

KULTURE BREAK

ABN 31 113 172 651

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2019**

**KULTURE BREAK
(A COMPANY LIMITED BY GUARANTEE)
ABN 31 113 172 651**

DIRECTORS REPORT

Your directors present this report on the Company for the financial year ended 31 December 2019.

Directors

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

Francis Owusu

Francis is the Founding Chief Executive Officer of Kulture Break, having formed the organisation from humble beginnings with teaching breakdance classes at Lanyon High School. Now he is a social entrepreneur, educator, and culture transformation leader. Francis' passion for encouraging the wellbeing and inclusion of young people has driven the organisation to grow to supporting thousands of young people across Australia each year.

Cindy Mitchell (Appointed January 2018)

Cindy is the Founding Chief Executive Officer of the Mill House Ventures, the Canberra region's first dedicated social enterprise business development consultancy. She previously worked as a venture capital investment manager and in senior management roles at large corporate organisations in Australia and the United States. She has also worked as a Policy Advisor and Senior Analyst in the Department of the Prime Minister and Cabinet and Assistant Director in the Department of Immigration and Border Protection.

Archie Tsirimokos (Appointed July 2018)

Archie is the Chair of Meyer Vandenberg, the largest independent law firm in the ACT and recognised as one of Canberra's most experienced commercial lawyers. He is responsible for ensuring the provision of consistently high-quality advice throughout the practice, and has broad-ranging legal expertise.

He has been recognised by various industry organisations for his ability, including as MBA Professional of the Year in 2011; Real Estate Institute Solicitor of the Year in 2014, 2015 and 2016 (and has been inducted into the Hall of Fame for that organisation in 2017) and Property Council of Australia (ACT) Professional of the Year in 2014. He has been listed in the list of Best Lawyers Australia and Doyle's Guide for his expertise in Real Property Law in 2016, 2017 and 2018.

Fiona Fonti (Appointed July 2018)

Fiona Fonti is the Managing Director of The Rehabilitation Specialists, a Canberra-based company that has grown significantly since its launch in June 2012. Fiona is a nationally and internationally experienced Occupational Therapist with over 15 years' experience in delivering Workplace Rehabilitation services and a range of specialist workplace health services.

Fiona has a wealth of a management experience, and although relatively new to running a business, has succeeded in a traditionally challenging market.

Kieran Sloan (Appointed August 2018)

Kieran is the Deputy Chief Financial Officer of IP Australia, demonstrating fidelity through a long association with the organisation. His expertise has been in financial services, budgeting and

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reporting and costing and analysis. He has also had a lengthy history with Kulture Break, having performed with Kulture Break's CEO Francis Owusu in their youth. Kieran is now well-known in Canberra as the lead singer of the popular 'Big Boss Groove' band.

Marcia Bowden (Appointed November 2019)

A highly experienced property consultant who has very wide experience in all aspects of property with an emphasis on commercial property and Corporate Real Estate.

Over the past 35 plus years she has gained experience in property including sales and leasing of commercial property, corporate real estate as well as broad based property consulting work including design and development management. She has also been engaged in residential development and investment sales and investment sales of small industrial properties.

Throughout her long career in property she has been engaged in leadership roles and during her 20 years on various boards of the Australian Property Institute have led both the National Board and the ACT Divisional Board. Marcia has a keen interest in mentoring the newer members of the property profession and have mentored many of the up and coming property professionals in Canberra as well as other jurisdictions.

Please note Cindy Mitchell resigned from director position September 2019. Marcia Bowden was nominated as director from December 2019. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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

Principal Activities

The principal activity of the Company during the financial year was to improve the health and wellbeing of its participants through dance mentoring, dance classes, workshops and performances.

No significant changes in the nature of the Company's activities occurred during the financial year.

Strategic Goals

Our strategic goals are:

Goal 1: Break New Ground

- Use our narrative to reach likeminded stakeholders in other states and territories
- Establish entry points in other states/territories
- Develop high quality creative arts curriculums and operating guidelines that can be shared across branches
- Establish an alumni association to foster continuing interest in creative arts and community service
- Pursue opportunities to promote a broader awareness of our work as a community organisation.

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Goal 2: Blaze Creative Pathways

- Promote the development of Australian Qualification Framework recognized pathways in contemporary arts Academy
- Consolidate and/or establish internship apprenticeship and placement programs which provide vocational opportunities for young people.

Goal 3: Fund Our Growth

- Develop a plan to restructure finances for sustainable growth
- Cultivate corporate sponsorships
- Identify and leverage broader government sponsorship
- Expand income from individual donors
- Explore new scalable revenue streams
- Demonstrate sound financial management.

Goal 4: Inspire Our Partners

- Network of relationships for community service and outreach
- Mutually beneficial financial relationships
- Relationships for a national presence
- Alignment of our communications strategy.

Goal 5: Build Our People

- Mentor, train and develop our people
- Establish a quality assurance framework
- Attract and retain staff who embody our values
- Identify and develop new leaders.

Goal 6: Protect our integrity

- Drive a culture that promotes youth well-being, empowerment and transformation
- Develop and maintain a body of institutional knowledge
- Build a greater administrative capacity.

Operating Results

The deficit of the Company for the year amounted to \$26,810 (2018: surplus \$66,914).

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Significant Changes in State of Affairs

No significant changes in the Company's state of affairs during the financial year.

After Balance Date Events

Since the year end the COVID-19 pandemic has arisen and could have significant adverse impacts on the operations of the Company in 2020. The magnitude of any impacts is not known at this stage, but there is a possibility that the issue could put pressure on the Company's cash flows. However, current financial modelling shows sufficient reserves to sustain operations.

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Environmental Issues

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Meetings of Directors

During the financial year, ten meetings of directors were held. Attendance by each director were as follows:

| Name | Meetings Held as Director | Meetings Attended |
|-------------------|---------------------------|-------------------|
| Francis Owusu | 10 | 10 |
| Archie Tsirimokos | 10 | 8 |
| Cindy Mitchell | 10 | 8 |
| Fiona Fonti | 10 | 7 |
| Kieran Sloan | 10 | 6 |
| Michael Hall | 8 | 7 |

Dividends Paid or Recommended and Options

In accordance with the Company's Constitution, the Company is limited by guarantee and accordingly no shares or options have been issued. No dividends are paid by the Company.

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

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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 of those proceedings.

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

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 7 of the Financial Report.

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

A handwritten signature in black ink, appearing to read 'Francis Owusu', written in a cursive style.

Francis Owusu
Director/Chief Executive Officer
Dated this 4th day of September 2020.

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RESPONSIBLE PERSONS' DECLARATION

The responsible persons' declare that in their opinion:

1. The financial statements and notes, as set out on pages 8 to 22 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:
 - a) comply with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Australian Charities and Not-for-profits Commission Regulation 2013* and Accounting Standards as described in Note 1 to the financial statements; and
 - b) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the entity;

2. There are reasonable grounds to believe that the entity 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.



Francis Owusu
Director/Chief Executive Officer
Dated this 4th day of September 2020.



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Professional Standards Legislation

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 60.40 OF THE AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF KULTURE BREAK LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there have been:

- (a) no contraventions of the auditors' independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit, and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

AccountAbility

Anthony Wilson
Registered Company Auditor
Canberra, ACT
4 September 2020

**KULTURE BREAK
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 DECEMBER 2019**

| | NOTE | 2019 \$ | 2018 \$ |
|--|------|------------|------------|
| Revenue from services rendered | 2 | 572,693 | 500,915 |
| Other income | 2 | 274,261 | 199,399 |
| Employee benefits expense | | 548,401 | 438,856 |
| Other employee expenses | | 24,075 | 3,383 |
| Depreciation and amortisation | 3 | 3,535 | 5,382 |
| Administration | | 123,127 | 65,525 |
| Advertising/promotion | | 15,881 | 19,414 |
| Fundraising | | 8,310 | 4,121 |
| Performance expenses | | 26,877 | 25,119 |
| Program | | 123,559 | 71,600 |
| | | | |
| Surplus/(deficit) for the year | | (26,810) | 66,914 |
| | | | |
| Other comprehensive income | | - | - |
| | | | |
| Total comprehensive surplus/(deficit) for the year | | (26,810) | 66,914 |
| | | | |

The accompanying notes form part of these financial statements.

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**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

| | NOTE | 2019 \$ | 2018 \$ |
|-------------------------------|------|-------------|-------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 5 | 220,241 | 151,335 |
| Trade and other receivables | 6 | 11,845 | 24,966 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT ASSETS | | 232,086 | 176,301 |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 7 | 7,807 | 11,342 |
| Intangibles | 8 | - | - |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT ASSETS | | 7,807 | 11,342 |
| | | <hr/> | <hr/> |
| TOTAL ASSETS | | 239,893 | 187,643 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 66,408 | 39,386 |
| Unearned income | | - | 18,273 |
| Provisions | 10 | 33,204 | 22,225 |
| | | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | | 99,612 | 79,884 |
| NON-CURRENT LIABILITIES | | | |
| Provisions | | 31,154 | 24,538 |
| Other current liabilities | 9 | 52,716 | - |
| | | <hr/> | <hr/> |
| TOTAL NON-CURRENT LIABILITIES | | 83,870 | 24,538 |
| | | <hr/> | <hr/> |
| TOTAL LIABILITIES | | 183,482 | 104,422 |
| | | <hr/> | <hr/> |
| NET ASSETS | | <hr/> <hr/> | <hr/> <hr/> |
| | | 56,410 | 83,220 |
| EQUITY | | | |
| Retained earnings | | 56,410 | 83,220 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY | | <hr/> <hr/> | <hr/> <hr/> |
| | | 56,410 | 83,220 |

The accompanying notes form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

| | Retained Earnings \$ | Total \$ |
|---|-------------------------------------|---------------------|
| Balance at 1 January 2018 | 16,306 | 16,306 |
| Total comprehensive income for the period | 66,914 | 66,914 |
| Balance at 31 December 2018 | 83,220 | 83,220 |
| Total comprehensive income for the period | (26,810) | (26,810) |
| Balance at 31 December 2019 | <u>56,410</u> | <u>56,410</u> |

The accompanying notes form part of these financial statements.

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

| | NOTE | 2019 \$ | 2018 \$ |
|--|------|------------|------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Receipts from members and others | | 979,895 | 779,683 |
| Payments to suppliers and employees | | (910,721) | (719,360) |
| Interest received | | | - |
| <hr/> | | | |
| Net cash generated by/(used in) operating activities | 11 | 69,174 | 60,323 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Payments for property, plant & equipment | | - | - |
| <hr/> | | | |
| Net cash generated by/(used in) operating activities | | - | - |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Loan to directors | | (268) | - |
| <hr/> | | | |
| Net cash generated by/(used in) financing activities | | | |
| <i>Net increase/(decrease) in cash held</i> | | 68,906 | 60,323 |
| Cash at beginning of the financial year | | 151,335 | 91,012 |
| Cash at end of the financial year | 5 | 220,241 | 151,335 |

The accompanying notes from part of these financial statements.

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

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Kulture Break as an individual entity, incorporated and domiciled in Australia. Kulture Break is a company limited by guarantee.

Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards-Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*.

Australian Accounting Standards-Reduced Disclosure Requirements set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards-Reduced Disclosure Requirements ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

a) Revenue

In accordance with *AASB 15 Revenue*, revenue from the rendering of a service is recognised upon the delivery of the service to the customer. Revenue from grant funding or sponsorship is recognised upon the satisfaction of performance obligations or the delivery of the terms of the sponsorship.

Donations are recognised as revenue when received.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

b) Taxation

No provision for income tax has been raised as the Company is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these

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

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the Statement of financial position are shown inclusive of GST.

Cash flows are presented in the Statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(c) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits expected to be settled within one year together with benefits arising from wages, salaries and annual leave which may be settled after one year, have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the net present value.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(d) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(f) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by the directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued at the fair value of the asset at the date it is acquired.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Depreciation

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 used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------|--------------------------|
| Motor vehicles | 13 – 20% |
| Furniture and fittings | 11.5 - 37.5% |
| Plant and equipment | 20 - 33% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(h) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

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

NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired.

(g) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset class, the Company estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

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**NOTES TO THE FINANCIAL STATEMENTS
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NOTE1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Comparative Figures

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

(i) Critical accounting estimates and judgements

The directors evaluate estimates and judgements incorporated in to 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 Company.

Key estimates – Impairment

The Company assesses impairment at each reporting date by evaluating conditions specific to the Company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Fair value less costs to sell or current replacement cost calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2. REVENUE

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$ | \$ |
| Revenue from services rendered | | |
| Dance classes and workshops | 259,749 | 259,359 |
| Events | - | - |
| Schools | 140,526 | 26,617 |
| Programs | 7,419 | 58,731 |
| Grants (* - refer below for composition) | 165,000 | 156,207 |
| | <hr/> 572,694 | <hr/> 500,915 |
| Other revenue | | |
| Fundraising | 1,583 | 24,347 |
| Donations | 80,263 | 38,552 |
| Sponsorship | 123,000 | 101,550 |
| Other income | 675 | 18 |
| Performance | 68,741 | 33,522 |
| Membership | - | 1,409 |
| | <hr/> 274,261 | <hr/> 199,398 |
| | <hr/> 846,954 | <hr/> 700,313 |

*ACT Economic Development- Arts ACT \$35,000

Australia Foundation for Mental Health Research – Independent research & evaluation project \$30,000

Chief Minister, Treasury and Economic Development – Social inclusion & equality \$100,000 (recognised in full upon receipt)

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

| Note 3. SPECIFIC EXPENSES | 2019 | 2018 |
|------------------------------------|--------------|--------------|
| | \$ | \$ |
| Expenses | | |
| Depreciation of non-current assets | | |
| Plant and equipment | 123 | 154 |
| Furniture and fittings | 16 | 134 |
| Motor vehicles | 3,396 | 5,094 |
| | <u>3,535</u> | <u>5,382</u> |
| Auditors remuneration | | |
| Remunerations of the auditor for: | | |
| Auditing the financial report | 2,000 | 3,000 |
| Other services | | |

NOTE 4. KEY MANAGEMENT PERSONNEL COMPENSATION

Francis Owusu is paid compensation in connection with the management of the Company.

NOTE 5. CASH AND CASH EQUIVALENTS

| | | |
|--------------|----------------|----------------|
| CURRENT | | |
| Cash at bank | 219,637 | 150,731 |
| Cash on hand | 604 | 604 |
| | <u>220,241</u> | <u>151,335</u> |

NOTE 6. TRADE AND OTHER RECEIVABLES

| | | |
|--------------------------------|---------------|---------------|
| Trade receivable | 11,845 | 25,266 |
| Less: provision for impairment | - | (300) |
| | <u>11,845</u> | <u>24,966</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
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| | 2019 | 2018 |
|---|-------------|-------------|
| | \$ | \$ |
| NOTE 7. PLANT AND EQUIPMENT | | |
| EQUIPMENT | | |
| Equipment – at cost | 10,111 | 10,111 |
| Less accumulated depreciation | (9,618) | (9,495) |
| Total Equipment | 493 | 616 |
| FURNITURE AND FITTINGS | | |
| Furniture and Fittings – at cost | 2,407 | 2,407 |
| Less accumulated depreciation | (1,887) | (1,871) |
| Total Furniture and Fittings | 520 | 536 |
| MOTOR VEHICLES | | |
| Motor Vehicles – at cost | 37,990 | 37,990 |
| Less accumulated depreciation | (31,196) | (27,800) |
| Total Motor Vehicles | 6,794 | 10,190 |
| Total Plant and Equipment | 7,807 | 11,342 |
| NOTE 8. INTANGIBLES | | |
| Purchase of dance school – at cost | 6,000 | 6,000 |
| Less accumulated amortisation | (6,000) | (6,000) |
| Total Intangibles | - | - |
| NOTE 9. TRADE AND OTHER PAYABLES | | |
| Trade creditors and accruals | 7,999 | 18,715 |
| GST payable | 7,634 | (442) |
| Employee benefits payable | 51,043 | 40,990 |
| Provision for FBT | 52,716 | - |
| Loan to Directors | (268) | - |
| | 119,124 | 59,263 |

**KULTURE BREAK
(A COMPANY LIMITED BY GUARANTEE)
ABN 31 113 172 651**

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

NOTE 10. PROVISIONS

| | | | |
|--------------------------------|--|-----------------|--------------------------|
| Analysis of total provisions | | Annual Leave | Long Service Leave |
| Provisions | | | |
| Opening balance as at 1/1/2019 | | 22,226 | 24,538 |
| Net movement in balance | | 10,979 | 6,616 |
| Balance as at 31/12/2019 | | 33,205 | 31,154 |
| Current | | 33,205 | - |
| Non-Current | | | 31,154 |
| | | 33,205 | 31,154 |

NOTE 11. CASH FLOW RECONCILIATION

| <i>Cash as per:</i> | NOTE | 2019 | 2018 |
|--|-------------|-------------|-------------|
| | | \$ | \$ |
| Statement of financial position | 5 | 220,241 | 151,335 |
| Statement of cash flows | | 220,241 | 151,335 |
| <i>Reconciliation of surplus/(deficit) for the year to net cash provided by operating activities</i> | | | |
| Surplus/(deficit) for the year | | (26,810) | 66,914 |
| <i>Adjustments for non-cash items</i> | | | |
| Depreciation | | 3,535 | 5,382 |
| Non-cash contribution revenue | | - | - |
| <i>Movements in assets and liabilities</i> | | | |
| Decrease/(increase) in receivables | | 13,122 | (20,065) |
| Decrease/(increase) in stock on hand | | - | - |
| Increase/(decrease) in creditors and liabilities | | 70,005 | (5,653) |
| Increase/(decrease) in income in advance | | (8,273) | 8,273 |
| Increase/(decrease) in employee provisions | | 17,595 | 5,472 |
| | | 69,174 | 60,323 |

**KULTURE BREAK
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ABN 31 113 172 651**

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

NOTE 12. EVENTS AFTER THE BALANCE DATE

Since the year end the COVID-19 pandemic has arisen and could have significant adverse impacts on the operations of the Company in 2020. The magnitude of any impacts is not known at this stage, but there is a possibility that the issue could put pressure on the Company's cash flows. However, current financial modelling shows sufficient reserves to sustain operations.

NOTE 13. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or assets as at 31 December 2019 which require disclosure in the financial statements.

NOTE 14. RELATED PARTY TRANSACTIONS

Francis Owusu was the only director who received any remuneration directly from the Company other than reimbursements of expenses incurred on behalf of the Company.

All transactions during the 2019 year were on normal commercial terms and conditions unless otherwise stated.

NOTE 15. GOING CONCERN

The Board control the capital of the Company to ensure that adequate cash flows are generated to fund operations. The Board is responsible for the overall risk management strategy.

The directors of the Company have implemented the following strategies to improve the Company's financial performance and return the Company to a situation of positive net assets and as a result, will be able to continue operating as a going concern:

- Reduce ongoing expenses, in particular banking, staffing and telecommunication expenses
- Increase fundraising, including establishing a fundraising committee and framework
- Increase program and class revenue
- Improving management structures including a greater oversight of major operational decisions by the Board and also strategies to address the critical needs required to enhance the capabilities of staff.

**KULTURE BREAK
(A COMPANY LIMITED BY GUARANTEE)
ABN 31 113 172 651**

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

NOTE 16. MEMBERS' GUARANTEE

The Company is incorporated under the *Australian Charities and Not-for-profits Commission Act 2012* 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 \$1 each towards meeting any outstanding obligations of the Company.

NOTE 17. COMPANY DETAILS

The registered office for the Company is:

11 Bainbridge Close
Chisholm ACT 2905

The principal place of business for the Company is:

115 Grattan Court
Wanniassa ACT 2903



AccountAbility (ACT) Pty Ltd
ACN: 088 095 354

PO Box 776, Mitchell ACT 2911

Telephone: 02 6170 6870

Email: admin@accountabilitywft.com.au
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Professional Standards Legislation

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KULTURE BREAK LIMITED

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of Kulture Break Limited, which comprises the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement 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 directors' declaration.

In my opinion the financial report of Kulture Break Limited has been prepared 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 registered entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of Kulture Break Limited in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the *Code*) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the *Code*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis my opinion.

Emphasis of Matter

I draw attention to Note 15 Going Concern of the financial report, which describes the strategies to improve the Company's financial performance and return the Company to a situation of positive net assets and as a result, will be able to continue operating as a going concern. My opinion is not modified in respect of this matter.

Responsibilities of Directors' for the Financial Report

The directors' of Kulture Break Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the directors' determine 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 financial report, the directors' are responsible for assessing Kulture Break Limited'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 directors' either intends to liquidate Kulture Break Limited or to cease operations, or has no realistic alternative but to do so.

The directors' are responsible for overseeing Kulture Break Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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 the financial report.

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

I 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 my 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 Kulture Break Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Kulture Break Limited.
- Conclude on the appropriateness of Kulture Break Limited' 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 Kulture Break K Limited's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Kulture Break Limited 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.

I communicate with Kulture Break Limited regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including when considered necessary any significant deficiencies in internal control that I identify during my audit.

AccountAbility



Anthony Wilson
Registered Company Auditor
Canberra, ACT
4 September 2020