

OUR FINANCIALS

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Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Directors' report for the year ended 31 December 2017

The Directors present their report together with the financial statements of Queensland Symphony Orchestra Holdings Ltd (the Company) for the year ended 31 December 2017 and the Auditor's report thereon. The financial statements are for the consolidated economic entity (the Group) comprising Queensland Symphony Orchestra Holdings Ltd and two controlled entities, Queensland Symphony Orchestra Pty Ltd and Internet Classics Pty Ltd.

The Directors of the Company during the 2017 financial year were:

G K Wanchap	Chair of the Board and Remuneration Committee Resigned 31 December 2017
R Pilbeam	Deputy Chair of the Board
J Keep	Company Secretary
T Keane	Chair of the Finance Audit and Risk Management Committee
T Denholder	Chair of the Membership Committee
M Barrett	Chair of the Artistic Consultative and Development Committee
MJ Bellotti	Chair of the Future Fund Advisory Board
C Matson	Board member
E Covacevich	Appointed 26 July 2017 as a Board member

The Directors were in office for the whole year or from their date of appointment, up to the date of the financial report, or up to the date of their resignation. Chris Freeman was appointed as Chair of the Board on 1 January 2018.

BOARD AND COMMITTEE MEETINGS

The number of board and committee meetings held and attended by directors is shown below.

Directors	Queensland Symphony Orchestra Holdings Ltd				Queensland Symphony Orchestra Pty Ltd					
	Board		Membership Committee		Board		Finance Audit and Risk Committee		Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
G K Wanchap	5	5	-	-	10	9	10	9	3	3
R Pilbeam	5	4	-	-	10	8	10	8	-	-
J Keep	5	4	-	-	10	8	10	9	-	-
T Keane	5	5	-	-	10	9	10	10	3	3
T Denholder	5	4	-	-	10	10	-	-	3	3
M Barrett	5	4	-	-	10	6	-	-	3	3
MJ Bellotti	5	3	-	-	10	9	-	-	-	-
C Matson	5	4	-	-	10	8	-	-	-	-
E Covacevich	2	2	-	-	4	4	-	-	-	-

(A) number of meetings for which the Director was eligible to attend

(B) number of meetings attended by the Director

Queensland Symphony Orchestra Holdings Ltd
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Directors' report for the year ended 31 December 2017

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the performance of orchestral music. There were no significant changes in the nature of the activities of the Group during the year.

REVIEW AND RESULTS OF OPERATIONS

The Company presented 193 performances during the twelve months ended 31 December 2017 including 54 pit services for performances of Opera Queensland and Queensland Ballet and 32 performances as a hired orchestra. The majority of the Company's concerts were held in the Queensland Performing Arts Centre Concert Hall. The net surplus for the year ended 31 December 2017 was \$525,855. The comparative year ended 31 December 2016 was \$249,583.

STATE OF AFFAIRS

In the opinion of the Directors, there were no other significant changes in the underlying state of affairs of the Group that occurred during the financial year. The Group has scheduled performances of orchestral music which it will continue to present during the 2018 financial year. The Group's financial viability is dependent on maintaining its current level of state and federal government funding, donations, corporate sponsorship, commercial hire and ticket sales.

DIVIDENDS

No dividends were paid or proposed during the financial year ended 31 December 2017.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Since the end of the previous financial year the Group has not indemnified nor made a relevant agreement for indemnifying against a liability arising against any person who is or has been a director or officer of the Group.

During the financial year ended 31 December 2017, the Group paid insurance premiums for directors' and officers' liability. Subsequent to the end of the financial year, the Group has paid premiums in respect of such insurance contracts for the year ended 31 December 2018. Such insurance contracts insure persons who are or have been directors or officers of the Group against certain liabilities (subject to policy exclusions). The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

AUDITOR'S INDEPENDENCE

The Directors have received a declaration of independence from the Auditors at page 20 of the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

There are not any events that have occurred after balance date that materially affect the financial statements for 31 December 2017.

This report is signed in accordance with a resolution of the Directors on 26 April 2018.



Mr Chris Freeman AM
Chair
Brisbane

Queensland Symphony Orchestra Holdings Ltd

A.B.N. 55 122 464 706

Statement of comprehensive income for the year ended 31 December 2017

	Notes	Consolidated 2017 \$	Consolidated 2016 \$
REVENUE			
Funding revenue	5	11,067,808	11,063,457
Ticket sales	6	3,477,880	3,298,506
Sponsorship, donations and membership revenue	7	1,787,998	2,744,392
Orchestral hire and fees		1,247,833	888,705
Other revenue	8	303,372	596,207
Total revenue		17,884,891	18,591,267
EXPENSES			
Employee expenses	9b	11,712,444	11,068,247
Artists fees and expenses		1,118,280	1,569,889
Travel expenses		678,443	696,674
Marketing expenses		550,761	749,646
Production expenses		1,257,073	877,940
Service fees		136,441	291,441
Depreciation and amortisation	9a	513,592	510,305
Other expenses		1,392,002	2,577,542
Total expenses		17,359,036	18,341,684
NET PROFIT/(LOSS) FOR THE YEAR		525,855	249,583

The Statement of comprehensive income should be read in conjunction with the notes on pages 44 to 55

Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Statement of financial position as at 31 December 2017

	Notes	Consolidated 2017 \$	Consolidated 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	18	542,062	1,045,893
Trade and other receivables	12	1,080,478	523,858
Other	13	5,973,690	5,117,251
Total current assets		7,596,230	6,687,002
NON CURRENT ASSETS			
Property, plant and equipment	14	631,841	743,574
Southbank lease premium	11	12,434,112	12,784,112
Total non-current assets		13,065,953	13,527,684
TOTAL ASSETS		20,662,181	20,214,686
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	1,061,188	1,033,360
Deferred revenue	16	2,171,637	2,374,755
Provisions	17	2,256,092	2,185,923
Total current liabilities		5,488,917	5,594,038
NON CURRENT LIABILITIES			
Deferred revenue	16	190,000	300,000
Provisions	17	410,586	273,825
Total non-current liabilities		600,586	573,825
TOTAL LIABILITIES		6,089,503	6,167,863
NET ASSETS		14,572,678	14,046,823
EQUITY			
Reserves		1,550,119	1,675,619
Retained Earnings Southbank Building	11	12,434,112	12,784,112
Retained Earnings		588,447	(412,908)
Total Equity		14,572,678	14,046,823

The Statement of financial position should be read in conjunction with the notes on pages 44 to 55

Queensland Symphony Orchestra Holdings Ltd

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Statement of changes in equity for the year ended 31 December 2017

	Retained Earnings	Retained Earnings Southbank	Reserve Incentive	Artistic Reserve	Education Reserve	Touring Reserve	Instrument Reserve	Other Reserve	Total Equity
As at 1 January 2017	\$ (412,908)	\$ 12,784,112	\$ 1,251,000	\$ 84,500	\$ 140,119	\$ 200,000	\$ -	\$ -	\$ 14,046,823
Net surplus for the year	525,855	-	-	-	-	-	-	-	525,855
Transfer(from) to Artistic Reserve	-	-	-	-	-	-	-	-	-
Transfer(from) to Education Reserve	13,500	-	-	-	(13,500)	-	-	-	-
Transfer(from) to Touring Reserve	200,000	-	-	-	-	(200,000)	-	-	-
Transfer(from) to Instrument Reserve	-	-	-	-	-	-	-	-	-
Transfer(from) to Other Reserve	(88,000)	-	-	-	-	-	-	88,000	-
Lease Amortisation	350,000	(350,000)	-	-	-	-	-	-	-
As at 31 December 2017	588,447	12,434,112	1,251,000	84,500	126,619	-	-	88,000	14,572,678
	Retained Earnings	Retained Earnings Southbank	Reserve Incentive	Artistic Reserve	Education Reserve	Touring Reserve	Instrument Reserve	Other Reserve	Total Equity
As at 1 January 2016	\$ (1,093,691)	\$ 13,134,112	\$ 1,251,000	\$ 84,500	\$ 140,119	\$ 200,000	\$ 81,200	\$ -	\$ 13,797,240
Net surplus for the year	249,583	-	-	-	-	-	-	-	249,583
Transfer(from) to Artistic Reserve	-	-	-	-	-	-	-	-	-
Transfer(from) to Education Reserve	-	-	-	-	-	-	-	-	-
Transfer(from) to Touring Reserve	-	-	-	-	-	-	-	-	-
Transfer(from) to Instrument Reserve	81,200	-	-	-	-	-	(81,200)	-	-
Lease Amortisation	350,000	(350,000)	-	-	-	-	-	-	-
As at 31 December 2016	(412,908)	12,784,112	1,251,000	84,500	140,119	200,000	-	-	14,046,823

The Statement of changes in equity should be read in conjunction with the notes on pages 44 to 55

Queensland Symphony Orchestra Holdings Ltd
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Cash flow statement for the year ended 31 December 2017

	Notes	Consolidated 2017 \$	Consolidated 2016 \$
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		5,817,750	7,861,310
Cash payments in the course of operations		(16,610,684)	(18,892,818)
Grants received from funding bodies		11,067,808	11,063,457
Interest received		131,967	124,813
Net cash provided/(used) in operating activities	18b	406,841	156,762
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments to term deposits		(858,813)	(1,543,177)
Payments for property, plant and equipment		(51,859)	(132,749)
Net cash provided/(used) in investing activities		(910,672)	(1,675,926)
Net increase/(decrease) in cash held		(503,831)	(1,519,164)
Cash and cash equivalents beginning of year		1,045,893	2,565,057
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18a	542,062	1,045,893

The Cash flow statement should be read in conjunction with the notes on pages 44 to 55

Queensland Symphony Orchestra Holdings Ltd

A.B.N. 55 122 464 706

Notes to the financial statements

1. CORPORATE INFORMATION

The financial statements for the Group for the year ended 31 December 2017 was authorised for issue in accordance with a resolution of the Directors on 26 April 2018.

Queensland Symphony Orchestra Holdings Ltd (the parent) is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the registered office is 114 Grey Street, South Brisbane QLD, 4101. The nature of the operations and principal activity of the Group are described in the Directors' report.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements are a general-purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Reporting (AAS-RDR) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The Group prepares its accounts on a historic cost basis except where stated and does not take into account changing money values or market values of non-current assets.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

Statement of compliance

The Group is a not-for-profit entity and has elected to present to its users Tier 2 General Purpose Financial Statements prepared in accordance with the AAS-RDR (including Australian Interpretations), adopted by the AASB and the *Corporations Act 2001*.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information has been updated or reclassified where appropriate to enhance comparability or reflect immaterial changes where more relevant information supports a retrospective adjustment.

New and Amended Standards and Interpretations:

The Group has adopted all new accounting standards and interpretations that were applicable to years beginning on or after 1 January 2017. These standards do not have a material impact on the financial statements presentation and/or disclosure for 2017.

In respect of future years, the Group is in the process of assessing the impact of AASB 1058 *Income of Not for Profit Entities* and AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for Profit Entities*. At this stage it is anticipated that the implementation of these new accounting standards, that is effective for years beginning on or after 1 January 2019, will result in the potential deferral of revenue for certain classes of donations and revenue where the required criteria for deferral is satisfied.

Financial risk management

The accounting policies are consistent with those of the previous financial year. The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables. The Group manages its exposure to key financial risks, including interest rate and foreign currency in accordance with its Board approved Risk Management Policy.

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Notes to the financial statements

Going Concern

The ability of the Group to maintain its operations is dependent on the continuing support of Federal and State Government bodies, by way of Grant funding. Queensland Symphony Orchestra Holdings Ltd entered into a Tripartite Funding Agreement for a three year period commencing 1 January 2016 and ending 31 December 2018, under which funding is provided to the Group for the operation of the orchestra. During the year ending 31 December 2017, these funding bodies confirmed an extension of funding for a further 12 months, to 31 December 2019.

At 31 December 2017 the Group recorded a surplus of \$525,855 and was in a current net asset position of \$2,107,313. Total assets exceeded total liabilities by \$14,572,678 (2016 \$14,046,823) and the financial statements have been prepared on a going concern basis.

2.2 Basis of Consolidation

The consolidated financial statements consist of the financial statements of Queensland Symphony Orchestra Holdings Ltd and its subsidiary as at 31 December 2017.

The financial statements of the subsidiary are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

2.3 Summary of Significant Accounting Policies used by the Group

a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of Goods and Services Tax (GST). Revenue is recognised in the financial statements for the major business activities as follows:

i. Concert Revenue

Concert revenue is recognised at the time of the concert performance.

ii. Funding Revenue

Funding revenue is received from the Australia Council for the Arts (as represented by the Major Performing Arts Board) and Arts Queensland under the terms of the Tripartite Funding Agreement. This agreement was renewed in 2015 for a term of three years, ending 31 December 2018. During the year ending 31 December 2017, these funding bodies confirmed an extension of funding for a further 12 months, to 31 December 2019.

Special purpose funding is received from public and private grant applications and requires the Company to fulfil an obligation outside its normal operations. This revenue is recognised at the time the obligation is fulfilled or conditions contained in the agreement are met and the entity becomes eligible for the funding. If funding is provided ahead of the primary obligations and conditions being fulfilled, the funding is treated as deferred and carried as Deferred Revenue in the Statement of Financial Position until the conditions are satisfied.

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iii. Contribution Income

Contribution income represents the fair value of assets received in excess of the cost of the assets where there is a non-reciprocal transfer and is recognised as income once the asset is recorded in the Statement of Financial Position and controlled by the Company.

iv. Interest Revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

v. Donations

Donations are recognised as revenue when they are received. In very limited circumstances recognition of revenue associated with donations may be deferred where the arrangements for these donations are enforceable, promises of the contracts are sufficiently specific to enable determination of timing of recognition of revenue and goods or services will be transferred to the donor or other parties.

vi. Sponsorship Revenue

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are provided.

b) Taxation and Goods and Services Tax

The Group is exempt from income tax, capital gains tax and payroll tax by virtue of being a cultural organisation established for the encouragement of music and a charitable institution.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST component of the cash flow arising from the investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

c) Acquisition of Assets

Acquired assets are accounted for at cost. Cost is measured as the fair value of assets given or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the acquisition.

d) Cash and cash equivalents

Cash and cash equivalents are carried at face value of the amounts deposited or drawn. The carrying amounts of cash, short-term deposits and bank overdrafts approximate net fair value. Interest revenue is accrued at the market or contracted rates and is receivable on maturity of the short-term deposits.

e) Trade receivables

Trade receivables are carried at original invoice amount less an allowance for any uncollectable amounts. The collectability of debts is assessed at balance date and specific provision is made

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Notes to the financial statements

for any doubtful accounts.

f) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

g) Depreciation and amortisation

Items of plant and equipment, leasehold improvements, computer equipment and musical instruments are depreciated using the straight-line method over their estimated useful lives.

Each class of asset in the current year was depreciated over the following useful lives:

Asset class	Useful life
Office equipment	Between 5 and 10 years
Musical instruments	Between 5 and 10 years
Computer equipment	Between 2 and 5 years
Furniture, fixtures and fittings	10 years

Costs incurred on property, plant and equipment, which does not meet the criteria for capitalisation, are expensed as incurred.

h) Leased plant and equipment

Leases of plant and equipment are classified as operating leases as the lessors retain substantially all of the risks and benefits of ownership. Minimum lease payments are charged against profits over the accounting periods covered by the lease terms except where an alternative basis would be more representative of the pattern of benefits to be derived from the leased property.

i) Southbank lease premium

Queensland Symphony Orchestra Pty Ltd has entered into a contract to occupy premises in Southbank. The Company is required to pay a lease premium amount. The arrangement also includes the rights to use furniture and fittings.

The Southbank lease premium is considered an intangible asset. The arrangement includes upfront, non-regular payments and a termination clause.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The

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Southbank lease premium is amortised over the contract period, being 40 years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

j) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the statement of comprehensive income.

k) Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 30 days.

The carrying value of accounts payable approximates net fair value.

l) Employee benefits

Wages, Salaries and Annual Leave

The accruals and provisions for employee benefits for wages, salaries and annual leave represent the amount which the Group has a present obligation to pay resulting from employees' services provided up to the balance date. The accruals and provisions have been calculated at undiscounted amounts based on wage and salary rates which are expected to be paid when the liability is settled and include related on-costs.

Long Service Leave

The liability of employee benefits for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to Commonwealth Government securities at balance date which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates and the Group's experience with staff departures. Related on-costs are included in the liability.

Superannuation Plans

The Group contributes to several defined contribution superannuation plans. Employer contributions in relation to the year ended 31 December 2017 have been expensed against income.

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Notes to the financial statements

m) Reserves

Donation or sponsorship revenue received without restrictions will be recognised as revenue when received. Donation or sponsorship revenue with restrictions or stipulations regarding their use is recognised as revenue when the asset transferred is controlled by the Company. Refer to note 2.3 (a) for details of revenue recognition policies. For revenue with certain restrictions where revenue has been recognised in advance of the associated cost to be incurred, reserves are created to disclose the timing and utilisation of such donations.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

Impairment of non-financial assets

The Group assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Group and to the specific asset. If an impairment trigger exists, the recoverable amount of the asset is determined. Management do not consider there to be any external or internal triggers of impairment during the financial year ended December 2017.

Estimate of useful lives

The estimation of assets useful lives is based on historical experience. The condition of assets is assessed periodically and considered in relation to the remaining useful life of the asset. Adjustments are made to useful lives as appropriate.

Timing of recognition of sponsorship and donation revenue

The estimation of timing of recognition of revenue from certain agreements with donors may from time to time result in the deferral of revenue.

4. PARENT ENTITY

The consolidated financial statements of Queensland Symphony Orchestra Holdings Ltd at 31 December 2017 include the parent Company's wholly owned subsidiaries, Queensland Symphony Orchestra Pty Ltd and Internet Classics Pty Ltd which are incorporated in Australia and have the same reporting date as that of the parent entity. During the year, Queensland Symphony Orchestra Holdings Ltd granted no grant funding to its subsidiaries and the net surplus for the period was nil. In 2017, all funding was paid directly to Queensland Symphony Orchestra Pty Ltd.

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Notes to the financial statements

5. FUNDING REVENUE

	Consolidated 2017 \$	Consolidated 2016 \$
Australia Council MPAB annual grant	7,757,027	7,649,927
Australia Council MPAB dedicated grants	(15,000)	52,500
Arts Queensland annual grant	3,079,416	3,034,444
Arts Queensland dedicated grant	179,175	165,492
Local Council grants	43,450	40,000
Grants dedicated non government	23,740	121,094
Total funding revenue	11,067,808	11,063,457

Economic Dependency

A significant portion of the Group's annual revenue consists of funding from federal and state governments, through the Australia Council for the Arts and Arts Queensland. As a result, the Group has an economic dependency on these entities. The current funding agreement is for a period of three years which commenced on 1 January 2016. During the 2017 financial year funding from these bodies was extended to 31 December 2019.

6. TICKET SALES REVENUE

	Consolidated 2017 \$	Consolidated 2016 \$
Subscription sales	1,426,839	1,513,119
Single ticket sales	2,051,041	1,785,387
Total ticket sales revenue	3,477,880	3,298,506

7. SPONSORSHIP, DONATIONS AND MEMBERSHIP

	Consolidated 2017 \$	Consolidated 2016 \$
Sponsorship	834,390	1,699,324
Membership	-	600
Donations	953,608	1,044,468
Total sponsorship, donations and membership	1,787,998	2,744,392

8. OTHER REVENUE

	Consolidated 2017 \$	Consolidated 2016 \$
From operating activities		
Interest income	131,967	124,813
From other operating activities		
Other	171,405	471,394
Total other revenue	303,372	596,207

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Notes to the financial statements

9. EXPENSES

	Consolidated 2017 \$	Consolidated 2016 \$
a) Depreciation and amortisation		
Musical instruments	68,956	68,801
Office equipment	679	1,468
Furniture, fixtures and fittings	69,933	70,158
Computer equipment	24,024	19,878
Lease amortisation	350,000	350,000
Total depreciation and amortisation expenses	513,592	510,305
b) Employee expenses		
Remuneration and related	10,236,576	9,617,644
Superannuation	1,257,800	1,244,028
Workers compensation	218,068	206,575
Total employee expenses	11,712,444	11,068,247

10. INCOME TAX

The holding company's sole subsidiary, Queensland Symphony Orchestra Pty Ltd, is exempt from income tax, capital gains tax and payroll tax by virtue of being a cultural organisation and a charitable institution, established for the encouragement of music.

11. INTANGIBLE ASSETS

	Consolidated 2017 \$	Consolidated 2016 \$
At 1 January, net of accumulated amortisation	12,784,112	13,134,112
Additions	-	-
Amortisation charge for the year	(350,000)	(350,000)
At 31 December, net of accumulated amortization and impairment	12,434,112	12,784,112
At 31 December cost of fair value	14,000,000	14,000,000
Accumulated Amortisation	(1,565,888)	(1,215,888)
Cost or fair value carried forward	12,434,112	12,784,112

12. TRADE AND OTHER RECEIVABLES

	Consolidated 2017 \$	Consolidated 2016 \$
Current		
Trade debtors	1,080,478	566,887
Other debtors	-	-
Provision for doubtful debt	-	(43,029)
Total current trade and other receivables	1,080,478	523,858

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Notes to the financial statements

13. OTHER CURRENT ASSETS

	Consolidated 2017 \$	Consolidated 2016 \$
Prepayments	257,368	259,740
Term Deposit Divestment Fund	31,669	31,669
Term Deposit Reserve Incentive Scheme	1,251,000	1,251,000
Term Deposit Temporarily Restricted Donations	489,119	724,618
Term Deposit other cash	3,944,534	2,850,224
Total other current assets	5,973,690	5,117,251

The Reserve Incentive Scheme funds including the Company's contribution and the Divestment fund are held in escrow and subject to the terms and conditions of the agreements and have not been used to secure any liabilities of the Company.

14. PROPERTY, PLANT AND EQUIPMENT

	Musical Instruments	Office Equipment	Computer Equipment	Furniture and Fittings	Total
Cost					
Opening Balance	913,119	51,456	173,981	789,796	1,928,352
Additions	1,552	1,969	45,706	2,632	51,859
Disposals	-	-	-	-	-
Closing Balance	914,671	53,425	219,687	792,428	1,980,211

	Musical Instruments	Office Equipment	Computer Equipment	Furniture and Fittings	Total
Accumulated Depreciation					
Opening Balance	(606,533)	(50,657)	(149,018)	(378,570)	(1,184,778)
Depreciation expense	(68,956)	(679)	(24,024)	(69,933)	(163,592)
Disposals	-	-	-	-	-
Closing Balance	(675,489)	(51,336)	(173,042)	(448,503)	(1,348,370)

Net Book Value 31 December 2016	306,586	799	24,963	411,226	743,574
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Net Book Value 31 December 2017	239,182	2,089	46,645	343,925	631,841
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Queensland Symphony Orchestra Holdings Ltd

A.B.N. 55 122 464 706

Notes to the financial statements

15. TRADE AND OTHER PAYABLES

	Consolidated 2017 \$	Consolidated 2016 \$
Current		
Trade creditors	926,771	944,967
Other creditors and accruals	134,417	88,393
Southbank lease premium payable	-	-
Total current trade and other payables	1,061,188	1,033,360

16. DEFERRED REVENUE

	Consolidated 2017 \$	Consolidated 2016 \$
Current		
Deferred revenue	2,171,637	2,374,755
Non-current		
Deferred revenue	190,000	300,000

17. PROVISIONS

	Consolidated 2017 \$	Consolidated 2016 \$
Current		
Employee entitlements	2,256,092	2,185,923
Non current		
Employee entitlements	410,586	273,823

18. CASH FLOW STATEMENT

(a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call, net of outstanding bank overdrafts. Cash and cash equivalents as at the end of the period as shown in the cash flow statement are as follows:

	Consolidated 2017 \$	Consolidated 2016 \$
Cash at bank	500,358	1,004,189
Sampson Library	41,704	41,704
Total cash (excluding term deposits)	542,062	1,045,893

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Notes to the financial statements

(b) Reconciliation of profit from ordinary activities to net cash (used in)/provided by operating activities

	Consolidated 2017 \$	Consolidated 2016 \$
Profit/(Loss) from ordinary activities	525,855	249,583
<i>Add/(deduct) non- cash items</i>		
Amortisation	350,000	350,000
Increases/(Charges) to provisions	206,932	(30,492)
Depreciation	163,592	160,305
Net cash (used in)/provided by operating activities before change in assets and liabilities	1,246,379	729,396

Changes in assets and liabilities

(Increase)/decrease in receivables	(556,620)	2,517,882
(Increase)/decrease in other assets	2,372	40,585
Increase/(decrease) in accounts payable	27,828	(785,957)
Increase/(decrease) in deferred revenue	(313,118)	(2,345,144)
Net cash provided by operating activities	406,841	156,762

19. AUDIT FEES

	Consolidated 2017 \$	Consolidated 2016 \$
Audit of the financial statements	32,000	30,000
Total audit fees	32,000	30,000

No other benefits were received by the Auditors.

20. SEGMENT INFORMATION

For current and previous periods the Group has performed orchestral music within Queensland.

21. COMMITMENTS AND CONTINGENCIES

	Consolidated 2017 \$	Consolidated 2016 \$
a) Operating lease (non-cancellable)		
Not later than one year	38,846	37,884
Later than one year and not later than five years	83,626	88,396
Later than five years	-	-
Total	122,472	126,280

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Notes to the financial statements

	Consolidated 2017 \$	Consolidated 2016 \$
b) Artist fees		
Not later than one year	1,176,082	1,500,887
Later than one year and not later than five years	986,143	1,389,887
Later than five years	-	-
Total	2,162,225	2,890,774

22. DIRECTORS AND EXECUTIVE DISCLOSURES

a) Details of key management personnel

The names of each person holding the position of a director of the Company during the financial year are listed on page 1 in the Director's Report. Unless otherwise stated in the Director's Report, the Directors have been in office for the financial period. The Directors' positions are honorary and they do not receive remuneration for their role as directors of the Company.

b) Compensation of key management personnel

	Consolidated 2017 \$	Consolidated 2016 \$
	560,863	582,585
Total compensation	560,863	582,585

23. RELATED PARTIES

Mr David Pratt, Chief Executive of the Group was a director of Symphony Services Australia Limited during the financial year. Mr Pratt was delegate of the Group in his role as director.

Transactions between the Group and entities in which the Directors have declared an interest, are, unless otherwise stated, transacted under normal terms and conditions. There were no contracts involving the Directors' interests subsisting at period end excepting sponsorship agreements under normal terms and conditions of business. Sponsorship from director-related entities is on terms and conditions no more favourable than those offered to other sponsors. During the year, the Directors also donated funds to the Group through various philanthropy initiatives undertaken by the Group.

24. SUBSEQUENT EVENTS

No events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the financial statements.

Queensland Symphony Orchestra Holdings Ltd

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Directors' declaration

Directors' declaration

In accordance with a resolution of the Directors of Queensland Symphony Orchestra Holdings Ltd and its controlled entities, I state that:

In the opinion of the Directors:

- (a) The financial statements and notes of the Company are in accordance with the *Australian Charities and Not for Profit Commission Act 2012*; including
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not for Profit Commission Regulation 2013*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr Chris Freeman AM
Chair

Brisbane 26 April 2018



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Independent auditor's report to the members of Queensland Symphony Orchestra Holdings Ltd

Opinion

We have audited the financial report of Queensland Symphony Orchestra Holdings Ltd (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information is the Directors' report accompanying the financial report.

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

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



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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Ernst & Young logo is written in a stylized, cursive script.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Tom du Preez', followed by a horizontal line.

Tom du Preez
Partner
Brisbane
26 April 2018