



# **West Australian Symphony Orchestra**

**West Australian Symphony Orchestra Pty Ltd**

**A.B.N. 26 081 230 284**

**Annual Financial Report**

**31 December 2018**

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The directors present their report together with the financial report of West Australian Symphony Orchestra Pty Ltd (the 'Company') for the year ended 31 December 2018 and the independent auditor's report thereon.

## DIRECTORS

The directors, at any time during or since the financial year, are:

Richard James Barr Goyder (Chairman)	Appointed 27 March 2018
Janet Lee Holmes à Court	Appointed 27 January 1998
Barrie Le Pley (Deputy Chairman)	Appointed 31 March 1999
Keith Kessell	Appointed 11 June 2007
Mark Dudley Coughlan	Appointed 15 October 2009 Resigned 31 December 2018
Anne Lesley Nolan	Appointed 21 March 2012
Robert Paul Shannon	Appointed 24 October 2013
Michael Jesse Utsler	Appointed 12 June 2014 Resigned 15 October 2018

## SECRETARIES

The secretaries, at any time during or since the financial period, are:

Peter Andrew Freemantle	Appointed 21 November 2006
Craig Michael Whitehead	Appointed 10 June 2009 Resigned 12 December 2018

## QUALIFICATIONS AND EXPERIENCE OF DIRECTORS

### Dr Richard James Barr Goyder AO (HonD.Com, B.Com)

Richard Goyder AO is the chairman of Woodside Petroleum Ltd, Qantas Airways Ltd, and the AFL Commission. He also chairs JDRF Australia, WASO Holdings Ltd, WA Venues & Events Pty Ltd and the Channel 7 Telethon Trust. Formerly he was Chairman of the Australian B20 (the key business advisory body to the international economic forum which includes business leaders from all G20 economies). Richard was the Managing Director and CEO of Wesfarmers Limited from July 2005 to November 2017. He also previously held the roles of Finance Director between 2002 and 2004, and Deputy Managing Director and CFO between 2004 and 2005.

He was made an Officer of the Order of Australia in 2013 for distinguished service to business through executive roles and through the promotion of corporate sponsorship of the arts and Indigenous programs, and to the community.

### Janet Holmes à Court AC

Janet Holmes à Court is owner of the Janet Holmes à Court Collection. She is Chairman of the Australian Children's Television Foundation, the Art Gallery of Western Australia and Deputy Chairman of the Chamber of Arts and Culture WA (CACWA). She is also a Board Member of WASO Holdings Ltd, WA Venues & Events Pty Ltd, the Australian National Academy of Music (ANAM), the Australian Urban Design Research Centre (AUDRC) and the Australian Institute of Architects Foundation (AIAF). Janet is also a member of the Centenary Trust for Women Board of Advisors at the University of Western Australia, the State Buildings Advisory Board, Western Australia and Commissioner for Australia for the Venice Architecture Biennale.

### Barrie Le Pley, BA, MBA

After 20 years as a banker engaged principally in international arbitrage and international corporate finance, Mr Le Pley now devotes much of his time to two businesses of which he is chairman. Le Pley Properties develops and owns commercial property principally in Australia, Germany and China. Sanur Pty Ltd is the holding company for Le Pley Properties. Seacrest Asset Pty Ltd invests in private as well as listed companies in Europe.

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Barrie is a Foundation Benefactor of the Art Gallery of Western Australia, a Life Member of the Beta Gamma Sigma Society, a member of the Strategic Resources Committee and the Investment Committee of the University of Western Australia, Chevalier de Confrérie (Vougeot), Author of *Margaret River Style* and a Director of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

### Keith Kessell

Keith Kessell has considerable experience in media and government relations, policy development and issues management.

He was a senior executive at Wesfarmers Limited until his retirement in 2008 from the position of Executive General Manager, Corporate Affairs. His responsibilities included oversight of the Wesfarmers Arts programme. From the middle 1980s until 1993 Keith worked as a senior adviser in federal politics. He began his career as a journalist with West Australian Newspapers and also worked at ABC radio in Perth.

Keith is a Director of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

### Mark Coughlan MusB (Hons), MusM

Mark Coughlan is a concert pianist, musical director, educator and writer. He was artistic director of the Government House Ballroom concert series Music on the Terrace from 2006 - 2018 and directs the annual New Year's Eve concert in the Perth Concert Hall. From 2005 - 2018 he was a music critic for The Australian newspaper. He has previously been a director of Musica Viva Australia and was chairman of AMEB Ltd, Australia's largest music education publisher and examination organisation and for eight years he held the position of Head of the School of Music at The University of Western Australia.

Mark is the founding chairman of Lost and Found Opera, a council member of the St George's Cathedral Arts Foundation and a director of the Western Australian Youth Orchestra and has just stepped down as executive director of the Leeming Medical Group.

Mark has accepted the role of Chief Executive of WASO Holdings Ltd and its subsidiaries from 14 January 2019.

### Anne Nolan B.Econ, MEd

Anne Nolan has recently retired from her role as Director General of the Department of Finance. Anne has extensive experience in leading and developing public sector agencies. She has had responsibility in areas as diverse as industry and resource development, tax policy, energy policy, economic forecasting, intergovernmental relations, public administration and government trading enterprise policy and performance.

Positions Anne has previously held include Director General, Department of State Development; Deputy Director General, Department of the Premier and Cabinet; Coordinator of Energy, Office of Energy and Executive Director (Economics) at the Department of Treasury.

Anne is currently on the Boards of WASO Holdings Ltd, WA Venues & Events Pty Ltd, Australian Energy Market Operator, University of Western Australia Business School and Western Australian Coastal Shipping Commission. She also is an Adjunct Professor at the University of Western Australia.

### Paul Shannon, B.Com, FCPA, GAICD

Paul has extensive experience working in managerial and executive roles within the mining industry, primarily in financial and commercial roles. He was most recently a senior executive at Rio Tinto, including eight years as Chief Financial Officer of Rio Tinto Iron Ore.

Over his career Paul has had responsibility for leading and driving outcomes in accounting and finance, business development, analysis and planning, strategy, transformation, joint venture management, risk management and warehouse and logistics.

Paul has widespread board experience having previously been the Chairman of the Iron Ore Company of Canada, a board member of various mining companies and of a number of Chinese, Japanese and Australian mining joint ventures. He is also a former member of the General Council of the Chamber of Commerce and Industry of Western Australia.

Paul is currently on the Boards of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

Michael Utsler, BSc (Petroleum Engineering)

Michael has more than 35 years' experience in the upstream oil and gas industry. Over his career, he has held a wide range of technical, managerial and executive roles covering all aspects of the upstream industry from Exploration, Developments, Operations and the commercialisation of assets and their products.

He joined Woodside in 2013 as Executive Vice President and Chief Operations Officer and was responsible for Woodside's global logistics, drilling, production, HSEQ, reservoir management and the operations of all Woodside producing facilities where he was committed to delivery of operational performance excellence.

Michael began his career with Amoco in 1978, and with the merger of BP and Amoco and subsequently Arco in 1998/99 has developed his multi-discipline technical skill and knowledge base in roles across western and central US, Egypt, Middle East and multiple international new ventures. Prior to joining Woodside, Michael held the position of President for the BP-Gulf Coast restoration organisation, leading the Deepwater Horizon crisis management and response efforts.

### COMPANY SECRETARIES

Peter Freemantle Dip.Bus (Acc)

Peter holds the position of Chief Financial Officer of WASO Holdings Ltd and its subsidiaries. In this role, he is responsible for the finance, accounting, business analysis and planning and IT for the companies. Peter has over 35 years of experience in accounting and information technology roles in the arts and media industries. Prior to the formation of the company he held a similar position with the Australian Broadcasting Corporation, and was part of the executive team that oversaw the transition of the West Australian Symphony Orchestra, from a department of the Australian Broadcasting Corporation to a public company.

Craig Whitehead BA, GDBA, MBA

Craig was the Chief Executive of WASO Holdings Ltd and its subsidiaries during the year. He has extensive experience in senior roles within the arts industry having previously been the Chief Executive of West Australian Opera, and the General Manager of La Boite Theatre Company and the Roundhouse Theatre. Craig is currently a Director of Symphony Services International. He has also served as a Director of Future Now, Youth Arts Queensland, Brisbane Writers Festival, and was a Committee Member of the Brisbane City Council's Music and Performing Arts Advisory Committee, and a Member of the Queensland Department of State Development's Creative Industries - Performing Arts Segment Group. Craig completed the Advanced Management Program at INSEAD in 2015.

### PRINCIPAL ACTIVITIES

The Vision of WASO is "To touch souls and enrich lives through music".

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

### RESERVES POLICY

The terms and conditions of the Multi-partite Funding Agreement between the Company, the Australian Government through Australia Council and the Government of Western Australia through its Department of Local Government, Sport and Cultural Industries, requires the Company to agree to work towards maintaining reserves at a minimum level of 20% of annual expenditure. The Company has achieved reserves at a minimum of 20% of annual expenditure and plans to continue to maintain this level. At 31 December 2018 the reserves level was 25% (year ended 31 December 2017: 27%).

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### REVIEW AND RESULTS OF OPERATIONS

The profit for the Company for the year ended 31 December 2018 was \$218,580 (year ended 31 December 2017: \$955,185).

The operations of West Australian Symphony Orchestra Pty Ltd are dependent on funding received from the Commonwealth and State governments through WASO Holdings Ltd. This funding, along with sales, sponsorship and philanthropic revenue, was used to present performances of symphonic music.

The profit achieved in 2018 was made possible by the contribution of a significant endowed bequest. This contribution will be added to the endowment fund as an investment in the future of the orchestra.

The Company presented the West Australian Symphony Orchestra and the Education Chamber Orchestra (EChO) in 989 performances, workshops and artist development activities to more than 208,000 people during the year ended 31 December 2018. The total of 989 performances includes 734 classes in the Crescendo program which remains the only long-term sustainable El Sistema inspired music education program in Western Australia. Orchestral performances were principally presented at the Perth Concert Hall & His Majesty's Theatre. Performances were also presented at several other venues and schools both in Perth and in regional centres.

### STATE OF AFFAIRS

There were no significant changes in the underlying state of affairs of the Company that occurred during the financial year under review.

### EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to reporting date that materially affect the accounts and are not already reflected in the Statement of Profit or Loss and other Comprehensive Income and Statement of Financial Position.

### LIKELY DEVELOPMENTS

The Company will continue to present performances of music during the next financial year. The Company's continuing financial success is dependent on increasing its current level of government funding, corporate sponsorship, philanthropy and ticket sales and other sources of revenue.

### CAPITAL

Shareholders are not entitled to dividends. Holders of ordinary shares are entitled to one vote per share at shareholders' meetings. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

## Directors' Report (Continued)

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### DIRECTORS' MEETINGS

The number of directors' meetings held during the year ended 31 December 2018 and the number of meetings attended by each director were as follows:

Director's Meetings WASO Holdings Ltd Group	A	B
R J B Goyder	6	6
J L Holmes à Court	5	6
B Le Pley	6	6
K M Kessell	5	6
M D Coughlan	5	6
A L Nolan	6	6
R P Shannon	6	6
M J Utsler	2	4

Nomination & Remuneration Committee	A	B
R J B Goyder	1	1
J L Holmes à Court	1	1
B Le Pley	1	1
K M Kessell	1	1

Accommodation Committee	A	B
J L Holmes à Court	0	0
B Le Pley	0	0
K M Kessell	0	0

Finance, Audit and Risk Committee	A	B
A L Nolan	7	7
R P Shannon	6	7
B Le Pley	5	7

Development, Marketing & Sales Committee	A	B
R J B Goyder	1	1
B Le Pley	5	5
M J Utsler	3	3

Artistic Committee	A	B
K M Kessell	5	6
M D Coughlan	6	6

WAVE Committee	A	B
R P Shannon	6	6
B Le Pley	5	6
M D Coughlan	5	6

Column A - indicates the number of meetings attended

Column B - indicates the number of meetings held during a director's membership

## Directors' Report (Continued)

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### DIRECTORS' REMUNERATION

Directors are not paid any fees for their services as directors of the company.  
Details of remuneration of other key management personnel are disclosed in Note 20.

### INDEMNIFICATION AND INSURANCE OF OFFICERS

The Company, through Director Protection Deeds, indemnified all directors against any liability to any person (other than the Company or a Related Body Corporate of the Company), incurred as a director or employee of the Company or its subsidiary. The indemnity does not extend to any claim arising out of conduct involving a lack of good faith or breach of duty.

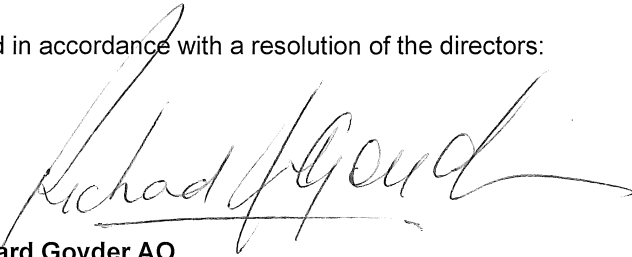
During the year, the Company has paid premiums in respect of directors' and officers' liability, legal expenses and insurance contracts for the period ended 31 December 2018. Since the end of the year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2019. Such insurance contracts insure persons who are or have been directors or officers of the Company and its subsidiary against certain liabilities (subject to certain exclusions).

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

### Auditor's Independence

The Directors have received a declaration of independence from the auditors. This declaration can be found on page 31 and forms part of this report.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'Richard Goyder', is written over a horizontal line.

**Richard Goyder AO**  
Chairman

Perth, dated 17 April 2019



# Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2018

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	Notes	2018 \$	2017 \$
<i>Revenue</i>			
Funding revenue	4	9,983,460	9,605,620
Ticket sales	5	5,679,081	5,137,142
Sponsorship and donations revenue	6	4,688,156	4,219,907
Other revenue	7	677,221	771,478
<b>Total revenue</b>		<b>21,027,918</b>	<b>19,734,147</b>
<i>Expenses</i>			
Employee expenses	9	13,101,644	12,827,358
Artist fees and expenses		2,288,176	1,592,178
Marketing expenses		1,034,012	743,879
Production expenses		2,184,991	1,844,633
Depreciation & amortisation	9	279,587	263,982
Operating lease rental expense	9	234,487	232,501
Symphony Services International service fees		236,441	239,602
Insurance		45,697	46,774
Ticket Selling Expenses		295,829	293,597
Other expenses		1,322,571	856,163
<b>Total expenses</b>		<b>21,023,435</b>	<b>18,940,667</b>
<b>Results from operating activities</b>		<b>4,483</b>	<b>793,480</b>
<b>Net Finance Income</b>	8	<b>214,097</b>	<b>161,705</b>
<b>Net Profit for the year</b>		<b>218,580</b>	<b>955,185</b>
<b>Other Comprehensive Income</b>			
Net change in fair value of available for sale assets	17	-	760
<b>Total comprehensive income for the year</b>		<b>218,580</b>	<b>955,945</b>

The above Statement of Profit or Loss and other Comprehensive Income should  
be read in conjunction with the accompanying notes.

# Statement of Financial Position as at 31 December 2018

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		2018	2017
	Notes	\$	\$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	19a	835,662	1,746,012
Other financial assets	18	6,507,903	4,656,400
Trade and other receivables	10	916,767	1,396,805
Inventories		48,963	28,923
Prepayments		762,383	640,295
<i>Total current assets</i>		<u>9,071,678</u>	<u>8,468,435</u>
<i>Non-current assets</i>			
Property, plant and equipment	11	856,761	932,818
Intangible Assets	12	457,942	392,448
Other financial assets	18	43,768	325,288
<i>Total non-current assets</i>		<u>1,358,471</u>	<u>1,650,554</u>
<b>Total assets</b>		<u>10,430,149</u>	<u>10,118,989</u>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	13	1,338,621	763,737
Prepaid revenue	14	1,696,233	2,100,345
Provisions	15	2,041,903	2,105,205
<i>Total current liabilities</i>		<u>5,076,757</u>	<u>4,969,287</u>
<i>Non-current liabilities</i>			
Provisions	15	16,181	31,071
<i>Total non-current liabilities</i>		<u>16,181</u>	<u>31,071</u>
<b>Total liabilities</b>		<u>5,092,938</u>	<u>5,000,358</u>
<b>Net Assets</b>		<u>5,337,211</u>	<u>5,118,631</u>
<b>Equity</b>			
Contributed Equity	16	299,002	299,002
Asset Fair Value Reserve	17	-	760
Retained Profits		5,038,209	4,818,869
<b>Total Equity</b>		<u>5,337,211</u>	<u>5,118,631</u>

The above Statement of Financial Position should be read in  
conjunction with the accompanying notes.

## Statement of Changes in Equity for the year ended 31 December 2018

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	Retained Profits	Asset Fair Value Reserve	Contributed Equity	Total Equity
	\$	\$	\$	\$
As at 1 January 2017	3,863,684	-	299,002	4,162,686
<i>Comprehensive income for the year</i>				
Net profit	955,185	-	-	955,185
Other comprehensive income	-	760	-	760
Total comprehensive income for the year	955,185	760	-	955,945
As at 31 December 2017	4,818,869	760	299,002	5,118,631
<i>Comprehensive income for the year</i>				
Net profit	<b>218,580</b>	-	-	<b>218,580</b>
Reclassification of FV Reserve on sale of investments	<b>760</b>	<b>( 760)</b>	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<b>219,340</b>	<b>( 760)</b>	-	<b>218,580</b>
<b>As at 31 December 2018</b>	<b><u>5,038,209</u></b>	<b><u>-</u></b>	<b><u>299,002</u></b>	<b><u>5,337,211</u></b>

The above Statement of Changes in Equity should be read in conjunction  
with the accompanying notes.

## Cash Flow Statement for the year ended 31 December 2018

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	Notes	2018 \$	2017 \$
<i>Cash flows from operating activities</i>			
Cash receipts from customers		5,742,535	4,883,468
Cash receipts from sponsors and other private sector		2,282,688	2,235,453
Cash receipts from donors		1,982,262	1,978,662
Cash payments to suppliers and employees		( 19,849,975)	( 18,223,679)
Grants received from government funding bodies		9,818,460	9,605,620
<b>Net cash (used in) / provided by operating activities</b>	19b	<b>( 24,030)</b>	479,524
<i>Cash flows from investing activities</i>			
Interest received		194,007	178,100
Dividends received		35,008	877
Proceeds from disposal of available for sale assets		239,909	3,700
Proceeds from disposal of property, plant & equipment		-	5,909
Payments for intangible assets		( 186,508)	( 163,322)
Transfers to / (from) term deposits		( 1,124,975)	500,000
Payments for property, plant and equipment		( 82,516)	( 140,577)
<b>Net cash flows (used in) / provided by investing</b>		<b>( 925,075)</b>	384,687
<i>Cash flows from financing activities</i>			
Employee instrument loans granted		-	( 42,486)
Proceeds from repayments on employee instrument loans		38,755	26,036
<b>Net cash flows provided by / (used in) financing activities</b>		<b>38,755</b>	<b>( 16,450)</b>
<i>Net (decrease) / increase in cash held</i>		<b>( 910,350)</b>	847,761
<b>Cash and cash equivalents at beginning of the period</b>		<b>1,746,012</b>	898,251
<b>Cash and cash equivalents at end of the period</b>	19a	<b>835,662</b>	<b>1,746,012</b>

The above Cash Flow Statement should be read in conjunction with the  
accompanying notes.

# Notes to the financial statements

West Australian Symphony Orchestra Pty Ltd  
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## 1. Corporate information

West Australian Symphony Orchestra Pty Ltd (the Company) is a proprietary limited company, incorporated and domiciled in Australia. The ultimate parent of the Company is WASO Holdings Ltd (WASOHL).

The nature of the operations and principal activities of the Company was the performance of symphonic music. The Company is a not for profit organisation registered under the Australian Charities and Not-for-profits Commission (ACNC).

The financial statements were authorised for issue by the Board of Directors on 17 April 2019.

## 2. Basis of preparation

### a) Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) and interpretations adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

### b) Basis of measurement

The financial report is prepared on a historical cost basis, and presented in Australian dollars.

### c) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements. Actual results may differ from these estimates. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

#### ***Impairment of Non-financial assets***

The Company assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Company and to the specific asset. If an impairment trigger exists the recoverable amount of the asset is determined.

#### ***Estimate of Useful Lives***

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

### d) Changes in accounting policies

The Company has adopted AASB9 financial instruments for the first time on 1 January 2018. The adoption of this standard did not have any material impact on the current or comparative period. There have been no material changes in other accounting policies during the year.

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of goods and services tax (GST). Revenue is recognised for the major business activities as follows:

## Notes to the financial statements Continued

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### 3. Significant accounting policies (continued)

#### a) Revenue recognition (continued)

##### **Contribution Income**

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

##### **Funding revenue**

Funding revenue is received from the Australia Council for the Arts (represented by the Major Performing Arts Board) and the Western Australian Department of Local Government, Sport and Cultural Industries. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and WASOHL and is recognised in accordance with the terms of the agreement due to the conditional nature of the funding. Any funding not spent on the planned activities agreed between the parties at the start of each calendar year is required to be repaid. Special purpose funding, which requires the Company to fulfil an obligation outside its normal operations, is recognised at the time the obligation is fulfilled.

##### **Ticket Sales**

Revenue from ticket sales is recognised in the Statement of Profit or Loss and other Comprehensive Income at the time of concert performance. Revenue from ticket sales in respect of productions not yet performed is included in the Statement of Financial Position as prepaid ticket sales under the Current Liabilities heading "Prepaid revenue".

##### **Sponsorship and Donations revenue**

###### *Sponsorship*

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

###### *Donations*

All donations are brought to account as received.

##### **Finance income**

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

Dividend income is recognised as it is declared and is grossed up to include any relevant Franking Credits.

#### b) Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and other Comprehensive Income.

#### c) Income Tax and other taxes

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

## Notes to the financial statements Continued

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### 3. Significant accounting policies (continued)

#### c) Income Tax and other taxes (continued)

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

#### d) Acquisitions of assets

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

#### e) Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

#### f) Equity Investments

The Company's investments in equity securities are classified as fair value through other comprehensive income (FVOCI) – equity investments and are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, they are measured at fair value and gains or losses are recognised in other comprehensive income and presented in the fair value reserve in equity. The amounts recognised in other comprehensive income are not reclassified to profit and loss under any circumstances.

#### g) Trade receivables

Trade receivables, which generally have 14 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECLs).

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

#### h) Property, plant and equipment

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

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

Items of plant and equipment, leasehold improvements, computer equipment, musical instruments, music library items and motor vehicles are depreciated using the straight-line method over their estimated useful lives. Each class of asset in the current period was depreciated over the following useful lives:

Asset class	Useful life
Leasehold improvements	Between 3 and 6 years or the term of the lease
Musical instruments	15 years
Computer equipment	Between 3 and 5 years
Staging & other equipment	Between 3 and 15 years
Music library	33 years
Motor vehicles	5 years

#### i) Intangible assets

Intangible assets comprise software licences and capitalised information technology development costs and web-site development costs. These assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses and are tested for impairment where an indicator of impairment exists. Amortisation is calculated using the straight line method to allocate the cost over the estimated useful life of 5 to 10 years.

#### j) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with a recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use shall be determined as the depreciated replacement cost of the asset. Impairment losses are recognised in the Statement of Profit or Loss and other Comprehensive Income.

#### k) Leased plant and equipment

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and other Comprehensive Income on a straight-line basis over the period of the lease.

#### l) Trade and other payables

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.



## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

#### m) Employee benefits

##### ***Wages and salaries***

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

##### ***Superannuation plans***

The Company contributes to employee's superannuation plans. Employer contributions are recognised as an expense as they are made. The Company has no ongoing liability for superannuation benefits ultimately payable to employees.

##### ***Long service and annual leave***

The long service and annual leave liability represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date. Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at reporting date which most closely match the terms of maturity of the related liabilities. In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the Company's experience with staff departures. Related on-costs have also been included in the liability.

##### ***Employee loans***

Some employees are lent monies which are used in turn to purchase musical instruments. These loans are secured by the instruments themselves and are interest bearing. Amounts outstanding are recouped over time through contributions withheld from musicians' salaries. These are recorded within other financial assets.

#### n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### o) Other financial assets

Other financial assets comprise restricted cash, term deposits with maturities longer than 3 months and available for sale financial assets.

#### p) New standards and interpretations not yet adopted

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards.

The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

#### p) New standards and interpretations not yet adopted (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	1/01/2019	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	Prepayments may be made for certain contractual obligations such as the commissioning of music, however these are not recognised in the profit or loss until the contract has been performed in full. AASB 15 is not likely to have a material impact on the financial statements.
AASB 16 Leases	1/01/2019	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	The changes in operating lease recognition requirements in AASB 16 will result in recognising the office lease commitments on the Statement of Financial Position. This will increase the balances of right to use assets and lease liabilities. The disclosure requirements have also been updated in this standard. The impact of AASB 16 on recognition and measurement of the right to use assets and leases liabilities is likely to be limited to an increase in expenditure in the profit or loss during the early stages of the lease. The office lease is a two year lease and the effect on the profit or loss is expected to be minor.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

#### p) New standards and interpretations not yet adopted (continued)

AASB 1058 Income of NFP (Not For Profit) Entities	1/01/2019	The Standard supersedes all the income recognition requirements relating to private sector NFP entities and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such transactions give rise to a liability or other performance obligations (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity to enable the entity to further its objectives.	All contracts that may be affected by AASB1058 are constructed to ensure that performance of the contract is clearly associated with an event such as a concert or series of concerts which are performed on specific dates. These contracts may include contracting of artists, funding contracts from governments and foundations or sponsorship contracts.  Assets acquired by the Group other than those purchased by normal arms-length or commercial transactions have been acquired either by an in kind transaction or via bequest. In each case, the asset has been accounted for at its commercial value at the time of being acquired.
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The effect of the above new standards is currently being determined.

#### q) New standards and interpretations adopted as at 1 January 2018

##### AASB 9 - Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. As a result of the adoption of AASB 9, the Company has adopted consequential amendments to AASB 101 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI (Other Comprehensive Income). Additionally, the Company has adopted consequential amendments to AASB 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The transition to AASB 9 has no impact on the opening balance of retained earnings.

Classification and measurement of financial assets and liabilities AASB 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL (Fair Value Through Profit & Loss). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. AASB 9 eliminates the previous AASB 139 categories of held to maturity, loans and receivables and available for sale. AASB 9 largely retains the existing requirements in AASB 139 for the classification and measurement of financial liabilities.

Adopting AASB 9 has had no material effect on the carrying amounts of financial assets and financial liabilities at 1 January 2018.

Impairment of financial assets AASB 9 replaces the 'incurred loss' model in AASB 139 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under AASB 9,

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

#### q) New standards and interpretations adopted as at 1 January 2018 (continued)

credit losses are recognised earlier than under AASB 139. For assets in the scope of the AASB 9 impairment model, impairment losses are generally expected to increase and become more volatile.

The Company has determined that the application of AASB9's impairment requirements at 1 January 2018 results in no material allowance for impairment. Transition Changes in accounting policies resulting from the adoption of AASB 9 have been applied cumulatively.

Although the Company is allowed to use an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements, the adoption of AASB 9 has had no effect on the carrying amounts of financial assets and financial liabilities at 1 January 2018.

The assessment of the determination of the business model within which a financial asset is held have been made on the basis of the facts and circumstances that existed at the date of initial application.

#### r) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the year.

<b>4 Funding revenue</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Australia Council for the Arts</i>		
Base funding	<b>7,266,107</b>	7,165,787
Arts Project SSPT Carnival of the Animals	<b>100,000</b>	-
<i>Department of Local Government, Sport and Cultural Industries</i>		
Base funding	<b>2,274,833</b>	2,274,833
Additional hall hire funds	<b>165,000</b>	165,000
Regional Touring	<b>177,520</b>	-
<b>Total funding revenue</b>	<b><u>9,983,460</u></b>	<b><u>9,605,620</u></b>

WASOHL has a three year Multi-partite Funding Agreement securing base funding from the Australia Council for the Arts and the State of Western Australia through its Department of Local Government, Sport and Cultural Industries which commenced on 1 January 2016 for a three year period. A similar agreement has been signed for a further three year period commencing on 1 January 2019.

Funding is initially provided to WASOHL and is subsequently provided to West Australian Symphony Orchestra Pty Ltd under a separate funding agreement between WASOHL and the Company.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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<b>5 Ticket sales</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Subscriptions	<b>2,093,771</b>	2,165,250
Single night	<b>3,585,310</b>	2,971,892
<b>Total ticket sales</b>	<b><u>5,679,081</u></b>	<b><u>5,137,142</u></b>
 <b>6 Sponsorship and donations revenue</b>	 <b>2018</b>	 <b>2017</b>
	<b>\$</b>	<b>\$</b>
Sponsorship	<b>2,705,894</b>	2,371,245
Donations	<b>1,982,262</b>	1,848,662
<b>Total sponsorship and donations revenue</b>	<b><u>4,688,156</u></b>	<b><u>4,219,907</u></b>
 <b>7 Other revenue</b>	 <b>2018</b>	 <b>2017</b>
	<b>\$</b>	<b>\$</b>
Orchestral hire revenue	<b>185,055</b>	316,852
Other income	<b>492,166</b>	454,626
<b>Total other revenue</b>	<b><u>677,221</u></b>	<b><u>771,478</u></b>
 <b>8 Finance income and finance expenses</b>	 <b>2018</b>	 <b>2017</b>
	<b>\$</b>	<b>\$</b>
Finance income:		
Interest income	<b>180,671</b>	161,637
Dividend income	<b>35,008</b>	877
	<b><u>215,679</u></b>	<b><u>162,514</u></b>
Finance expenses:		
Banking fees	<b>(1,582)</b>	(809)
	<b><u>(1,582)</u></b>	<b><u>(809)</u></b>
<b>Net finance income / (expense)</b>	<b><u>214,097</u></b>	<b><u>161,705</u></b>

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 9 Expenses

	2018 \$	2017 \$
Depreciation:		
Leasehold Improvements	-	306
Musical Instruments	86,183	80,884
Music Library Scores	6,101	6,036
Computers	13,291	8,793
Plant & Equipment	52,998	60,002
	<u>158,573</u>	<u>156,021</u>
Amortisation of Intangible Assets	121,014	107,961
<b>Total Depreciation and Amortisation</b>	<u><b>279,587</b></u>	<u><b>263,982</b></u>
Operating lease rental expense	<u><b>234,487</b></u>	<u><b>232,501</b></u>
Employee expenses:		
Salaries and wages	11,299,019	11,088,843
Superannuation	1,337,514	1,308,493
Workers compensation	208,255	217,049
Other employee expenses	256,856	212,973
<b>Total employee expenses</b>	<u><b>13,101,644</b></u>	<u><b>12,827,358</b></u>

### 10 Trade and other receivables

#### a) Trade and other receivables

	2018 \$	2017 \$
<i>Current</i>		
Trade debtors	839,166	881,713
less provision for impairment	<u>( 16,000)</u>	<u>-</u>
Carrying amount of trade receivables	823,166	881,713
Accrued revenue	93,601	515,092
<i>Total current receivables</i>	<u><b>916,767</b></u>	<u><b>1,396,805</b></u>
<b>Total trade and other receivables</b>	<u><b>916,767</b></u>	<u><b>1,396,805</b></u>

#### b) Past due but not impaired

Trade debtors ageing		
0 to 14 days	790,801	867,280
15 to 60 days	30,765	14,433
61 to 90 days	-	-
Over 90 days	1,600	-
<b>Total trade debtors</b>	<u><b>823,166</b></u>	<u><b>881,713</b></u>

As of the balance date, trade debtors over 14 days but less than 91 days were past due but not considered to be impaired (other than the trade debtors totalling \$16,000) as there is no objective evidence at reporting date to indicate that the Company will not be able to collect all amounts due.

#### c) Fair Value

Due to the short term nature of these receivables, the carrying value is considered to approximate their fair value.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 11 Property, plant and equipment

#### Reconciliation of carrying amounts at the end of the year

<b>Year ended 2018</b>	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2018, net of accumulated depreciation and impairment	-	608,419	129,759	18,408	176,232	-	932,818
Additions	-	27,870	4,949	34,124	15,573	-	82,516
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	( 86,183)	( 6,101)	( 13,291)	( 52,998)	-	( 158,573)
Balance at 31 December 2018 net of accumulated depreciation	-	<b>550,106</b>	<b>128,607</b>	<b>39,241</b>	<b>138,807</b>	-	<b>856,761</b>

<b>At 2018</b>							
Cost	415,641	1,312,679	206,102	193,261	566,084	89,762	2,783,529
Accumulated depreciation	( 415,641)	( 762,573)	( 77,495)	( 154,020)	( 427,277)	( 89,762)	( 1,926,768)
Closing balance	-	<b>550,106</b>	<b>128,607</b>	<b>39,241</b>	<b>138,807</b>	-	<b>856,761</b>

<b>Year ended 2017</b>	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2017, net of accumulated depreciation and impairment	306	600,091	133,466	14,366	206,631	-	954,860
Additions	-	95,810	2,329	12,835	29,603	-	140,577
Disposals	-	( 6,598)	-	-	-	-	( 6,598)
Depreciation expense	( 306)	( 80,884)	( 6,036)	( 8,793)	( 60,002)	-	( 156,021)
Balance at 31 December 2017 net of accumulated depreciation	-	608,419	129,759	18,408	176,232	-	932,818

<b>At 2017</b>							
Cost	415,641	1,284,809	201,153	159,137	550,511	89,762	2,701,013
Accumulated depreciation	( 415,641)	( 676,390)	( 71,394)	( 140,729)	( 374,279)	( 89,762)	( 1,768,195)
Closing balance	-	<b>608,419</b>	<b>129,759</b>	<b>18,408</b>	<b>176,232</b>	-	<b>932,818</b>

## Notes to the financial statements Continued

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### 12 Intangible Assets

	2018	2017
	\$	\$
As at 1 January net of accumulated amortisation and impairment	392,448	346,924
Additions	186,508	163,322
Disposals	-	( 9,837)
Amortisation charge for the year	( 121,014)	( 107,961)
As at 31 December, net of accumulated amortisation and impairment	457,942	392,448
As at 31 December		
Cost	1,039,680	853,172
Accumulated amortisation	(581,738)	( 460,724)
Net carrying amount	457,942	392,448

Intangible Assets comprises costs capitalised relating to the development of the Company's billing platform and general ledger system.

### 13 Trade and other payables

	2018	2017
	\$	\$
Accruals	188,637	202,357
Trade creditors	1,149,984	561,380
<b>Total trade and other payables</b>	<b>1,338,621</b>	<b>763,737</b>

Trade and other payables are typically settled within 30 days.

### Fair Value

Due to the short term nature of these payables, the carrying value is considered to approximate their fair value.

### 14 Prepaid revenue

	2018	2017
	\$	\$
Prepaid ticket sales	1,527,803	1,797,421
Government grants unearned	-	100,000
Prepaid other	168,430	202,924
<b>Total prepaid revenue</b>	<b>1,696,233</b>	<b>2,100,345</b>

Government grants unearned are subject to the terms of an agreement between The State of Western Australian through its Department of Culture and the Arts, Australia Council and WASOHL. The funding may only be accessed under the conditions of that agreement, and is recorded as prepaid revenue until the conditions are satisfied.



## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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<b>15 Provisions</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Employee benefits</i>		
Current provision for employee benefits	<b>2,041,903</b>	2,105,205
Non-current provision for employee benefits	<b>16,181</b>	31,071
<b>Total Provisions</b>	<b><u>2,058,084</u></b>	<b><u>2,136,276</u></b>
<b>16 Contributed equity</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Share capital		
299,002 (2017 : 299,002) ordinary shares, fully paid	<b><u>299,002</u></b>	<b><u>299,002</u></b>
<b>17 Asset Fair Value Reserve</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Net gains on available for sale financial assets	<b><u>-</u></b>	<b><u>760</u></b>
<b>18 Other financial assets</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<i>Current investments</i>		
Term bank deposits	<b>2,624,975</b>	1,500,000
Restricted cash deposits	<b>3,875,025</b>	3,129,333
Employee loans (i)	<b>7,903</b>	27,067
<b>Total current other financial assets</b>	<b><u>6,507,903</u></b>	<b><u>4,656,400</u></b>
<i>Non current financial assets</i>		
Employee loans (i)	<b>43,768</b>	59,783
Available for sale financial assets	<b>-</b>	265,505
<b>Total non current other financial assets</b>	<b><u>43,768</u></b>	<b><u>325,288</u></b>

Restricted Cash Deposits consist of:

- (a) funds of \$1,871,593 (2017: \$1,125,901) that have been: (i) donated to the Company with a request that the principal be invested in perpetuity; (ii) received into the endowment fund to be invested in perpetuity as per Company policy.
- (b) funds from the Reserves Incentive Funding Scheme. These funds were set aside in accordance with the Reserves Incentive Funding Scheme Agreement between the Company, Australia Council and the State of Western Australia. The funds received under the Reserves Incentive Funding Scheme Agreement, together with the Company's contribution, are held in escrow for a period of 15 years ending 9 January 2022 and are subject to the terms of the Reserves Incentive Scheme Funding Agreement. Included in other current financial assets is an amount of \$2,003,432 (2017 : \$2,003,432) which may only be utilised for the purposes allowable pursuant to the Reserves Incentive Scheme Funding Agreement.

The funds have not been used to secure any liabilities of the Company.

- (i) Refer to note 3 (m) for the terms and conditions of employee loans.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 19 Cash flow statement reconciliation

#### a) Reconciliation of cash

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

	2018	2017
	\$	\$
Cash	<u>835,662</u>	<u>1,746,012</u>

#### b) Reconciliation of net profit from ordinary activities to net cash provided by operating activities

	2018	2017
	\$	\$
Net profit	218,580	955,185
<i>Adjustments for:</i>		
Depreciation and amortisation	279,587	263,982
(Gain) / Loss on disposal of non-current assets	25,596	10,656
Gifted available for sale assets	-	(268,575)
In kind assets	-	-
Interest charged on employee instrument loans	(3,576)	(4,063)
Interest received	(194,007)	(178,100)
Dividends received	(35,008)	(877)
Change in restricted cash	(745,692)	(1,025,901)
<b>Net cash (used in) operating activities before change in assets and liabilities</b>	<b>(454,520)</b>	<b>(247,693)</b>
<i>Changes in assets &amp; liabilities</i>		
Decrease in receivables	480,038	615,635
(Increase) in other assets	(142,128)	(187,926)
Increase in payables	574,884	97,199
(Decrease) in prepaid revenue	(404,112)	(19,448)
(Decrease) / Increase in provisions	(78,192)	221,757
<b>Changes in assets &amp; liabilities</b>	<b>430,490</b>	<b>727,217</b>
<b>Net cash (used in) / provided by operating activities</b>	<b>(24,030)</b>	<b>479,524</b>

## Notes to the financial statements Continued

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### 20 Key management personnel compensation

The following compensation was made to the eleven employees (2017: 10 employees) on the executive team for their contributions as employees for the Company.

	2018 \$	2017 \$
Short term	1,469,621	1,364,053
Other employment benefits	219,015	299,996
	<u>1,688,636</u>	<u>1,664,049</u>

Directors have not received any payments for their services as directors.

### 21 Related parties

#### a) Parent and ultimate controlling party

The ultimate controlling party is WASO Holdings Ltd.

#### b) Directors

##### *Transactions with Directors*

Mr R J B Goyder contributed cash donations to the Company of \$6,000 (2017 : Nil)

Ms Holmes à Court contributed cash donations to the Company of \$50,150 (2017 : \$59,000) during the year.

Mr B Le Pley has an interest as Chairman of Sanur Pty Ltd. Sanur Pty Ltd contributed \$66,914 (2017 : Nil) cash sponsorship. Additionally, Mr Le Pley contributed a cash donation of \$6,000 (2017 : \$30,282) to the Company during the year.

Mr K Kessell contributed a cash donation of \$12,500 (2017 : \$7,500)

Mr M D Coughlan contributed a cash donation of \$3,500 (2017 : \$2,500)

Mr M J Utsler contributed a cash donation of \$20,000 (2017 : \$20,000)

Ms A L Nolan contributed a cash donation of \$2,500 (2017 : \$2,500)

Mr R P Shannon contributed a cash donation of \$2,500 (2017 : \$2,500)

Transactions between the Company and entities of which directors have declared an interest, are transacted under normal terms and conditions of business. There were no contracts involving directors' interests subsisting at period end excepting sponsorship agreements under normal terms and conditions of business.

Directors have not received any payments for their services as directors.

During the year West Australian Symphony Orchestra Pty Ltd received funding of \$9,540,940 (2017 : \$9,440,620) from WASOHL.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 21 Related parties (continued)

#### c) Other related party transactions

Craig Whitehead – CEO of West Australian Symphony Orchestra Pty Ltd is a director of Symphony Services Australia Ltd.

WA Venues & Events Pty Ltd (WAVE) was created 4 December 2014 to manage the Perth Concert Hall and its ticketing facilities and has the same ultimate parent as the Company.

	Sale of goods and services		Purchase of goods and services	
	2018	2017	2018	2017
	\$	\$	\$	\$
Symphony Services Australia Ltd	-	-	1,599,713	1,348,715
WA Venues and Events Pty Ltd	376,386	284,484	1,305,192	1,061,858

### 22 Commitments and contingencies

	2018	2017
	\$	\$
<i>Operating lease (non-cancellable)</i>		
Not later than one year	183,530	93,587
Later than one year and not later than five years	92,114	-
	<b>275,644</b>	<b>93,587</b>

The Company has an operating lease for office accommodation. The lease for office accommodation typically runs for a period of three years. Lease payments are increased every year to reflect market rentals.

	2018	2017
	\$	\$
<i>Artist fees contracted for but not provided for and payable</i>		
Not later than one year	520,549	475,310
Later than one year and not later than five years	2,146,500	2,044,575
Later than five years	-	576,000
	<b>2,667,049</b>	<b>2,519,885</b>

The Company has entered into contracts for performances scheduled to take place during 2019 and subsequent years. These amounts include the maximum expenditure required to satisfy the contracts with the artists.

## Notes to the financial statements Continued

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### 23 Financial risk management

The Company's principal financial instruments comprise cash and short-term deposits, receivables, payables and investments.

Risk management is carried out by management under delegation from the Board.

The Company does not enter into derivative financial instruments for trade or speculative purposes.

The Company manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Company's financial risk management policy.

#### a) Interest rate risk exposures

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2018 \$	2017 \$
<i>Fixed rate instruments</i>		
Financial assets	<u>6,551,671</u>	<u>6,086,850</u>
<i>Variable rate instruments</i>		
Financial assets	<u>830,162</u>	<u>368,845</u>

The weighted average interest rate at 31 December 2018 was 2.1% (2017 : 2.2%). The Company regularly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates.

#### b) Interest rate sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 0.25% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical Australian deposit rate movements over the last 3 years.

At 31 December 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity relating to variable rate financial assets of the Company would have been affected as follows:

	2018 \$	2017 \$
Judgements of reasonably possible movements:		
<i>Net profit - higher / (lower)</i>		
+0.25%	2,075	922
-0.25%	( 2,075)	( 922)

#### c) Net fair value

The net fair value of financial assets and liabilities is equivalent to the carrying amount at balance date as disclosed in the statement of financial position and related notes. This is because either the carrying amounts approximate net fair value or because of their short term to maturity.

## Notes to the financial statements Continued

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### 23 Financial risk management (continued)

#### d) Credit risk analysis

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2018	2017
		\$	\$
Other financial assets	18	6,551,671	4,981,688
Receivables	10	916,767	1,396,805
Cash and cash equivalents	19a	835,662	1,746,012
		<b>8,304,100</b>	<b>8,124,505</b>

The Company continuously monitors defaults of customers and other counterparties; identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and / or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with creditworthy counterparties. The Company's management considers that all the above financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows.

	2018	2017
	\$	\$
Impairment loss on trade receivables arising from contracts with customers	<b>16,000</b>	-

Some of the unimpaired trade and other receivables are past due as at the reporting date. Information on financial assets past due but not impaired are as follows:

	2018	2017
	\$	\$
Gross Amount	823,166	881,713
15 to 60 days	30,765	14,433
61 to 90 days	-	-
Over 90 days	1,600	-
<b>Total</b>	<b>32,365</b>	<b>14,433</b>

#### e) Capital management and liquidity risk

The Company's liquidity objective is to secure sufficient funding from the federal and state governments for the next 3 years and to maintain adequate cash balances. At 31 December 2018, the Company has received commitments from these entities to be funded at current levels until and including the year ending 31 December 2021.

#### f) Exchange rate risk

The Company has a minimal exposure to changes in foreign exchange rates.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 24 Auditor's remuneration

	2018	2017
	\$	\$
<i>Audit services</i>		
Auditors of the Group		
KPMG Australia		
Audit of the financial reports	<u>26,491</u>	<u>26,698</u>
<i>Other services</i>		
Other assurance services	<u>-</u>	<u>-</u>

No other benefits were received by the auditor.

### 25 Economic dependency

The Group is economically dependent on the continuing support of various Governments by way of grants. The terms of the main funding grants from the Australia Council for the Arts and the State of Western Australian through its Department of Local Government, Sport and Cultural Industries are set out in the Multi-partite Funding Agreement which was renewed for the period 1 January 2019 to 31 December 2021. This funding is subject to the Company continuing to comply with the terms of the Multi-partite Funding Agreement.

The parties to the Multi-partite Funding Agreement are the Australia Council for the Arts, the State of Western Australian through its Department of Local Government, Sport and Cultural Industries and WASOHL. There is a funding agreement between WASOHL and the Company which provides the basis for the Multi-partite funding to be transferred to the Company. As a result the Company is economically dependent on WASOHL, and in turn, on the Australia Council for the Arts and the State of Western Australian through its Department of Local Government, Sport and Cultural Industries to operate as a going concern.

### 26 Subsequent events

No events have occurred subsequent to reporting date that materially affect the accounts and are not already reflected in the Statement of Profit or Loss and other Comprehensive Income and Statement of Financial Position.

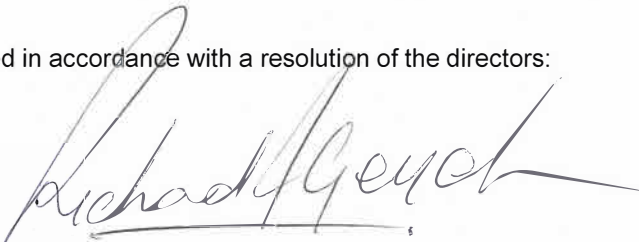
## Directors' Declaration

West Australian Symphony Orchestra Pty Ltd  
Annual Financial Report 31 December 2018 ACN 081 230 284

In the opinion of the directors of West Australian Symphony Orchestra Pty Limited:

- a) The company is not publicly accountable;
- b) the financial statements and notes that are set out on pages 7 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2018 and of its performance for the financial year ended on that date; and
  - (ii) complying with the Australian Accounting Standards and the Australian Charities and Not-for-profits Regulation 2013; and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

A handwritten signature in dark ink, appearing to read 'Richard Goyder', with a horizontal line underneath.

**Richard Goyder AO**  
Chairman

Perth, dated 17 April 2019





# Lead Auditor's Independence Declaration under Section 60-C Section 60-40 of Australian Charities and Not- for-profits Commission Act 2012

To the Directors of West Australian Symphony Orchestra Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of for the financial year ended 31 December 2018 there have been:

- i. no contraventions of 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. no contraventions of any applicable code of professional conduct in relation to the audit

KPMG

KPMG

Matthew Beevers

Partner

Perth

17 April 2019



# Independent Auditor's Report

To the Members of West Australian Symphony Orchestra Pty Ltd

## Opinion

We have audited the **Financial Report** of West Australian Symphony Orchestra Pty Ltd (the Company)

In our opinion, the accompanying **Financial Report** of the Company is in accordance with *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018, and of its financial performance and its cash flows of the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013:

The **Financial Report** comprises:

- Statement of financial position as at 31 December 2018
- 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 including a summary of significant accounting policies
- Directors' Declaration of the Company

## Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the relevant ethical requirements of the Accounting professional and Ethical Standards Board's APES 110 Code of Ethics for professional Accountants (the code). We have fulfilled our ethical responsibilities in accordance with the code.

## Other Information

Other Information is financial and non-financial information in WASO Holdings Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors report.



Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### **Responsibilities of the Directors for the Financial Report**

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC
- implementing necessary internal control to enable the preparation of Financial Report that gives a true and fair value and is free from material misstatement, whether due to fraud or error
- Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the Financial Report**

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the Financial Report.

Undertaking an audit in accordance with Australian Auditing Standards, means exercising professional judgment and maintaining professional skepticism.

Our responsibilities include:

- (i) Identifying and assessing the risks of material misstatement of the Financial Report, whether due to fraud or error.



- (ii) Designing and performing audit procedures responsive to those risks, and obtaining 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. This is because fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (iii) Obtaining an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances. This is not for the purpose of expressing an opinion on its effectiveness.
- (iv) Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (v) Concluding on the appropriateness of the Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- (vi) Evaluating 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 Directors of the registered Company 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.

KPMG

Matthew Beevers

Partner

Perth

17 April 2019