

**Queensland Symphony Orchestra Holdings Ltd  
and controlled entities**

**A.B.N. 55 122 464 706**

**Annual Financial Statements  
31 December 2018**

**Queensland Symphony Orchestra Holdings Ltd**  
A.B.N. 55 122 464 706

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**Queensland Symphony Orchestra Holdings Ltd**  
A.B.N. 55 122 464 706  
**Directors' report for the year ended 31 December 2018**

The Directors present their report together with the financial statements of Queensland Symphony Orchestra Holdings Ltd (the Company) for the year ended 31 December 2018 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 2018 financial year were:

C Freeman	Chair of the Board
R Pilbeam	Deputy Chair of the Board and Chair of the Human Resources and Remuneration Committee
J Keep	Company Secretary
T Keane	Chair of the Finance Audit and Risk Management Committee
T Denholder	Chair of the Membership Committee
M Barrett	Board member
MJ Bellotti	Chair of the Future Fund Advisory Board
C Matson	Board member
E Covacevich	Board member
S Gallaher	Appointed 26/04/2018 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.

**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		HR & Remuneration Committee	
	A	B	A	B	A	B	A	B	A	B
C Freeman	2	1	0	0	10	9	6	5	2	2
R Pilbeam	2	2	0	0	10	9	6	6	2	2
J Keep	2	2	0	0	10	10	6	5	2	2
T Keane	2	2	0	0	10	9	6	6	0	0
T Denholder	2	1	0	0	10	7	0	0	2	2
M Barrett	2	1	0	0	10	6	0	0	0	0
MJ Bellotti	2	2	0	0	10	7	0	0	0	0
C Matson	1	1	0	0	10	7	0	0	0	0
E Covacevich	1	1	0	0	10	7	0	0	2	2
S Gallaher	1	0	0	0	7	5	0	0	0	0

(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 2018**

**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 196 performances during the twelve months ended 31 December 2018 including 60 pit services for performances of Opera Queensland and Queensland Ballet and 24 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 2018 was \$286,228. The comparative year ended 31 December 2017 was \$525,855.

**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 2019 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 2018.

**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 2018, 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 2019. 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**

Subsequent to the year ending 31 December 2018, Queensland Symphony Orchestra Holdings Ltd entered into a Multi-partite Funding Agreement for a further three year period, commencing 1 January 2019 and ending 31 December 2021. No further events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the financial statements for 31 December 2018.

This report is signed in accordance with a resolution of the Directors on 24 April 2019.



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 2018**

	Notes	Consolidated 2018 \$	Consolidated 2017 \$
<b>REVENUE</b>			
Funding revenue	5	11,378,349	11,067,808
Ticket sales	6	3,764,979	3,477,880
Sponsorship, donations and membership revenue	7	1,834,330	1,787,998
Orchestral hire and fees		1,272,729	1,247,833
Other revenue	8	329,354	303,372
<b>Total revenue</b>		<b>18,579,741</b>	<b>17,884,891</b>
<b>EXPENSES</b>			
Employee expenses	9b	12,107,674	11,712,444
Artists fees and expenses		1,239,161	1,118,280
Travel expenses		602,450	678,443
Marketing expenses		611,081	550,761
Production expenses		1,261,601	1,257,073
Service fees		238,541	136,441
Depreciation and amortisation	9a	491,991	513,592
Other expenses		1,741,014	1,392,002
<b>Total expenses</b>		<b>18,293,513</b>	<b>17,359,036</b>
<b>NET PROFIT/(LOSS) FOR THE YEAR</b>		<b>286,228</b>	<b>525,855</b>

The Statement of comprehensive income should be read in conjunction with the notes on pages 7 to 19

**Queensland Symphony Orchestra Holdings Ltd**  
A.B.N. 55 122 464 706  
**Statement of financial position as at 31 December 2018**

	Notes	Consolidated 2018 \$	Consolidated 2017 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalent	18	2,094,384	542,062
Trade and other receivables	12	124,178	1,080,478
Other	13	6,646,118	5,973,690
<b>Total current assets</b>		<b>8,864,680</b>	<b>7,596,230</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	565,531	631,841
Southbank lease premium	11	12,084,110	12,434,110
<b>Total non-current assets</b>		<b>12,649,641</b>	<b>13,065,951</b>
<b>TOTAL ASSETS</b>		<b>21,514,321</b>	<b>20,662,181</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	1,429,807	1,061,188
Deferred revenue	16	2,249,152	2,171,637
Provisions	17	2,400,545	2,256,092
<b>Total current liabilities</b>		<b>6,079,504</b>	<b>5,488,917</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred revenue	16	178,000	190,000
Provisions	17	397,913	410,586
<b>Total non-current liabilities</b>		<b>575,913</b>	<b>600,586</b>
<b>TOTAL LIABILITIES</b>		<b>6,655,417</b>	<b>6,089,503</b>
<b>NET ASSETS</b>		<b>14,858,904</b>	<b>14,572,678</b>
<b>EQUITY</b>			
Reserves		1,550,119	1,550,119
Retained Earnings Southbank Building	11	12,084,110	12,434,112
Retained Earnings		1,224,675	588,447
<b>Total Equity</b>		<b>14,858,904</b>	<b>14,572,678</b>

The Statement of financial position should be read in conjunction with the notes on pages 7 to 19

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## Statement of changes in equity for the year ended 31 December 2018

	Retained Earnings Southbank \$	Retained Earnings Southbank \$	Reserve Incentive \$	Artistic Reserve \$	Education Reserve \$	Touring Reserve \$	Other Reserve \$	Total Equity \$
<b>As at 1 January 2018</b>	588,447	12,434,112	1,251,000	84,500	126,619	-	88,000	14,572,678
Net surplus for the year	286,228	-	-	-	-	-	-	286,228
Transfer(from)to Artistic Reserve	-	-	-	-	-	-	-	-
Transfer(from) to Education Reserve	-	-	-	-	-	-	-	-
Transfer(from)to Touring Reserve	-	-	-	-	-	-	-	-
Transfer(from) to Instrument Reserve	-	-	-	-	-	-	-	-
Transfer(from) to Other Reserve	-	-	-	-	-	-	-	-
Lease Amortisation	350,000	(350,000)	-	-	-	-	-	-
<b>As at 31 December 2018</b>	<b>1,224,675</b>	<b>12,084,112</b>	<b>1,251,000</b>	<b>84,500</b>	<b>126,619</b>	<b>-</b>	<b>88,000</b>	<b>14,858,904</b>

	Retained Earnings Southbank \$	Retained Earnings Southbank \$	Reserve Incentive \$	Artistic Reserve \$	Education Reserve \$	Touring Reserve \$	Other Reserve \$	Total Equity \$
<b>As at 1 January 2017</b>	(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	(88,000)	-	-	-	-	-	88,000	-
Lease Amortisation	350,000	(350,000)	-	-	-	-	-	-
<b>As at 31 December 2017</b>	<b>588,447</b>	<b>12,434,112</b>	<b>1,251,000</b>	<b>84,500</b>	<b>126,619</b>	<b>-</b>	<b>88,000</b>	<b>14,572,678</b>

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements on pages 7 to 19

**Queensland Symphony Orchestra Holdings Ltd**  
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**Cash flow statement for the year ended 31 December 2018**

	Notes	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		7,979,158	5,817,750
Cash payments in the course of operations		(17,301,123)	(16,610,684)
Grants received from funding bodies		11,378,349	11,067,808
Interest received		182,014	131,967
<b>Net cash provided/(used) in operating activities</b>	18b	<b>2,238,398</b>	<b>406,841</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Payments to term deposits		(610,393)	(858,813)
Payments for property, plant and equipment		(75,683)	(51,859)
<b>Net cash provided/(used) in investing activities</b>		<b>(686,076)</b>	<b>(910,672)</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,552,322</b>	<b>(503,831)</b>
Cash and cash equivalents beginning of year		542,062	1,045,893
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	18a	<b>2,094,384</b>	<b>542,062</b>

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements on pages 7 to 19



# Queensland Symphony Orchestra Holdings Ltd

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## Notes to the financial statements

### 1. CORPORATE INFORMATION

The financial statements for the Group for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of the Directors on 24 April 2019.

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 2018. In particular AASB 9 *Financial Instruments* is effective for annual reporting periods beginning on or after 1 January 2018 and replaces existing guidance AASB 139 *Financial Instruments Recognition and Measurement* and includes revised guidance on the classification and measurement of financial instruments. The effects of this standard is not material to the financial statements of the Group. All other standards and adjustments adopted in this financial year did not have a material impact on the financial statements presentation and/or disclosure for 2018.

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.

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## Notes to the financial statements

### 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.

### 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 2018 the Group recorded a surplus of \$286,228 and was in a current net asset position of \$2,785,176. Total assets exceeded total liabilities by \$14,858,904 (2017 \$14,572,678) 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 2018.

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.

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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### **Notes to the financial statements**

#### **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 for any doubtful accounts.

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## Notes to the financial statements

### 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, production 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
Production equipment	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 Southbank lease premium is amortised over the contract period, being 40 years. The

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## Notes to the financial statements

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 2018 have been expensed against income.

### **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.

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## Notes to the financial statements

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.

### **n) Changes in accounting policies**

The accounting policies adopted are materially 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.

## **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 2018.

### ***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 2018 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 2018, all funding was paid directly to Queensland Symphony Orchestra Pty Ltd.

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## Notes to the financial statements

### 5. FUNDING REVENUE

	Consolidated 2018 \$	Consolidated 2017 \$
Australia Council MPAB annual grant	7,865,623	7,757,027
Australia Council MPAB dedicated grants	-	(15,000)
Arts Queensland annual grant	3,122,528	3,079,416
Arts Queensland dedicated grant	184,678	179,175
Local Council grants	40,000	43,450
Grants dedicated non-government	165,520	23,740
<b>Total funding revenue</b>	<b>11,378,349</b>	<b>11,067,808</b>

### 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 2018 \$	Consolidated 2017 \$
Subscription sales	1,374,058	1,426,839
Single ticket sales	2,390,921	2,051,041
<b>Total ticket sales revenue</b>	<b>3,764,979</b>	<b>3,477,880</b>

### 7. SPONSORSHIP, DONATIONS AND MEMBERSHIP

	Consolidated 2018 \$	Consolidated 2017 \$
Sponsorship	921,574	834,390
Donations	912,756	953,608
Membership	-	-
<b>Total sponsorship, donations and membership</b>	<b>1,834,330</b>	<b>1,787,998</b>

### 8. OTHER REVENUE

	Consolidated 2018 \$	Consolidated 2017 \$
<b>From operating activities</b>		
Interest income	182,014	131,967
<b>From other operating activities</b>		
Other	147,340	171,404
<b>Total other revenue</b>	<b>329,354</b>	<b>303,372</b>

# Queensland Symphony Orchestra Holdings Ltd

A.B.N. 55 122 464 706

## Notes to the financial statements

### 9. EXPENSES

	Consolidated 2018 \$	Consolidated 2017 \$
<b>a) Depreciation and amortisation</b>		
Musical instruments	50,472	68,956
Production equipment	2,421	-
Office equipment	879	679
Furniture, fixtures and fittings	68,896	69,933
Computer equipment	19,323	24,024
Lease amortisation	350,000	350,000
<b>Total depreciation and amortisation expenses</b>	<b>491,991</b>	<b>513,592</b>
<b>b) Employee expenses</b>		
Remuneration and related	10,532,196	10,236,576
Superannuation	1,328,793	1,257,800
Workers compensation	246,685	218,068
<b>Total employee expenses</b>	<b>12,107,674</b>	<b>11,712,444</b>

### 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 2018 \$	Consolidated 2017 \$
At 1 January, net of accumulated amortisation	12,434,112	12,784,112
Additions	-	-
Amortisation charge for the year	(350,000)	(350,000)
<b>At 31 December, net of accumulated amortisation and impairment</b>	<b>12,084,112</b>	<b>12,434,112</b>
At 31 December cost of fair value	14,000,000	14,000,000
Accumulated Amortisation	(1,915,888)	(1,565,888)
<b>Cost or fair value carried forward</b>	<b>12,084,112</b>	<b>12,434,112</b>

### 12. TRADE AND OTHER RECEIVABLES

	Consolidated 2018 \$	Consolidated 2017 \$
<b>Current</b>		
Trade debtors	124,178	1,080,478
Other debtors	-	-
Provision for doubtful debt	-	-
<b>Total current trade and other receivables</b>	<b>124,178</b>	<b>1,080,478</b>



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**Notes to the financial statements**

**13. OTHER CURRENT ASSETS**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
Prepayments	319,403	257,368
Term Deposit Divestment Fund	31,669	31,669
Term Deposit Reserve Incentive Scheme	1,251,000	1,251,000
Term Deposit Temporarily Restricted Donations	477,119	489,119
Term Deposit other cash	4,566,927	3,944,534
<b>Total other current assets</b>	<b>6,646,118</b>	<b>5,973,690</b>

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**

	<b>Musical Instrument s</b>	<b>Production Equipment</b>	<b>Office Equipment</b>	<b>Computer Equipment</b>	<b>Furniture and Fittings</b>	<b>Total</b>
<b>Cost</b>						
Opening Balance	914,671	-	53,425	219,687	792,428	1,980,211
Additions	-	2,210	237	31,871	41,363	75,681
Disposals	<b>(13,214)</b>	<b>(25,782)</b>		-	-	(38,996)
Transfers	<b>(4,450)</b>	<b>217,933</b>	<b>(4,493)</b>	-	<b>(208,990)</b>	-
<b>Closing Balance</b>	<b>897,007</b>	<b>194,361</b>	<b>49,169</b>	<b>251,558</b>	<b>624,801</b>	<b>2,016,896</b>
<b>Accumulated Depreciation</b>						
Opening Balance	(675,489)	-	(51,336)	(173,042)	(448,503)	(1,348,370)
Dep'n expense	(50,472)	48	(879)	(19,323)	(68,896)	(139,522)
Disposals	13,214	23,313	-	-	-	36,527
Transfers	4,261	(155,324)	4,493		146,570	-
<b>Closing Balance</b>	<b>(708,486)</b>	<b>(131,963)</b>	<b>(47,722)</b>	<b>(192,365)</b>	<b>(370,829)</b>	<b>(1,451,365)</b>
<b>Net Book Value</b>						
<b>31 December 2017</b>	<b>239,182</b>	<b>-</b>	<b>2,089</b>	<b>46,645</b>	<b>343,925</b>	<b>631,841</b>
<b>Net Book Value</b>						
<b>31 December 2018</b>	<b>188,521</b>	<b>62,398</b>	<b>1,447</b>	<b>59,193</b>	<b>253,972</b>	<b>565,531</b>

**Queensland Symphony Orchestra Holdings Ltd**

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**Notes to the financial statements**

**15. TRADE AND OTHER PAYABLES**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
<b>Current</b>		
Trade creditors	1,337,668	926,771
Other creditors and accruals	92,139	134,417
Southbank lease premium payable	-	-
<b>Total current trade and other payables</b>	<b>1,429,807</b>	<b>1,061,188</b>

**16. DEFERRED REVENUE**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
<b>Current</b>		
Deferred revenue	2,249,152	2,171,637
<b>Non-current</b>		
Deferred revenue	178,000	190,000

**17. PROVISIONS**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
<b>Current</b>		
Employee entitlements	2,400,545	2,256,092
<b>Non current</b>		
Employee entitlements	397,913	410,586

**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:

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
Cash at bank	2,052,680	500,358
Sampson Library	41,704	41,704
<b>Total cash (excluding term deposits)</b>	<b>2,094,384</b>	<b>542,062</b>

**Queensland Symphony Orchestra Holdings Ltd**

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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**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
Profit/(Loss) from ordinary activities	286,228	525,855
<i>Add/(deduct) non- cash items</i>		
Amortisation	350,000	350,000
Charges to provisions	131,780	(206,932)
Depreciation	141,991	163,592
<b>Net cash (used in)/provided by operating activities before change in assets and liabilities</b>	<b>909,999</b>	<b>1,246,379</b>
Changes in assets and liabilities		
(Increase)/decrease in receivables	956,300	(556,620)
(Increase)/decrease in other assets	(62,035)	2,372
Increase/(decrease) in accounts payable	368,619	27,828
Increase/(decrease) in deferred revenue	65,515	(313,118)
<b>Net cash provided by operating activities</b>	<b>2,238,398</b>	<b>406,841</b>

**19. AUDIT FEES**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
Audit of the financial statements	32,000	32,000
<b>Total audit fees</b>	<b>32,000</b>	<b>32,000</b>

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**

	<b>Consolidated 2018 \$</b>	<b>Consolidated 2017 \$</b>
<b>a) Operating lease (non-cancellable)</b>		
Not later than one year	32,537	38,846
Later than one year and not later than five years	15,916	83,626
Later than five years	-	-
<b>Total</b>	<b>48,453</b>	<b>122,472</b>

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**Notes to the financial statements**

	<b>Consolidated 2018</b>	<b>Consolidated 2017</b>
	<b>\$</b>	<b>\$</b>
<b>b) Artist fees</b>		
Not later than one year	1,523,915	1,176,082
Later than one year and not later than five years	484,680	986,143
Later than five years	-	-
<b>Total</b>	<b>2,008,595</b>	<b>2,162,225</b>

	<b>Consolidated 2018</b>	<b>Consolidated 2017</b>
	<b>\$</b>	<b>\$</b>
<b>c) Venue hire</b>		
Not later than one year	37,000	-
Later than one year and not later than five years	-	-
Later than five years	-	-
<b>Total</b>	<b>37,000</b>	<b>-</b>

**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**

	<b>Consolidated 2018</b>	<b>Consolidated 2017</b>
	<b>\$</b>	<b>\$</b>
	505,733	560,863
<b>Total compensation</b>	<b>505,733</b>	<b>560,863</b>

**23. RELATED PARTIES**

Mr David Pratt, Chief Executive of the Group for the period January to August 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.

**Queensland Symphony Orchestra Holdings Ltd**

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**Notes to the financial statements**

**24. SUBSEQUENT EVENTS**

Subsequent to the year ending 31 December 2018, Queensland Symphony Orchestra Holdings Ltd entered into a Multi-partite Funding Agreement for a further three year period, commencing 1 January 2019 and ending 31 December 2021. Under this agreement funding is provided to the Group for the operation of the orchestra. No further 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**

A.B.N. 55 122 464 706

**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 2018 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



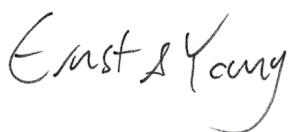
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Mr Chris Freeman AM  
Chair

Brisbane 24 April 2019

## Auditor's Independence Declaration to the Directors of Queensland Symphony Orchestra Holdings Ltd

In relation to our audit of the financial report of Queensland Symphony Orchestra Holdings Ltd for the financial year ended 31 December 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young



Tom du Preez  
Partner  
24 April 2019

## 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 2018, 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 2018 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**

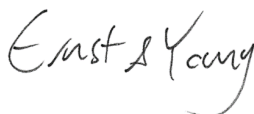
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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



Ernst & Young



Tom du Preez  
Partner  
Brisbane  
24 April 2019