

**CANBERRA SYMPHONY
ORCHESTRA LIMITED**

ABN 42 705 136 058

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2018**

Canberra Symphony Orchestra Limited

42 705 136 058

DIRECTORS' REPORT

The directors present their report on the company for the financial year ended 31 December 2018.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Air Chief Marshal Sir Angus Houston AK AFC (Ret'd) (Chair)
Ms Melanie Kontze (Deputy Chair)
Mr Robert Clark (Company Secretary)
Mr Alan Raymond Bunsell (Treasurer) (resigned 28 May 2018)
Ms Chris Faulks
Ms Lucille Halloran
Mr John Kalokerinos
Mr Paul Lindwall
Ms Elizabeth McGrath (resigned 23 July 2018)
Mr John Painter AM
Ms Annabelle Pegrum AM
Ms Christine Worth (elected 28 May 2018)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The deficit of the company for the financial year amounted to \$88,576 (2017: surplus \$159,632).

Significant Changes in the State of Affairs

During the financial year, Canberra Symphony Orchestra formally changed from an incorporated association to a company limited by guarantee effective 6 August 2018 (ACN 626 031 043).

Principal Activities

1. Performance of symphonic music;
2. Presentation of high-quality concerts to inspire and engage audiences;
3. Provision of orchestral services for local productions in the ACT and region;
4. Development of strategic partnerships to grow audiences and develop programs that are accessible and appeal to a broad audience base; and
5. Provision of opportunities for audiences of different ages through education and community programs.

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

Events Subsequent to the End of the Reporting Period

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

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

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Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Liability of Members and Winding up (Clause 34 Constitution)

(a) If the Company is wound up:

(i) each Member; and

(ii) each person who has ceased to be a Member in the preceding year, undertakes to contribute to the property of the Company for the:

(iii) payment of debts and liabilities of the Company (in relation to clause 34(a)(ii), contracted before the person ceased to be a Member) and payment of costs, charges and expenses of winding up; and

(iv) adjustment of the rights of the contributories amongst themselves,

such amount as may be required, **not exceeding \$10.00.**

(b) If upon the dissolution or winding up of the Company there remains, after satisfaction of all its debts and liabilities, any property whatever, the same shall not be paid or distributed to the Members but shall be given or transferred to some other charitable fund, authority or institution:

(i) having objects similar to the objects of the Company;

(ii) which is required to pursue charitable purposes only;

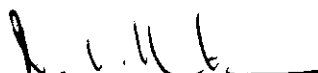
(iii) which is required to apply its profits (if any) or other income in promoting its objects; and

(iv) which prohibits the distribution of its income and property to a similar extent to that imposed on the Company by this Constitution.

A copy of the auditor's independence declaration as required under s 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012* is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Signed



Director

Air Chief Marshal Sir Angus Houston AK AFC (Ret'd)

Dated this 26 day of April 2019



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AUDITOR'S INDEPENDENCE DECLARATION UNDER S60-40 OF THE AUSTRALIAN CHARITIES AND NOT- FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF CANBERRA SYMPHONY ORCHESTRA LIMITED

As auditor for the audit of Canberra Symphony Orchestra Limited, I declare that, to the best of my knowledge and belief, during the year ended 31 December 2018 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Australian Charities and Not-For-Profits Commission Act 2012* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'James Barrett'.

James Barrett, CA
Registered Company Auditor
BellchambersBarrett

Canberra, ACT
Dated this 26th day of April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANBERRA SYMPHONY ORCHESTRA LIMITED

We have audited the accompanying financial report of Canberra Symphony Orchestra (the company), which comprises the statement of financial position as at 31 December 2018, the statement of profit or loss and statement of 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 directors' declaration.

In our opinion, the accompanying financial report of Canberra Symphony Orchestra is 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 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Div 60 of 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 registered entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 December 2018 but does not include the financial report and our auditor's report thereon. 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 registered entity 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 committee determines 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 committee is responsible for assessing the ability of the registered entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the committee either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so



Auditor's Responsibility 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity'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 registered entity 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.

We communicate with the committee 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.

A handwritten signature in black ink, appearing to read 'James Barrett'.

James Barrett, CA
Registered Company Auditor
BellchambersBarrett

Canberra, ACT
Dated this 26th day of April 2019

Canberra Symphony Orchestra Limited

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
Revenue	2	2,149,910	2,344,002
Foundation income		337,020	267,864
Bequest income		16,000	195,090
Administration costs		(181,370)	(211,190)
Concert expenses		(1,462,341)	(1,553,354)
Depreciation		(24,222)	(23,104)
Employee benefits expenses		(922,812)	(857,263)
Foundation expenses		(761)	(2,413)
Current year surplus before income tax		(88,576)	159,632
Income tax expense	1(j)	-	-
Surplus for the year		(88,576)	159,632
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		(88,576)	159,632

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	107,036	399,766
Trade and other receivables	5	36,785	-
Other assets	6	37,018	72,184
Other financial assets	7	1,665,386	1,631,481
CSO Foundation accounts	7	1,197,464	1,255,264
TOTAL CURRENT ASSETS		<u>3,043,689</u>	<u>3,358,695</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	45,089	66,744
TOTAL NON-CURRENT ASSETS		<u>45,089</u>	<u>66,744</u>
TOTAL ASSETS		<u><u>3,088,778</u></u>	<u><u>3,425,439</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	107,960	66,820
Other financial liabilities	10	601,738	821,579
Other liabilities	11	22,464	35,619
Employee benefits	12	59,761	119,209
TOTAL CURRENT LIABILITIES		<u>791,923</u>	<u>1,043,227</u>
NON-CURRENT LIABILITIES			
Employee benefits	12	10,290	7,071
TOTAL NON-CURRENT LIABILITIES		<u>10,290</u>	<u>7,071</u>
TOTAL LIABILITIES		<u>802,213</u>	<u>1,050,298</u>
NET ASSETS		<u><u>2,286,565</u></u>	<u><u>2,375,141</u></u>
EQUITY			
Reserves		1,731,074	1,731,074
Retained surplus		555,491	644,067
TOTAL EQUITY		<u><u>2,286,565</u></u>	<u><u>2,375,141</u></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 2018

	Note	Retained Surplus	Asset revaluation surplus	CSO Foundation Account	Kingsland Fellowship Fund	Musical Instrument Fund	Total
		\$	\$	\$	\$	\$	\$
Balance at 1 January 2017		679,525	34,902	1,268,070	210,812	22,200	2,215,509
Transfer between reserves		(195,090)	-	-	195,090	-	-
Surplus attributable to members of the company		159,632	-	-	-	-	159,632
Balance at 31 December 2017		644,067	34,902	1,268,070	405,902	22,200	2,375,141
Loss attributable to members of the company	15	(88,576)	-	-	-	-	(88,576)
Balance at 31 December 2018		555,491	34,902	1,268,070	405,902	22,200	2,286,565

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018	2017
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,678,126	1,755,517
Receipts from government grants		668,357	961,398
Receipts from bequests		16,000	195,090
Interest received		25,800	25,213
Payments to suppliers and employees		(2,623,766)	(2,724,022)
GST remitted to ATO		(76,312)	(46,771)
Net cash (used) / provided by operating activities		<u>(311,795)</u>	<u>166,425</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,567)	(16,010)
Withdrawals from / (deposits) in term deposits		21,632	(343,505)
Net cash provided / (used) by investing activities		<u>19,065</u>	<u>(359,515)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (decrease) in cash and cash equivalents held		(292,730)	(193,090)
Cash and cash equivalents at the beginning of the year		399,766	592,856
Cash and cash equivalents at the end of financial year	4	<u>107,036</u>	<u>399,766</u>

The accompanying notes form part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Canberra Symphony Orchestra Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Australian Charities and Not-for-profits Commission Act 2012*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 26 April 2019 by the directors of the company.

Accounting Policies

a. Revenue

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 company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Government grants

In 2018 Government grants were received through two main sources – artsACT and the Australia Council for the Arts

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

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

artsACT – in 2018 funding of \$549,107 was recognised. This included \$107,161 as a subsidy for access to Llewellyn Hall and included \$109,439 for community and regional engagement for 2018.

Australia Council for the Arts – in 2018, funding of \$255,900 was provided to the CSO.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

b. Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

c. **Property, Plant and Equipment**

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

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity 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 assets are:

Class of Fixed Asset	Depreciation Rate
Computer equipment	33%
Musical Instruments	15%
Office equipment	10 - 33%
Office fit-out	14%

The assets' residual values 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 or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. **Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to the entity, are classified as finance leases.

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

e. 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 equivalent to the date that the company commits itself to either purchase or sell the asset (ie 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 recognised immediately as expenses in profit or loss.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value (refer to Note 1(q)), amortised cost using the effective interest method, or cost.

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 amount with a consequential recognition of an income or expense item in profit or loss.

(i) *Financial assets at fair value through profit or 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 amount included in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned from the financial asset and is included in other gains or losses in the statement of profit and loss and other comprehensive income.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

e. Financial Instruments (Continued)

Initial recognition and measurement (Continued)

(iv) *Available-for-sale investments*

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

e. **Financial Instruments (Continued)**

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. **Impairment of Non-Financial Assets**

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where the future economic benefits of the assets 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 an asset.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

g. **Employee Benefits**

Short-term employee benefits

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

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

g. **Employee Benefits (Continued)**

Other long-term employee benefits

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the company's obligation for other long-term employee benefits, which are measured at the present value of 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 high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

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

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

i. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

j. **Income Tax**

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

k. **Provisions**

Provisions are recognised when the entity 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.

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

l. Comparative Figures

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

m. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

n. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key judgements

(ii) Employee benefits

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal company policy that requires annual leave to be used within 18 months), the directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

o. Economic Dependence

Canberra Symphony Orchestra Not For Profit Limited is dependent on the ACT Government for the majority of its revenue used to operate the business. At the date of this report, the Board of Directors has no reason to believe the Government will not continue to support Canberra Symphony Orchestra Limited.

p. Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

"Fair value" is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

q. **Fair Value of Assets and Liabilities (Continued)**

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

r. **New and amended Accounting Standards**

The Group has assessed all new and amended accounting standards issued and effective for financial reporting periods beginning on or after 1 January 2018, and determine there to be no effect on the current or prior period parent and consolidated financial statements.

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 2: REVENUE AND OTHER INCOME

	2018	2017
	\$	\$
Other Income		
Interest	19,681	28,943
Government Grants		
artsACT – ACT Government Core	340,791	333,696
artsACT Venue grant – Llewellyn Hall	109,439	107,161
artsACT – Community Engagement	99,176	140,059
Australia Council for the Arts – Federal funding	255,900	253,365
Australia Ministry for the Arts grant	-	130,000
Concert Revenue		
Concert income	758,358	709,323
Orchestral services	166,112	173,854
Fundraising Revenue		
Partnerships	398,171	466,542
Other income	2,282	1,059
Total revenue	2,149,910	2,344,002

NOTE 3: RELATED PARTY TRANSACTIONS

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

The totals of remuneration paid to key management personnel of the company during the year are as follows:

Key management personnel compensation	229,402	136,875
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Other Related Parties

Directors' transactions

During the year the company entered into a number of transactions with Directors 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 Directors in 2018 was \$9,276 (2017: \$16,646). The CSO also paid \$41,829, at commercial terms and conditions, to a board member for their services as administrator ((the board member stepped down from their position on the board prior to entitlement to any fee for service and for the full period of service).

NOTE 4: CASH AND CASH EQUIVALENTS

	Note		
Cash on hand		53	85
Cash at bank		47,985	259,097
Cash at bank – Foundation		58,998	140,584
Total cash and cash equivalents	16	107,036	399,766

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 5: ACCOUNTS RECEIVABLE AND OTHER DEBTORS	Note	2018	2017
		\$	\$
Other receivables		36,785	-
Total current trade and other receivables		36,785	-

NOTE 6: OTHER CURRENT ASSETS

CURRENT

Prepayments	5,000	36,310
Rental Bond	27,236	24,971
Accrued Income	4,782	10,903
Total other current assets	37,018	72,184

NOTE 7: OTHER FINANCIAL ASSETS

Other Financial Assets

Vanguard Operation investment	347,726	249,465
Vanguard Foundation investment	622,716	524,095
Musical Instrument fund account	24,222	2,452
St George term deposit	670,722	855,469
	1,665,386	1,631,481

Foundation Accounts

CSO Foundation account	5,117	5,092
CSO Foundation term deposit	769,925	840,134
Kingsland Fellowship term deposit	422,422	410,038
	1,197,464	1,255,264
Total other financial assets	16 2,862,850	2,886,745

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2018	2017
	\$	\$
Musical instruments:		
At cost	85,523	85,523
Accumulated depreciation	(74,506)	(67,148)
Total musical instruments	<u>11,017</u>	<u>18,375</u>
Office equipment:		
At cost	24,959	24,428
Accumulated depreciation	(18,063)	(15,514)
Total office equipment	<u>6,896</u>	<u>8,914</u>
Computer equipment:		
At cost	24,218	22,182
Accumulated depreciation	(22,855)	(22,182)
Total computer equipment	<u>1,363</u>	<u>-</u>
Office fit out:		
At cost	97,440	97,440
Accumulated depreciation	(71,627)	(57,985)
Total fit out	<u>25,813</u>	<u>39,455</u>
Total property, plant and equipment	<u>45,089</u>	<u>66,744</u>

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Movements in carrying amounts

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	Computer equipment	Fit out	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2018	18,375	8,914	-	39,455	66,744
Additions	-	532	2,035	-	2,567
Depreciation expense	(7,358)	(2,550)	(672)	(13,642)	(24,222)
Carrying amount at 31 December 2018	11,017	6,896	1,363	25,813	45,089

NOTE 9: ACCOUNTS PAYABLE AND OTHER PAYABLES

	Note	2018	2017
		\$	\$
CURRENT			
Trade payables		105,093	28,593
GST Payable		(27,974)	(1,513)
Superannuation		7,248	13,663
Other payables		23,593	26,077
Total trade and other payables		107,960	66,820

a. Financial liabilities at amortised cost classified as accounts payable and other payables

Accounts payable and other payables:		107,960	66,820
Less GST payable		27,974	1,513
Less accrued expenses		(67,191)	(19,581)
Financial liabilities as accounts payable and other payables	16	68,743	48,752

Collateral pledged

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 10: OTHER FINANCIAL LIABILITIES	Note	2018	2017
		\$	\$
CURRENT			
Grants in advance – Australia Council for the Arts		-	127,950
Grants in advance – artsACT Community Engagement		46,000	-
Subscription tickets pre-paid		498,178	568,629
Partnerships in advance		32,560	45,000
Donations in advance		25,000	80,000
		<hr/>	<hr/>
Total other financial liabilities		601,738	821,579
		<hr/>	<hr/>
NOTE 11: OTHER LIABILITIES			
CURRENT			
Lease incentive		22,464	35,619
		<hr/>	<hr/>
Total other liabilities		22,464	35,619
		<hr/>	<hr/>
NOTE 12: EMPLOYEE PROVISIONS			
CURRENT			
Annual leave		46,497	50,494
Long service leave		13,264	68,715
		<hr/>	<hr/>
Total current employee benefits		59,761	119,209
		<hr/>	<hr/>
NON-CURRENT			
Long service leave		10,290	7,071
		<hr/>	<hr/>
Total non-current employee benefits		10,290	7,071
		<hr/>	<hr/>
Total employee benefits		70,051	126,280
		<hr/>	<hr/>
Analysis of employee provisions			
Opening balance at 1 January 2018		126,281	108,547
Movement in provisions		(7,430)	52,344
Amounts used		(48,800)	(34,610)
		<hr/>	<hr/>
Balance at 31 December 2018		70,051	126,281
		<hr/>	<hr/>

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 company expects the full amount of the annual leave balance to be settled within the next 12 months. Further, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 13: CAPITAL AND LEASING COMMITMENTS	Note	2018	2017
		\$	\$
Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable – minimum lease payments:			
– not later than 12 months		101,097	101,097
– between 12 months and five years		67,398	168,494
Total operating lease commitments		168,495	269,591

Operating leases relate to rental payments for the administrative office with lease term of seven years ending 31 July 2020 with two options of a further five years in each instance. All operating lease contracts contain market review clauses in the event that the company exercises any option to review. On 1 August each year, the Canberra Symphony Orchestra Limited's rental rate is reviewed and adjusted by CPI.

NOTE 14: EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant events since the end of the reporting period.

NOTE 15: RESERVES AND RETAINED SURPLUS

(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 Foundation Reserve

Canberra Symphony Orchestra introduced a Foundation account in 2009 to support identified projects undertaken by the CSO, funded by identified donations, realised bequests and other identified funds. Donations are deposited directly into the Foundation account as determined by the Board.

(c) Kingsland Fellowship Reserve

Kingsland Fellowship fund was established in 2012 from a one-off donation of \$150,000. The aim is to provide professional development opportunities for early career musicians.

NOTE 16: FINANCIAL RISK MANAGEMENT

The main risks Canberra Symphony Orchestra Limited is exposed to relate to their financial instruments. These risks include credit risk, liquidity risk and market risk.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

Financial assets

Cash and cash equivalents	4	107,036	399,766
Held-to-maturity investments	7	2,862,850	2,886,745
Total financial assets		2,969,886	3,286,511

Financial liabilities

Trade and other payables	9a	68,743	48,752
Total financial liabilities		68,743	48,752

Canberra Symphony Orchestra Limited

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 17: COMPANY DETAILS

The registered office of the company is:

Canberra Symphony Orchestra

First Floor

11 London Circuit

CANBERRA ACT 2601

Canberra Symphony Orchestra Limited

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DIRECTORS' DECLARATION

The directors of the registered entity declare that, in the directors' opinion:

The financial statements and notes, as set out on pages 4 to 22, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

- a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
- b. give a true and fair view of the financial position of the registered entity as at 30 June 2018 and of its performance for the year ended on that date.

There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

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

Signed

Director

Air Chief Marshal Sir Angus Houston AK AFC (Ret'd)

Dated this 26 day of April 2019