

**Australian Chamber Orchestra Pty
Limited and its controlled entities
Annual report
for the year ended 31 December 2023**

ABN 45 001 335 182

Australian Chamber Orchestra Pty Limited and its controlled entities

ABN 45 001 335 182

Annual report - 31 December 2023

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Australian Chamber Orchestra Pty Limited and its controlled entities
Directors' report
31 December 2023

The directors present the report on the consolidated entity consisting of Australian Chamber Orchestra Pty Limited (the "company") and its controlled entities at the end of, or during, the year ended 31 December 2023. Throughout the report, the consolidated entity is referred to as the group.

Directors

The following persons were directors of Australian Chamber Orchestra Pty Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

G Belgiorno-Nettis AM
M Myer AO
J Crawford
J Fisher
E Flaherty
M Haysom
E Lewin
A McEvoy (appointed 27 February 2024)
P McMullin AM (appointed 27 February 2024)
J Steiner AM
M Theile (appointed 27 February 2024)
J Kench (retired 12 February 2023)
H Ridout AO (retired 2 March 2023)
S D Yeo (retired 27 February 2024)

Principal activities

The principal activities of the parent company are:

- the presentation of musical performances to Australian and international audiences;
- learning, engagement and performance activities for young audiences and families, students and pre-professional musicians; and
- the management of our home performance, rehearsal and event venue in Sydney's Walsh Bay for internal and external hirers.

The group continued to operate an unregistered, wholesale, managed investment fund investing in rare, historical, high-quality stringed instruments.

Dividends

No dividends have been paid during the financial year. The directors do not recommend that a dividend be paid in respect of the financial year (2022: \$nil).

Operating result

The underlying general operations is a trading deficit as per extracts which follow.

The general operations trading deficit of \$506,899 (2022: \$2,428,701 deficit) is before the 2023 non-recurring and capital-in-nature impacts of a \$2,603,476 surplus (2022: \$979,603 deficit), which consists of:

- Non-recurring support income of \$537,195 (2022: \$429,826), made up of:
 - Both Federal and NSW State government support in response to COVID and Rescue and Restart programs of \$537,195 (2022: \$395,894 NSW State Government support solely); and
 - Generous one-off ticket donations from our patrons for cancelled prior year live performances due to COVID \$nil (2022: \$33,932).

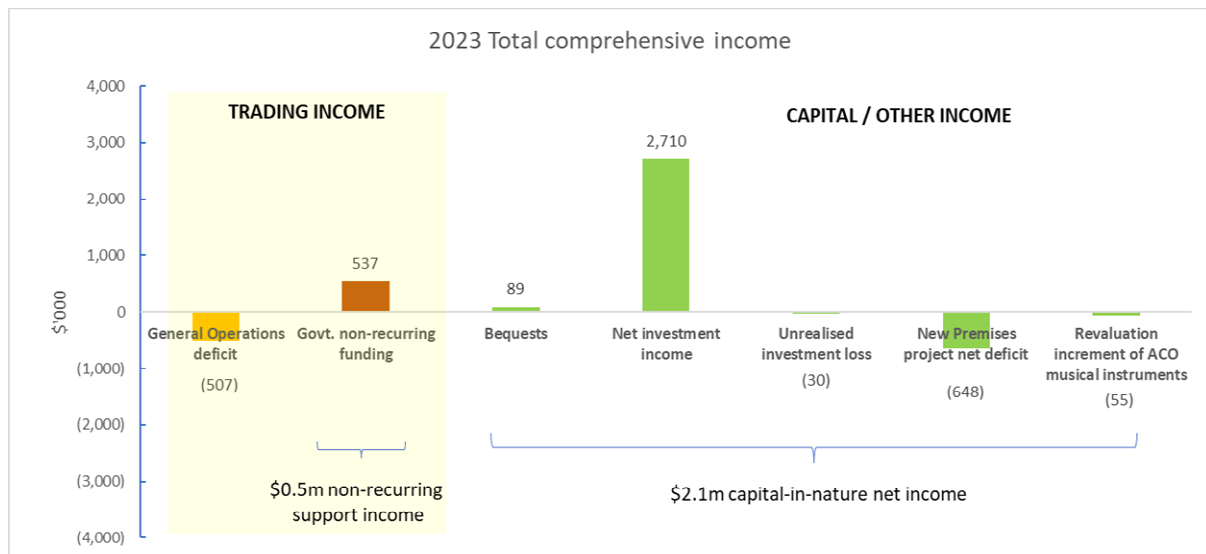
Operating result (continued)

- Capital-in-nature net income of \$2,066,281 (2022: \$1,409,529 loss), consisting of:
 - Bequests of \$89,085 (2022: \$217,861 surplus),
 - Realised net investment earnings of \$2,710,678 (2022: \$1,319,877 surplus),
 - Recognition of an unrealised loss on financial securities in 2023 of \$29,731 (2022: \$3,749,624 loss) as at 31 December,
 - Revaluation increment on ACO owned musical instrument valuations deficit of \$55,732 (2022: \$1,077,763 surplus), and
 - Net deficit contribution for the establishment of ACO New Premises at Pier 2/3 after donations and direct establishment expenditure (including Pier 2/3 depreciation and lease interest) of \$648,019 (2022: \$275,306 deficit).

Once these non-recurring and capital-in-nature items are included, the 2023 overall total comprehensive income for the year is \$2,096,577 (2022: \$3,408,304 loss).

The new and additional technical, facility, marketing and support costs incurred in the operations of the new home in Walsh Bay will take several years to stabilise as the new commercial model and market is established. Furthermore, unpredictable market conditions and inflationary wage and cost pressures are impacting the company and the wider sector. The parent holds sufficient cash and other reserves to meet its obligations and continue as a going concern.

Consistent with our not-for-profit status, any surpluses are reinvested in the mission of the Australian Chamber Orchestra.



Australian Chamber Orchestra Pty Limited and its controlled entities
Directors' report
31 December 2023
(continued)

Operating result (continued)

Extract of Consolidated Statement of (Deficit)/Surplus and Other Comprehensive Income/(Loss)

	2023	2022
	\$	\$
General operations trading deficit	(506,899)	(2,428,701)
Non-recurring support income:		
Government non-recurring funding	537,195	395,894
Cancelled ticket donations due COVID	-	33,932
Total non-recurring support income	<u>537,195</u>	<u>429,826</u>
Capital-in-nature net income:		
Bequests	89,085	217,861
Net investment income	2,710,678	1,319,877
Unrealised investment loss	(29,731)	(3,749,624)
Revaluation increment of ACO musical instruments	(55,732)	1,077,763
New premises project - net contribution deficit	<u>(648,019)</u>	<u>(275,306)</u>
Total capital-in-nature net income/(loss)	<u>2,066,281</u>	<u>(1,409,429)</u>
Total comprehensive income/(loss) for the year	<u>2,096,577</u>	<u>(3,408,304)</u>

Summarised Extract of Consolidated Statement of Surplus and Other Comprehensive Income/(Loss)

	2023	2022
	\$	\$
General operations trading deficit	(506,899)	(2,428,701)
Non-recurring impacts:		
Non-recurring support income	537,195	429,826
Capital-in-nature net income	<u>2,066,281</u>	<u>(1,409,429)</u>
	<u>2,603,476</u>	<u>(979,603)</u>
Total comprehensive income/(loss) for the year	<u>2,096,577</u>	<u>(3,408,304)</u>

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the group during the year.

Event since the end of the financial year

No matter or circumstance has arisen since 31 December 2023 that has significantly affected the group's operations, results or state of affairs, or may do so in future years.

Likely developments and expected results of operations

The directors expect that the group will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the directors foresee which the directors wish to disclose at this time.

Environmental regulation

The group is not affected by any significant environmental regulation in respect of its operations.

Information on directors

Mr G Belgiorno-Nettis AM (BE Civil UNSW; MBA AGSM; FIEAust) **Non-Executive Director since 6 May 1996** **Chairman, retired as of 24 August 2023**

Guido Belgiorno-Nettis is founding Chair of his family office Angophora Capital. Established in 2015, Angophora Capital focuses on Private Equity opportunities - early stage companies needing capital, strategic and organisational support. He is also Non-Executive Director of Balmoral Pastoral. He is Managing Director of the now passive investment company, Transfield Holdings Pty Ltd (which in 2003 - 2015 changed its business model from a multi-disciplined Engineering and Construction company to a private equity business). From 1999 - 2003 Guido was Managing Director of the Transfield Group. His previous key roles in Transfield Holdings were CEO - Transfield Engineering and Construction and Director - Project Development. Past Board roles include: Non-Executive Director - Transurban Limited, Director - Transfield Foundation, Director Campus Living Villages Funds Management Limited, Chairman - Novatec Solar Shareholders' Committee, Non-Executive Director - Transfield Services Ltd, Non-Executive Director - Charter Hall and Chairman of Tempo Australia.

In philanthropy Guido has been Chairman of the Biennale of Sydney and President of the Art Gallery NSW Trust. Guido was awarded a Member of the Order of Australia in 2007 for service to the construction industry and the arts. He was named the Australian Graduate School of Management Distinguished Alumni in 2005, and in 2008 received the University of NSW Alumni Award for outstanding contribution to profession and community. In his other passion of sailing, he has been awarded the Idris Trophy (Sailor of the Year from the Royal Sydney Yacht Squadron), won the 2011 Farr 40 World Championship, and also won the 2019 Rolex New York Yacht Club Invitational Cup.

Mr M Myer AO **Chairman, appointed as of 24 August 2023** **Non-Executive Director since 24 October 2017**

Martyn Myer has 30 plus years of experience in executive and non-executive board and chair roles in private and public companies, not-for-profit organisations and philanthropic foundations. Martyn currently is Chairman of Cosgate Ltd and Doherty Institute. At the end of 2020 Martyn stepped down from his role as President of The Myer Foundation after eleven years and at the end of December 2019 from his role as Deputy Chancellor of the University of Melbourne after eleven years on the council and the board of the Melbourne Theatre Company. In October 2016, Martyn stepped down as Chairman of Myer Family Investment Pty Ltd, the collective Myer family investment group. In June 2008, Martyn was appointed an Officer in the Order of Australia for service to business and the community, particularly through contributions to medical research and the establishment of the Florey Neuroscience Institute and through executive and philanthropic roles with a range of organisations. Martyn has a Bachelor of Engineering degree from Swinburne University (1980), a Master of Engineering Science from Monash University (1989) and a Master of Science in Management from the Sloan School of Management, Massachusetts Institute of Technology in Boston, USA (1990).

Ms J Crawford **Non-Executive Director since 27 April 2017**

Judy Crawford has been a philanthropist for more than 30 years, supporting a range of causes and organisations. She has a long and enthusiastic history of championing change. Judy's involvement in charitable organisations have ranged from her work with ground-breaking cancer treatment centre, Chris O'Brien Lifehouse, to being a founding Board Member of the Children's Hospital Foundation, and a committee member of Social Ventures Australia. Judy served as President of the Point Piper Liberal Party branch. During her ten or so years in this role, she was a key organiser of fundraising for the Liberal Party of Australia, as well as the Australian Republican movement. Judy has a keen interest in the Arts and until recently was a member of the Board of Directors of the Sydney Dance Company. She is a long-term supporter of the Sydney Symphony Orchestra, the Australian Chamber Orchestra, and a founder of the Joye Art Foundation.

Information on directors (continued)

Ms J Fisher

Non-Executive Director since 4 November 2021

JoAnna Fisher is a company and Non Executive director with extensive international financial services experience in investment management, institutional banking, capital markets, superannuation, and corporate transactions. JoAnna is a Director of the Australian Chamber Orchestra Instrument Fund Pty Limited and Chairman since 15 March 2022 and Chair and independent Director of Colonial First Statement Investments. She was previously a Non-Executive Director of Mainstream Group (MAI.ASX) ; Chairman and Independent Non-Executive Director of Morphic Ethical Equities (MEC.ASX); independent investment committee member of the Australian Catholic Superannuation and Retirement Fund and Non executive Director of Quantum Funds Management. Prior executive roles included Senior executive at Commonwealth Wholesale Bank and Bankers Trust in Tokyo, New York and London.

Ms E Flaherty

Non-Executive Director since 4 September 2020

Erin Flaherty's career spans over 30 years in both private and Government sectors, with extensive experience in corporate governance, finance, major infrastructure projects and law. She is a past Board and Council member of the Australian Youth Orchestra and was also a member of the Sydney Symphony Council. She co-authored the NSW Cultural Infrastructure Strategy during her time at Infrastructure NSW and continues to be involved with cultural infrastructure. Erin is currently the Chair of National Intermodal Corporation, with responsibility for the construction of intermodal terminals to support the Inland Rail project, including the Moorebank intermodal and logistics precinct. She is a member of the International Shareholders' Committee for Mott Macdonald, a Trustee of Sydney Grammar School and a non-executive director of The Infrastructure Fund, Venues NSW and the NSW Police Citizens Youth Clubs. Erin was appointed a Director of the Australian Chamber Orchestra Instrument Fund Pty Ltd on 23 February 2023.

Ms M Haysom

Non-Executive Director since 2 March 2022

Melissa (Mim) Haysom is currently employed by Suncorp Group as the Executive General Manager Brand, Marketing & Customer Experience. Beyond her executive role she is also on the Advisory Board of The Australian Data Driven Marketing Association (2020 - current) and is a Trustee of the St Vincents Clinic Foundation (2019 - current). She is also a Graduate of the Australian Institute of Company Directors.

Ms E Lewin

Deputy Chair

Non-Executive Director since 12 June 2009

Elizabeth Lewin is a professional company Director with extensive international experience in the financial services sector across investment banking, wealth management, investment management and superannuation. She is a Non-Executive Director of Argo Investment Limited and Kaldor Public Art Projects and is a Trustee and the Treasurer of St Vincent's Clinic Foundation and Trustee to the Art Gallery of NSW. She is also a member of the Investment Advisory Committee to the Australian Olympic Foundation which supports the operation of the Olympic movement in Australia. Prior executive roles included Chief Executive Officer of UBS Wealth Management Australia (2005 - 2009) and Head of UBS Wealth Management UK (1999 - 2004). She is a member of Chief Executive Women (CEW) and an Ambassador of Australian Indigenous Education Fund (AIEF).

Information on directors (continued)

Mr AJ McEvoy

Non-Executive Director appointed 27 February 2024

Andrew McEvoy has had a long and distinguished career in tourism, travel, media and events in Australia and overseas. As the CEO and Managing Director of Tourism Australia from 2010-2015 he established the ambitious Tourism 2020 strategy designed to help the country double tourism receipts, adopted by all States and Territories and achieved prior to COVID in 2019. He has also held Managing Director roles at corporations including Fairfax Media. Most recently he headed up the tourism sector for NEOM, Saudi Arabia - described as the world's most ambitious destination project. He is a long time company director including six years as Chairman of ASX listed Sealink, now Kelsian (ASX:KLS); Director of Ingenia (ASX:INA) and is a current Director of Campify (ASX:CHL). He is also Chairman of the privately held Lux Group, owners of Luxury Escapes, Chairman of travel tech start up Travello and a Director of Voyages Indigenous Tourism Australia and airport services company OACIS.

Mr P McMullin

Non-Executive Director appointed 27 February 2024

Peter McMullin AM has an extensive legal and business career encompassing prominent roles in both the public and private sectors. In his current role as Chairman and Director of McMullin Group, Peter McMullin AM leads a dedicated team of professionals, providing strategic direction and financial management across a range of industries. He also acts as Special Counsel for Cornwall Stodart Lawyers, specialising in improving outcomes for the firm and its clients by facilitating meaningful connections between like-minded people. Peter has held positions, inter alia, of Deputy Lord Mayor of Melbourne, Mayor of Geelong, Chairman of the Melbourne International Comedy Festival, Deputy President of the Museums Board of Victoria, and is currently President of the Confederation of Asia-Pacific Chambers of Commerce and Industry and serves on the Board of the Melbourne Recital Centre. Throughout Peter's career, he has had a deep-seated interest in community affairs. He has consistently used his professional experience and network to further causes that he feels deeply and passionately about. Peter's belief is that the private sector has an important role to play in the resolution of many of our pressing social issues. He has made a significant contribution throughout his career forging positive, constructive partnerships between the private sector and governments, the not-for-profit sector and educational institutions. As an active philanthropist, Peter McMullin AM seeks to collaborate with other individuals and organisations to maximise the impact of his contributions. Recent examples include supporting the establishment of the world's first academic Centre dedicated to the issue of Statelessness at Melbourne University Law School, known as Peter McMullin Centre on Statelessness as well as Science Gallery Melbourne and as Founder of The Good Business Foundation.

Ms J Steiner AM

Non-Executive Director since 30 November 2015

Julie Steiner after roles as CEO in public and private sector firms, some Australian and others internationally owned, moved from her executive commitments in 2020 to work as a consultant advisor and NED with public and private sector Boards. Julie is a specialist in Governance and, with her senior executive search experience, is sought after for advice to Nomination and Remuneration Committees and Chairs about overall Committee structure and performance. Julie is a graduate of Melbourne University and the Australian Institute of Company Directors. In addition to the Board of the Australian Chamber Orchestra Pty Ltd and the ACO Instrument Fund Board, Julie is affiliated with specialist Risk, Board and Governance advisory firm, Blackhall, and Pearl.

Information on directors (continued)

Ms M Theile

Non-Executive Director appointed 27 February 2024

Marie-Louise Theile is owner and Creative Director of New Initiative a niche branding, marketing and creative agency representing a range of national and international clients. She is a former board member of The Australia Council, former Board Chair of the Institute of Modern Art, and a former member of the ACO Event Committee QLD. Marie-Louise has been an invited speaker at Monocle Magazine's Cities Series and Quality of Life Conferences in Chengdu (2019) and Lisbon (2015). She has also spoken at the Global Cities After Dark Conference in Sydney in 2017. From 2006 - 2012 Marie-Louise was a regular chairperson at the Brisbane Writers Festival.

Other roles Marie Louise has fulfilled are - media relations officer for the Great Barrier Reef Foundation (2008-2010) and Creative Director of the Heat Fashion platform for the QLD Government Creative Industries Department for the promotion of QLD fashion designers in international markets. Marie-Louise is a former journalist and TV news presenter having worked in print and electronic media in Australia and New York for over 20 years.

Mr J Kench

Non-Executive Director retired 12 February 2023

John is a retired legal practitioner. He was a founding senior partner of corporate and commercial law firm, Johnson, Winter and Slattery, Sydney (2004) and national chairman of partners (2012-2016). John was a senior partner of Blake Dawson Waldron (now Ashurst) from 1983-2004. John has been the lead legal adviser to the Australian Chamber Orchestra since 2013. Recognised by peers and in legal directories as one of Australia's leading competition law practitioners and strategic problem solvers.

John has extensive commercial and corporate law experience, including in the music, film and broadcasting industries. Previous relevant directorships include Scientific-Atlanta, Bertelsman Doubleday and Fine Music FM.

Ms H Ridout AO

Non-Executive Director retired 2 March 2023

Heather Ridout is a Director of ASX Ltd and a Director of Sims Limited - the world's largest publicly listed recycling company. Her other appointments include member of the Boards of: RAND Corporation Australia Advisory Board and Australian Cyber Security Growth Network Board; Her previous appointments include: Chair of the Australian Super Trustee Board from May 2013 to September 2019, having joined that Board as a director in 2007. Member of the Board of the Reserve Bank of Australia from February 2012 until February 2017. Member of Infrastructure Australia; the Australian Workforce and Productivity Agency and a member of the Henry Tax Review panel and the Climate Change Authority. A member of ASIC's - External Advisory Panel, member of the Business Roundtable on Climate Change; member of the National Workplace Relations Consultative Committee; member of the Prime Minister's Taskforce on Manufacturing; co-Chair of the Australian-Canada Economic Leadership Dialogue and a delegate to the B20 - the key business advisory body to the G20. In June 2013, Ms. Ridout was awarded the rank of Officer of the Order of Australia (AO) in the general division for distinguished service to business and industry through significant contributions to the development of economic and public policy. Heather holds a Bac (hons) from the University of Sydney, an honorary Doctor of Business (honoris causa) from both Macquarie University and The University of Ballarat.

Mr S D Yeo

Non-Executive Director retired as of 27 February 2024

Simon Yeo has worked in the Stockbroking industry since 1993 and holds a Bachelor of Commerce from the University of Western Australia. He was the Executive Producer of The Reef, being instrumental in conceptualising, financing and arranging logistics, when the Australian Chamber Orchestra first launched the project in 2012 and also for The Reef redux undertaken in 2015 for the 2016 The Reef tour of the USA. He was previously a Director of Tura New Music.

New premises strategic project

The ACO had a long-held desire to have its own home and on 11 March 2022, the ACO signed the lease documentation for its new premises at Pier 2/3 with the NSW Government. On March 2022 the ACO completed its move to its new premises at Pier 2/3.

The ACO estimates that the cost of remaining NSW Government payments for tenant works contribution and new premises establishment costs to be incurred in future years is likely to be circa \$13 million. To support its aspirations for a new home, in 2021 the ACO launched the public phase of its Capital Campaign to support the Orchestra's new home at Pier 2/3 in the Walsh Bay Arts Precinct. The ACO was delighted to continue to receive generous support from patrons and philanthropists towards the Campaign in 2023. \$883,351 in cash donations were received during 2023 [life-to-date as at 31 December 2023, \$15,883,758 (\$15,000,408 life-to-date as at 31 December 2022)].

Review of operations

The ACO presented 250 concerts to a combined audience of over 119,906 people in 2023. These concerts were held across Australian metropolitan centres including Sydney, Melbourne, Canberra, Adelaide, Brisbane and Perth, regional centres including Mackay, Rockhampton, Bundaberg, Armidale, Wagga Wagga, Warrnambool, Geelong, Devonport, and Nowra and internationally in cities including New York, Toronto and Tokyo.

In 2023 the ACO collaborated with world-renowned musicians and artists including First Nations Australian didgeridoo virtuoso William Barton, singer-songwriter Jimmy Barnes, electronic musician Will Gregory, pianist Polina Leschenko, violinists Ilya Gringolts and Matthew Truscott, oud and riq virtuosos Joseph and James Tawadros, former Artistic Director of the Australian Ballet David MacAllister, dancer Sama Rowe and harpsichordist Erin Helyard.

The ACO gave four world premieres in 2023 by composers including US composer Nico Muhly and Australian composers Briony Marks and Harry Sdraulig and two Australian premieres by composers including Icelandic composer Anna Thorvaldsdottir. In addition to this the ACO performed two North American premiers during its tour of the US and Canada, by First Nations Australian composer William Barton and US composer Samuel Adams.

The ACO released three new recordings in partnership with ABC Classic in 2023, across digital and CD formats. These included *Thomas Adés: Shanty - Over the Sea (ACO Originals)*, *Homeward*, and *Beethoven: Symphonies 1, 2 & 3 Eroica*. The ACO was also the recipient of the ARIA Award for Best Classical Album in 2023, for its critically acclaimed album *Indies & Idols*.

The ACO's 2023 Learning & Engagement Program included three seasons of ACO Families shows, which included two brand new productions, *The Princess*, *The Pea (and The Brave Escapee)* and *The Nutcracker*, as well as a remount of the award-winning production *Wilfrid Gordon McDonald Partridge*, which had a run of 12 shows at ACO Pier 2/3 before a 46-show tour across metropolitan and regional South Australia, Victoria, Tasmania and New South Wales. The Learning & Engagement Program also released a report, *The ACO Foundations Evaluation Report*, which revealed the effectiveness of its ACO Foundations program, an instrumental learning program based at St Marys North Primary School in Western Sydney.

The ACO hosted 238 events at ACO Pier 2/3 in 2023, comprised of concerts and events performed by the ACO, and concerts and events presented by commercial and arts organisations who hired the ACO's venues on the Pier. The ACO's events included *ACO Total Immersion*, a brand-new experiential event performed to audiences who moved across three spaces across the venue, as well as the continuation of its ACO Up Close concerts, ACO Relaxed concerts, ACO Family Days and the Music & Movement weekly workshop series. In addition to this, ACO Pier 2/3 hosted events for a broad range of other organisations including Sydney Festival, Sydney Omega Ensemble, Percussion Australia, Sydney Theatre Company, Ensemble Offspring, Australian String Quartet, The Song Company, Sydney Chamber Choir, Sydney Writers' Festival, Red Room Poetry, Gondwana Choirs, Sydney Symphony, Sydney Youth Orchestra, Australian Romantic & Classical Orchestra, Australian Music Foundation, Sydney Improvised Music Association, IMG Australian Fashion Week, NIKE, Pandora and Google.

Strategic plan update

The ACO's strategic objectives during 2023, as reflected in our 2023 - 2024 Strategic Plan were:

- **Artistic Excellence and Extension:** Continue to create, commission and present new programs that are artistically excellent, innovative, vibrant and imbued with our distinctive character.
- **Audience Development and Reach:** Continue to ensure that a broad range of Australians are able to access the ACO and engage with our artform and diverse programs.
- **Nurture our Sector:** Maintain our commitment to supporting the development and growth of the next generation of Australian artists and our sector more broadly.
- **Organisational Strength:** Maintain best practice in governance, financial and people management.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 31 December 2023, and the numbers of meetings attended by each director were:

	Full meetings of directors		Finance, Audit and Risk Management Committee	
	A	B	A	B
G Belgiorno-Nettis AM	7	7	-	-
M Myer AO	5	7	7	7
J Crawford	7	7	-	-
J Fisher	5	7	3	7
E Flaherty	6	7	-	-
M Haysom	5	7	-	-
E Lewin	7	7	7	7
A McEvoy (appointed 27 February 2024)	-	-	-	-
P McMullin AM (appointed 27 February 2024)	-	-	-	-
J Steiner AM	7	7	-	-
M Theile (appointed 27 February 2024)	-	-	-	-
J Kench (retired 12 February 2023)	-	-	-	-
H Ridout AO (retired 2 March 2023)	-	2	-	-
S D Yeo (retired 27 February 2024)	5	7	6	7

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the period

Insurance of officers and indemnities

Insurance of officers

During the financial year, Australian Chamber Orchestra Pty Limited and its controlled entities paid a premium of \$18,548 (2022: \$16,795) to insure the directors and secretaries of the group and its Australian-based controlled entities, and the general managers of each of the divisions of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out on page 11.

Rounding of amounts

The group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest dollar.

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



M Myer AO
Chairman

Sydney
30 April 2024



Auditor's Independence Declaration

As lead auditor for the audit of Australian Chamber Orchestra Pty Limited for the year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Australian Chamber Orchestra Pty Limited and the entities it controlled during the period.

K.L. Woombell-Perry

Kerryn Woombell-Perry
Partner
PricewaterhouseCoopers

Sydney
30 April 2024

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Australian Chamber Orchestra Pty Limited and its controlled entities

ABN 45 001 335 182

Financial report - 31 December 2023

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These financial statements are the consolidated financial statements of the consolidated entity consisting of Australian Chamber Orchestra Pty Limited and its controlled entities. A list of subsidiaries is included in note 28.

The financial statements are presented in Australian dollars, which is Australian Chamber Orchestra Pty Limited and its controlled entities' functional and presentation currency.

The group is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Australian Chamber Orchestra Pty Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Australian Chamber Orchestra Pty Limited
Suite 3, 13A Hickson Road
Dawes Point NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on page 1, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 30 April 2024. The directors have the power to amend and reissue the financial statements.

Australian Chamber Orchestra Pty Limited and its controlled entities
Consolidated statement of surplus or deficit and other comprehensive loss or income
For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Revenue and other income			
Operating revenue	3	19,969,967	17,646,423
COVID support income		537,195	429,826
Net investment income		2,710,678	1,319,877
		<u>23,217,840</u>	<u>19,396,126</u>
Other income/(losses)	4(a)	18,358	(3,694,233)
Expenses			
Performance expenses		(9,026,406)	(8,080,458)
Development expenses		(365,129)	(371,769)
Marketing expenses		(1,228,223)	(1,169,103)
Provision for impairment loss		(937)	(252,202)
Overhead expenses		(9,201,495)	(9,240,155)
Depreciation expense		(941,408)	(875,105)
Finance expenses	4(b)	(750,600)	(655,671)
Surplus/(deficit) before income tax		<u>1,722,000</u>	<u>(4,942,570)</u>
Instrument fund income tax expense	5	(184,418)	(291,027)
Surplus/(deficit) from continuing operations		<u>1,537,582</u>	<u>(5,233,597)</u>
Deficit attributable to external unitholders	19	559,823	714,851
Surplus/(deficit) for the year		<u>2,097,405</u>	<u>(4,518,746)</u>
Other comprehensive income			
Other comprehensive income attributable to external unitholders	19	(559,823)	(937,411)
Revaluation increment of ACO musical instruments	12	(55,732)	1,077,763
Revaluation increment of rare, historical stringed instruments	15	614,727	970,090
Other comprehensive (loss)/income for the year, net of tax		<u>(828)</u>	<u>1,110,442</u>
Total comprehensive income/(loss) for the year		<u>2,096,577</u>	<u>(3,408,304)</u>

The above consolidated statement of surplus or deficit and other comprehensive loss or income should be read in conjunction with the accompanying notes.

Australian Chamber Orchestra Pty Limited and its controlled entities
Consolidated statement of financial position
As at 31 December 2023

	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	10,969,576	13,247,966
Trade and other receivables	8	594,190	451,638
Prepayments		462,438	383,390
Term deposit	9	4,234,998	6,680,000
Financial assets at amortised cost	11	1,439,721	-
Total current assets		17,700,923	20,762,994
Non-current assets			
Financial assets at fair value through surplus or deficit	10	7,119,444	16,616,608
Financial assets at amortised cost	11	18,388,260	-
Property, plant and equipment	12	9,963,572	10,286,248
Right-of-use assets	13	13,143,853	13,222,153
Intangible assets	14	-	21,721
Rare, historical stringed instruments held in the instrument fund	15	10,891,813	10,277,086
Total non-current assets		59,506,942	50,423,816
Total assets		77,207,865	71,186,810
LIABILITIES			
Current liabilities			
Contract liabilities	3(a)	9,214,301	4,995,939
Lease liabilities	13	1,481,302	1,395,307
Trade and other payables	16	5,252,594	4,289,497
Grant liabilities	17	265,411	458,003
Employee benefit obligations	18	813,605	908,500
Total current liabilities		17,027,213	12,047,246
Non-current liabilities			
Lease liabilities	13	10,942,224	12,266,853
Financial liability to external unitholders	19	6,666,201	7,073,396
Instrument fund provision for liquidity	20	2,051,006	1,620,697
Instrument fund deferred tax liabilities	21	1,561,577	1,377,159
Employee benefit obligations	18	847,685	786,075
Total non-current liabilities		22,068,693	23,124,180
Total liabilities		39,095,906	35,171,426
Net assets		38,111,959	36,015,384
EQUITY			
Share capital	22	15	17
Asset revaluation reserve (other reserves)	23(a)	2,700,000	2,700,828
Restricted/designated reserve (other reserves)	23(a)	18,401,979	20,620,210
Accumulated surplus	23(b)	17,009,965	12,694,329
Total equity		38,111,959	36,015,384

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

Australian Chamber Orchestra Pty Limited and its controlled entities
Consolidated statement of changes in equity
For the year ended 31 December 2023

Notes	Share capital \$	Other reserves \$	Accumulated surplus \$	Total equity \$
Balance at 1 January 2022	21	26,804,823	12,618,848	39,423,692
Surplus for the year	-	-	(4,518,746)	(4,518,746)
Other comprehensive income	-	1,110,442	-	1,110,442
Total comprehensive income/(loss) for the year	-	1,110,442	(4,518,746)	(3,408,304)
Transactions with owners in their capacity as owners:				
Shares (forfeited)/issued	22 (4)	-	-	(4)
Transfer (from)/to reserves	23 -	(4,594,227)	4,594,227	-
	(4)	(4,594,227)	4,594,227	(4)
Balance at 31 December 2022	17	23,321,038	12,694,329	36,015,384
Balance at 1 January 2023	17	23,321,038	12,694,329	36,015,384
Surplus for the year	-	-	2,097,405	2,097,405
Other comprehensive income	-	(828)	-	(828)
Total comprehensive (loss)/income for the year	-	(828)	2,097,405	2,096,577
Transactions with owners in their capacity as owners:				
Shares forfeited	22 (2)	-	-	(2)
Transfer (from)/to reserves	23 -	(2,218,231)	2,218,231	-
	(2)	(2,218,231)	2,218,231	(2)
Balance at 31 December 2023	15	21,101,979	17,009,965	38,111,959

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

Australian Chamber Orchestra Pty Limited and its controlled entities
Consolidated statement of cash flows
For the year ended 31 December 2023

	Notes	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,970,147	6,893,310
Receipts from sponsors and donors		10,636,434	7,001,653
Receipts from government grants		3,687,656	3,636,968
Net GST (paid)/received		(45,487)	26,020
Payments to suppliers and employees (inclusive of GST)		<u>(19,082,866)</u>	<u>(15,260,889)</u>
		5,165,884	2,297,062
Other income received		50,874	214,360
Interest paid		(750,600)	(655,671)
Instrument fund applications		149,999	143,118
Interest/distribution received		<u>1,978,958</u>	<u>1,037,116</u>
Net cash inflow from operating activities		<u>6,595,115</u>	<u>3,035,985</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(434,007)	(3,508,341)
Payments for financial assets at fair value through surplus or deficit	10	(9,276,260)	(7,013,688)
Payments for financial assets at amortised cost	11	(19,827,981)	-
Proceeds from/(payment for) other financial assets		2,445,002	(21,430,000)
Disposal of other financial assets		-	25,750,000
Proceeds from sale of property, plant and equipment		-	51,473
Proceeds from sale of financial assets at fair value through surplus or deficit	10	<u>19,600,873</u>	<u>10,178,715</u>
Net cash (outflow) inflow from investing activities		<u>(7,492,373)</u>	<u>4,028,159</u>
Cash flows from financing activities			
Shares forfeited	22	(2)	(4)
Lease payments		(1,381,130)	(1,443,340)
Net cash outflow from financing activities		<u>(1,381,132)</u>	<u>(1,443,344)</u>
Net (decrease) increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the financial year		13,247,966	7,627,166
Cash and cash equivalents at end of period	7	<u>10,969,576</u>	<u>13,247,966</u>

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

Contents of the notes to the consolidated financial statements

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1 Summary of potentially material accounting policies

This note provides a list of potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Australian Chamber Orchestra Pty Limited and its controlled entities.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Australian Chamber Orchestra Pty Limited is a not-for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with Australian Accounting Standards - Simplified Disclosure Requirements

The consolidated financial statements of the group comply with Australian Accounting Standards - Simplified Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB), the *Australian Charities and Not-for profits Commission Act 2012* and the *Charitable Fundraising Act 1991 (NSW)*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities - measured at fair value through the surplus or deficit,
- certain classes of property, plant and equipment - measured at fair value with the revaluation gain or loss recognised in other comprehensive income.

(iii) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(iv) New and amended standards adopted by the group

The group has applied the following standards and amendments for the first time in their annual reporting period commencing 1 January 2023:

- AASB 2023-2 *Amendments to Australian Accounting Standards - Definition of Accounting Estimates International Tax Reform - Pillar Two Model Rules* [AASB 112];
- AASB 2021-5 *Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction* [AASB 112]; and
- AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies Definition of Accounting Estimates* [AASB 7, AASB 101, AASB 108, AASB 134 & AASB Practice Statement 2].

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) Principles of consolidation and equity accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

1 Summary of potentially material accounting policies (continued)

(b) Principles of consolidation and equity accounting (continued)

Subsidiaries (continued)

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Amounts owing to external unitholders in the Australian Chamber Orchestra Instrument Fund, are presented as a liability and represent the portion of the surplus or deficit of the Australian Chamber Orchestra Instrument Fund and net assets that are not held by the group. The group attributes total comprehensive income or loss of the Australian Chamber Orchestra Instrument Fund between the owners of the parent and the external unitholders based on their respective ownership interests.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

(ii) Transactions and balances

All other foreign exchange gains and losses are presented in the consolidated statement of surplus or deficit and other comprehensive loss or income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(d) Revenue recognition

Operating revenue is recognised for the major business activities using the methods outlined below.

Performance revenue

Revenue from ticket sales is recognised in the consolidated statement of surplus or deficit and other comprehensive loss or income at the time concert performances are delivered.

Revenue in respect of productions not yet performed is included in the consolidated statement of financial position as contract liability under current liabilities. Amounts received that are held on a client's account due to a cancelled performances are recognised as a refund liability.

Transaction and exchange fees earned on sale of ticket is recognised when the fee is received.

Bequests and Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the group gains control, economic benefits are probable, and the amount of the donation can be measured reliably. Where a donation contains 'sufficiently specific' contract obligations, then the donation is recognised only when the contract obligations are fulfilled.

In the case cancelled ticket donations, the donation is only recognised when the client directs their monies held in a refund liability from a cancelled performance be converted into a donation. Where performances were cancelled due to COVID, any cancelled performance revenue donated from clients are reported under COVID support income due to the one-off and non-recurring nature of these receipts.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the group becomes legally entitled to the shares or property.

1 Summary of potentially material accounting policies (continued)

(d) Revenue recognition (continued)

Sponsorship revenue

Where a sponsorship contract contains 'sufficiently specific' performance obligations, then revenue is recognised only when (or as and when) the performance obligations are fulfilled. If the sponsorship contract does not contain 'sufficiently specific' performance obligations, revenue is recognised when the group obtains control of the funds.

Sponsorship benefits may be received by way of cash, or as non-cash benefits known as 'contra sponsorship'. The respective goods and services related to this income are reflected in the appropriate expense or asset accounts.

Government funding revenue

A number of the group's programs are supported by grants received from the Federal, State and Local governments. If the grant contract contains 'sufficiently specific' performance obligations, then revenue is recognised only when (or as and when) the performance obligations are fulfilled. If the grant contract does not contain 'sufficiently specific' performance obligations, revenue is recognised when the group obtains control of the funds.

Government core funding (received under Tri-partite funding agreement with the NSW and Australian Government) is separated from Government project funding which is specifically tied to a project deliverable.

For the period of 2020 to 2023 any Government Funding received due to COVID and related Restart and Rescue initiatives have been separately reported due to the one-off nature and non-recurring in nature of these receipts, under *COVID support income*.

Venue hire and related services revenue

External hirers of the Pier 2/3 spaces are invoiced for use of the spaces and associated services, for their external event, the revenue is recognised at the conclusion of the event booking.

At the confirmation of an event booking, a venue deposit is received and held in the balance sheet and at conclusion of the event the revenue is recognised.

Volunteer services

The group has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Other revenue is recognised using the methods outlined below:

COVID support income

This includes any Government Funding received due to COVID and related Restart and Rescue initiatives and ticket donations from cancelled performances from the nationwide COVID lockdown. These monies have been separately reported due to the one-off and non-recurring nature of these receipts. See Donations and Bequest and Government Funding revenue for further details.

Net Investment income

Interest income is recognised using the effective interest method.

See Note 1(k) for how the group classifies its financial securities between those measured subsequently at fair value and those to be measured at amortised cost. All realised income under these methods is reported under net investment income, including gains/(loss) on sale of financial assets at fair value. Any investment advisor fees are netted off against this revenue and forms part of overall net investment income.

This also includes any unrealised gains/(losses) on financial securities measured at fair value through surplus or deficit and any foreign exchange gains/(losses).

1 Summary of potentially material accounting policies (continued)

(e) Income tax

The parent entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. The company accounts for the current and future tax consequences of its own assets and liabilities and other events as the Fund is currently a public trading trust. The Trustee is liable to pay tax on the net income of the Fund.

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year in the countries where the company and its subsidiary operates and generates taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in surplus or deficit, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(f) Leases

The group leases both premises and office equipment. The Australian Chamber Orchestra Pty Ltd have executed premises lease agreements for each tenancy area it occupies spanning terms from 45 years to 87 years and 8 months, with extension options. Equipment rental contracts are typically made for fixed periods of 1 to 5 years and are normally accounted for as low value leases due to the low value of the underlying asset.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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 leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee 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.

1 Summary of potentially material accounting policies (continued)

(f) Leases (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in surplus or deficit. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(g) Impairment of non-financial assets

Assets are tested 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. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(i) Musical performances

The costs associated with musical performances that are incurred in the current financial year in respect of productions not yet performed, are included in the consolidated statement of financial position as prepayments under current assets.

(j) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The group applies the AASB 9 *Financial Instruments* simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

1 Summary of potentially material accounting policies (continued)

(k) Financial instruments

Financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through surplus or deficit), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in surplus or deficit or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The group's financial assets at amortised cost includes cash and short-term deposits, bond and trade and other receivables.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value.

Subsequent to initial recognition, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in surplus or deficit and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of surplus or deficit and other comprehensive loss or income.

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 1(j) for further details.

1 Summary of potentially material accounting policies (continued)

(k) Financial instruments (continued)

Financial liabilities

(i) Recognition and derecognition

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The group's financial liabilities include trade and other payables and lease liabilities.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of surplus or deficit and other comprehensive loss or income.

(ii) Measurement

Subsequent to initial recognition financial liabilities are recognised at amortised cost using the effective interest method.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(l) Property, plant and equipment

Property, plant and equipment (excluding musical instruments) is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to surplus or deficit during the reporting year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost or revalued amounts of the assets, net of their residual values, over their estimated useful lives as follows:

- Plant and equipment 3 - 12 years
- Motor vehicles 3 - 10 years
- Leasehold improvements life of lease or useful life of the asset, whichever is shorter
- Musical instruments 100 - 450 years

Musical instruments are supported by market evidence and are determined periodically by professional independent valuers that have recognised experience, expertise and knowledge with respect to the available market and the condition of the instruments.

Musical Instruments held by the parent entity are considered to have an extremely long useful life. As such, useful life depreciation expense is considered immaterial.

Any revaluation movement is recognised in other comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

1 Summary of potentially material accounting policies (continued)

(l) Property, plant and equipment (continued)

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)).

Gains and losses on disposals of property, plant and equipment (excluding musical instruments) are determined by comparing proceeds with carrying amount. These are included in surplus or deficit.

Property, plant and equipment and intangible assets costing \$5,000 (2022: \$5,000) and above, individually or forming a group of parts or components costing more than \$5,000 (2022: \$5,000) are capitalised.

(m) Rare, historical stringed instruments

The rare, historical stringed instruments are accounted for using the revaluation model. Depreciation on these assets is considered immaterial due to their extremely long useful life. For new acquisitions, valuation of these assets equate to their cost price.

The Board considers the valuation of the instruments each year. They are shown based on periodic, at least triennial, valuations by reputable valuers and the reasonableness of the value is assessed annually. The instruments are included in the consolidated statement of financial position at their fair value. These values are supported by market evidence and are determined by independent professional valuers that have recognised experience, expertise and knowledge with respect to the available market and the condition of the instruments.

Any gain or loss resulting from a change in the valuation of rare, historical musical instruments is immediately recognised in other comprehensive income as a change in the valuation of rare, historical stringed instruments. Refer to note 15 for particulars of these adjustments.

(n) Intangible assets

(i) Software and website development

Software and website developments are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs associated with maintaining software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets.

(ii) Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- | | |
|------------|-------------|
| • Software | 3 - 5 years |
| • Website | 3 years |

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

1 Summary of potentially material accounting policies (continued)

(p) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the group has received consideration (or an amount of consideration is due) from the customer to fulfil a specific donor contract. If a customer pays consideration before the group transfers goods or services to the customer or donor pays before its contract obligations are fulfilled, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the company performs under the contract.

(q) Operating expenses

Operating expenses are recognised in surplus or deficit upon utilisation of the service at the date of their origin.

(r) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of Australian Government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in surplus or deficit.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group pays contributions to publicly or privately administered defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1 Summary of potentially material accounting policies (continued)

(t) Contributed equity

Ordinary shares are classified as equity.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(v) Parent entity financial information

The financial information for the parent entity, Australian Chamber Orchestra Pty Limited and its controlled entities, disclosed in note 32 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Australian Chamber Orchestra Pty Limited and its controlled entities. Dividends received from subsidiaries are recognised in the parent entity's surplus or deficit when its right to receive the dividend is established, nothing no dividends have been paid, nor received (2022: \$nil).

2 Critical estimates and judgements

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Value of musical instruments and rare, historical stringed instruments

Management uses valuation techniques to determine the fair value of its musical instruments and rare, historical stringed instruments. These values are supported by market evidence. Management relies on the advice of external professional valuers that have recognised expertise, knowledge and experience with respect to the available market and the condition of the instruments. The fair value may vary from the actual market price that would be achieved in an arm's length transaction at the reporting date.

(ii) Provision for liquidity risk

The provision for liquidity risk represents the estimated future cash flows that management estimates could result from transactions costs and the liquidity risk relating to units in the Australian Chamber Orchestra Instrument Fund. The fund invests in rare, historical stringed instruments which are infrequently traded and the units themselves are restricted to limited withdrawal opportunities and are not traded in an organised public market, but can be transferred privately to other wholesale investors.

2 Critical estimates and judgements (continued)

Critical accounting estimates and assumptions (continued)

(iii) Leases - determining the lease term

Management considers all facts and circumstances when determining whether to exercise a lease option to extend lease term. Extension options are included if there is reasonably certainty the lease will be extended. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended. The group will re-assess the lease term; if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(iv) Leases - incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount rate future lease payments to measure the present value of the lease liability at the lease commencement date. Generally, the group uses its incremental borrowing rate as the discount rate.

3 Operating revenue

	2023	2022
	\$	\$
Performance revenue	8,885,544	6,851,451
Sponsorship revenue	1,431,644	1,237,864
Bequest and donations revenue	6,309,726	6,257,402
Government core funding	2,320,765	2,269,804
Government project funding	358,480	792,255
Venue hires and related services revenue	663,808	237,647
	<u>19,969,967</u>	<u>17,646,423</u>

In addition to the above revenue, \$537,195 (2022: \$429,826) of COVID support funding was received. \$537,195 (2022: \$395,894) was received from government and \$nil (2022: \$33,932) of cancelled performance revenue donated from generous patrons.

(a) Assets and liabilities related to contracts with customers

The group has recognised the following assets and liabilities related to contracts with customers:

	2023	2022
	\$	\$
Contract liabilities - performance income in advance	(5,568,168)	(4,499,014)
Contract liabilities - sponsorships in advance	(235,117)	(355,503)
Contract liabilities - donations, trust and foundations in advance	(3,291,250)	(70,000)
Contract liabilities - other unearned revenue	(119,766)	(71,422)
Total current contract liabilities	<u>(9,214,301)</u>	<u>(4,995,939)</u>

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

4 Other income/(losses) and expense items

(a) Other income/(losses)

	2023	2022
	\$	\$
Foreign exchange losses	(2,785)	(226)
Unrealised investment loss on financial securities	(29,731)	(3,749,624)
Other income	50,874	55,617
	18,358	(3,694,233)

(b) Finance costs

	2023	2022
	\$	\$
Interest expense - leases	750,600	655,671
Finance costs expended	750,600	655,671

5 Instrument fund income tax expense

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax.

(a) Instrument fund income tax expense

	2023	2022
	\$	\$
<i>Deferred income tax</i>		
Increase in deferred tax liabilities (note 21)	184,418	291,027
Instrument fund income tax expense	184,418	291,027

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2023	2022
	\$	\$
Surplus from continuing operations before income tax (benefit)/expense	1,722,001	(4,942,570)
Tax at the Australian tax rate of 30.0% (2022: 30.0%)	516,600	(1,482,771)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Relating to not-for-profit status of parent entity	(645,692)	1,352,253
Relating to provision for liquidity risk	129,092	130,518
Relating to fair value gains/(losses) on musical instruments	184,418	291,027
Income tax expense	184,418	291,027

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

6 Financial assets and liabilities

The group holds the following financial instruments:

	Notes	Assets at FVPL \$	Financial assets at amortised cost \$	Total \$
Financial assets				
2023				
Current				
Cash and cash equivalents	7	-	10,969,576	10,969,576
Trade and other receivables	8	-	594,190	594,190
Term deposit	9	-	4,234,998	4,234,998
Other financial assets	11	-	1,439,721	1,439,721
		-	<u>17,238,485</u>	<u>17,238,485</u>
Non-current				
Other financial assets	10	7,119,444	18,388,260	25,507,704
		<u>7,119,444</u>	<u>18,388,260</u>	<u>25,507,704</u>
		<u>7,119,444</u>	<u>35,626,745</u>	<u>42,746,189</u>
2022				
Current				
Cash and cash equivalents	7	-	13,247,966	13,247,966
Trade and other receivables	8	-	451,638	451,638
Term deposit	9	-	6,680,000	6,680,000
		-	<u>20,379,604</u>	<u>20,379,604</u>
Non-current				
Other financial assets	10	16,616,608	-	16,616,608
		<u>16,616,608</u>	<u>-</u>	<u>16,616,608</u>
Total financial assets		<u>16,616,608</u>	<u>20,379,604</u>	<u>36,996,212</u>
Liabilities at amortised cost				
	Notes		\$	Total \$
Financial liabilities				
2023				
Trade and other payables **	16	<u>(4,761,635)</u>		<u>(4,761,635)</u>
Total financial liabilities		<u>(4,761,635)</u>		<u>(4,761,635)</u>
2022				
Trade and other payables **	16	<u>(3,847,989)</u>		<u>(3,847,989)</u>
Total financial liabilities		<u>(3,847,989)</u>		<u>(3,847,989)</u>

** Excluding non-financial liabilities

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

7 Cash and cash equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	228,955	632,191
Short term deposits	10,740,621	12,615,775
	10,969,576	13,247,966

8 Trade and other receivables

	2023	2022
	\$	\$
Trade receivables	121,673	311,948
Loss allowance	-	(250,000)
	121,673	61,948
Other receivables	47,057	22,656
Franking credit receivables	61,646	113,814
Interest receivables	195,009	129,902
GST receivables	168,805	123,318
	594,190	451,638

9 Term deposit

	2023	2022
	\$	\$
Term deposit	4,234,998	6,680,000

The term deposits have fixed interest rates between 4.30% and 5.20% (2022: between 2.30% to 3.40%). These terms deposits all mature by 10 April 2024 (2022: 6 March 2023) or earlier.

10 Financial assets at fair value through surplus or deficit

Financial assets mandatorily measured at FVPL include the following:

	2023	2022
	\$	\$
Diversified portfolios	7,119,444	16,616,608

Reconciliation of financial securities

Opening balance	16,616,608	23,531,259
Additions	9,276,260	7,013,688
Disposals	(18,743,693)	(10,178,715)
Revaluation increment through surplus (FVPL)	(29,731)	(3,749,624)
	7,119,444	16,616,608

10 Financial assets at fair value through surplus or deficit (continued)

(i) *Classification of financial assets at fair value through surplus or deficit*

The group classifies the following financial assets at fair value through surplus or deficit (FVPL):

- debt investments that do not qualify for measurement at either amortised cost
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(ii) *Amounts recognised in surplus or deficit*

During the period, the following gains/(losses) were recognised in surplus or deficit:

	2023	2022
	\$	\$
Net gain on sale of financial assets at fair value through surplus or deficit	857,180	93,035
Unrealised loss on financial securities	(29,731)	(3,749,624)
Fair value gains/(losses) on equity investments at FVPL recognised in other gains/(losses)	827,449	(3,656,589)

(iii) *Fair value measurements*

The fair value of financial securities is their market price at the reporting date. All financial securities have a daily unit value in the market in which they are sold, and it is that daily unit value applicable at 31 December of each year, which is used to derive fair value measurement.

Reserves are invested in line with the parent entity's Investment Policy Statement.

11 Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Other financial assets	1,439,721	18,388,260	19,827,981	-	-	-

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
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(continued)

12 Property, plant and equipment

	Plant and equipment \$	Motor vehicles \$	Leasehold improvements \$	Musical instruments \$	Work in progress \$	Total \$
At 1 January 2023						
Cost	3,930,322	66,084	1,438,540	6,349,718	110,137	11,894,801
Accumulated depreciation	(1,555,594)	(26,784)	(26,175)	-	-	(1,608,553)
Net book amount	2,374,728	39,300	1,412,365	6,349,718	110,137	10,286,248
Year ended 31 December 2023						
Opening net book amount	2,374,728	39,300	1,412,365	6,349,718	110,137	10,286,248
Additions	-	-	-	-	434,007	434,007
Transfers	278,928	-	(20)	-	(278,908)	-
Disposals	(2,060)	-	-	-	-	(2,060)
Revaluation	-	-	-	(55,732)	-	(55,732)
Depreciation charge	(662,060)	(5,421)	(31,410)	-	-	(698,891)
Closing net book amount	1,989,536	33,879	1,380,935	6,293,986	265,236	9,963,572
At 31 December 2023						
Cost	4,189,621	66,084	1,438,520	6,293,986	265,236	12,253,447
Accumulated depreciation	(2,200,085)	(32,205)	(57,585)	-	-	(2,289,875)
Net book amount	1,989,536	33,879	1,380,935	6,293,986	265,236	9,963,572

(a) Work in progress

Work in progress represents plant and equipment acquired for the new premises as part of the revitalised Walsh Bay Arts Precinct Project at Pier 2/3. Total remaining work in progress to 31 December 2023 is \$265,236 (2022: \$110,137).

(b) Valuation of musical instruments

Musical Instruments were formally revalued in the year ended 31 December 2022 (previously in 2019) by reputable independent valuers in USD, GBP and AUD. The directors are of the opinion in 2023 that the carrying value of the musical instruments reflects the most recent formal valuation in 2022 in foreign currency and exchange rate conversions as at 31 December 2023. Any revaluation movement in 2023 is due solely to exchange rate movements and is recognised in other comprehensive income.

(c) Leased assets

Within the additions during the year of \$434,007 (2022: \$5,206,337), there are property, plant and equipment under lease arrangements amounting to \$nil (2022: \$1,697,996) which has been recognised as part of lease liabilities.

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

13 Leases

This note provides information for leases where the group is a lessee.

(a) Amounts recognised in the balance sheet

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 \$	2022 \$
Right-of-use assets		
Premises lease	<u>13,143,853</u>	<u>13,222,153</u>
Lease liabilities		
Current	1,481,302	1,395,307
Non-current	<u>10,942,224</u>	<u>12,266,853</u>
	<u>12,423,526</u>	<u>13,662,160</u>

Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	2,131,777	2,122,414
Later than one year but not later than five years	8,527,108	9,489,658
Later than five years	<u>7,029,532</u>	<u>7,797,732</u>
	<u>17,688,417</u>	<u>19,409,804</u>

An adjustment to the right-of-use assets was made for the 2023 financial year of \$142,496 (2022: \$13,407,504).

(b) Amounts recognised in the statement of surplus or deficit

The consolidated statement of surplus or deficit and other comprehensive loss or income shows the following amounts relating to leases:

	2023 \$	2022 \$
Depreciation charge of right-of-use assets		
Premises lease	<u>220,796</u>	<u>232,979</u>

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

14 Intangible assets

	Software \$	Website \$	Total \$
At 1 January 2023			
Cost	185,864	334,407	520,271
Accumulated amortisation and impairment	(164,143)	(334,407)	(498,550)
Net book amount	<u>21,721</u>	<u>-</u>	<u>21,721</u>
Year ended 31 December 2023			
Opening net book amount	21,721	-	21,721
Amortisation charge	(21,721)	-	(21,721)
Closing net book amount	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2023			
Cost	185,864	334,407	520,271
Accumulated amortisation and impairment	(185,864)	(334,407)	(520,271)
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>

15 Rare, historical stringed instruments held in the instrument fund

	2023 \$	2022 \$
Non-current assets - at fair value		
Opening balance at 1 January	10,277,086	9,306,996
Net gain on revaluation through other comprehensive income	614,727	970,090
Closing balance at 31 December	<u>10,891,813</u>	<u>10,277,086</u>

Rare, historical stringed instruments are valued periodically by reputable valuers and the last valuation approved by the Instrument Fund Board was on 26 May 2023 (2022: approved 26 May 2022).

External valuations from reputable valuers are requested on at least a triennial basis and are based on active market prices, adjusted for any difference in craftsmanship, age and/or condition of each instrument, if necessary. The fair value is the amount which a willing party in an arm's length transaction would be willing to pay, based on current prices in an active market for similar instruments with similar qualities. These valuations were provided in US dollars.

At 31 December 2023, the directors reviewed the fair value of these instruments and determined the fair value to be appropriate and continues to reflect the most recent formal valuation of the Instrument Fund Board.

(i) *Amounts recognised in other comprehensive income*

	2023 \$	2022 \$
Revaluation increment	614,727	970,090

The fair value of rare, historical musical instruments is estimated based on valuations provided by reputable and independent valuers.

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

15 Rare, historical stringed instruments held in the instrument fund (continued)

All rare historical musical instruments; *The Stradivarius 1728/29 violin, the Guarneri 1714 violin, the 1616 Brothers Amati Cello* and the *1590 Brothers Amati Violin* were revalued on 26 May 2023 (2022: 26 May 2022) by the Instrument Fund Board, with the underlying valuations in US dollars increasing favourably by USD487,274 in 2023 (2022: USD209,569). An effective AUD/USD exchange rate as at 31 December 2023 of \$0.684 (2022: \$0.6775) is applied to convert to AUD valuation reported here.

16 Trade and other payables

	2023	2022
	\$	\$
Trade payables	724,131	344,634
Accrued expenses	3,745,144	3,126,045
Accrued payroll and other statutory liabilities	490,959	441,508
Ticket holder on-account credits from cancelled performances	292,360	377,310
	5,252,594	4,289,497

Trade and other payables are all financial liabilities measured at amortised cost, see note 6.

17 Grant liabilities

	2023	2022
	\$	\$
Department of Foreign Affairs	75,000	75,000
Playing Australia	190,411	263,600
Other federal government grants	-	119,403
	265,411	458,003

18 Employee benefit obligations

	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
	\$	\$	\$	\$	\$	\$
Annual leave	533,859	-	533,859	627,815	-	627,815
Long service leave	279,746	847,685	1,127,431	280,685	786,075	1,066,760
Total employee benefit obligations	813,605	847,685	1,661,290	908,500	786,075	1,694,575

(a) Leave obligations

Leave obligations cover the group's liabilities for long service leave and annual leave which are classified as either other long-term benefits or short-term benefits, as explained in note 1(s).

(b) Amounts recognised in surplus and deficit in relation to defined contribution plans

The group has recognised expenses of \$861,611 in the current period (2022: \$761,025) in relation to defined contribution plans which are included in employee benefit expenses in the consolidated statement of surplus or deficit and other comprehensive loss or income.

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

19 Financial liability to external unitholders

	2023	2022
	\$	\$
Financial liability to external unitholders	6,666,201	7,073,396
	2023	2022
	\$	\$
<i>Movement in liability to external unitholders in the Australian Chamber Orchestra Instrument Fund ("the Fund")</i>		
Opening balance	7,073,396	6,694,498
Application	149,999	143,118
Redemptions	(482,194)	-
Transfers to Australian Chamber Orchestra Pty Limited	(75,000)	-
Prior year total comprehensive income attributable to external unitholders	-	13,220
Current year total comprehensive income attributable to external unitholders	-	222,560
	6,666,201	7,073,396
<i>Current year total comprehensive income attributable to external unitholders:</i>		
Deficit	(559,823)	(714,851)
Other comprehensive income	559,823	937,411
	-	222,560

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all the other units of the Fund.

Capital and liquidity risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amounts of net assets attributable to unitholders are subject to daily applications and periodical redemptions. Applications can be made at any time by wholesale clients.

The Fund reached its 10-year anniversary on 14 July 2021, where the Fund was required within a three month window to put a resolution to unitholders to continue the Fund. On 15 July 2021, the 10-year anniversary unitholder meeting was held to vote to consider the continuation of the Fund. The unitholders present, in person and by proxy at the meeting, unanimously voted and resolved to continue the Fund for another five years. The Fund will be required within a three-month window of the 15-year anniversary to put a resolution to unitholders to continue the Fund for a further five years. Unless such a resolution is passed at the meeting by more than 50% of unitholders (by value) attending the meeting, the Fund will terminate and, in accordance with the Fund's trust deed, its assets will be realised and the net proceeds (after meeting all Fund liabilities) will be distributed to unitholders.

A unit in the Fund is an illiquid investment. The Trustees are provided with periodic withdrawal opportunities under which a limited number of units will be purchased by the Australian Chamber Orchestra Pty Ltd from investors who wish to participate in the relevant withdrawal opportunity. The Trustee provides withdrawal opportunities every three years. The withdrawal opportunity for redemption since the Fund's inception occurred during 2014, 2017, 2020 and in 2023. 50,000 units were redeemed during the first withdrawal window, none in the second window, 263,094 units were redeemed during the third window and 321,462 units were redeemed in the last withdrawal opportunity in July 2023. The next (and fifth) withdrawal window commenced on 1 July 2026.

19 Financial liability to external unitholders (continued)

If the Trustee determines that the Fund's cash levels materially exceed its forecast requirements, it will offer a pro-rata redemption opportunity or make a pro-rata capital distribution to unitholders. There were no distributions paid or payable during the year or at 31 December 2023.

20 Instrument fund provision for liquidity

	2023	2022
	\$	\$
Instrument fund provision for liquidity risk	2,051,006	1,620,697

(a) Information about individual provisions

Provision for liquidity risk

For information about the provision for liquidity risk refer to note 2(ii).

(b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

	2023	Provision for liquidity risk
	\$	\$
Carrying amount at start of year		1,620,697
- additional provisions recognised		430,309
Carrying amount at end of period		2,051,006

21 Instrument fund deferred tax liabilities

	2023	2022
	\$	\$
The balance comprises temporary differences attributable to:		
Investments in rare, historical stringed instruments	1,561,577	1,377,159
Total deferred tax liabilities	1,561,577	1,377,159

	2023	2022
	\$	\$
Movements		
At 1 January	1,377,159	1,086,132
Charged/(credited) - surplus or deficit	184,418	291,027
At 31 December	1,561,577	1,377,159

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Notes to the consolidated financial statements
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(continued)

22 Contributed equity

(a) Share capital

	2023 Issued shares	2022 Issued shares	2023 Fully paid \$	2022 Fully paid \$
Ordinary shares of \$1 each	15	17	15	17

(b) Ordinary shares

Ordinary shareholders are not entitled to receive any dividends, bonuses or fees, nor are they entitled to a share of the proceeds upon winding up of the parent entity.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and on a poll each share is entitled to one vote.

Movement:	\$
Opening balance 1 January 2023	17
Shares forfeited	(2)
Balance 31 December 2023	<u>15</u>

23 Other reserves and retained earnings

(a) Other reserves

	2023 \$	2022 \$
Restricted/designated reserve	18,401,979	20,620,210
Asset revaluations reserve		
ACO musical instruments	2,103,783	2,159,515
Instrument fund musical instruments	4,017,009	3,402,282
Surplus to external unitholders	<u>(3,420,792)</u>	<u>(2,860,969)</u>
	<u>2,700,000</u>	<u>2,700,828</u>
	<u>21,101,979</u>	<u>23,321,038</u>

Movements:

Restricted/designated reserve

Opening balance	20,620,210	25,214,437
Other transfers	<u>(2,218,231)</u>	<u>(4,594,227)</u>
Balance 31 December	<u>18,401,979</u>	<u>20,620,210</u>

Asset revaluation reserve

Opening balance	2,700,828	1,590,386
Revaluation	<u>(828)</u>	<u>1,110,442</u>
Balance 31 December	<u>2,700,000</u>	<u>2,700,828</u>

23 Other reserves and retained earnings (continued)

(a) Other reserves (continued)

(i) Nature and purpose of other reserves

Surplus to external unitholders' reserves

Surplus to external unitholders' reserves represents the external unitholders share of the movement in fair value in rare, historical stringed instruments which is recognised in other comprehensive income rather than surplus or deficit for the year.

Restricted/designated reserve

Restricted/designated reserve consist of:

- New Premises Project - One-off Capital Payments to NSW Government and Transition costs

Reserves have been established to fund the substantial contractual capital payments owing to NSW Government for the new ACO premises at the Walsh Bay Arts Precinct Project at Pier 2/3. Payments commenced when the ACO officially took possession of these premises in 2022.

In addition, the ACO continued in 2023 to incur additional transitional costs related to finalising the establishment of Pier 2/3, which includes furniture, fittings and equipment costs for example.

Overall, the ACO estimates at the end 31 December 2023, that the remaining one-off capital payments and transitional establishment costs to be incurred in future years is likely to be circa \$13 million.

- Other tied donations/restricted projects

Consists of funds received by donors with a specific purpose and to support activities over a number of years and the retired Capital Challenge Reserve in 2019 to support future ACO projects.

During 2023 in memory of ACO Board Director, Peter Shorthouse, restricted donations continued to be received for the establishment of a corpus to create a scholarship in his name. This scholarship will support an emerging artist each year within the Australian Chamber Orchestra's Emerging Artists program, with the first representative to be awarded in 2024.

- Instrument fund redemption reserve

The Australian Chamber Orchestra Instrument Fund will provide investors with withdrawal opportunities from the Fund every three years, limited to \$500,000 at each withdrawal window. It is intended that those withdrawals will be funded by the parent entity which shall buy those units from those investors seeking to participate in the withdrawal opportunity. The next withdrawal opportunity will be 1 July 2026.

(b) Accumulated surplus

Movements in accumulated surplus were as follows:

	2023	2022
	\$	\$
Balance 1 January	12,694,329	12,618,848
Net surplus/(deficit) for the year	2,097,405	(4,518,746)
Transfer from designated/restricted reserves	2,218,231	4,594,227
Balance 31 December	<u>17,009,965</u>	<u>12,694,329</u>

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

24 Remuneration of auditors

During the period the following fees were payable for services provided by the auditor of the parent entity, Australian Chamber Orchestra Pty Limited and its controlled entities, its related practices and non-related audit firms.

PwC Australia

	2023	2022
	\$	\$
Australian Chamber Orchestra Pty Limited		
<i>Audit services</i>		
- Audit and review of financial statements	47,745	51,131
<i>Other non-assurance services</i>		
- Compilation of financial statements	8,364	9,660
- Tax services	5,256	6,381
	61,365	67,172
 Controlled entities		
<i>Audit services</i>		
- Audit and review of financial statements	13,048	10,455
<i>Other non-assurance services</i>		
- Compilation of financial statements	5,838	7,778
- Tax services	6,283	7,000
	25,169	25,233
 Total remuneration of PwC Australia	86,534	92,405

25 Contingencies

The group had no capital contingent liabilities at 31 December 2023 (2022: \$nil).

26 Commitments

(a) Low value - office equipment

The group leases office equipment, parking spaces and storage under non-cancellable leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Operating leases included are effectively non-cancellable and comprise of monthly rental payments for office equipment expiring between January 2025 and July 2027 and the parking space and storage agreement expired in February 2023 and December 2024 respectively.

Commitments are GST inclusive where relevant.

There are no contingent rents payable, renewal or purchase options clauses.

	2023	2022
	\$	\$
Total future minimum lease payments under non-cancellable operating lease payable:		
Within one year	61,429	50,735
Later than one year but not later than five years	29,934	71,482
	91,363	122,217

26 Commitments (continued)

(b) Premises lease

Refer to note 13(a) for future lease payments in relation to lease liabilities as at period end.

27 Related party transactions

(a) Subsidiaries

Interests in subsidiaries are set out in note 28.

(b) Key management personnel compensation

There are no key management personnel compensation paid during the year (2022: \$nil). The key management personnel, the non-executive directors are all working on pro-bono basis.

(c) Transactions with other related parties

The parent entity and The Australian Chamber Orchestra Instrument Fund Pty Ltd have signed a "Fund Administration Agreement" whereby the parent entity agrees to provide fund administration, instrument management and general asset management duties on behalf of the Australian Chamber Orchestra Instrument Fund Pty Ltd at no cost.

The parent entity has incurred administrative costs of \$166,469 (2022: \$164,281) on behalf of Australian Chamber Orchestra Instrument Fund Pty Ltd during the year ended 31 December 2023. These costs are not subject to reimbursement by the Australian Chamber Orchestra Instrument Fund Pty Ltd.

The parent entity incurred lease expenses of \$27,913 (2022: \$20,700) paid to another related party during the year.

Directors and parties related to the directors of the parent entity held units in the Australian Chamber Orchestra Instrument Fund as follows:

	Units opening	Units acquired	Units disposed	Units closing	Fair value \$1.50/unit	Interest held	Distributions paid
2023							
Unitholder	Number	Number	Number	Number			
J Steiner	15,000	-	-	15,000	22,500	0.3%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	300,000	4.1%	-
Total	215,000	-	-	215,000	322,500	4.4%	-
2022							
Unitholder	Number	Number	Number	Number	\$1.50/unit	Interest held	Distributions paid
J Steiner	15,000	-	-	15,000	22,500	0.3%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	300,000	4.1%	-
Total	215,000	-	-	215,000	322,500	4.4%	-

28 Interests in other entities

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Equity holding	
		2023	2022
		%	%
Australian Chamber Orchestra Instrument Fund Pty Ltd	Australia	-	-
Australian Chamber Orchestra Instrument Fund	Australia	8.9	3.4

The Australian Chamber Orchestra Instrument Fund Pty Ltd is the Trustee for the Australian Chamber Orchestra Instrument Fund. The entity is a controlled entity as 50% or more of the directors are directors of Australian Chamber Orchestra Pty Ltd, and the chairperson is a director of the Australian Chamber Orchestra Pty Ltd with a casting vote if required.

The Trustee of the Australian Chamber Orchestra Instrument Fund, requires that the majority of its directors must be directors of Australian Chamber Orchestra Pty Ltd and if there is an even number of directors, 50% of the directors must be directors of Australian Chamber Orchestra Pty Ltd, and one of the directors who is a director of the Australian Chamber Orchestra Pty Ltd must also be the chairperson of the directors, with the casting vote if required.

As at 31 December 2023, the Trustee entity held cash of \$16 (2022: \$16), in trust for applicants for units in the Australian Chamber Orchestra Instrument Fund.

As at 31 December 2023, Australian Chamber Orchestra Instrument Fund held cash of \$40,754 (2022: \$40,754).

As at 31 December 2023, the entity had issued 4,879,989 units (2022: 4,879,989 units) and the Australian Chamber Orchestra Pty Ltd holds 435,855 of these units (2022: 164,392 units).

The Board undertook a valuation of the current units and agreed at the 26 May 2023 Board meeting to maintain the value of the unit price at \$1.50 (2022: \$1.50 per unit was confirmed at valuation on 26 May 2022). The value of \$1.50 per unit, continues to be an appropriate unit value as at 31 December 2023.

29 Economic dependence

The group is dependent upon the ongoing receipt of Federal and State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report Management has no reason to believe that this financial support will not continue.

30 Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW)

The parent entity holds an authority to fundraise under the *Charitable Fundraising Act 1991 (NSW)* and conducts fundraising appeals throughout the year.

	2023	2022
	\$	\$
Details of aggregate gross fundraising income and expenditure:		
Gross proceeds from fundraising appeals	6,309,726	6,291,334
Less: costs of fundraising	<u>(332,321)</u>	<u>(341,994)</u>
Net surplus from fundraising appeals	5,977,405	5,949,340
Application of funds to fund operations	<u>(7,323,698)</u>	<u>(8,666,358)</u>
Deficit for the year	(1,346,293)	(2,717,018)
Balance at the beginning of year	7,301,589	10,018,607
Deficit for the year	<u>(1,346,293)</u>	<u>(2,717,018)</u>
Balance at the end of year	<u>5,955,296</u>	<u>7,301,589</u>

Application of funds:

Of the net surplus from fundraising appeals (net of direct costs of fundraising in 2023) of \$5,977,405 (2022: \$5,949,340), expenditure of \$7,323,698 (2022: \$8,666,358) was applied, in line with the ACO's charitable purpose resulting in a deficit for the year of \$1,346,293 (2022: \$2,717,018 deficit).

The balance of accumulated funds at the end of the 2023 financial year of \$5,955,296 (2022: \$7,301,589) is being held in total assets in the consolidated statement of financial position, for expenditure in future years.

Agents:

The company did not conduct any fundraising appeals in which traders were engaged in 2023 or 2022.

31 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the group, the results of those operations or the state of affairs of the group or economic entity in subsequent financial years.

Australian Chamber Orchestra Pty Limited and its controlled entities
Notes to the consolidated financial statements
31 December 2023
(continued)

32 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity, Australian Chamber Orchestra Pty Limited and its controlled entities, show the following aggregate amounts:

	2023 \$	2022 \$
Balance sheet		
Current assets	16,470,435	20,833,148
Non-current assets	50,443,397	40,356,132
Total assets	<u>66,913,832</u>	<u>61,189,280</u>
Current liabilities	17,011,969	12,023,022
Non-current liabilities	11,789,909	13,150,880
Total liabilities	<u>28,801,878</u>	<u>25,173,902</u>
Net assets	<u>38,111,954</u>	<u>36,015,378</u>
Shareholders' equity		
Share capital	9	11
Reserves	20,505,761	22,779,725
Retained earnings	17,606,184	13,235,642
Total equity	<u>38,111,954</u>	<u>36,015,378</u>
Surplus/(deficit) for the year	2,152,310	(4,507,507)
Other comprehensive (loss)/income attributable to the parent entity	(55,732)	1,085,982
Total comprehensive income for the year	<u>2,096,578</u>	<u>(3,421,525)</u>

(b) Guarantees entered into by the parent entity

As at 31 December 2023, the parent entity had \$nil bank guarantees (2022: \$nil).

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2023 or 31 December 2022. For information about guarantees given by the parent entity, please see above.

(d) Contractual commitments

The parent entity's contractual commitments for the acquisitions of property, plant and equipment as at 31 December 2023 is \$nil (2022: \$61,144).

Refer to note 13(a) for future lease payments in relation to lease liabilities as at period end.

32 Parent entity financial information (continued)

(e) Reserves

The parent entity has restricted /designated reserves of \$18,401,979 as at 31 December 2023 (2022: \$20,620,210).

Included within here are reserves established to fund the substantial contractual capital payments owing to NSW Government for the new ACO premises at the Walsh Bay Arts Precinct Project at Pier 2/3. Payments commenced when the ACO officially took possession of these premises in 2023.

In addition, the ACO continued in 2023 to incur additional transitional costs related to finalising the establishment of Pier 2/3, which includes furniture, fittings and equipment costs for example.

Overall, the ACO estimates at the end 31 December 2023, that the remaining one-off capital payments and transitional establishment costs to be incurred in futures years is likely to be circa \$13 million (2022:\$16 million).

Declaration made in accordance with the Australian Charities and Not-for-profits Commission Regulation 2013

The directors of Australian Chamber Orchestra Pty Limited declare that:

- (a) the financial statements , which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of surplus or deficit and other comprehensive loss or income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes are in accordance with the *Australia Charities and Non-for-profits Commission Act 2012* and:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial year ended on that date, and
- (b) In the opinion of the directors there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Declaration made in accordance with the *Charitable Fundraising Act 1991*

In the opinion of the directors of Australian Chamber Orchestra Pty Limited:

- (a) The financial statement and notes thereto give a true and fair view of all income and expenditure with respect to fundraising appeals conducted by the organisation for the year ended 31 December 2023; and
- (b) The consolidated statement of financial position as at 31 December 2023 give a true and fair view of the state of affairs of the consolidated entity with respect to fundraising appeals conducted by the organisation; and
- (c) The provisions of the *Charitable Fundraising Act 1991*, the regulations under that Act, the conditions attached to the authority to fundraise have been complied with by the organisation and
- (d) The internal controls exercised by the company are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

This declaration is made in accordance with a resolution of the directors.



M Myer AO
Chairman

Sydney
30 April 2024



Independent auditor's report

To the members of Australian Chamber Orchestra Pty Limited

Our opinion

In our opinion:

The accompanying financial report of Australian Chamber Orchestra Pty Limited (the Company) and its controlled entities (together the Group) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulations 2022*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 December 2023
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of surplus or deficit and other comprehensive loss or income for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2023, 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 through our opinion on the financial report.

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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and the directors for the financial report

Management is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the 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, Management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

K.L. Woombell-Perry

Kerryn Woombell-Perry
Partner

Sydney
30 April 2024