

# **AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED**

(a company limited by shares)  
and its controlled entities  
ABN 45 001 335 182

## **FINANCIAL REPORT**

for the year ended  
**31 December 2019**

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## DIRECTORS' REPORT

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The directors of Australian Chamber Orchestra Pty Limited present their report together with the financial statements of the consolidated entity, being Australian Chamber Orchestra Pty Limited ('the Company') and its controlled entities ('the Group') for the year ended 31 December 2019 and the Independent Audit Report thereon.

### Directors' details

The names and particulars of the directors in office during the year and to 31 December 2019 are:

#### **Mr G Belgiorno-Nettis AM (BE Civil UNSW; MBA AGSM; FIEAust)**

##### **Chairman**

##### **Non-Executive Director since 6 May 1996**

Guido Belgiorno-Nettis is Managing Director 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 Chairman of Tempo Australia, and Non-Executive Director Balmoral Pastoral. He is Managing Director of the passive investment company, Transfield Holdings Pty Ltd which changed its business model in 2003 until 2015 from a multi-disciplined Engineering and Construction company to private equity. Transfield Holdings is now a passive investment vehicle. From 1999 - 2003 Guido was Managing Director of the Transfield Group. His previous key roles were CEO - Transfield Engineering and Construction and Director - Project Development. Past Board roles include: President of the Art Gallery NSW Trust, 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, Non-Executive Director - Transurban Limited, and Chairman - Biennale of Sydney. Guido was named 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 hobby 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.

#### **Ms E Lewin**

##### **Deputy Chair**

##### **Non-Executive Director since 12 June 2009**

Elizabeth Lewin (nee Cacciottolo) 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. 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).

#### **Mr W D Best**

##### **Non-Executive Director since 29 July 2008**

Bill Best is currently Chairman of Liverpool Partners Private Equity Fund, a Director of Ellerston Asia and Ellerston Global Investment Companies, Pyrolyx AG and Literacy Planet Limited. He is also Chairman of Inala, a Rudolf Steiner organisation supporting individuals with disabilities and the Australian Chamber Orchestra Instrument Fund Pty Limited. Bill is an advisor to OnMarketBookbuilds. Previously Bill had 30 years of investment banking experience and was for many years an Executive Director of Macquarie Bank. He has LLB, B.Comm and M.Comm degrees.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## DIRECTORS' REPORT (CONTINUED)

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### **Ms J Crawford**

#### **Non-Executive Director appointed 27 April 2017**

Judy Crawford has been a philanthropist for more than 30 years, supporting a range of causes and charities. She has a long and enthusiastic history of championing change. Judy's involvement in charitable organisations has 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.

### **Mr J Kench**

#### **Non-Executive Director appointed 27 April 2017**

John Kench is a Consultant adviser at Johnson, Winter & Slattery, lawyers. He was a founding senior partner of JWS 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.

### **Mr A Lee**

#### **Non-Executive Director since 1 March 2016**

Anthony Lee moved to Australia from Hong Kong in 1987 and is a private investor based in Sydney. He is a board member of Beyond International Limited (ASX listed) and Hysan Development Company Limited and Television Broadcasts Limited (both companies listed on the Hong Kong Stock Exchange). Anthony is also a trustee of Princeton University and a member of the Vice Chancellor's Campaign Board of The University of Sydney. Anthony has been a volunteer serving his alma mater, Princeton University, since 1984 with experience in multiple fundraising campaigns. Anthony and his wife are music lovers and support a wide range of activities in Australia including establishing the first ever Jazz Scholarship at the Sydney Conservatorium of Music. Anthony received a BA in Mathematics from Princeton University and an MBA from the Chinese University of Hong Kong.

### **Mr M Myer AO**

#### **Non-Executive Director appointed 24 October 2017**

Martyn Myer has 25 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, President of Myer Foundation, and sits on the board of the Australian Chamber Orchestra. At the end of December 2019 Martyn stepped down 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).

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## DIRECTORS' REPORT (CONTINUED)

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### **Mr J T Ostrobrurski**

#### **Non-Executive Director retired 27 August 2019**

James Ostrobrurski is Chief Executive of Kooyong Group, a family of companies that provides property finance and advisory to individuals and businesses, manages private wealth and supports Australian social and cultural endeavours through philanthropy. The group's centrepiece is Kooyong Wealth, a boutique lending business that sourced an initial capital pool of over \$35 million before launching in December 2016. Prior to Kooyong, James held leadership roles at Grimsey Wealth (2015–2016), Investec Bank (Aust) Ltd (2010–2015) and Credit Union Australia (2009–2010), focusing on property advisory, debt funding and wealth management. James is a Director of the Australian Chamber Orchestra, Jewish Museum of Australia, the Institute of Creative Health and Cannvalate Pty Ltd (Trading as EC Pharma). He co-chaired the fifth annual Nexus Global Youth Summit – a launchpad for leaders in social change and innovation – at the United Nations in New York City. James was formerly a Director of the Bundanoon Trust, Chairman of Dancehouse Incorporated and Governor of the Arts Centre Melbourne Foundation.

### **Ms H Ridout AO**

#### **Non-Executive Director since 5 December 2012**

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: the Advance Australia Advisory Board; Australian Chamber Orchestra; 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, member of the Henry Tax Review panel and the Climate Change Authority, 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 BEc (hons) from the University of Sydney, an honorary Doctor of Business (honoris causa) from both Macquarie University and The University of Ballarat.

### **Mr P Shorthouse**

#### **Non-Executive Director appointed 27 August 2019**

Peter Shorthouse is a Senior Partner at Crestone Wealth Management and has more than 30 years' financial services experience. Following 7 years as a Chartered Accountant and management consultant with Arthur Andersen, London, Peter spent 10 years as an Equity Analyst with UBS and ABN Amro in London and Sydney. He has been with Crestone (and predecessor UBS Wealth Management) since 2005, advising Ultra-high net-worth and Family Office clients on portfolio construction and risk and investment management. Peter's experience with NFPs includes both as an investment manager and as a Director with Good360, LifeCircle and on two school Foundations.

### **Ms J Steiner AM**

#### **Non-Executive Director since 30 November 2015**

Julie Steiner is co-founder of Australian executive search firm BSP. After selling BSP to global firm Odgers Berndtson; Julie was originally MD Australia and is now the Head of the CEO, Education and Cultural sector practices. Prior to executive search, Julie worked in the public and private sectors as General Manager ABC Enterprises, CEO of the Pay Television division of the Australia Broadcasting Corporation and also CEO of IMAX Australia. Her early career was in international publishing with Macmillan Publishers Ltd and Penguin Books Australia. She has been broadcaster with the ABC and

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## DIRECTORS' REPORT (CONTINUED)

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### **Ms J Steiner AM (Continued)**

has sat on a number of Boards. Julie is a graduate of the Australian Institute of Company Directors, is currently the Chair of the Odgers Berndtson Global Education Practices, a member of the nomination Committee for the ANU and is on the Boards of the Australian Chamber Orchestra Pty Ltd and the Australian Chamber Orchestra Instrument Fund Pty Ltd. Julie has an honours degree in English Literature and Politics from the University of Melbourne.

### **Mr J G Taberner**

#### **Non-Executive Director since 9 December 2009**

John Taberner was for 20 years from 1988 a partner in the Sydney office of Freehills, Solicitors where he led their environmental law practice. He was also a Director of the firm's national Pro Bono practice and led the firm's Pro Bono practice in Sydney. John is now a consultant to Herbert Smith Freehills. He has extensive experience advising a wide range of clients on all aspects of environmental law. He was for several years a Director of Annual Report Awards Inc. which established Australia's only award for excellence in environment reporting. John also served for four years as Secretary of the National Environmental Law Association of Australia. John graduated from Sydney University in Bachelor of Arts (Hons), a Master of Arts (Hons) and a Bachelor of Laws. In 1985 he completed a Masters of Comparative Law (Environmental Law) at the George Washington University in Washington DC, USA. John was previously a Director of the Australian Chamber Orchestra between 29 August 2001 and 28 October 2008. John was reappointed as a Director of the Australian Chamber Orchestra on 9 December 2009. John is also a Director of the Australian Chamber Instrument Fund Pty Ltd and of ACOUK and ACOUS. He is also a Director of Enova Community Energy Ltd and Zero Emissions Byron Ltd.

### **Dr N Walton**

#### **Non-Executive Director retired 11 December 2019**

Dr Nina Walton is an economist, lawyer, and Non-Executive Director. Currently, Nina is a Director at the Advanced Manufacturing Growth Centre. Until recently, Dr Walton lived in Los Angeles where she was a Professor of Law and Economics at the University of Southern California Law School in Los Angeles. She also served as co-Director of USC's Center for Law, Economics and Organisation. Her areas of expertise include incentives and institutions, corporate governance, game theory, law and economics, and regulation. Before entering into academia, Dr Walton practiced law in Australia and was based for several years in San Francisco, CA, where she worked in international business development for a Fortune 500 company. In addition, Dr Walton has served as a City-appointed Board Commissioner for the Industrial Development Authority in Los Angeles and was a member of the California Committee of Human Rights Watch. In addition to receiving her Ph.D. in Economics from University of California, Los Angeles (UCLA), Dr Walton has a Master of Public Policy from UCLA as well as an Arts/Law degree from the University of NSW.

### **Mr S D Yeo**

#### **Non-Executive Director since 4 December 2014**

Simon Yeo is an Executive Director of Euroz Limited (EZL) and Euroz Securities Limited (wholly owned subsidiary of EZL) and has worked in the Stockbroking industry since 1993. Simon 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.

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## DIRECTORS' REPORT (CONTINUED)

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### Directors' meetings:

The following table sets out the numbers of meetings of the company's Board and of the Finance, Audit and Risk Management (FARM) Committee held during the year ended 31 December 2019 and the number of meetings attended by each director.

	Board meetings		FARM Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Mr G Belgiorno-Nettis AM (Chairman)	7	6		
Ms E Lewin (Deputy Chair)	7	6	3	3
Mr W D Best	7	4	3	3
Ms J Crawford	7	7		
Mr J Kench	7	6	3	2
Mr A Lee	7	5		
Mr M Myer AO	7	4		
Mr J T Ostroburski ^	4	2		
Ms H Ridout AO	7	3		
Mr P Shorthouse	4	4		
Ms J Steiner AM	7	6		
Mr J G Taberner	7	6		
Dr N Walton *	7	4	3	3
Mr S D Yeo	7	4		

^ Retired 27 August 2019

\* Retired 11 December 2019

### Principal activities:

The principal activity of the company continues to be the presentation of musical performances to Australian and International audiences. In addition, the consolidated group operated an unregistered, wholesale, managed investment fund which invests in rare, historical, high-quality stringed instruments.

### Operating result:

The result for the year attributable to the parent entity is a total comprehensive income of \$3,875,700 (2018: \$3,975,129). This comprises an overall surplus of \$3,194,648 (2018: \$3,950,256) attributable to the parent entity. The parent entity results are after including a net surplus contribution of \$936,652 (2018: \$3,231,873) for the Australian Chamber Orchestra's New Premises Project at Pier 2/3 in Walsh Bay Arts Precinct, and after recognising an unrealised gain on financial securities of \$738,506 (2018: unrealised loss \$617,670).

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## DIRECTORS' REPORT (CONTINUED)

### Extract of Consolidated Statement of Surplus and Other Comprehensive Income

	2019	2018
	\$	\$
General Operations (Including realised investment income)	1,519,490	1,336,053
Unrealised gain/(loss) on financial securities <sup>^</sup>	738,506	(617,670)
New Premises Project – Donations	1,213,750	3,899,009
New Premises Project – Expenditure	(277,098)	(667,136)
New Premises Project – Net Contribution Surplus	936,652	3,231,873
<b>Surplus attributable to the parent entity</b>	<b>3,194,648</b>	<b>3,950,256</b>
Other comprehensive income attributable to parent entity	681,052	24,873
<b>Total comprehensive income for the year attributable to the parent entity</b>	<b>3,875,700</b>	<b>3,975,129</b>

<sup>^</sup> Effective 1 January 2018 under AASB 9 *Financial Instruments*, any unrealised gain/(loss) on financial securities are taken through the surplus attributable to the parent entity, prior to 2018 any unrealised gain/(loss) on financial securities was taken through other comprehensive income attributable to the parent entity. Unrealised gain/(loss) on financial securities arise as the ACO invests certain reserves for the long-term in diversified portfolios with equity exposures and the market fluctuates overtime; however, any gain/(loss) is only realised when the financial security is actually sold.

### Review of operations

The Australian Chamber Orchestra (ACO) fulfilled its national remit in 2019 through the performance of 130 public concerts across Australia. This comprised:

- 80 performances in Sydney, Newcastle, Wollongong, Canberra, Melbourne, Adelaide, Perth and Brisbane as part of our national subscription season;
- 3 performances at the TarraWarra Festival in Healesville Victoria and 1 performance at the Ukaria Cultural Centre in Mount Barker South Australia;
- 18 performances by the ACO's regional touring and mentoring ensemble, ACO Collective, including:
  - 3 performances at the Vasse Felix Festival in the Margaret River area of Western Australia;
  - 14 performances across regional New South Wales, Queensland, Victoria and South Australia; and
  - 1 performance in the ACO's Melbourne Recital Centre series;
- 24 performances by an ensemble from ACO Collective at the Sydney Opera House of a new immersive music and theatre work for children in their early years based on the iconic Australian children's book by author Margaret Wild, *There's a Sea in My Bedroom*;
- 2 performances by ACO Collective Artistic Director, violinist Pekka Kuusisto, and composer and pianist Nico Muhly in Sydney and Melbourne;
- 1 performance by ACO Principal Violinist Satu Vänskä and pianist Kristian Chong in Sydney; and
- 1 performance by members of the ACO and ACO Academy in Sydney.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## DIRECTORS' REPORT (CONTINUED)

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### Review of operations (continued)

Artistic highlights in 2019 included a collaboration with the acclaimed Estonian Philharmonic Chamber Choir which featured the music of JS Bach and Arvo Pärt, a Latin American celebration with the legendary jazz musician Branford Marsalis as well as the creative reimagining of our multi-media collaboration *Luminous* with photographer Bill Henson and singer-songwriter Lior. We also continued our reputation for innovative, cross genre programming through our highly successful *Indies & Idols* program, fusing works of contemporary, indie rock musicians with the great Polish composers who inspired them.

2019 was a year of commissions for the ACO, including the premiere of commissions from the acclaimed Australian composer Brett Dean and emerging Australian composer Heather Shannon, as well as the high profile American composer Nico Muhly who wrote a new violin concerto for ACO Collective's Artistic Director Pekka Kuusisto. The ACO also commissioned the accomplished Australian composer Paul Stanhope and director Tim McGarry to create *There's a Sea in My Bedroom*.

The ACO ventured abroad on two international tours in 2019. In April, the ACO gave 8 performances to appreciative audiences in the US, including at such prestigious venues as the Lincoln Center in New York, Richardson Auditorium at Princeton University in New Jersey, Jordan Hall in Boston Massachusetts and Bing Concert Hall at Stanford University in Palo Alto California. 2019 was the second year of the ACO's Barbican Centre London residency as International Associate Ensemble at Milton Court which saw the Orchestra give 3 successful concerts there in October. The residency also featured an educational collaboration between ACO musicians and selected students of The Guildhall School of Music & Drama in London.

2019 saw the ACO and its Artistic Director Richard Tognetti release 2 new albums in partnership with ABC Classic across a range of platforms, including digital (standard and high-definition formats) and CD:

1. Richard Tognetti & Erin Helyard Beethoven & Mozart Violin Sonatas
2. Australian Chamber Orchestra Mozart & Haydn

In 2019, the ACO's Learning & Engagement Program delivered 129 music education events and reached over 7,000 young people across Australia.

The ACO Instrument Fund received seven new investments in 2019, to the value of \$608,798. The Fund did not acquire any new assets during the calendar year and has continued its search for a fifth rare instrument that will meet its investment objectives.

On 4 July 2019, the Instrument Fund Board undertook an Informal Valuation and, in consideration of recent market valuations of the Fund's assets, the relevant exchange rate movements, provisions for liquidity and deferred tax liability, resolved to increase the unit price to \$1.45 (2018: \$1.40) effective 30 June 2019.

### New Premises Strategic Project

The ACO has a long-held desire to have its own home and in 2019, remained in the final planning stages of securing new premises as part of the revitalised Walsh Bay Arts Precinct Project at Pier 2/3. On 4 March 2020, the ACO signed Agreement for Subleases with the NSW Government for its new premises at Pier 2/3.

The ACO estimates that the cost of all furniture, fittings and equipment, government payments, design and consultancy and relocation costs, will be in excess of \$20 million. To support its aspirations for a home for the ACO, in 2019 the ACO continued the "quiet" phase of a capital campaign for this visionary project. The capital campaign is anticipated to launch publicly in 2021. The ACO has

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## DIRECTORS' REPORT (CONTINUED)

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### New Premises Strategic Project (continued)

been delighted with the generous early support received from patrons and philanthropists: \$1,213,750 in cash donations were received during 2019 [Life-to-date as at 31 December 2019, \$9,277,759 (\$8,064,009 as at 31 December 2018)].

### Strategic Plan Update

2019 was the first year of the ACO's current three-year strategic plan. The ACO's strategic objectives over 2019 – 2021 are:

- **Artform Development:** be recognised as a leader that increasingly pushes the boundaries of innovation, adventure and excellence.
- **Access & Engagement:** ensure more Australians have access to and engagement with the arts, with a demonstrated commitment to ensuring greater diversity in audiences.
- **Sector Development:** be recognised as a leader that drives the growth of the sector, with a demonstrated commitment to nurturing Australian artists.
- **Governance & Financial:** demonstrate best practice in strong governance and financial management.

To achieve these goals, in 2019 the ACO undertook the following activities:

#### Artform Development:

- Commissioned and presented new work at the forefront of artistic practice including the commissioning and premiere of orchestral works from Australian composers Brett Dean and Heather Shannon and American composer Nico Muhly and of quality musical and theatrical works for children in their early years from Australian composer Paul Stanhope and Director Tim McGarry; as well as through the presentation of the reimaging of our *Luminous* collaboration with artist Bill Henson and singer Lior in Australia and London;
- Continued to champion and program works by female and living composers throughout our national performance season which featured seven world premieres (including the world premiere of a new work for children's choir and orchestra in Cairns in the language of the local Djabugay people, passed on by Dennis Hunter on behalf of the Djabugay traditional owners) and seven Australian premieres of international and Australian works;
- Commissioned a series of six short films from Australian and International graphic artists, inspired by our musicians and the music in our 2020 Season utilising the latest 3D animation technology to communicate humanity, emotion and the often visceral response we have to music; and
- Presented Australian art and artists on the world's most prestigious international stages in the second year of our residency at the Barbican Centre in London, The Lincoln Center in New York, Richardson Auditorium at Princeton University, Jordan Hall in Boston and Bing Concert Hall at Stanford University.

#### Access & Engagement:

- Maintained our position as Australia's truly national orchestra through 130 public performances across metropolitan and regional Australia, including 14 public performances across regional New South Wales, Queensland, Victoria and South Australia;
- Presented Australian art and artists on the world stage with 11 public performances in prestigious venues in the US and London;
- Delivered over 11,000 contact hours of music education activities to over 7,000 young people across Australia – including in regional Australia and Western Sydney;
- Delivered a side-by-side music education project with selected string players from the Guildhall School of Music and Drama in London;

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## DIRECTORS' REPORT (CONTINUED)

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### Access & Engagement: (continued)

- Continued collaborations with Gondwana Choirs and the Melbourne Indigenous Transition School and created a new relationship with Ngayampaa, Yuin, Bandjalang and Gumbangirr artist Eric Avery to connect the ACO with Indigenous Australians; and
- Continued to work with the NSW Government in the planning and development of an accessible ACO Music Centre as a hub for artistic exploration, music education, and community engagement.

### Sector Development:

- Offered a Learning & Engagement program of the highest artistic quality that is relevant to both students and teachers, as assessed by feedback obtained from participant surveys and interviews;
- Invested in the artistic development of our second ensemble, ACO Collective, through 2 projects with Artistic Director Pekka Kuusisto and a tour led by ACO Principal Violin Helena Rathbone;
- Nurtured the next generation of world class string players through our ACO Academy program for secondary school students and our elite ACO Emerging Artists' Program for tertiary and post-tertiary students with over 6 weeks of training and mentoring activity across the year; and
- Increased the capacity of the broader arts sector to make and tour excellent work through collaborations with Australian National Academy of Music, Gondwana Choirs, Penrith Symphony Orchestra and The Joan Sutherland Performing Arts Centre.

### Finance & Governance:

- Attracted and maintained a Board of Directors, an ensemble of musicians and a team of administration staff of the highest quality;
- Used our musicians' time most efficiently to reconcile national and international reach with the artistic wellbeing of the ensemble through our operational planning processes;
- Ensured that our business processes operate in the most effective and efficient way, with business improvement projects including the rollout of a new finance system, business intelligence tool and website;
- Ensured that our fundraising programs continue to evolve to reflect the changing needs of the organisation and the environment; and
- Continued to expand our funding programs to support international touring through the charitable entities of ACO UK and ACO US and through the creation and implementation of the ACO Japan Advisory Committee.

### Auditor's independence

The auditor's independence declaration for the year ended 31 December 2019 has been received and can be found on page 11.

Signed in accordance with a resolution of the directors.



**GUIDO BELGIORNO-NETTIS AM**  
Director

25 May 2020



# Auditor's Independence Declaration

**To the Directors of the Australian Chamber Orchestra Pty Limited:**

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of the Australian Chamber Orchestra Pty Limited and its controlled entities for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Steven J Miller &amp; Co'.

**STEVEN J MILLER & CO**

Chartered Accountants

A handwritten signature in black ink that reads 'S J Miller'.

**S J MILLER**

Registered Company

Auditor No 4286

Sydney

Dated 26 / 05 / 2020

Steven J Miller & Co  
Chartered Accountants  
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Liability limited  
by a Scheme,  
approved under  
the Professional  
Standards  
Legislation

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Note	Consolidated 2019 \$	2018 \$
<b>Revenue</b>	4		
Performance revenue	4(a)	8,313,546	7,519,001
Sponsorship and donation revenue	4(b)	7,815,765	10,675,071
Government funding revenue	4(c)	2,438,473	2,521,157
Other Revenue	4(d)	1,307,109	1,271,668
<b>Total Revenue</b>		<b>19,874,893</b>	<b>21,986,897</b>
<b>Expenses</b>	5		
Performance expenses		8,560,717	8,223,074
Marketing expenses		784,608	812,855
Development expenses		602,242	736,271
Overhead expenses		8,018,769	7,756,043
Unrealised (gain)/loss on financial securities	10	(738,506)	617,670
<b>Total expenses</b>		<b>17,227,830</b>	<b>18,145,913</b>
<b>Surplus before income tax</b>		<b>2,647,063</b>	<b>3,840,984</b>
Income tax expense	6	(338,511)	(138,536)
<b>Surplus for the year</b>		<b>2,308,552</b>	<b>3,702,448</b>
Deficit attributable to external unitholders	15	886,096	247,808
<b>Surplus attributable to the parent entity</b>		<b>3,194,648</b>	<b>3,950,256</b>
<b>Other Comprehensive Income</b>			
Revaluation increment of musical instruments	11	681,052	-
Movement in fair value of investments in rare, historical stringed instruments gain	12	1,128,372	285,902
<b>Other comprehensive income for the year, net of income tax</b>		<b>1,809,424</b>	<b>285,902</b>
Other comprehensive income attributable to external unitholders	15	(1,128,372)	(261,029)
<b>Other comprehensive income attributable to the parent entity</b>		<b>681,052</b>	<b>24,873</b>
<b>Total comprehensive income for the year attributable to the parent entity</b>		<b>3,875,700</b>	<b>3,975,129</b>

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

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	Note	Consolidated	
		2019	2018
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	4,585,600	8,653,194
Other financial assets	7(a)	6,000,000	6,750,000
Trade and other receivables	8	791,142	1,095,491
Inventories	9	-	4,896
Prepayments		352,844	651,694
<b>Total Current Assets</b>		<b>11,729,586</b>	<b>17,155,275</b>
<b>Non-current Assets</b>			
Financial securities	10	22,177,466	13,232,399
Other financial assets	7(a)	-	1,500,000
Property, plant and equipment	11	3,598,171	3,060,436
Investments in rare, historical stringed instruments	12	9,422,976	8,294,604
Inventories	9	-	1,792
Intangible assets	13	394,820	315,206
<b>Total Non-current Assets</b>		<b>35,593,433</b>	<b>26,404,437</b>
<b>Total Assets</b>		<b>47,323,019</b>	<b>43,559,712</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	932,017	2,252,593
Liability to external unitholders	15	500,000	-
Other provisions	16	779,396	704,253
Lease liabilities	17	94,083	-
Grant liabilities	18	130,865	156,307
Unearned revenue	19	5,518,158	6,174,393
<b>Total Current Liabilities</b>		<b>7,954,519</b>	<b>9,287,546</b>
<b>Non-current Liabilities</b>			
Liability to external unitholders	15	6,525,985	6,696,655
Other provisions	16	704,841	653,124
Lease liabilities	17	40,014	-
Provision for liquidity risk	20	1,280,040	732,455
Deferred tax liabilities	21	1,120,926	782,415
<b>Total Non-current Liabilities</b>		<b>9,671,806</b>	<b>11,032,643</b>
<b>Total Liabilities</b>		<b>17,626,325</b>	<b>18,152,195</b>
<b>NET ASSETS</b>		<b>29,696,694</b>	<b>25,407,517</b>
<b>EQUITY</b>			
Share capital	22	18	19
Reserves	23	27,014,982	13,571,160
Accumulated surpluses	23	2,681,694	11,836,338
<b>TOTAL EQUITY</b>		<b>29,696,694</b>	<b>25,407,517</b>

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

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	Note	Share Capital	Capital Challenge	Reserve Incentive Funding	Asset RV* Reserve	Designated/ Restricted Reserves	Accum. Funds	Total Equity
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2018 – AASB 139</b>		21	3,521,197	606,000	1,767,933	8,250,000	7,458,360	21,603,511
Adjustment on adoption of AASB 9		-	-	-	(675,386)	-	675,386	-
<b>Adjusted balance at 1 January 2018 – AASB 9</b>		21	3,521,197	606,000	1,092,547	8,250,000	8,133,746	21,603,511
Prior period adjustment		-	-	-	-	-	(171,121)	(171,121)
<b>Adjusted balance at 1 January 2018</b>		21	3,521,197	606,000	1,092,547	8,250,000	7,962,625	21,432,390
<b>Changes in Equity</b>								
Shares (forfeited)/issued	(2)	-	-	-	-	-	-	(2)
Surplus for the year	-	-	106,543	-	-	-	3,843,713	3,950,256
Other comprehensive income	-	-	-	-	24,873	-	-	24,873
Transfer from/(to) reserves	-	-	(30,000)	-	-	-	30,000	-
<b>Balance at 31 December 2018</b>	22/23	19	3,597,740	606,000	1,117,420	8,250,000	11,836,338	25,407,517
<b>Balance at 1 January 2019</b>		19	3,597,740	606,000	1,117,420	8,250,000	11,836,338	25,407,517
Adjustment on adoption of AASB 16		-	-	-	-	-	(18,785)	(18,785)
<b>Adjusted balance at 1 January 2019 – AASB 16</b>		19	3,597,740	606,000	1,117,420	8,250,000	11,817,553	25,388,732
Prior period adjustment		-	-	-	-	-	521,743	521,743
<b>Adjusted balance at 1 January 2019</b>		19	3,597,740	606,000	1,117,420	8,250,000	12,339,296	25,910,475
<b>Changes in Equity</b>								
Shares (forfeited)/issued	(1)	-	-	-	-	-	-	(1)
Surplus for the year	-	-	248,592	-	-	-	2,946,056	3,194,648
Other comprehensive income	-	-	-	-	681,052	-	-	681,052
Transfer (from)/to reserves	-	-	(3,846,332)	-	(89,480)	16,449,990	(12,603,658)	(89,480)
<b>Balance at 31 December 2019</b>	22/23	18	-	606,000	1,708,992	24,699,990	2,681,694	29,696,694

\*RV denotes Revaluation

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

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2019

	Note	Consolidated 2019 \$	2018 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		8,642,742	7,837,026
Receipts from sponsors and donors		6,633,811	9,834,243
Instrument Fund applications		548,799	1,849,997
Interest/dividends received		1,015,494	960,397
<b>Cash flows from government</b>			
Receipts from government grants		2,413,032	2,521,157
Net GST received		233,939	205,589
<b>Total cash received</b>		<b>19,487,817</b>	<b>23,208,409</b>
<b>Payments</b>			
Payments to employees		(9,004,914)	(7,906,422)
Payments to suppliers		(8,421,792)	(7,990,882)
<b>Total cash used</b>		<b>(17,426,706)</b>	<b>(15,897,304)</b>
<b>Net cash provided by operating activities</b>		<b>2,061,111</b>	<b>7,311,105</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sales of financial assets	10	3,000,926	2,406,918
Disposals of available-for-sale investments		8,250,000	13,733
<b>Total cash received</b>		<b>11,250,926</b>	<b>2,420,651</b>
<b>Payments</b>			
Payments for rare, historical instruments	12	-	(988,421)
Payments for property, plant, equipment and intangible assets	11/13	(172,144)	(470,343)
Purchases of available for sale financial instruments	10	(11,207,487)	(2,796,375)
Purchases of other financial assets		(6,000,000)	(8,250,000)
<b>Total cash used</b>		<b>(17,379,631)</b>	<b>(12,505,139)</b>
<b>Net cash used in investing activities</b>		<b>(6,128,705)</b>	<b>(10,084,488)</b>
<b>Net change in cash and cash equivalents</b>		<b>(4,067,594)</b>	<b>(2,773,383)</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>8,653,194</b>	<b>11,426,577</b>
<b>Cash and cash equivalents, end of year</b>	7	<b>4,585,600</b>	<b>8,653,194</b>

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

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### Note 1: General information and statement of compliance

The financial report includes the consolidated financial statements and notes of the Australian Chamber Orchestra Pty Ltd and controlled entities ('Group') for the year ended 31 December 2019.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Australian Chamber Orchestra Pty Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 31 December 2019 were approved and authorised for issuance by the Board of Directors on 25 May 2020.

### Note 2: Changes in accounting policies

#### 2.1 New Standards adopted as at 1 January 2019

##### AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit Entities

These Standards supersede all the income recognition requirements relating to private sector Not-for-Profit (NFP) entities and the majority of income recognition requirements relating to public sector NFP entities (previously in AASB 1004 *Contributions*). The new Standards have been applied as at 1 January 2019 using the modified retrospective approach. Under this method, the cumulative effect of initial application has not been adjusted to the opening balance of accumulated surpluses at 1 January 2019 as it does not have a material impact and comparatives are not restated. In accordance with the transition guidance, the new Standards have only been applied to contracts that are incomplete as at 1 January 2019.

On the date of initial application of AASB 15 and AASB 1058 on 1 January 2019, the impact to accumulated surpluses of the Group was as follows.

Impacted area	Note	Accumulated surpluses \$	Total equity \$
Membership revenue where there are not 'sufficiently specific' performance obligations	4(b)	45,383	45,383
<b>Total</b>		<b>45,383</b>	<b>45,383</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### 2.1 New Standards adopted as at 1 January 2019 (continued)

#### AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit Entities (continued)

The tables below highlight the impact of AASB 15 and AASB 1058 on the Consolidated Statement of Surplus and Other Comprehensive Income and the Consolidated Statement of Financial Position for the year ending 31 December 2018, under the modified retrospective approach. The adoption of AASB 15 did not have a material impact on the Consolidated Statement of Cash Flows.

Consolidated Statement of Surplus and Other Comprehensive Income for the year ended 31 December 2018 (Extract)	Note	As per AASB 1004 \$	Adjustments* \$	As per AASB 15 / AASB 1058 \$
Sponsorship and donation revenue	4b	10,675,071	45,383	10,720,454
Surplus before income tax		3,840,984	45,383	3,886,367
Surplus for the year		3,702,448	45,383	3,747,831
Total comprehensive income for the year attributable to parent entity		3,975,129	45,383	4,020,512

\*Adjustments for 2018 membership revenue, an increase of \$45,383

Consolidated Statement of Financial Position as at 31 December 2018 (Extract)	Note	As per AASB 1004 \$	Adjustments \$	As per AASB 15 / AASB 1058 \$
Unearned revenue	19	6,174,393	(45,383)	6,129,010
Current liabilities		15,984,201	(45,383)	15,938,818
Total liabilities		18,152,195	(45,383)	18,106,812
Net assets		25,407,517	(45,383)	25,362,134
Total Equity		25,407,517	(45,383)	25,362,134

#### AASB 16 Leases

AASB 16 *Leases* replaces AASB 117 *Leases* along with three AASB Interpretations (Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases-Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*).

The adoption of this new Standard has resulted in the Group recognising a right-of-use asset (see Note 11) and related lease liability (see Note 17) in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting AASB 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 2.1 New Standards adopted as at 1 January 2019 (continued)

#### AASB 16 Leases (continued)

The Group's incremental borrowing rate was estimated at 2.14% based on information presented by the RBA for the 5-year Government bond rate.

### Note 3: Summary of accounting policies

#### 3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

#### 3.2 Basis of consolidation

The consolidated financial statements consolidate those of the parent entity, Australian Chamber Orchestra Pty Ltd, and its controlled entities as at 31 December each year. The parent obtains and exercises control through having a majority of directors on the board of a controlled entity in common with the board of the parent entity. The term Group used throughout these financial statements means the parent entity and its controlled entities. Note 27 provides details of the entities comprising the Group.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity. All transactions and balances between Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Amounts reported in the financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests, 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.

#### 3.3 Revenue

Revenue comprises revenue from the sale of goods, performance revenue, government grants, fundraising activities and client contributions. Revenue for major activities and services is shown in Note 4.

From 1 January 2019, to determine when to recognise revenue, the Group's follows a 5-step process:

- 1 Identifying the contract with a customer

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 3.3 Revenue (continued)

- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's revenue sources. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies the performance obligations by transferring the promised goods or services to its customers. For performance obligations satisfied over time, the 'inputs method' is used as it provides a reliable measure of how much work has already been performed and how much remains. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as grant and unearned income liabilities in the Consolidated Statement of Financial Position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its Consolidated Statement of Financial Position, depending on whether something other than the passage of time is required before the consideration is due.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding goods and services taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. Details of the activity-specific recognition criteria are described below.

The following specific recognition criteria must also be met before revenue can be recognised:

#### **(a) Performance revenue**

Revenue from ticket sales is recognised in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income at the time of concert performances is delivered. Revenue in respect of productions not yet performed is included in the Consolidated Statement of Financial Position as unearned revenue under Current Liabilities.

#### **(b) Donations and bequests**

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.

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.

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for the year ended 31 December 2019

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### 3.3 Revenue (continued)

#### (c) Sponsorship revenue

From 1 January 2019 if the 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.

Prior to 1 January 2019, Sponsorship revenue was brought to account as income in the year in which sponsorship benefits are bestowed. A contribution of a non-financial asset is recognised as an asset when the Group gains control of the contributions. Accordingly, the fair value of the asset is recognised as revenue at the same date.

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.

#### (d) 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 company obtains control of the funds.

#### (e) Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised when the dividend is received.

### 3.4 Operating Expenses

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

### 3.5 Intangible assets

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

Costs include expenditure incurred in building or enhancing the parent entity's website, to the extent that it represents probable future economic benefits controlled by the company that can be reliably measured. Costs in relation to feasibility studies during the planning phase of a website and ongoing costs of maintenance during the operating phase are charged as expenses in the period in which they are incurred.

All intangible assets are accounted for using the cost method whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.6.

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for the year ended 31 December 2019

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### 3.5 Intangible assets (continued)

The following useful lives are applied:

- software: 3-5 years
- website: 3 years

Refer to Note 13 for movements during the year and amortisation methods used.

### 3.6 Property, plant and equipment

Leasehold improvements, IT equipment and other equipment are stated at historical cost less accumulated amortisation or depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount of a class of assets arising on a revaluation are credited to a revaluation reserve in equity. Decreases that offset previous increases in a class of assets are charged against the revaluation reserve in equity; all other decreases are charged to the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income. Any revaluation surplus remaining in equity on disposal of the assets is transferred to accumulated funds.

Refer to Note 11 for particulars of the revaluation to fair value, movements during the year and depreciation and amortisation methods used.

#### Depreciation and amortisation

Depreciation is calculated on a straight-line basis to write off the net cost or relevant amount of each item of plant and equipment over its expected useful life to the Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Musical Instruments held by the parent entity are considered to have an extremely long useful life and the directors are of the opinion that depreciation should not be recognised for these assets. The decision not to recognise depreciation for these assets will be reviewed annually. Similar to last year, in 2019 the directors are of the opinion that depreciation should not be recognised on these assets as the depreciation is immaterial.

The cost of improvements to or on leasehold properties is amortised over the remaining period of the lease or the estimated useful life of the improvement, whichever is the shorter.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 3.6 Property, plant and equipment (continued)

#### Depreciation and amortisation (continued)

The following useful lives are applied:

- musical instruments: 100-450 years
- leasehold improvements: life of lease
- plant and equipment: 3-10 years

#### Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date and an impairment loss recognised whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Impairment losses are recognised in the consolidated statement of surplus or deficit and other comprehensive income.

#### Capitalisation threshold

Property, plant and equipment and intangible assets costing \$5,000 (2018: \$5,000) and above, individually or forming a group of parts or components costing more than \$5,000 (2018: \$5,000) are capitalised.

#### Derecognition and disposal

Items of property, plant and equipment are derecognised on disposal. Gains or losses are determined by comparing any proceeds with the carrying amount of the assets and are included in surplus or deficit in the year the asset is derecognised and any amount included in surplus or deficit within other income or other expenses.

### 3.7 Investment in rare, historical stringed instruments

The Group invests in rare, historical stringed instruments for capital appreciation, and these are accounted for using the fair value model. Depreciation is not recognised on these assets due to their extremely long useful life and as they are held for capital appreciation. For new acquisitions, the fair value equates to the cost price.

The Board considers the valuation of the instruments each year. They are shown at fair value based on periodic, at least triennial, valuations by reputable valuers and the reasonableness of the fair 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 external 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 fair value of rare, historical musical instruments is immediately recognised in other comprehensive income as a change in fair value of rare, historical stringed instruments.

Refer to Note 12 for particulars of the fair value adjustments.

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### 3.8 Leases

#### Operating leases

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the Consolidated Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in surplus or deficit on a straight-line basis over the lease term. In the Consolidated Statement of Financial Position, right-of-use assets have been included in property, plant and equipment and lease liabilities as current and non-current liabilities.

#### Operating Leases – Measurement Basis for Comparatives

Where the Group is a lessee, and payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

### 3.9 Financial Instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions for the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through surplus or deficit, which are measured initially at fair value. Subsequent measure of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactions costs (where applicable).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### 3.9 Financial Instruments (continued)

#### Classification and subsequent measurement of financial assets (continued)

For the purpose of subsequent measurement, financial assets other than those designed and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised costs
- fair value through surplus or deficit (FVPL)
- equity instrument at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- the entities' business model for managing the financial assets
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in surplus or deficit are presented within finance costs, finance income of other financial items, except for impairment of trade receivable which is presented within other expenses.

#### Subsequent measurement financial assets

##### *Financial assets at amortised cost*

Financial assets measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cashflows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial derecognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long term deposits.

##### *Financial assets at fair value through profit of loss (FVPL)*

Financial assets that are held within a different business model other than 'hold to collect;' or hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

##### *Equity instruments at fair value through other comprehensive income (Equity FVOCI)*

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to surplus or deficit. Dividends

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### 3.9 Financial Instruments (continued)

#### *Equity instruments at fair value through other comprehensive income (Equity FVOCI) (continued)*

from these investments continue to be recorded as other income within the surplus or deficit unless the dividend clearly represents a return of capital.

#### *Impairment of Financial assets*

AASB 9's impairment requirements use more forward-looking information to recognised expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instruments.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while lifetime expected credit losses are recognised for the second category.

Measure of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

#### *Trade and other receivables*

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group has made no allowance for impairment in 2019 (2018: \$nil) based on prior historical experience.

#### *Classification and measurement of financial liabilities*

The Group's financial liabilities consists of trade and other payables.

Financial liabilities are initially measured at fair value, and where applicable adjusted for transaction costs unless the Group designated a financial liability at fair value through surplus or deficit.

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### 3.9 Financial Instruments (continued)

#### *Classification and measurement of financial liabilities (continued)*

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in surplus or deficit (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in a financial instrument's fair value that are reported in surplus or deficit are included within finance costs or finance income.

### 3.10 Inventories

Inventories comprise goods for resale and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. Costs are assigned to individual items of stock on the basis of weighted average costs.

### 3.11 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/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to surplus or deficit is the tax payable on taxable income. Current tax liabilities/(assets) are measured at amounts expected to be paid to/(recovered from) the relevant tax authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which Management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The company tax rate for the income year commencing on 1 July 2018, which applies to the Australian Chamber Orchestra Instrument Fund is 30% (2018: 30%).

### 3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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### 3.13 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.

### 3.14 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. 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. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation, is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

### 3.15 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage, salary levels, estimates of attrition rates and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period, on Australian Government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in surplus or deficit in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the statement of financial position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

#### Post-employment benefits plans

The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

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### 3.16 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.

### 3.17 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) when it is recognised as part of the cost of acquisition of an asset or as part of the expense. Receivables and payables in the Consolidated Statement of Financial Position are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis.

### 3.18 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.

### 3.19 Significant management judgements in applying accounting policies

When preparing the financial statements, Management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### (a) Estimation uncertainty

Information about the estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### (b) Fair 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.

#### (c) Useful lives of depreciable assets

Management reviews its estimates of the useful lives of its depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilisation of certain software and IT equipment.

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### 3.19 Significant management judgements in applying accounting policies (continued)

#### (d) Inventories

Management estimates the net realisable value of inventories by taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or market-driven changes that may reduce the future selling price.

#### (e) Long service leave

Long service leave liability is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### (f) Provision for liquidity risk

The provision for liquidity risk estimates the future cash outflows relating to the transaction costs and the liquidity risk of units in the Australian Chamber Orchestra Instrument Fund at the reporting date. The estimate of these outflows may vary from the actual outflows.

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	Consolidated	
	2019	2018
	\$	\$
<b>Note 4: Revenue</b>		
<b>Note 4(a) – Performance revenue</b>		
Subscription sales	4,288,741	4,275,720
Single ticket sales	3,359,662	2,800,105
Concert fees – Domestic	137,014	158,142
Concert fees – International	514,379	241,438
Other performance revenue	13,750	43,596
<b>Total Performance revenue</b>	<b>8,313,546</b>	<b>7,519,001</b>
<b>Note 4(b) – Sponsorship and donation revenue</b>		
Sponsorships – Cash	1,251,829	1,239,291
Sponsorships – Contra	461,411	840,828
Donations – General	3,550,566	3,650,998
Donations – New Premises Project	1,213,750	3,899,009
Bequests	338,982	-
Fundraising	796,920	781,349
Membership fees	202,307	104,176
Sponsor events	-	159,420
<b>Total Sponsorship and donation revenue</b>	<b>7,815,765</b>	<b>10,675,071</b>
<b>Note 4(c) – Government revenue funding</b>		
Australia Council for the Arts - Core Funding	1,978,245	1,947,092
Australia Council for the Arts - Project Funding	-	50,000
Create NSW – Core Funding	202,042	202,042
Create NSW – Project Funding	45,852	-
Create Infrastructure – Project Funding	71,185	-
Other government grants	141,149	322,023
<b>Total Government revenue funding</b>	<b>2,438,473</b>	<b>2,521,157</b>
<b>Note 4(d) – Other revenue</b>		
Interest, dividends and distributions	1,022,328	1,085,789
Foreign exchange gains/(losses)	6,510	(8,719)
Profit realised on sale of financial securities	140,351	13,733
Other revenue	137,920	180,865
<b>Total Other revenue</b>	<b>1,307,109</b>	<b>1,271,668</b>

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		Consolidated	
		2019	2018
	Note	\$	\$
<b>Note 5: Expenses</b>			
The surplus for the year includes the following specific items:			
Amount of inventories recognised as an expense		10,477	14,922
Depreciation expense	11	208,314	109,307
Amortisation expense	13	87,489	96,450
<i>Impairment recognised in surplus:</i>			
Deficit realised on sale of financial securities		-	19,726
Unrealised (gain)/ loss on financial securities	10	(738,506)	617,670
Provision for liquidity risk expense		547,585	142,616

### Note 6: Income Tax Expense

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 30% for year ended 31 December 2019 (2018: 30%) and the reported tax expense in surplus or deficit are as follows:

Surplus before tax		2,647,063	3,840,984
Domestic tax rate		30.0%	30.0%
<b>Expected tax expense</b>		<b>794,119</b>	1,152,295
Adjustment for tax-exempt income:			
Relating to not for profit status of parent entity		(619,883)	(1,110,734)
Restatement prior year deferred tax calculations due to changes in income tax rate to 30% for the year ended 31 December 2018 (2017: 27.5%)			
Relating to provision for liquidity risk		-	58,534
		164,275	38,441
<b>Tax expense</b>		<b>338,511</b>	138,536
Tax expense comprises:			
Current tax income		-	-
Deferred tax expense		338,511	138,536
<b>Tax expense</b>		<b>338,511</b>	138,536

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	Consolidated	
	2019	2018
	\$	\$
<b>Note 7: Cash and cash equivalents</b>		
Cash at bank and on hand	157,000	239,418
Short term deposits	4,428,600	8,413,776
<b>Total cash and cash equivalents</b>	<b>4,585,600</b>	<b>8,653,194</b>

### Note 7(a): Financial assets and liabilities

#### (i) Categories of financial assets and liabilities

Note 3.9 provides a description of each category of financial asset and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost 2019 \$	Assets at fair value through profit and loss (FVPL) 2019 \$	Equity fair value through other comprehensive income (FVOCI) 2019 \$	Total 2019 \$
<b>Financial assets</b>					
<b>Current</b>					
Cash and cash equivalents	7	4,585,600	-	-	4,585,600
Term deposit		6,000,000	-	-	6,000,000
Trade and other receivables	8	791,142	-	-	791,142
		<b>11,376,742</b>	<b>-</b>	<b>-</b>	<b>11,376,742</b>
<b>Non-current</b>					
Financial securities	10	-	22,177,466	-	22,177,466
		<b>-</b>	<b>22,177,466</b>	<b>-</b>	<b>22,177,466</b>
<b>Total financial assets</b>		<b>11,376,742</b>	<b>22,177,466</b>	<b>-</b>	<b>33,554,208</b>
<b>Financial liabilities</b>					
<b>Current</b>					
Trade and other payables	14	932,017	-	-	932,017
<b>Total financial liabilities</b>		<b>932,017</b>	<b>-</b>	<b>-</b>	<b>932,017</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### Note 7(a): Financial assets and liabilities (continued)

#### (i) Categories of financial assets and liabilities (continued)

	Notes	Amortised cost 2018 \$	Assets at fair value through profit and loss (FVPL) 2018 \$	Equity fair value through other comprehensive income (FVOCI) 2018 \$	Total 2018 \$
<b>Financial assets</b>					
<b>Current</b>					
Cash and cash equivalents	7	8,653,194	-	-	8,653,194
Term deposit		6,750,000	-	-	6,750,000
Trade and other receivables	8	1,095,491	-	-	1,095,491
		<b>16,498,685</b>	<b>-</b>	<b>-</b>	<b>16,498,685</b>
<b>Non-current</b>					
Term deposit		1,500,000	-	-	1,500,000
Financial securities	10	-	13,232,399	-	13,232,399
		<b>1,500,000</b>	<b>13,232,399</b>	<b>-</b>	<b>14,732,399</b>
<b>Total financial assets</b>		<b>17,998,685</b>	<b>13,232,399</b>	<b>-</b>	<b>31,231,084</b>
<b>Financial liabilities</b>					
<b>Current</b>					
Trade and other payables	14	2,252,593	-	-	2,252,593
<b>Total financial liabilities</b>		<b>2,252,593</b>	<b>-</b>	<b>-</b>	<b>2,252,593</b>

#### (ii) Financial assets at amortised costs

Financial assets at amortised cost include current term deposits with fixed interest rates between 1.68% to 2.75%. They all mature by 28 October 2020; or earlier.

#### (iii) Financial assets at fair value through profit of loss (FVPL)

Financial assets at FVPL include financial securities of \$22,177,466 (2018: \$13,232,399).

#### (iv) Financial assets classified as fair value through other comprehensive income (FVOCI)

The Group has nil assets classified as FVOCI. The parent has sold all its Instrument Fund units during the year. Previously, any Instrument Fund units held by the parent, the parent had made an irrevocable election on transition to classify unlisted equity securities as Equity FVOCI; these investments are eliminated on consolidation.

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	Consolidated	
	2019	2018
	\$	\$
<b>Note 8: Trade and other receivables</b>		
Trade receivables	272,267	73,015
Interest receivables	163,530	158,859
GST receivables	165,313	264,426
Other receivables	190,032	599,191
<b>Total trade and other receivables</b>	<b>791,142</b>	<b>1,095,491</b>

### Note 9: Inventories

CDs, DVDs and books on hand at net realisable value	-	6,688
	-	6,688
Current	-	4,896
Non-current	-	1,792
	-	6,688

### Note 10: Financial securities

#### Reconciliation of opening and closing balances of investments

Opening balance financial securities	13,232,399	13,460,612
Additions	11,207,487	2,796,375
Disposals	(3,000,926)	(2,406,918)
Revaluation increment/(decrement) through surplus and deficit (FVPL)	738,506	(617,670)
<b>Financial securities</b>	<b>22,177,466</b>	<b>13,232,399</b>

Unrealised gain/(loss) on financial securities arise as the ACO invests certain reserves for the long-term in diversified portfolios with equity exposures and the market fluctuates overtime. The revaluation increment noted above represent unrealised gain on financial securities as at the 31 December 2019.

### Note 11: Property, plant & equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

#### Leasehold improvements

Leasehold improvements – at cost	597,126	597,126
Accumulated amortisation	(597,126)	(506,175)
	-	90,951

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	Consolidated	
	2019	2018
	\$	\$
<b>Note 11: Property, plant &amp; equipment (continued)</b>		
<b>Plant &amp; equipment</b>		
Plant & equipment – at cost	2,065,559	2,264,151
Accumulated depreciation	(1,906,411)	(2,198,794)
	<u>159,148</u>	<u>65,357</u>
<b>Plant &amp; equipment</b>		
Musical instruments – at fair value	3,439,023	2,904,128
Accumulated depreciation	-	-
	<u>3,439,023</u>	<u>2,904,128</u>
<b>Total property, plant and equipment</b>	<u><u>3,598,171</u></u>	<u><u>3,060,436</u></u>

### Reconciliation of opening and closing balances

	Leasehold Improvements (at cost) \$	Plant & Equipment (at cost) \$	Musical Instruments (at fair value) \$	2019 Total \$
<b>Carrying amount at 1 January 2019</b>	<b>90,951</b>	<b>65,357</b>	<b>2,904,128</b>	<b>3,060,436</b>
Adj. on adoption of AASB 16	-	206,113	-	<b>206,113</b>
Additions	-	5,041	-	<b>5,041</b>
Revaluations	-	-	681,052	<b>681,052</b>
Impairment	-	-	-	-
Disposals	-	-	(146,157)	<b>(146,157)</b>
Depreciation / amortisation	(90,951)	(117,363)	-	<b>(208,314)</b>
<b>Carrying amount at 31 December 2019</b>	<b>-</b>	<b>159,148</b>	<b>3,439,023</b>	<b>3,598,171</b>

### Depreciation & Amortisation

The straight-line method of amortisation is used to amortise leasehold improvements over the remaining period of the lease. The straight-line method of depreciation is used to depreciate plant and equipment over its useful life. Musical Instruments are held at fair value and not depreciated on the basis that the depreciation for the current year is immaterial. Refer to Note 3.6 for further detail on the accounting policy on depreciation and amortisation for property, plant and equipment. Refer to Note 2.1 on AASB 16 *Leases*, the adoption of this new standard has resulted in the company recognising a right-of-use asset of net \$206,113 as at 1 January 2019 (\$426,440 at cost and accumulated depreciation of \$220,327).

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### Note 11: Property, plant & equipment (continued)

#### Revaluations

Musical instruments were revalued on 31 December 2019 (prior revaluation was in 2016) by reputable independent valuers. The valuations received are in USD, EUR, GBP and AUD. The directors are of the opinion that the carrying value of the instruments reflects the most recent formal valuation and exchange rate conversions as at 31 December 2019.

#### Disposals

There was no compensation received from the disposal of the musical instrument as at 31 December 2019.

	Consolidated	
	2019	2018
	\$	\$

### Note 12: Investments in rare, historical stringed instruments

Details of the Group's investment in rare, historical stringed instruments and their fair value are as follows:

Opening balance		<b>8,294,604</b>	7,020,281
Acquisitions – 1590 Amati Violin	12(a)	-	988,421
Net gain in fair value through other comprehensive income	12(b)	<b>1,128,372</b>	285,902
		<b>9,422,976</b>	<b>8,294,604</b>

Rare, historical stringed instruments are valued periodically by reputable valuers and the last formal valuation was approved by the Instrument Fund Board on 4 July 2019, effective 30 June 2019. These valuations were provided in US dollars. The directors of the Instrument Fund assessed the fair value of both instruments on the basis of the information from the three reputable valuers with the guidance of the Australian Chamber Orchestra Pty Ltd.

At 31 December 2019, 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 the Board approved on 4 July 2019, effective 30 June 2019 in US dollars and the AUD/USD exchange rate as at 30 June 2019. The directors of the parent are of the opinion that the 30 June 2019 value remains appropriate for 31 December 2019, notwithstanding any subsequent change in the exchange rate.

#### 12(a) Acquisition – 1590 Amati Violin

On 17 December 2018 the Instrument Fund purchased a *1590 Brothers Amati Violin* for \$988,421 (USD 700,000) excluding GST or \$1,087,263 including GST. The *1590 Brothers Amati Violin* was purchased from the Australian Chamber Orchestra Pty Ltd.

#### 12(b) Net (loss)/gain in the fair value through other comprehensive income

The 2018 gain from fair value adjustment of \$285,902 is solely due to movements in exchange rates.

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### Note 12: Investments in rare, historical stringed instruments (continued)

#### 12(b) Net (loss)/gain in the fair value through other comprehensive income (continued)

The 2019 gain from the fair value adjustment of \$1,128,372 is due to the combined impact of the informal valuation the Board approved on 4 July 2019, effective 30 June 2019, and the impact of exchange rate movements. The informal valuation resulted in a total increment of \$724,845 (USD 508,333) (2018: \$nil) and the remaining difference of \$403,527 (2018: \$285,902) is due to exchange rate movements.

	<b>Consolidated</b>	
	<b>2019</b>	2018
	\$	\$
<b>Note 13: Intangible assets</b>		
<b>At cost:</b>		
<b>Software</b>		
Software – at cost	559,852	421,589
Accumulated amortisation	(443,704)	(421,311)
	<u>116,148</u>	<u>278</u>
<b>Website</b>		
Website – at cost	334,407	772,059
Accumulated amortisation	(55,735)	(772,059)
	<u>278,672</u>	<u>-</u>
<b>Work-in-progress</b>		
WIP – at cost	-	314,928
Accumulated amortisation	-	-
	<u>-</u>	<u>314,928</u>
<b>Total intangible assets</b>	<u><b>394,820</b></u>	<u><b>315,206</b></u>

The new website and finance and business intelligence reporting systems were completed and put into use during the 2019 year, which reduced the work in progress (WIP) balance held at the end of 2018 to \$nil. The old website assets held were fully written down, decommissioned and disposed of during the 2019 year when the new website was launched to the public.

#### Reconciliation of opening and closing balances of balances

	Software (at cost)	Website (at cost)	WIP (at cost)	2019 Total
	\$	\$	\$	\$
<b>Carrying amount at 1 January 2019</b>	278	-	314,928	315,206
Additions	147,624	334,407	(314,928)	167,103
Impairment	-	-	-	-
Depreciation / amortisation	(31,754)	(55,735)	-	(87,489)
<b>Carrying amount at 31 December 2019</b>	<u><b>116,148</b></u>	<u><b>278,672</b></u>	<u><b>-</b></u>	<u><b>394,820</b></u>

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### Note 13: Intangible assets (continued)

The straight-line method is used to amortise Software. An impairment review of the website was undertaken during the year ended 31 December 2019. Amortisation and impairment are included in the overhead expenses line in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income.

	2019	Consolidated 2018
	\$	\$
<b>Note 14: Trade and other payables</b>		
Trade creditors	259,371	998,343
Accrued expenses	340,924	795,251
Other payables	331,722	458,999
<b>Total trade and other payables</b>	<b>932,017</b>	<b>2,252,593</b>

### Note 15: Liability to external unitholders

Movement in the liability to external unitholders in the Australian Chamber Orchestra Instrument Fund ("the Fund") during the period were as follows:

<b>Opening balance</b>	<b>6,696,655</b>	4,735,539
Applications	608,798	801,574
New units issued	-	988,421
Adjustment for brought forward profits attributable to current unitholders	(521,744)	171,121
Prior year total comprehensive loss attributable to external unitholders	-	(13,221)
Current year total comprehensive income attributable to external unitholders	242,276	13,221
<b>Closing balance</b>	<b>7,025,985</b>	<b>6,696,655</b>
Current	500,000	-
Non-current	6,525,985	6,696,655
	<b>7,025,985</b>	<b>6,696,655</b>
Current year total comprehensive income attributable to external unitholders:		
Deficit	(886,096)	(247,808)
Other comprehensive income	1,128,372	261,029
	<b>242,276</b>	<b>13,221</b>

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.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### Note 15: Liability to external unitholders (continued)

#### 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. A unit in the Fund is an illiquid investment. The Trustee will provide periodic withdrawal opportunities under which a limited number of units will be purchased by the Australian Chamber Orchestra Pty Ltd on a pro-rata basis from investors who wish to participate in the relevant withdrawal opportunity. The Trustee intends to provide these withdrawal opportunities every three years. The first withdrawal window opportunity for redemption since the creation of the Fund arose in 2014 at which time 50,000 units were redeemed. The second withdrawal window was from 1 July to 21 July 2017 and no redemptions were received. The next opportunity will be from 1 July to 21 July 2020.

Additionally, if the Trustee determines that the Fund's cash levels materially exceed its forecast requirements, it may 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 2019.

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
<b>Note 16: Other provisions</b>		
Reconciliation of other provisions:		
Opening balance	<b>1,357,377</b>	1,418,045
Provided/(Utilised) during the year	<b>126,860</b>	(60,668)
Closing balance	<b>1,484,237</b>	1,357,377
Analysis of provisions		
Current:		
Provision for employee benefits	<b>665,457</b>	592,219
Make good provision	<b>113,939</b>	112,034
	<b>779,396</b>	704,253
Non-current:		
Provision for employee benefits	<b>704,841</b>	653,124
	<b>704,841</b>	653,124

### Note 17: Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

Current	<b>94,083</b>	-
Non-current	<b>40,014</b>	-
	<b>134,097</b>	-

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### Note 17: Lease liabilities (continued)

At the reporting date, with the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheets as a right-of-use asset (under plant and equipment) and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset. The group classifies its right of use assets in a consistent manner to its property, plant and equipment (see Note 11).

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
<b>Note 18: Grant liabilities</b>		
Playing Australia	<b>130,865</b>	156,307
	<b>130,865</b>	156,307
<b>Note 19: Unearned revenue</b>		
Performance income in advance	<b>5,245,103</b>	5,328,393
Trust and Foundations in advance	<b>150,000</b>	280,639
Sponsorships in advance	<b>96,666</b>	487,865
Other unearned revenue	<b>26,389</b>	77,496
	<b>5,518,158</b>	6,174,393
<b>Note 20: Provision for liquidity risk</b>		
Provision for liquidity risk	<b>1,280,040</b>	732,455
Provision cost per unit	<b>\$0.26</b>	\$0.15

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.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

	Consolidated 2019 \$	2018 \$
<b>Note 21: Deferred tax liabilities</b>		
The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. Deferred tax liabilities arising from temporary differences can be summarised as follows:		
<b>Investment in rare, historical stringed instruments at 1 January 2019</b>		
	782,415	643,879
Adjustment for tax rate change from 27.5% to 30% in 2018. 2019 remained at 30%	-	58,534
Change in fair value of musical instruments recognised in comprehensive income	338,511	85,771
Deferred tax timing differences	-	(5,769)
Closing Balance at 31 December 2019	<u>1,120,926</u>	<u>782,415</u>
	<b>2019 Number of Shares</b>	<b>2018 Number of Shares</b>
<b>Note 22: Share capital</b>		
<b>Authorised:</b>		
Ordinary shares of \$1 each	<u>100</u>	<u>100</u>
Shares in the parent entity may not be transferred or otherwise dealt with except as set out in the parent entity's Constitution.		
Ordinary shareholders are not entitled to receive any dividends, bonuses or fees, nor are they entitled to a share of the proceeds upon a 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 upon a poll each share is entitled to one vote only.		
<b>Issued:</b>		
Ordinary shares of \$1 each fully paid	<u>18</u>	<u>19</u>

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

	Consolidated 2019 \$	2018 \$
<b>Note 23: Reserves and accumulated surpluses</b>		
<b>Reserves</b>		
Asset revaluations:		
Surplus to external unitholders	(2,033,276)	(904,903)
Musical Instruments	3,742,268	2,022,323
Designated/Restricted reserve	24,699,990	8,250,000
Reserve Incentive Funding Scheme	606,000	606,000
Capital Challenge	-	3,597,740
	<u>27,014,982</u>	<u>13,571,160</u>

**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.

**Designated/Restricted reserves** consist of:

- **New Premises Project – One-off Capital Payments to NSW Government and Fit out costs**  
Reserves established to fund the expected capital payments required to NSW Government for the new premises in the Walsh Bay Arts Precinct Project at Pier 2/3. Payments will commence upon practical completion of the new premises. In addition, these reserves have been established for the expected Fit out and transition to the new premises.

On 4 March 2020, the Australian Chamber Orchestra signed Agreements for Sublease with the NSW Government for its new premises in the Walsh Bay Arts Precinct Project at Pier 2/3. The documents were executed by the NSW Government Arts Minister on 13 March 2020. The ACO estimates that the cost of all furniture, fittings and equipment, government payments, design and consultancy and relocation costs to deliver its home on Pier 2/3, will be in excess of \$20 million

- **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 2020.
- **Other tied donations/restricted projects**  
Funds received by donors with a specific purpose and to support activities over a number of years, and funds transferred for retired capital challenge reserve to support ACO future projects.

**Reserve Incentive Funding Scheme** consists of:

The funds received under the Reserve Incentive Funding Scheme, together with the parent entity's contribution are held in escrow and are subject to the terms and conditions of the Reserves Incentive Funding Scheme agreement. They have not been used to secure any liabilities of the parent entity. Any net income earned from the reserves is available for use by the parent entity without further restriction.

**Capital Challenge reserves** consist of:

The ACO Capital Challenge was a secure fund which will permanently strengthen the ACO.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### Note 23: Reserves and accumulated surpluses (continued)

**Capital Challenge reserves** consist of: (continued)

During the year the Capital Challenge earned net income of \$114,460 (2018: net income of \$133,724) and had an unrealised gain of \$134,132 (2018 unrealised loss of \$27,181). This reserve was transferred to Designated/Restricted reserves, to support ACO future projects as at 31 December 2019.

	Consolidated	
	2019	2018
Note	\$	\$
<b>Accumulated surpluses</b>	<b>2,681,694</b>	11,836,338
<b>Reconciliation of movements during the year</b>		
Opening balance	11,836,338	7,458,360
Adjustment due to adoption of AASB 9	-	675,386
Adjustment due to adoption of AASB 16	(18,785)	-
Prior period adjustment – AASB 9 & AASB 16	521,743	(171,121)
Surplus for the year	2,946,056	3,843,713
Transferred to Designated/Restricted reserves	(12,603,658)	30,000
<b>Closing balance</b>	<b>2,681,694</b>	11,836,338

### Note 24: Fair value measurement

#### 24.1 Fair value measurement of financial assets

Financial securities	10	22,177,466	13,232,399
<b>Net fair value</b>		<b>22,177,466</b>	13,232,399

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.

#### 24.2 Fair value measurement of non-financial assets

Rare, historical stringed instruments	12	9,422,976	8,294,604
Plant and equipment – Musical instruments	11	3,439,023	2,904,128
<b>Net fair value</b>		<b>12,861,999</b>	11,198,732

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

All rare historical musician instruments; The *Stradivarius 1728/29 violin*, the *Guarneri 1714 violin*, the *1616 Brothers Amati Cello* and the *1590 Brothers Amati Violin* were formally revalued effective on

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### Note 24: Fair value measurement (continued)

#### 24.2 Fair value measurement of non-financial assets (continued)

30 June 2019 (2018: 31 March 2017) with an effective AUD/USD exchange rate as at 30 June 2019. The directors of the parent are of the opinion that the 30 June 2019 value remains appropriate for 31 December 2019, notwithstanding any subsequent change in the exchange rate. Refer to Note 12 for further details.

Musical Instruments were formally revalued in the year ended 31 December 2019. Refer to Note 11 for further details.

	Consolidated 2019	2018
	\$	\$
	<u>                    </u>	<u>                    </u>

### Note 25: Commitments for expenditure

#### Operating leases – Premises and Office Equipment

Total future minimum lease payments under non-cancellable operating leases payable:

Within one year	521,009	233,659
Later than one and not later than five years	16,877	226,190
	<u>537,886</u>	<u>459,849</u>

Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise of monthly rental agreements for office equipment expiring between September 2020 and August 2022 and the office premises lease which expires in November 2020.

There are no contingent rents payable, renewal or purchase options nor escalation clauses.

### Note 26: Credit standby arrangements

The parent entity has an unsecured bank overdraft facility in the amount of \$150,000.

Total amount of credit unused at 31 December 2019	<u>150,000</u>	<u>150,000</u>
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### Note 27: Related party transactions

#### Controlled entities

The Australian Chamber Orchestra Instrument Fund Pty Ltd was a controlled entity at 31 December 2019. The entity was incorporated on 10 December 2010. 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 the majority of the directors of the entity are directors of Australian Chamber Orchestra Pty Ltd.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

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### Note 27: Related party transactions (continued)

#### Controlled entities (continued)

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 2019, the entity held cash of \$15 (2018: \$60,014), in trust for applicants for units in the Australian Chamber Orchestra Instrument Fund.

The Australian Chamber Orchestra Instrument Fund was a controlled entity at 31 December 2019. The entity was formed on 14 July 2011. As at 31 December 2019, the entity held cash of \$556 (2018: \$556).

As at 31 December 2019, the entity had issued 4,845,507 units (2018: 4,845,507 units) and the Australian Chamber Orchestra Pty Ltd currently does not hold any of these units (2018: 423,087 units).

The Instrument Fund Board undertook an informal valuation of the current units and agreed at the 4 July 2019 Board meeting, effective 30 June 2019, to increase the current unit price to \$1.45 (2018: \$1.40) and increase the fair value of the Funds' musical instruments by \$1,128,372.

Named of controlled entity	Reporting Date	Ownership Interest	Ownership Interest
		31 Dec 2019	31 Dec 2018
Australian Chamber Orchestra Instrument Fund Pty Ltd	30 June	0%	0%
Australian Chamber Orchestra Instrument Fund	30 June	0%	8.7%

#### Transactions with related parties

On 17 December 2018 the Fund purchased a rare *1590 Brothers Amati Violin* for \$988,421 excluding GST or \$1,087,263 including GST. The *1590 Brothers Amati Violin* was purchased from the parent entity for cash of \$988,421 and a promissory note of \$98,842 to the parent entity to be paid once the ATO refund of the GST on *1590 Brothers Amati Violin* was received (subsequently repaid to the parent entity on 6 March 2019).

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 \$134,296 (2018: \$135,034) on behalf of Australian Chamber Orchestra Instrument Fund Pty Ltd during the year ended 31 December 2019. These costs are not subject to reimbursement by the Australian Chamber Orchestra Instrument Fund Pty Ltd.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### Note 27: Related party transactions (continued)

#### Transactions with related parties (continued)

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

2019 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value \$1.45/unit	Interest Held	Distributions Paid
Trustees for the Languedoc Superannuation Fund	96,428	117,204	-	213,632	309,766	4.4%	-
JG Taberner	-	107,830	-	107,830	156,354	2.2%	-
J Steiner	-	15,000	-	15,000	21,750	0.3%	-
WD Best	100,000	-	-	100,000	145,000	2.1%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	290,000	4.1%	-
<b>Total</b>	<b>396,428</b>	<b>240,034</b>	<b>-</b>	<b>636,462</b>	<b>982,870</b>	<b>13.1%</b>	<b>-</b>

2018 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value \$1.40/unit	Interest Held	Distributions Paid
Trustees for the Languedoc Superannuation Fund	-	96,428	-	96,428	134,999	2.0%	-
WD Best	100,000	-	-	100,000	140,000	2.0%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	280,000	4.1%	-
<b>Total</b>	<b>300,000</b>	<b>96,428</b>	<b>-</b>	<b>396,428</b>	<b>554,999</b>	<b>8.1%</b>	<b>-</b>

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

	<b>Consolidated</b>	
	<b>2019</b>	2018
	<b>\$</b>	<b>\$</b>
<b>Note 28: Parent entity information</b>		
Information related to the Australian Chamber Orchestra Pty Ltd		
Current assets	<b>34,062,304</b>	32,580,357
Non-current assets	<b>3,872,166</b>	3,060,714
<b>Total assets</b>	<b>37,934,470</b>	35,641,071
Current liabilities	<b>7,479,706</b>	9,061,947
Non-current liabilities	<b>744,854</b>	653,124
<b>Total liabilities</b>	<b>8,224,560</b>	9,715,071
<b>Net assets</b>	<b>29,709,910</b>	25,926,000
Share capital	<b>12</b>	13
Reserves	<b>26,500,085</b>	13,225,498
Accumulated funds	<b>3,209,813</b>	12,700,489
<b>Total equity</b>	<b>29,709,910</b>	25,926,000
<b>Surplus for the year</b>	<b>3,194,648</b>	3,988,350
<b>Other comprehensive income attributable to the parent entity</b>	<b>697,528</b>	-
<b>Total comprehensive income for the year</b>	<b>3,892,176</b>	3,988,350

### Note 29: Contingent liabilities

There are no contingent liabilities that have been incurred by the Group in relation to 2019 or 2018.

### Note 30: Post-reporting date events

On 4 March 2020 the Australian Chamber Orchestra signed Agreements for Sublease with the NSW Government for its new premises in the Walsh Bay Arts Precinct Project at Pier 2/3. The documents were executed by the NSW Government Arts Minister on 13 March 2020. The ACO estimates that the cost of all furniture, fittings and equipment, government payments, design and consultancy and relocation costs to deliver its home on Pier 2/3, will be in excess of \$20 million.

Since 31 December 2019, the ACO has been impacted by the evolving situation surrounding the COVID-19 pandemic and the unprecedented restrictions on mass gatherings for live performances and travel bans. The inability to hold performances presents significant adverse impacts on operations in 2020 and beyond. The final magnitude of the financial impact is not known at this stage, however, combined with the ACO commitments towards the new premises project, does put significant pressure

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

### Note 30: Post-reporting date events (continued)

on the Group's cash flows. The ACO continues to monitor and adjust operations to reduce the cash flow pressures of the Group. Current financial modelling shows enough reserves to sustain operations for 2020 and 2021.

It is important to note that the Group has continued to receive all of its core funding for 2020 from Create NSW and the Australia Council for the Arts. Further, the Federal Government has injected funding into the economy to keep Australians in work, and businesses in business, under the JobKeeper Payment scheme until 28 September 2020.

### Note 31: Charitable fundraising

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

	<b>Consolidated</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Details of aggregate gross fundraising income and expenditure:</b>		
Gross proceeds from fundraising appeals	<b>5,900,217</b>	8,331,356
Less: Costs of fundraising	<b>(569,096)</b>	(748,833)
<b>Net surplus from fundraising appeals</b>	<b>5,331,121</b>	7,582,523
Application of funds to parent entity total expenses	<b>(4,270,810)</b>	(4,120,650)
<b>Balance to accumulated funds</b>	<b>1,060,311</b>	3,461,873
<b>Balance to accumulated funds:</b>		
<b>Balance at beginning of year</b>	<b>6,866,322</b>	3,404,449
Surplus for the current year	<b>1,060,311</b>	3,461,873
<b>Balance end of year</b>	<b>7,926,633</b>	6,866,322

### Application of funds:

Of the net surplus from fundraising appeals, net of direct costs in 2019 of \$4,270,810 (2018: \$4,120,650) was applied to the Company's total expenses, in line with the ACO's charitable purpose. The balance of accumulated funds at the end of the 2019 financial year of \$7,926,633 (2018: \$6,866,322) is being held in total assets in the Statement of Financial Position, for expenditure in future years.

### Agents:

The Company did not conduct any fundraising appeals in which traders were engaged.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2019

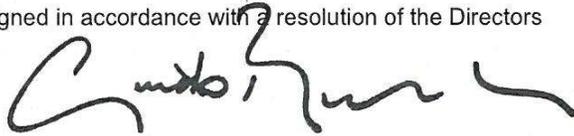
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**Directors' Declaration** – per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

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

- (a) The consolidated financial statements and notes of Australian Chamber Orchestra Pty Limited are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - i - Giving a true and fair view of its financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and
  - ii - Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012; and
- (b) There are reasonable grounds to believe that the Australian Chamber Orchestra Pty Limited is able to pay its debts, as and when they become due and payable.

Signed in accordance with a resolution of the Directors



GUIDO BELGIORNO-NETTIS AM  
Director  
25 May 2020

**DECLARATION BY CHAIRPERSON AS REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 (NSW)**

- (a) the accounts for the year ended 31 December 2019, give a true and fair view of all income and expenditure of Australian Chamber Orchestra Pty Limited with respect to fundraising appeals; and
- (b) the statement of financial position as at 31 December 2019 gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by Australian Chamber Orchestra Pty Limited are appropriate and effective in accounting for all income received and applied from any of its fundraising appeals.



GUIDO BELGIORNO-NETTIS AM  
Director  
25 May 2020



# Independent Audit Report

To the members of the Australian Chamber  
Orchestra Pty Limited

## Report on the Consolidated Financial Statements

### Opinion

I have audited the accompanying consolidated financial statements of the Australian Chamber Orchestra Pty Limited (the company) and its controlled entities (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of surplus or deficit and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In my opinion, the accompanying financial report of the consolidated group gives a true and fair view of the Group's consolidated position as at 31 December 2019 and of its financial performance and cash flows for the year then ended in accordance with:

- (a) Australian Accounting Standards and
- (a) Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

### Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated group's financial report for the year ended 31 December 2019, but does not include the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion.

# Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

## **Other Information** continued

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

## **Directors' Responsibility for the Financial Report**

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

In preparing the financial report, Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or its consolidated entities or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibility for Audit of the Financial Report**

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

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

- (a) Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

## **Auditor's Responsibility for Audit of the Financial Report continued**

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

## **Report on Other Legal and Regulatory Requirements**

### **Additional Scope Pursuant to the Charitable Fundraising Act 1991**

In addition, my audit report has been prepared for the members of the company in accordance with Section 24(2) of the *Charitable Fundraising Act 1991*.

Accordingly, I have performed additional work beyond that which is performed in my capacity as auditor. These additional procedures included obtaining an understanding of the internal control structure for fund raising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising Act 1991 and Regulations. It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal period end financial adjustments for such matters as accrual, prepayments, provisioning and valuation necessary for year end financial statement preparation. The performance of my audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial statements. The review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems. The audit opinion expressed in this report pursuant to the Charitable Fundraising Act 1991 and Regulations has been formed on the above basis.

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

# Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

## Opinion pursuant to the Charitable Fundraising Act 1991

In my opinion:

- (a) The financial report of the company gives a true and fair view of the financial result of fundraising appeal activities for the year ended 31 December 2019;
- (b) The financial report has been properly drawn up, and the associated records have been properly kept for the year ended 31 December 2019, in accordance with the Charitable Fundraising Act 1991 and its Regulations;



**STEVEN J MILLER & CO**

Chartered Accountant



**S J MILLER**

Registered Company Auditor

No 4286

Sydney

Dated 26/05/2020