



— OUR FINANCIALS

OUR FINANCIALS

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

A.B.N. 55 122 464 706

**Annual Financial Statements
31 December 2019**

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The Directors present their report together with the financial statements of Queensland Symphony Orchestra Holdings Ltd (the Company) for the year ended 31 December 2019 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 2019 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	Board member
T Keane	Chair of the Finance Audit and Risk Management Committee
T Denholder	Board member
M Barrett	Board member
MJ Bellotti	Chair of the Future Fund Advisory Board
C Matson	Board member (resigned as of 26/06/2019)
E Covacevich	Board member
S Gallaher	Board member
V Hill	Board member (appointed 30/10/2019)

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		Board		Finance Audit and Risk Committee		HR & Remuneration Committee	
	A	B	A	B	A	B	A	B
C Freeman	3	3	9	9	6	5	5	5
R Pilbeam	3	2	9	6	6	5	5	5
J Keep	3	3	9	7	6	6	5	3
T Keane	3	3	9	9	6	6	0	0
T Denholder	3	3	9	7	0	0	5	3
M Barrett	3	2	9	4	0	0	0	0
MJ Bellotti	3	3	9	7	0	0	0	0
C Matson	3	0	5	2	0	0	0	0
E Covacevich	3	1	9	6	0	0	5	5
S Gallaher	3	1	9	9	0	0	0	0
V Hill	0	0	2	2	0	0	0	0

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

(B) number of meetings attended by the Director

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were the performance of orchestral music, education and community outreach activities. 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 163 performances during the twelve months ended 31 December 2019 including 40 pit services for performances of Opera Queensland and Queensland Ballet and 29 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 2019 was \$439,166. The comparative year ended 31 December 2018 was \$286,228.

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 2020 financial year. The Group's ultimate 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 2019.

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 2019, 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 2020. 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 23 of the financial statements.

EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have seen a significant impact on the Group to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Group.

The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on earnings, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

Other than the above, no events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the financial statements for 31 December 2019.

This report is signed in accordance with a resolution of the Directors on 29 April 2020.



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 2019

	Notes	Consolidated 2019 \$	Consolidated 2018 \$
REVENUE			
Funding revenue	5	11,427,408	11,378,349
Ticket sales	6	3,504,800	3,764,979
Sponsorship, donations and membership revenue	7	1,638,348	1,834,330
Orchestral hire and fees		1,338,353	1,272,729
Other revenue	8	316,022	329,354
Total revenue		18,224,931	18,579,741
EXPENSES			
Employee expenses	9b	12,428,030	12,107,674
Artists fees and expenses		857,442	1,239,161
Travel expenses		478,637	602,450
Marketing expenses		595,190	611,081
Production expenses		1,170,087	1,261,601
Service fees		238,741	238,541
Depreciation and amortisation	9a	507,133	491,991
Other expenses		1,510,505	1,741,014
Total expenses		17,785,765	18,293,513
NET SURPLUS/(DEFICIT) FOR THE YEAR		439,166	286,228

The Statement of comprehensive income should be read in conjunction with the notes on pages 8 to 21

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Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Statement of financial position as at 31 December 2019

	Notes	Consolidated 2019 \$	Consolidated 2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalent	18	778,281	2,094,384
Trade and other receivables	12	908,618	124,178
Other	13	8,255,884	6,646,118
Total current assets		9,942,783	8,864,680
NON-CURRENT ASSETS			
Property, plant and equipment	14	538,078	565,531
Southbank lease premium	11	11,734,110	12,084,110
Total non-current assets		12,272,188	12,649,641
TOTAL ASSETS		22,214,971	21,514,321
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	1,446,764	1,429,807
Deferred revenue	16	2,414,122	2,249,152
Provisions	17	2,477,568	2,400,545
Total current liabilities		6,338,454	6,079,504
NON-CURRENT LIABILITIES			
Deferred revenue	16	178,000	178,000
Provisions	17	400,447	397,913
Total non-current liabilities		578,447	575,913
TOTAL LIABILITIES		6,916,901	6,655,417
NET ASSETS		15,298,070	14,858,904
EQUITY			
Reserves		1,550,119	1,550,119
Retained Earnings Southbank Building	11	11,734,110	12,084,110
Retained Earnings		2,013,841	1,224,675
Total Equity		15,298,070	14,858,904

The Statement of financial position should be read in conjunction with the notes on pages 8 to 21

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Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Statement of changes in equity for the year ended 31 December 2019

	Retained Earnings	Retained Earnings Southbank	Reserve Incentive	Artistic Reserve	Education Reserve	Touring Reserve	Other Reserve	Total Equity
As at 1 January 2019	\$	\$	\$	\$	\$	\$	\$	\$
Net surplus for the year	1,224,675	12,084,112	1,251,000	84,500	126,619	-	88,000	14,858,904
Transfer (from) to Artistic Reserve	439,166	-	-	-	-	-	-	439,166
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)	-	-	-	-	-	-
As at 31 December 2019	2,013,841	11,734,112	1,251,000	84,500	126,619	-	88,000	15,298,070
As at 1 January 2018	\$	\$	\$	\$	\$	\$	\$	\$
Net surplus for the year	588,447	12,434,112	1,251,000	84,500	126,619	-	88,000	14,572,678
Transfer (from) to Artistic Reserve	286,228	-	-	-	-	-	-	286,228
Transfer (from) to Education Reserve	-	-	-	-	-	-	-	-
Transfer (from) to Touring Reserve	-	-	-	-	-	-	-	-
Transfer (from) to Instrument Reserve	-	-	-	-	-	-	-	-
Lease Amortisation	350,000	(350,000)	-	-	-	-	-	-
As at 31 December 2018	1,224,675	12,084,112	1,251,000	84,500	126,619	-	88,000	14,858,904

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements on pages 8 to 21

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Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Cash flow statement for the year ended 31 December 2019

	Notes	Consolidated 2019	Consolidated 2018
		\$	\$
CASHFLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operations		5,975,343	7,979,158
Cash payments in the course of operations		(17,182,118)	(17,301,123)
Grants received from funding bodies		11,427,408	11,378,349
Interest received		183,297	182,014
Net cash provided/(used) in operating activities	18b	403,930	2,238,398
CASHFLOWS FROM INVESTING ACTIVITIES			
Payments to term deposits		(1,586,811)	(610,393)
Payments for property, plant and equipment		(133,222)	(75,683)
Net cash provided/(used) in investing activities		(1,720,033)	(686,076)
Net increase/(decrease) in cash held		(1,316,103)	1,552,322
Cash and cash equivalents beginning of year		2,094,384	542,062
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18a	778,281	2,094,384

The Cash flow statement should be read in conjunction with the notes to the financial statements on pages 8 to 21

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1. CORPORATE INFORMATION

The financial statements for the Group for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors on 29 April 2020.

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 *Australian Charities and Not-for-profits Commission Act 2012* (the ACNC Act) and the 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).

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 2019. In particular, 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* is effective for annual reporting periods beginning on or after 1 January 2019. The standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities in conjunction with AASB 15 *Revenue from Contracts with Customers*. These standards supersede all the income recognition requirements relating to NFP entities. The requirements of the standard more closely reflect the economic reality of NFP entity transactions that are not contracts with customers. The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners related to an asset (such as cash or another asset) received by an entity. The effects of the adoption of this standard is not material to the financial statements of the Group.

The group also adopted AASB 16 *Leases* which supersedes and replaces AASB 17 *Leases* and AASB Interpretation 4 *Determining whether an arrangement contains a lease*, AASB Interpretation 115 *Operating Lease incentives* and AASB 127 *Evaluating the substance of Transactions Involving the legal form of a Lease*. The standard sets out the principles for the recognition, measurement,

presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating leases or finance leases using similar principles as AASB 117. Therefore AASB 16 does not have an impact for leases where the Company is the lessor.

The Company applied the short-term leases exemption to leases with a lease term that ends within 12 months of initial application and the exemption for leases for which the underlying asset is of a low value. As a result of the application of the exemptions and considering the historical accounting for leases, there were no material adjustments required at inception of application of this new accounting standard.

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 certain Australian Accounting Standards and Interpretations which have recently been issued or amended but are not yet effective and have not been adopted by the group for the year ended 31 December 2019. The group intends to adopt these new accounting standards and interpretations when they become effective.

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 2019 and ending 31 December 2021, under which funding is provided to the Group for the operation of the orchestra.

At 31 December 2019 the Group recorded a surplus of \$439,166 and was in a current net asset position of \$3,604,329. Total assets exceeded total liabilities by \$15,298,070 (2018 \$14,858,904) 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 2019.

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 2019 for a term of three years, ending 31 December 2021.

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.

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.

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 3 and 10 years
Musical instruments	Between 5 and 10 years
Production equipment	Between 5 and 10 years
Computer equipment	Between 3 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

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Aside from the Southbank lease as disclosed in note i) below, all the Group's leases consist of short-term leases and leases of low value assets or leases that are not considered material. The Group applies the short-term lease exemption to its short-term leases of plant and equipment (i.e. those leases that have a term of 12 months or less from commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment or equipment that are considered to be low value. Lease payments on short term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

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 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 2019 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. 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.

Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Notes to the financial statements

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 2019.

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 AND CHARITABLE STATUS OF SUBSIDIARIES

The consolidated financial statements of Queensland Symphony Orchestra Holdings Ltd at 31 December 2019 include the parent Company's wholly owned subsidiaries, Queensland Symphony Orchestra Pty Ltd, a registered charity with the Australian Charities and Not-for-Profits Commission (ACNC); and Internet Classics Pty Ltd which is not ACNC registered. Both entities 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; subsequently the financial information relating to the non-registered entity Internet Classics is immaterial for the ACNC reporting group overall. In 2019, all funding was paid directly to Queensland Symphony Orchestra Pty Ltd.

5. FUNDING REVENUE

	Consolidated 2019 \$	Consolidated 2018 \$
Australia Council MPAP annual grant	7,991,474	7,865,623
Australia Council MPAP dedicated grants	-	-
Arts Queensland annual grant	3,166,244	3,122,528
Arts Queensland dedicated grant	70,690	184,678
Local Council grants	35,000	40,000
Grants dedicated non-government	164,000	165,520
Total funding revenue	11,427,408	11,378,349

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 2019, running through until 31 December 2021.

Queensland Symphony Orchestra Holdings Ltd
A.B.N. 55 122 464 706
Notes to the financial statements

6. TICKET SALES REVENUE

	Consolidated 2019 \$	Consolidated 2018 \$
Subscription sales	1,435,627	1,374,058
Single ticket sales	2,069,173	2,390,921
Total ticket sales revenue	3,504,800	3,764,979

7. SPONSORSHIP, DONATIONS AND MEMBERSHIP

	Consolidated 2019 \$	Consolidated 2018 \$
Sponsorship	685,551	921,574
Donations	952,797	912,756
Membership	-	-
Total sponsorship, donations and membership	1,638,348	1,834,330

8. OTHER REVENUE

	Consolidated 2019 \$	Consolidated 2018 \$
From operating activities		
Interest income	183,297	182,014
From other operating activities		
Other	132,725	147,340
Total other revenue	316,022	329,354

9. EXPENSES

	Consolidated 2019 \$	Consolidated 2018 \$
a) Depreciation and amortisation		
Musical instruments	46,322	50,472
Production equipment	10,517	2,421
Office equipment	2,213	879
Furniture, fixtures and fittings	60,736	68,896
Computer equipment	37,345	19,323
Lease amortisation	350,000	350,000
Total depreciation and amortisation expenses	507,133	491,991
b) Employee expenses		
Remuneration and related	10,752,577	10,532,196
Superannuation	1,362,885	1,328,793
Workers compensation	312,568	246,685
Total employee expenses	12,428,030	12,107,674

Queensland Symphony Orchestra Holdings Ltd
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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 2019	Consolidated 2018
	\$	\$
At 1 January, net of accumulated amortisation	12,084,112	12,434,112
Additions	-	-
Amortisation charge for the year	(350,000)	(350,000)
At 31 December, net of accumulated amortisation and impairment	11,734,112	12,084,112
At 31 December cost or fair value	14,000,000	14,000,000
Accumulated Amortisation	(2,265,888)	(1,915,888)
Cost or fair value carried forward	11,734,112	12,084,112

12. TRADE AND OTHER RECEIVABLES

	Consolidated 2019	Consolidated 2018
	\$	\$
Current		
Trade debtors	908,618	124,178
Other debtors	-	-
Provision for doubtful debt	-	-
Total current trade and other receivables	908,618	124,178

13. OTHER CURRENT ASSETS

	Consolidated 2019	Consolidated 2018
	\$	\$
Prepayments	338,816	319,403
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	477,119
Term Deposit other cash	6,157,280	4,566,927
Total other current assets	8,255,884	6,646,118

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.

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14. PROPERTY, PLANT AND EQUIPMENT

	Musical Instrument	Production Equipment	Office Equipment	Computer Equipment	Furniture and Fittings	Total
Cost						
Opening Balance	897,007	194,361	49,169	251,558	624,801	2,016,896
Additions	-	3,545	5,944	116,096	7,637	133,222
Disposals	(26,477)	-	(2,000)	-	(25,123)	(53,600)
Closing Balance	870,530	197,906	53,113	367,654	607,315	2,096,518
Accumulated Depreciation						
Opening Balance	(708,486)	(131,963)	(47,722)	(192,365)	(370,829)	(1,451,365)
Dep'n expense	(43,880)	(10,517)	(2,213)	(37,345)	(57,248)	(151,203)
Disposals	20,492	-	2,000	-	21,635	44,127
Closing Balance	(731,874)	(142,480)	(47,935)	(229,710)	(406,441)	(1,558,440)
Net Book Value						
31 December 2018	188,521	62,398	1,447	59,193	253,972	565,531
Net Book Value						
31 December 2019	138,656	55,426	5,178	137,944	200,874	538,078

15. TRADE AND OTHER PAYABLES

	Consolidated 2019	Consolidated 2018
	\$	\$
Current		
Trade creditors	1,366,977	1,337,668
Other creditors and accruals	79,787	92,139
Southbank lease premium payable	-	-
Total current trade and other payables	1,446,764	1,429,807

16. DEFERRED REVENUE

	Consolidated 2019	Consolidated 2018
	\$	\$
Current		
Deferred revenue	2,414,122	2,249,152
Non-current		
Deferred revenue	178,000	178,000

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17. PROVISIONS

	Consolidated 2019 \$	Consolidated 2018 \$
Current		
Employee entitlements	2,477,568	2,400,545
Non current		
Employee entitlements	400,447	397,913

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 2019 \$	Consolidated 2018 \$
Cash at bank	736,577	2,052,680
Sampson Library	41,704	41,704
Total cash (excluding term deposits)	778,281	2,094,384

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

	Consolidated 2019 \$	Consolidated 2018 \$
Profit/(Loss) from ordinary activities	439,166	286,228
<i>Add/(deduct) non- cash items</i>		
Amortisation	350,000	350,000
Charges to provisions	79,557	131,780
Depreciation	157,133	141,991
Net cash (used in)/provided by operating activities before change in assets and liabilities	1,025,856	909,999
Changes in assets and liabilities		
(Increase)/decrease in receivables	(784,440)	956,300
(Increase)/decrease in other assets	(19,413)	(62,035)
Increase/(decrease) in accounts payable	16,957	368,619
Increase/(decrease) in deferred revenue	164,970	65,515
Net cash provided by operating activities	403,930	2,238,398

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19. AUDIT FEES

	Consolidated 2019 \$	Consolidated 2018 \$
Audit of the financial statements	30,000	32,000
Total audit fees	30,000	32,000

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 2019 \$	Consolidated 2018 \$
a) Operating lease (non-cancellable)		
Not later than one year	14,050	32,537
Later than one year and not later than five years	28,918	15,916
Later than five years	-	-
Total	42,968	48,453

b) Artist fees

	Consolidated 2019 \$	Consolidated 2018 \$
Not later than one year	1,074,717	1,523,915
Later than one year and not later than five years	-	484,680
Later than five years	-	-
Total	1,074,717	2,008,595

c) Venue hire

	Consolidated 2019 \$	Consolidated 2018 \$
Not later than one year	80,145	37,000
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	80,145	37,000

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

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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 2019 \$	Consolidated 2018 \$
	1,016,907	913,224
Total compensation	1,016,907	913,224

Key management personnel comprise board appointed personnel and other persons having the responsibilities for planning, directing and controlling the major activities of the Company.

23. RELATED PARTIES

Mr Craig Whitehead Chief Executive of the Group for the period January to December was a director of Symphony Services Australia Limited during the financial year. Mr Whitehead 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

Subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. We have seen a significant impact on the Group to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of the Group.

The scale and duration of these developments remain uncertain as at the date of this report however they are having an impact on earnings, cash flow and financial condition. It is not possible to estimate the impact of the outbreak's near-term and longer-term effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

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Australia Council and Arts Queensland have confirmed that the federal and state funding provided to the Queensland Symphony Orchestra under the current funding agreement will continue on the same terms without imposing the reporting requirements in respect of the year ended 31 December 2020 as a result of the impacts of COVID-19.

Other than the above, no events have occurred subsequent to balance date that materially affect the accounts and are not already reflected in the financial statements for 31 December 2019.

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 2019 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



Chris Freeman AM
Chair

Brisbane 29 April 2020



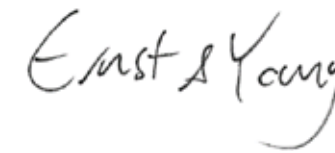
**Building a better
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Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

**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 2019, 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 any applicable code of professional conduct.



Ernst & Young



Tom du Preez
Partner
30 April 2020

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 2019, 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:

- Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and
- 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.

Emphasis of Matter: Subsequent Events – Impact of the Coronavirus (COVID-19) Outbreak

We draw attention to Note 24 of the financial report which notes the World Health Organisation's declaration of the outbreak of COVID-19 as a global pandemic subsequent to 31 December 2019 and how this has been considered by the Directors in the preparation of the financial report. As set out in Note 24, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19. Our opinion is not modified in respect of this matter.

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

Ernst & Young



Tom du Preez
Partner
Brisbane
30 April 2020

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