customers | 20,288 | 392,675 |
| Other income | 946,669 | 1,471,189 |
| | <u>966,957</u> | <u>1,863,864</u> |

Note 3. Revenue and other income (continued)

| | 2024 \$ | 2023 \$ |
|--|---------------|----------------|
| (a) Disaggregated revenue | | |
| The company has disaggregated revenue by the nature of revenue and timing of revenue recognition | | |
| Festival sales | - | 376,195 |
| Merchandise | - | 2,643 |
| Workshop fees | - | 1,245 |
| Tenancy revenue | 980 | 6,710 |
| Equipment and venue hire | 19,308 | 5,882 |
| | <u>20,288</u> | <u>392,675</u> |
| Total disaggregated revenue from contracts with customers under AASB 15 | <u>20,288</u> | <u>392,675</u> |

Timing of revenue recognition

Services transferred to customers:

| | | |
|--------------------|---------------|----------------|
| at a point in time | - | 380,083 |
| over time | 20,288 | 12,592 |
| | <u>20,288</u> | <u>392,675</u> |

(b) Other sources of income

| | | |
|----------------------------|----------------|------------------|
| Government funding | 330,379 | 541,546 |
| Sponsorships and donations | 126,500 | 100,675 |
| Philanthropic support | 9,800 | 51,030 |
| Patrons program | 28,710 | 83,975 |
| Goods Shed capital funding | 373,931 | 628,839 |
| Government COVID relief | - | 8,400 |
| Interest received | 71,714 | 45,423 |
| Other income | 5,635 | 11,301 |
| | <u>946,669</u> | <u>1,471,189</u> |

Accounting policy for revenue

Grant Revenue

Recurrent grants are recognised in profit or loss when the company obtains control of the grant as the criteria for the grants are not sufficiently specific so as to recognise the revenue in accordance with AASB 15 and therefore the grant is recognised in accordance with AASB 1058. Operating Grant Revenue is fully recognised in the Statement of profit or loss and other comprehensive income according to the relevant accounting standard, although from 2024 in terms of management reporting, this source of revenue is treated as a liability until the grant obligations are fulfilled progressively.

Capital Grant Revenue

When the company receives a capital grant, it records a liability if the amount received is more than any related amounts already recorded under other accounting standards (like contributions from owners, lease liabilities, financial instruments, provisions, revenue, or contract liabilities from customer contracts).

The company recognises income in profit or loss when or as the company satisfies its obligations under the terms of the grant.

Interest Income

Interest income is recognised using the effective interest method.

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 3. Revenue and other income (continued)

Donations

Donations are recognised when the payment is received.

Note 4. Surplus for the year

| | 2024 | 2023 |
|---|----------------|----------------|
| | \$ | \$ |
| The surplus for the year has been determined after: | | |
| (i) Depreciation and amortisation | | |
| Plant and equipment | 19,592 | 17,455 |
| Leasehold improvements | 81,099 | 81,107 |
| Right-of-use assets | 8,065 | 7,717 |
| | <u>108,756</u> | <u>106,279</u> |
| Total depreciation and amortisation | <u>108,756</u> | <u>106,279</u> |

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates are consistent with the prior period. The depreciation rates are used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Leasehold improvements | 9% |
| Plant and equipment | 25-100% |

Note 5. Cash and cash equivalents

| | 2024 | 2023 |
|--------------|--------------|---------------|
| | \$ | \$ |
| Cash at bank | <u>5,980</u> | <u>99,487</u> |

Note 6. Trade and other receivables

| | 2024 | 2023 |
|---|------------------|---------------|
| | \$ | \$ |
| Trade receivables | - | 764 |
| Accrued interest | - | 18,595 |
| Amounts receivable from ATO | - | 5,088 |
| | <u>-</u> | <u>24,447</u> |
| Funds held by Administrators | <u>1,660,478</u> | <u>-</u> |
| Total trade and other receivables | <u>1,660,478</u> | <u>24,447</u> |
| <i>Financial assets classified as trade and other receivables</i> | | |
| Total trade and other receivables | 1,660,478 | 24,447 |
| Less amounts receivable from ATO | - | (5,088) |
| Total financial assets classified as trade and other receivables | <u>1,660,478</u> | <u>19,359</u> |

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 6. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade and other receivables includes amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounting policy for trade and other receivables

Funds held by the Administrator represent company assets retained by the Administrator during the period of Voluntary Administration and subsequent DOCA which extended until subsequent to year end.

These funds totalled \$1,660,478 as at 30 June 2024 and are classified as trade and other receivables, representing the total held by the Administrator at that point in time. Amounts returned to the company subsequent to year end may differ to the 30 June 2024 balance, as the Administrator continued to execute the DOCA subsequent to year end, continuing to settle company obligations dated subsequent to 30 June 2024.

Note 7. Investments

| | 2024 \$ | 2023 \$ |
|--------------|------------|------------|
| Term Deposit | - | 1,600,000 |

Accounting policy for term deposits

Investments include term deposits with original maturities of three months or more. Term deposits are initially measured at fair value and subsequently measured at amortised cost.

Note 8. Property, plant and equipment

| | 2024 \$ | 2023 \$ |
|-------------------------------------|-------------------------|-------------------------|
| Leasehold improvements - at cost | 895,726 | 895,726 |
| Less: Accumulated depreciation | (344,739) | (263,640) |
| | <u>550,987</u> | <u>632,086</u> |
| Plant and equipment - at cost | 152,771 | 152,771 |
| Less: Accumulated depreciation | (109,279) | (89,687) |
| | <u>43,492</u> | <u>63,084</u> |
| Work in progress | <u>1,087,005</u> | <u>838,060</u> |
| Total property, plant and equipment | <u><u>1,681,484</u></u> | <u><u>1,533,230</u></u> |

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

| | Plant and equipment \$ | Leasehold Improvements \$ | Works in progress \$ | Total \$ |
|-------------------------|------------------------------|---------------------------------|----------------------------|-------------------------|
| Balance at 1 July 2023 | 63,084 | 632,086 | 838,060 | 1,533,230 |
| Additions | - | - | 248,945 | 248,945 |
| Depreciation expense | (19,592) | (81,099) | - | (100,691) |
| Balance at 30 June 2024 | <u><u>43,492</u></u> | <u><u>550,987</u></u> | <u><u>1,087,005</u></u> | <u><u>1,681,484</u></u> |

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 8. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Note 9. Right-of-use assets

The company leases the Castlemaine Goods Shed from which it conducts its operations. This lease has a term of 60 months, with two options to extend, of 60 months and 44 months. It has been assumed the extensions will be exercised in calculating the right-of-use asset.

| | 2024 | 2023 |
|--------------------------------|----------------------|----------------------|
| | \$ | \$ |
| Leased buildings | 93,189 | 90,217 |
| Less: Accumulated depreciation | <u>(38,524)</u> | <u>(29,034)</u> |
| Total right-of-use assets | <u><u>54,665</u></u> | <u><u>61,183</u></u> |

Movements in carrying amounts:

| | Leased buildings \$ |
|-------------------------|---------------------------|
| Balance at 1 July 2023 | 61,183 |
| Remeasurements | 1,547 |
| Depreciation expense | <u>(8,065)</u> |
| Balance at 30 June 2024 | <u><u>54,665</u></u> |

Accounting policy for right-of-use assets

The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Note 10. Trade and other payables

| | 2024 | 2023 |
|--------------------------------|-----------------------|----------------------|
| | \$ | \$ |
| Trade creditors | 62,910 | 34,791 |
| Accrued expenses | 79,801 | 38,382 |
| Amounts payable to the ATO | <u>31,822</u> | <u>140</u> |
| Total trade and other payables | <u><u>174,533</u></u> | <u><u>73,313</u></u> |

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 10. Trade and other payables (continued)

Financial liabilities classified as trade and other payables

| | | |
|--|-----------------------|----------------------|
| Total trade and other payables | 174,533 | 73,313 |
| Less amounts payable to ATO | <u>(31,822)</u> | <u>(140)</u> |
| Total financial liabilities classified as trade and other payables | <u><u>142,711</u></u> | <u><u>73,173</u></u> |

Accounting policy for trade and other payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Note 11. Contract liabilities

| | 2024 | 2023 |
|----------------------------|------------------|------------------|
| | \$ | \$ |
| Capital funding in advance | <u>1,413,053</u> | <u>1,661,985</u> |

Accounting policy for contract liabilities

The contract liability represents funding received for the Goods Shed Project, where Castlemaine State Festival have not yet fulfilled the associated performance obligations, such as the completion of project milestones.

Income is recognised as Castlemaine State Festival in line with the progression of the project.

Note 12. Lease liabilities

| | 2024 | 2023 |
|-------------------------|----------------------|----------------------|
| | \$ | \$ |
| Current | | |
| Leased building | <u>11,750</u> | <u>7,350</u> |
| Non-current | | |
| Leased building | <u>56,429</u> | <u>63,925</u> |
| Total lease liabilities | <u><u>68,179</u></u> | <u><u>71,275</u></u> |

| | 2024 | 2023 |
|--|----------------------|----------------------|
| | \$ | \$ |
| <i>Maturity analysis for lease liabilities</i> | | |
| Payable – minimum lease liability payments: | | |
| - Not later than 12 months | 12,068 | 11,426 |
| - Later than 12 months and not later than five years | 60,341 | 45,705 |
| - Greater than five years | 10,055 | 32,375 |
| - Less future finance charges | <u>(14,285)</u> | <u>(18,231)</u> |
| Present value of minimum lease liability payments | <u><u>68,179</u></u> | <u><u>71,275</u></u> |

Accounting policy for lease liabilities

The company's lease portfolio includes a leased building. The lease term for this building is 12 years.

Note 12. Lease liabilities (continued)

Initially, the lease liability is measured at the present value of the lease payments still to be paid at lease commencement date. The lease payments are discounted at the interest rate implicit in the lease.

Lease payments included in the measurement of the lease liability, are as follows:

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date, and
- lease payments under extension options if the lessee is reasonably certain to exercise the options.

Note 13. Employee benefits

| | 2024 \$ | 2023 \$ |
|----------------------------------|----------------------|----------------------|
| Current | | |
| Provision for annual leave | 13,476 | 20,947 |
| Provision for long service leave | - | 14,201 |
| | <u>13,476</u> | <u>35,148</u> |
| Non-current | | |
| Provision for long service leave | <u>3,422</u> | <u>7,280</u> |
| Total employee benefits | <u><u>16,898</u></u> | <u><u>42,428</u></u> |

Accounting policy for employee benefits

Short term employee benefits

The current portion for the provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Long term employee benefits

The company classifies employees' long service leave as long term employee benefits if they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for long term employee benefits which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations.

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 14. Cash flow information

| | 2024 | 2023 |
|---|--------------------|------------------|
| | \$ | \$ |
| Surplus for the year | 260,598 | 195,284 |
| Adjustments for: | | |
| Depreciation and amortisation | 108,756 | 106,279 |
| Change in operating assets and liabilities: | | |
| Increase in trade and other receivables | (1,636,031) | (15,884) |
| Decrease in prepayments | - | 7,984 |
| Increase/(decrease) in trade and other payables | 103,384 | (53,200) |
| Decrease in contract liabilities | (248,932) | (628,839) |
| Decrease in employee benefits | (25,530) | (13,359) |
| Net cash used in operating activities | <u>(1,437,755)</u> | <u>(401,735)</u> |

Note 15. Capital commitments

| | 2024 | 2023 |
|---|---------------|---------------|
| | \$ | \$ |
| Future capital commitment payments due: | | |
| Within one year | <u>43,977</u> | <u>62,033</u> |

During the year ended 30 June 2022, Castlemaine State Festival received funding totalling \$2.5m in relation to the redevelopment of the Goods Shed. During the year ended 30 June 2024, \$373,931 was recorded as income, and \$1,413,053 continues to be recorded as a contract liability in accordance with AASB 1058.

The total funding approved for this project is \$6,000,000, which is funded by the Department of Jobs, Skills, Industry and Regions (DJSIR), formerly the Department of Jobs, Precincts and Regions (DJPR).

In the previous financial year a contract was signed with RP Infrastructure in relation to project management for the initial phase of the Goods Shed redevelopment project. As at 30 June 2024, the value of this contract was \$240,575.22 (inc. GST) with \$196,598.60 (inc. GST) recognised as works in progress to balance date.

No further contracts have yet been executed in relation to the redevelopment, at 30 June 2024.

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

| | 2024 | 2023 |
|---|--------------|--------------|
| | \$ | \$ |
| Remuneration to the auditors, Accounting & Audit Solutions Bendigo for: | | |
| Audit of the financial statements | 4,500 | 4,500 |
| Other assurance services | 600 | 600 |
| | <u>5,100</u> | <u>5,100</u> |

Castlemaine State Festival Ltd
Notes to the financial statements
30 June 2024

Note 17. Contingent liabilities and contingent assets

The company's directors are not aware of any contingent liabilities or assets at the date of signing this financial report (2023: nil).

Note 18. Events after the reporting period

Subsequent to balance date, the company exited the DOCA, which facilitated a critical restructuring phase. Through the DOCA \$400,000 of previously received capital funding (originally allocated to the Goods Shed Project) was converted to operational funds to meet immediate needs. This \$400,000 was structured as a loan subsequent to year end, repayable within a five year period.

This arrangement was undertaken to support ongoing operational requirements and strengthen the company's financial stability, with the aim of establishing a sustainable future.

No other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Note 19. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

KMPs

Board

Acting Chief Executive Officer (July 2023 – April 2024)

Acting Festival Director (July 2023 – April 2024)

| 2024 | 2023 |
|-------------|-------------|
| \$ | \$ |

Remuneration of key management personnel:

| | | |
|---|----------------|----------------|
| - Short term and post-employment benefits | <u>123,338</u> | <u>202,742</u> |
|---|----------------|----------------|

Note 20. Related party transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Note 21. Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, accounts receivable, accounts payable and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows:

Note 21. Financial Risk Management (continued)

| | Note | 2024 \$ | 2023 \$ |
|---|------|------------------|------------------|
| Financial assets | | | |
| Cash and cash equivalents | 5 | 5,980 | 99,487 |
| Trade and other receivables | 6 | 1,660,478 | 19,359 |
| Investments | 7 | - | 1,600,000 |
| Bonds | | 12,198 | 12,198 |
| Total financial assets at amortised cost | | <u>1,678,656</u> | <u>1,731,044</u> |
| Financial liabilities | | | |
| Trade and other payables | 10 | 142,711 | 73,173 |
| Lease liabilities | 12 | 68,179 | 71,275 |
| Total financial liabilities at amortised cost | | <u>1,889,546</u> | <u>1,875,492</u> |

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables.

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised cost comprise trade and other payables and lease liabilities.

Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

Note 22. Registered office/principal place of business

Registered office

The Goods Shed
21 Kennedy Street
Castlemaine VIC 3450

Principal place of business

The Goods Shed
21 Kennedy Street
Castlemaine VIC 3450

Castlemaine State Festival Ltd
Directors' declaration
30 June 2024

In accordance with a resolution of the directors of Castlemaine State Festival, the directors of the company declare that:

The attached financial statements and notes are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

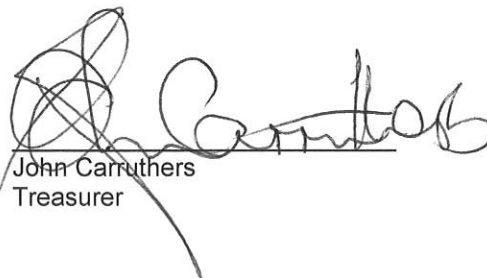
- comply with Australian Accounting Standards – Simplified Disclosures and
- give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subs 60.15(2) of the Australian Charities and Not-for-profits Commission Regulation 2022.

On behalf of the directors



Chris Capper
Chair

John Carruthers
Treasurer

20 November 2024

Independent Audit Report to the Members of

CASTLEMAINE STATE FESTIVAL LTD

Unqualified Opinion

We have audited the accompanying financial report, being a general purpose financial report, of the Castlemaine State Festival Ltd, which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes comprising a summary of the significant accounting policies and other explanatory information, and the Director's Declaration.

In our opinion, the financial report of the Castlemaine State Festival Ltd has been prepared in accordance with Div. 60 of the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- i. Giving a true and fair view of the Company's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
- ii. Complying with Australian Accounting Standards – AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities and Div. 60 of the *Australian Charities and Not-for-Profits Commission Regulation 2022*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibility under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for the opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 1 in the financial report, which indicates that the Company recorded a net surplus of \$260,598 at 30 June 2024, however adjusting for capital revenue of \$373,931, results in an adjusted deficit of \$104,025 (adjusted deficit of \$587,175 in 2023). Additionally, the Company recorded net deficits in cash from operating activities in 2024 (deficit in 2023) and a net overall decrease in cash in 2024 (decrease in 2023). These events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on Castlemaine State Festival Ltd's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other Than the Financial Report and Auditor's Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

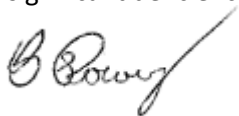
The directors of the Company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 entities and the the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the directors are responsible for assessing the Company'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 the Company either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

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 on this financial report. As part of an audit in accordance with 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures by the Company.
- Conclude on the appropriateness of the Company'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 Company's ability 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 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 Company to cease or continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report presents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Bradley Dowsey
Registered Company Auditor # 528899
Accounting & Audit Solutions Bendigo

Dated this 21st day of November, 2024.