

Canberra Symphony Orchestra Incorporated

ABN 42 705 136 058

Financial Statements

For the Year Ended 31 December 2015

Canberra Symphony Orchestra Incorporated

ABN 42 705 136 058

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Canberra Symphony Orchestra Incorporated

ABN 42 705 136 058

Committee's Report

31 December 2015

The committee members submit the financial report of the Association for the financial year ended 31 December 2015.

1. General information

Committee members

The names of committee members throughout the year and at the date of this report are:

Air Chief Marshall Sir Angus Houston AK AFC (Retired) (Chair)	Appointed November 2012
Ms Melanie Kontze (Deputy Chair)	Appointed May 2011
Mr Robert Clark (Secretary)	Appointed May 2008
Mr Alan Raymond Bunsell (Treasurer)	Appointed May 2008
Mr Harry Bluhm (Public Officer)	Appointed May 2002
Mr John Painter AM (Member)	Appointed May 2009
Ms Elizabeth McGrath (Member)	Appointed May 2013
Ms Lucille Halloran (Member)	Appointed May 2013
Mr John Kalokerinos (Member)	Appointed May 2013

Principal activities

The principal activities of the Association during the financial year were:

- Performance of symphonic music;
- Present high quality concerts to inspire and touch audiences;
- Provide orchestral services for local and touring productions and for the embassy community in the ACT;
- Develop strategic partnerships to grow audiences and develop programs that are accessible and appeal to a broad audience base;
- Provide opportunities for audiences of different ages through education.

Significant changes

No significant change in the nature of these activities occurred during the year.

Canberra Symphony Orchestra Incorporated

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Committee's Report

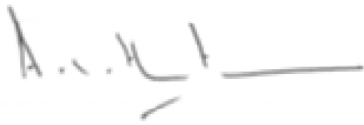
31 December 2015

2. Operating results and review of operations for the year

Operating result

The profit of the Association for the financial year after providing for reserves of \$256,638 was a surplus of \$18,627 (2014: \$173,142 transfer to reserves and a surplus of \$134,363.)

Signed in accordance with a resolution of the Members of the Committee:



Air Chief Marshall Sir Angus Houston AK AFC (Retired)
(Chair)



Mr Alan Raymond Bunsell (Treasurer)

Dated 8 April 2016

Canberra Symphony Orchestra Incorporated

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2015**

	2015	2014
Note	\$	\$
Revenue	2,521,685	2,619,976
Administration costs & concert expenses	(196,261)	(205,031)
Concert expenses	(1,351,840)	(1,432,357)
Depreciation	(12,362)	(13,693)
Employee benefits expense	(614,537)	(613,606)
Marketing & philanthropy	(71,420)	(47,784)
Current year surplus for the year before income tax	275,265	307,505
Income tax expense	-	-
Surplus for the year	275,265	307,505
Other comprehensive income, net of income tax	-	-
Total comprehensive income for the year	275,265	307,505

The accompanying notes form part of these financial statements.

Canberra Symphony Orchestra Incorporated

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Statement of Financial Position

31 December 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	168,518	943,325
Trade and other receivables	5	346,596	29,581
Other financial assets	7	1,678,809	772,619
CSO Legacy accounts	7	998,039	958,698
Other assets	6	71,079	214,385
TOTAL CURRENT ASSETS		<u>3,263,041</u>	<u>2,918,608</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	35,834	48,196
TOTAL NON-CURRENT ASSETS		<u>35,834</u>	<u>48,196</u>
TOTAL ASSETS		<u>3,298,875</u>	<u>2,966,804</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	145,650	121,770
Employee benefits	12	115,714	94,355
Other financial liabilities	10	1,157,687	986,448
Other liabilities	11	9,000	165,000
TOTAL CURRENT LIABILITIES		<u>1,428,051</u>	<u>1,367,573</u>
NON-CURRENT LIABILITIES			
Employee benefits	12	11,349	15,021
TOTAL NON-CURRENT LIABILITIES		<u>11,349</u>	<u>15,021</u>
TOTAL LIABILITIES		<u>1,439,400</u>	<u>1,382,594</u>
NET ASSETS		<u>1,859,475</u>	<u>1,584,210</u>
EQUITY			
Reserves	13	1,270,746	1,014,108
Retained earnings	13	588,729	570,102
TOTAL EQUITY		<u>1,859,475</u>	<u>1,584,210</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity

For the Year Ended 31 December 2015

2015

	Retained Earnings	Asset Revaluation Surplus	CSO Public Legacy Account	Kingsland Fellowship Program	Musical Instrument Fund	Total
Note	\$	\$	\$	\$	\$	\$
Balance at 1 January 2015	570,102	34,902	782,352	174,654	22,200	1,584,210
Profit attributable to members of the entity	275,265	-	-	-	-	275,265
Transfer between reserves	(256,638)	-	236,718	19,920	-	-
Balance at 31 December 2015	588,729	34,902	1,019,070	194,574	22,200	1,859,475

2014

	Retained Earnings	Asset Revaluation Surplus	CSO Public Legacy Account	Kingsland Fellowship Program	Musical Instrument Fund	Total
Note	\$	\$	\$	\$	\$	\$
Balance at 1 January 2014	435,739	34,902	615,266	168,598	22,200	1,276,705
Profit attributable to members of the entity	307,505	-	-	-	-	307,505
Transfers from retained earnings to general reserve	(173,142)	-	167,086	6,056	-	-
Balance at 31 December 2014	570,102	34,902	782,352	174,654	22,200	1,584,210

The accompanying notes form part of these financial statements.

Canberra Symphony Orchestra Incorporated

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Statement of Cash Flows

For the Year Ended 31 December 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	1,870,804	1,728,041
Receipts from government grants	609,327	862,846
Interest received	40,580	46,278
Payments to suppliers and employees	(2,349,985)	(1,759,640)
Net cash provided by/(used in) operating activities	<u>170,726</u>	<u>877,525</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	-	(19,554)
Investments in term deposits	(945,533)	(315,934)
Net cash used by investing activities	<u>(945,533)</u>	<u>(335,488)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase/(decrease) in cash and cash equivalents held	(774,807)	542,037
Cash and cash equivalents at beginning of year	943,325	401,288
Cash and cash equivalents at end of financial year	<u>168,518</u>	<u>943,325</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations and the *Associations Incorporation Act (ACT) 1991*. The association is a not for profit entity for financial reporting purposes under the Australian Accounting standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected noncurrent assets, financial assets and financial liabilities.

The financial report was authorised for issue by the Committee on 8 April 2016.

1 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Equipment

Each class of equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

Equipment

Equipment is measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a reducing balance basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Office Equipment	10%-33%
Computer Equipment	33%
Computer Software	15%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(c) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Association commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The association does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Financial Assets at fair value through profit and loss

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Association's management to hold them until maturity.

Impairment

Objective evidence that a financial asset is impaired includes default by a debtor, evidence that the debtor is likely to enter bankruptcy or adverse economic conditions in the stock exchange. At the end of each reporting period, the Association assesses whether there is objective evidence that a financial asset has been impaired through the occurrence of a loss event. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to indicate that an impairment has arisen.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of noncash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of non-financial assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is immediately recognised in profit or loss.

Where future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(f) Employee provisions

Short-term employee benefits

Provision is made for the Association's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Association's obligations for short-term employee benefits such as wages and salaries are recognised as part of current accounts payable and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 12 months after the end of the annual reporting period in which employees render related services. Other long-term employee benefits are measured at the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates approximating the terms of obligations. Any remeasurement of other long-term employee benefits obligations due to changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Association's obligations for long-term employee benefits are presented as non-current liabilities in the statement of financial position, except where the association does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are presented as current liabilities.

(g) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits held at call with banks and short-term deposits.

(h) Accounts receivable and other debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from government organisations. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as noncurrent assets.

(i) Accounts payable and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Association during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(j) Revenue and other income

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefit will flow to the Association and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Government grants

In 2015 Government grants were received through three main sources – artsACT, Australia Council Funding and Ministry of the Arts.

ACT Education and Training: Funding received towards the costs of the Noteworthy Education Program.

This agreement provided \$67,000 per annum for the period 2012 - 2014.

In 2014 the Canberra Symphony Orchestra signed a new Tripartite Agreement with artsACT and the Australia Council for the Arts which guarantees funding to the Canberra Symphony Orchestra Incorporated for the period 2014 - 2018.

The level of funding from both funding bodies is as follows:

artsACT – in 2015 funding of \$527,199 was provided. This included \$103,775 as a subsidy for access to Llewellyn Hall and \$103,775 for Community Outreach programs.

Australia Council – in 2015 funding of \$253,367 was provided to the CSO.

Ministry for the Arts – the CSO received a one-off grant of \$50,000 to present two Christmas concerts in December 2015. A variation was agreed to by the Ministry to use the funds to present "Babe" in 2016 and the funds have therefore been included in income in advance.

Grants received on the condition that specific services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability, and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when received.

(ii) Concert revenue

Concert revenue from tickets sales (subscription tickets and casual tickets) and program sales are recognised at the time of concert performance.

(iii) Orchestral Services Income

Fees charged for orchestral services to clients are recognised when the service is provided. The ACT Chief Minister's Department contracted the CSO to perform the ANZAC Tribute concert during the Canberra Festival on Canberra Day in March 2015.

(iv) Revenue from fundraising

Partnership Income: Partnership comprises monies from corporate partners and is recognised in the period in which the supported event is held and the benefits accrue to the partners.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(j) Revenue and other income (continued)

In-kind donations: Services donated are included at the fair value to the Association where this can be quantified and a third party is bearing the cost. It is recognised both as revenue and as expense for each concert in the period in which it takes place.

Donations: Donations are generally recognised when received unless requested by the donor for use in future years. In some cases the donations relate specifically to an event and then are recognised in the same period as the event takes place.

No amounts are included in the financial statements for services donated by volunteers.

(v) Revenue from Interest

Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Goods and Services Tax (GST)

Revenue, 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 Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(l) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Association has retrospectively applied an accounting policy, made a retrospective restatement or reclassifies items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(m) Provisions

Provisions are recognised when the Association has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2015

1 Summary of Significant Accounting Policies (continued)

(n) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Association:

- AASB 119 *Employee Benefits*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Association reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

2 Revenue and Other Income

	2015	2014
	\$	\$
Other Income		
Interest	40,580	46,278
Government Grants		
artsACT - ACT Government Core	323,130	284,748
artsACT Venue grant - Llewellyn Hall	103,775	101,250
artsACT - Community Engagement	100,294	101,250
Australia Council - federal grant	253,367	251,606
Australia Ministry for the Arts grant	-	50,000
ACT Education & Training	-	67,000
Centenary of Canberra	-	7,600
Philanthropy grants	-	10,000
Concert revenue		
Concerts income [^]	607,663	773,644
Orchestral services	244,974	119,982
Fundraising revenue		
Partnerships	595,767	618,760
Philanthropic	236,718	173,143
Other income	15,417	14,715
	2,521,685	2,619,976

[^] With regard to the in-house ticketing system, new systems had to be implemented to properly recognise certain aspects of ticket sales. With these systems now operating cumulative adjustments were made in 2015 to properly recognise income for the period. The decrease in concert income compared to 2014 was as a result of two Christmas concerts presented in 2014 with funding from the Ministry for the Arts. However, income from Orchestral

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Notes to the Financial Statements

For the Year Ended 31 December 2015

2 Revenue and Other Income (continued)

Services in 2015 was \$124,992 higher than the previous year. This was a result of a collaboration with The Australian Ballet.

Notes to the Financial Statements

For the Year Ended 31 December 2015

3 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor, Hardwickes Chartered Accountants, for:		
- auditing or reviewing the financial statements	7,980	7,750

4 Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	162	162
Cash at bank	168,356	944,375
Bank overdrafts	-	(1,212)
	<u>168,518</u>	<u>943,325</u>

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2015	2014
	\$	\$
Cash and cash equivalents	168,518	944,537
Bank overdrafts	-	(1,212)
Balance as per statement of cash flows	<u>168,518</u>	<u>943,325</u>

5 Accounts receivable and other debtors

	2015	2014
	\$	\$
CURRENT		
Trade receivables	345,582	29,581
Other receivables	1,014	-
Total current trade and other receivables	<u>346,596</u>	<u>29,581</u>

The Association does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

(a) Collateral held as security

The Association does not hold any collateral over any receivable balances.

Notes to the Financial Statements

For the Year Ended 31 December 2015

6 Other non-financial assets

		2015	2014
		\$	\$
CURRENT			
Prepayments		25,912	24,415
Donation#	11	9,000	165,000
Rental Bond		24,970	24,970
Accrued income		11,197	-
		<u>71,079</u>	<u>214,385</u>

In 2014 the Canberra Symphony Orchestra received a donation in the form of a sculpture. The sculpture was to be the prize for a fundraising event that was to be held by the Canberra Symphony Orchestra in September 2014. The event did not proceed during the 2014 year and it has been decided by the committee to hold the sculpture as a current asset and current liability (note 11) as it is the view of the committee that the sculpture will be sold in the short term.

In the committee's efforts to realise a return on the donation, they have received advice from auction houses as to the valuation and salability of the sculpture. As a result of this advice the carrying value for accounts has been reduced to \$9,000.

7 Other financial assets

		2015	2014
		\$	\$
Other Financial Assets			
Macquarie Term Deposit		828,809	458,082
Macquarie Term Deposit		400,000	314,537
St George Term Deposit		450,000	-
		<u>1,678,809</u>	<u>772,619</u>
Legacy Accounts			
CSO Legacy Accounts		162,068	9,241
Macquarie Legacy Term Deposit		-	152,124
St George Legacy Term Deposit		-	100,960
St George Legacy 2 Term Deposit		641,197	521,313
Legacy Donations Account		200	200
Kingsland term Deposit		194,574	174,860
		<u>998,039</u>	<u>958,698</u>
Total financial assets		<u>2,676,848</u>	<u>1,731,317</u>

Cash held in the legacy account and the Kingsland term deposit is not available for use by the Canberra Symphony Orchestra in its operations. The cash investment legacy account is linked to the CSO public fund legacy account as disclosed in note 13. The Kingsland term deposit is linked to the Kingsland Fellowship Program reserve also disclosed in note 13.

Notes to the Financial Statements

For the Year Ended 31 December 2015

8 Equipment

	2015	2014
	\$	\$
Musical equipment		
At cost	81,104	81,104
Accumulated depreciation	(47,295)	(35,609)
Total plant and equipment	<u>33,809</u>	<u>45,495</u>
Office equipment		
At cost	14,512	14,512
Accumulated depreciation	(12,487)	(11,811)
Total office equipment	<u>2,025</u>	<u>2,701</u>
Computer equipment		
At cost	22,182	22,182
Accumulated depreciation	(22,182)	(22,182)
Total computer equipment	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u><u>35,834</u></u>	<u><u>48,196</u></u>

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Musical instruments	Office equipment	Total
	\$	\$	\$
Year ended 31 December 2015			
Balance at the beginning of year	45,495	2,701	48,196
Depreciation expense	(11,686)	(676)	(12,362)
Balance at the end of the year	<u>33,809</u>	<u>2,025</u>	<u>35,834</u>

	Musical instruments	Office Equipment	Total
	\$	\$	\$
Year ended 31 December 2014			
Balance at the beginning of year	37,992	4,341	42,333
Additions	19,554	-	19,554
Depreciation expense	(12,051)	(1,640)	(13,691)
Balance at the end of the year	<u>45,495</u>	<u>2,701</u>	<u>48,196</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

9 Accounts Payable and other payables

	2015	2014
	\$	\$
CURRENT		
Trade payables	33,094	47,165
GST Payable	56,723	22,859
Superannuation	26,591	23,022
Other payables	29,242	28,724
	<u>145,650</u>	<u>121,770</u>

Collateral pledged

No collateral has been pledged for any of the trade and other payable balances.

10 Other Financial Liabilities

	2015	2014
	\$	\$
CURRENT		
Grants in advance - Australia Council	126,682	126,683
Grants in advance - artsACT Core	163,560	210,820
Grants in advance - artsACT Community Engagement	90,398	34,392
Grants in advance - Venue Subsidy	52,525	51,250
Philanthropy Grants in advance	-	20,000
Subscription tickets pre paid	515,702	431,256
Partnership in advance	83,678	38,067
Donations in advance	75,142	73,980
Grants in advance - Ministry of Arts	50,000	-
	<u>1,157,687</u>	<u>986,448</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

11 Other liabilities

		2015	2014
		\$	\$
CURRENT			
Donation	6	9,000	165,000
		<u>9,000</u>	<u>165,000</u>

Refer to note 6 for the committee's decision on the treatment of the donation.

12 Employee Provisions

		2015	2014
		\$	\$
Current liabilities			
Long service leave		76,933	57,032
Annual leave		38,781	37,323
		<u>115,714</u>	<u>94,355</u>

		2015	2014
		\$	\$
Non-current liabilities			
Long Service Leave		11,349	15,021

(a) Analysis of Employee Provisions - Annual leave and Long Service Leave

	2015	2014
	\$	\$
Beginning of the year	109,376	95,111
Additional Provisions	53,731	80,235
Amounts Used	(36,044)	(65,970)
Balance at end of year	<u>127,063</u>	<u>109,376</u>

Employee Provisions - Annual leave Entitlements

The provision for employee benefits represents amounts accrued for annual leave and long service leave.

Based on past experience, the association doesn't expect the full amount of annual leave to be settled wholly within the next 12 months. However, the amount must be classified as a current liability because the association does not have an unconditional right to defer the settlement of the amount in the event employees wish to use their leave entitlements.

Notes to the Financial Statements

For the Year Ended 31 December 2015

13 Reserves and retained surplus

	2015	2014
	\$	\$
Asset Revaluation Reserve		
Opening balance	34,902	34,902
Transfers in	-	-
	<u>34,902</u>	<u>34,902</u>
CSO Public Legacy Fund		
Opening balance	782,352	615,266
Transfers in	236,718	167,086
	<u>1,019,070</u>	<u>782,352</u>
Kingsland Fellowship Fund		
Opening balance	174,654	168,598
Transfers in	19,920	6,056
	<u>194,574</u>	<u>174,654</u>
Musical Instrument Fund		
Opening balance	22,200	22,200
Transfers in	-	-
	<u>22,200</u>	<u>22,200</u>
Retained Earnings		
Opening balance	570,102	435,739
Surplus	275,265	307,505
Transfers out	(256,638)	(173,142)
	<u>588,729</u>	<u>570,102</u>
Total	<u><u>1,859,475</u></u>	<u><u>1,584,210</u></u>

(a) Asset Revaluation Reserve

Change in the fair value and exchange differences arising on translation of available for sale investment are recognised in other comprehensive income Asset Revaluation Reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

(b) Canberra Symphony Orchestra Legacy Fund Reserve

Canberra Symphony Orchestra introduced a legacy account in 2009 to preserve the capital of public donations and gifts, to support Canberra Symphony Orchestra's current and future special projects from investment income. Donations are deposited directly into the legacy account as determined by the committee.

(c) Kingsland Fellowship Fund Reserve

Kingsland Fellowship Fund was established in 2012 from a one off donation of \$150,000. The aim is to provide mentorship opportunities for emerging professional musicians.

Notes to the Financial Statements

For the Year Ended 31 December 2015

14 Leasing Commitments

(a) Operating Leases

	2015	2014
	\$	\$
Minimum lease payments under non-cancelable operating leases:		
- not later than one year	93,690	98,122
- between one year and five years	335,724	490,610
	<u>429,414</u>	<u>588,732</u>

Operating leases relate to rental payments for the administrative office with lease term of seven years ending 31 July 2020 with an option of a further 5 years. All operating lease contracts contain market review clauses in the event that the Association exercises any option to renew. On the 1 August each year the Canberra Symphony Orchestra Incorporated's rent will be reviewed and will be adjusted by CPI.

15 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

16 Related Party Transactions

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the association, directly or indirectly, including its committee members, is considered key management personnel.

Key Management personnel compensation:

	2015	2014
	\$	\$
Short-term employee benefits	251,575	235,773
Long-term benefits	23,900	45,142
	<u>275,475</u>	<u>280,915</u>

Other Related Parties

Board Members' transactions

During the year the Association entered into a number of transactions with committee members on normal commercial terms and conditions no more favourable than those available to any other member. The transactions included the payment of membership fees, the making of donations, the sale of tickets and merchandise and payments to the Friends of the CSO for membership and attending functions. The total amount received from board members in 2015 was \$7,754 (2014 \$9,026).

Notes to the Financial Statements

For the Year Ended 31 December 2015

17 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2015	2014
	\$	\$
Profit for the year	275,265	307,505
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	12,362	13,691
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	(317,015)	17,203
- (increase)/decrease in other assets	144,802	(167,526)
- (increase)/decrease in prepayments	(1,496)	25,916
- increase/(decrease) in income in advance	171,239	462,407
- increase/(decrease) in trade and other payables	23,880	39,065
- increase/(decrease) in other liabilities	(156,000)	165,000
- increase/(decrease) in provisions	17,689	14,264
Cashflow from operations	<u>170,726</u>	<u>877,525</u>

18 Financial Risk Management

The main risks Canberra Symphony Orchestra Incorporated is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Association's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		2015	2014
		\$	\$
Financial Assets			
Cash and cash equivalents	4	168,518	943,325
Held-to-maturity investments	7	1,678,809	772,619
Legacy Accounts	7	998,039	958,698
Total financial assets		<u>2,845,366</u>	<u>2,674,642</u>
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	9	145,650	121,770
Total financial liabilities		<u>145,650</u>	<u>121,770</u>

Notes to the Financial Statements

For the Year Ended 31 December 2015

18 Financial Risk Management (continued)

Financial risk management policies

The Committee has overall responsibility for the establishment of Canberra Symphony Orchestra Incorporated's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Canberra Symphony Orchestra Incorporated's activities.

Risk management is carried out by the CEO under policies approved by the Committee Members. All risks are prudently managed through regular risk assessments and ongoing Committee reporting.

The Committee receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to Canberra Symphony Orchestra Incorporated and arises principally from Canberra Symphony Orchestra Incorporated's receivables.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The Association has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 5.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 5.

(b) Liquidity risk

Liquidity risk arises from the possibility that Canberra Symphony Orchestra Incorporated might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Association manages this risk through the following mechanisms:

- preparing forward-looking cash flow analysis in relation to its operational, investing and financial activities which are monitored on a monthly basis;
- maintaining a reputable credit profile;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Notes to the Financial Statements

For the Year Ended 31 December 2015

18 Financial Risk Management (continued)

(b) Liquidity risk (continued)

Typically, Canberra Symphony Orchestra Incorporated ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days.

The available funds to the Association are discussed in note 18.

The table/s below reflect an undiscounted contractual maturity analysis for financial liabilities.

Financial guarantee liabilities are treated as payable on demand since Canberra Symphony Orchestra Incorporated has no control over the timing of any potential settlement of the liabilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

Financial liability maturity analysis - Non-derivative

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Accounts payable and other payables	145,650	121,770	-	-	-	-	145,650	121,770
Operating lease commitments	93,690	98,122	335,724	392,488	-	98,122	429,414	588,732
Total contractual outflows	239,340	219,892	335,724	392,488	-	98,122	575,064	710,502
Total expected outflows	239,340	219,892	335,724	392,488	-	98,122	575,064	710,502
Financial assets - cash flow realisable								
Cash & cash equivalents	168,518	943,325	-	-	-	-	168,518	943,325
Term Deposits	1,678,809	772,619	-	-	-	-	1,678,809	772,619
Legacy accounts	998,039	958,698	-	-	-	-	998,039	958,698
Accounts receivable and other debtors	346,596	29,581	-	-	-	-	346,596	29,581
Total anticipated inflows	3,191,962	2,704,223	-	-	-	-	3,191,962	2,704,223
Net (outflow)/inflow on financial instruments	2,952,622	2,484,331	(335,724)	(392,488)	-	(98,122)	2,616,898	1,993,721

The timing of expected outflows is not expected to be materially different from contracted cashflows.

Financial assets pledged as collateral

No financial assets have been pledged as security for any financial liability.

Notes to the Financial Statements

For the Year Ended 31 December 2015

18 Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period, whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Sensitivity analysis

The following table illustrates sensitivities to Canberra Symphony Orchestra Incorporated's exposures to changes in the interest rate. The table indicates the impact on how profit and equity values reported at the end of the reporting year would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
	\$	\$
Year ended 31 December 2015		
+/- 2% in interest rates	<u>56,907</u>	<u>56,907</u>
	Profit	Equity
	\$	\$
Year ended 31 December 2014		
+/- 2% in interest rates	<u>53,493</u>	<u>53,493</u>

19 Association Details

The registered office and principal place of business of the association is:

Canberra Symphony Orchestra Incorporated
First Floor
11 London Circuit
CANBERRA ACT

Canberra Symphony Orchestra Incorporated

ABN 42 705 136 058

Statement by Members of the Committee

In the opinion of the committee the financial report as set out on pages 4, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:

1. Present fairly the financial position of Canberra Symphony Orchestra Incorporated as at 31 December 2015 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
2. give a true and fair view of the financial position of the registered entity as at 31 December 2015 and of its performance for the year ended on that date.

This declaration is signed in accordance with subs 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Air Chief Marshall Sir Angus Houston AK AFC (Retired) (Chair)



Mr Alan Raymond Bunsell (Treasurer)

Dated 8 April 2016

Independent Audit Report to the members of Canberra Symphony Orchestra Incorporated

Report on the Financial Report

We have audited the accompanying financial report of Canberra Symphony Orchestra Incorporated, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the statement by members of the committee.

Management's Responsibility for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012, and for such internal control as management determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

Independent Audit Report to the members of Canberra Symphony Orchestra Incorporated

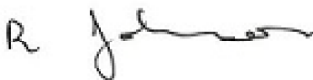
Opinion

In our opinion, the financial report of Canberra Symphony Orchestra Incorporated has been prepared in accordance with Div 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i) giving a true and fair view of the registered entity's financial position as at 31 December 2015 and of its financial performance and cash flows for the year ended on that date; and
- ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Hardwickses

Hardwickses
Chartered Accountants



Robert Johnson FCA
Partner

Canberra, ACT
8 April 2016

