

WASO Holdings Ltd

A.B.N. 22 122 779 739

Annual Financial Report 31 December 2014

Contents

Directors' Report	1
Consolidated Statement of Profit or Loss and other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Cash Flow Statement	11
Notes to the Financial Statements	12
Directors' Declaration	29
Auditor's Independence Declaration	30
Independent Audit Report	31

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

The directors present their report together with the financial report of WASO Holdings Ltd (the 'Company') and of the Group, being the Company and its subsidiary for the year ended 31 December 2014 and the independent auditor's report thereon.

DIRECTORS

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

Janet Lee Holmes à Court (Chairman)	Appointed 21 November 2006
Julian Louis Sher	Appointed 21 November 2006
James Barris Lepley	Appointed 21 November 2006
William Frederick Bloking	Appointed 21 November 2006; Resigned 12 June 2014
Keith Kessell	Appointed 11 June 2007
Mark Dudley Coughlan	Appointed 15 October 2009
Jeffrey Phillip Dowling	Appointed 23 July 2010; Resigned 7 May 2014
Anne Lesley Nolan	Appointed 21 March 2012
Robert Paul Shannon	Appointed 24 October 2013
Michael Jesse Utsler	Appointed 12 June 2014

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

QUALIFICATIONS AND EXPERIENCE OF DIRECTORS

Janet Holmes à Court AC

Janet Holmes à Court is owner of the Janet Holmes à Court Collection. She is also Chairman of the West Australian Symphony Orchestra, WA Venues & Events Pty Ltd and the Australian Children's Television Foundation. She is a Board Member of the Rio Tinto Community Investment Fund, the Australian National Academy of Music (ANAM), the Australian Major Performing Arts Group (AMPAG), the Chamber of Arts and Culture WA, the Australian Urban Design Research Centre (AUDRC), the International Advisory Board of the NY Philharmonic Orchestra and Commissioner for Australia for the Venice Architecture Biennale. She is a science graduate from the University of Western Australia and taught science for a number of years before working more closely with family business matters. She has won numerous awards recognising her contribution to the community and to business, including a Companion of the Order of Australia.

Julian Sher BA, LLB, MBA

Julian Sher is a barrister, practising in the areas of corporate and commercial law, insolvency, banking and finance, corporate governance, fraud and defamation. He was previously the head of the Perth office of an international law firm. Julian is the Convenor of the Ethics Committee of the Law Society of Western Australia and the editor of "Brief", the Law Society journal. He is a former member of the Legal Practice Board of Western Australia and the Legal Profession Complaints Committee of Western Australia. He is currently a member of the Disciplinary Panel of CPA Australia and is a director of West Australian Symphony Orchestra Pty Ltd and WA Venues & Events Pty Ltd.

Barrie Lepley, BA, MBA

After 20 years as a banker engaged principally in international arbitrage and international corporate finance, Mr Lepley now devotes much of his time to two businesses of which he is chairman. Lepley Properties develops and owns commercial property principally in Australia, Germany and China. Sanur Pty

Directors' Report (Continued)

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

Ltd is the holding company for Lepley Properties. Seacrest Asset Pty Ltd invests in private as well as listed companies in Europe.

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 of the University of Western Australia, Chevalier de Confrérie (Vougeot), Author of *Margaret River Style* and a Director of the West Australian Symphony Orchestra Pty 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 the West Australian Symphony Orchestra Pty Ltd, WA Venues & Events Pty Ltd and the Harry Perkins Institute of Medical Research.

Mark Coughlan MusB (Hons), MusM

Mark Coughlan is a concert pianist, musical director, educator and writer. He is artistic director of the Government House Ballroom concert series, *Music on the Terrace* as well as the annual New Year's Eve concert in the Perth Concert Hall. For 10 years he has been 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. For eight years he held the position of Head of the School of Music at The University of Western Australia.

Mark is currently executive director of the Leeming Medical Group, chairman of the Government House Foundation of WA, chairman of Lost and Found Opera, a council member of the St George's Cathedral Arts Foundation and a director of the West Australian Symphony Orchestra Pty Ltd, WA Venues and Events Pty Ltd and the Western Australian Youth Orchestra.

Anne Nolan B.Econ, MEd

Anne Nolan was appointed as the inaugural Director General of the Department of Finance in Western Australia which was established in July 2011.

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 the West Australian Symphony Orchestra Pty Ltd, WA Venues & Events Pty Ltd, 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, CPA

Paul Shannon is the Chief Financial Officer of Rio Tinto Iron Ore. In his role Paul has responsibility for finance, accounting, business development, business analysis and planning, strategy, joint venture management, IS&T and communications and external relations.

Paul has over 20 years of experience in accounting, financial and commercial roles in mining and auditing and prior to his current role has held a variety of roles for Rio Tinto within their iron ore, copper and corporate businesses.

Directors' Report (Continued)

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

Paul is a member of the General Council of The Chamber of Commerce and Industry of Western Australia, Director of the West Australian Symphony Orchestra Pty Ltd and WA Venues & Events Pty Ltd and board member of the Rio Tinto Community Investment Fund.

Michael Utsler, BSc (Petroleum Engineering)

Michael has more than 30 years experience in the upstream oil and gas industry. He joined Woodside in 2013 as Chief Operations Officer and is responsible for the operations of all Woodside producing facilities.

Michael began his career with Amoco in 1978 working throughout the western and central US. He then transferred to an international assignment first in Exploration New Ventures and then to Cairo, Egypt as Production Optimisation Manager for the joint Amoco-EGPC enterprise.

On returning to the United States, he held numerous senior management roles in the Gulf of Mexico Shelf and Deepwater Operations for Amoco.

Following the merger of BP and Amoco, Michael was charged with the Gulf of Mexico Shelf integration, working across a range of roles. In 2001 he moved to the United Kingdom to manage the Southern North Sea and Central North Sea operations. Michael was appointed BP's North Sea Technical Director, a position he held until 2006. Following this, he was transferred to Alaska as Senior Vice President for BP's Greater Prudhoe Bay Operations.

Prior to joining Woodside, Michael held the position of President for the BP-Gulf Coast restoration organisation, leading the Deepwater Horizon response efforts.

COMPANY SECRETARIES

Peter Freemantle Dip.Bus (Acc)

Peter holds the position of Chief Financial Officer of the West Australian Symphony Orchestra Pty Ltd. In this role, he is responsible for the finance, accounting, business analysis and planning and IT for the Group. Peter has over 30 years of experience in accounting and information technology roles in the arts industry. 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 is currently the Chief Executive of the West Australian Symphony Orchestra Pty Ltd. He has extensive experience in senior roles within the arts industry having previously been the Chief Executive of West Australian Opera, and General Manager of La Boite Theatre Company. Craig has also served as a Board 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.

PRINCIPAL ACTIVITIES

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

The principal activity of the Company and its subsidiary, West Australian Symphony Orchestra Pty Ltd (together referred to as the "Group") during the year was the performance of symphonic music. There were no significant changes in the nature of the activities of the Group during the year.

KEY GOALS AND STRATEGIES

GOALS	STRATEGIES
Excellence on and off the Concert Hall stage.	<ul style="list-style-type: none"> • Attract, develop and retain inspirational and excellent members of the Company. • Maintain succession plans for key artistic and organisational leadership positions. • The continual engagement of an inspirational Principal Conductor. • The engagement of outstanding guest artists who can help achieve the company's artistic vision.
Develop a vibrant and sustainable artform for the future.	<ul style="list-style-type: none"> • Implement a commissioning program that supports Australian composers and creates new orchestral repertoire. • Support and develop the next generation of musicians. • Enhance and formalise the relationships with WAYO/UWA/WAAPA
Make classical music an accessible and relevant artform for all Western Australians.	<ul style="list-style-type: none"> • Develop education programs that position WASO in a leadership role in music education in WA. • Bring music to sectors of the community with no or limited access to WASO due to socio-economic, physical or other barriers. • Bring music to regional communities through touring and the use of new technologies.
Ensure the sustained financial viability of West Australian Symphony Orchestra.	<ul style="list-style-type: none"> • Increase Box Office income. • Increase income from the corporate sector. • Increase income from private giving. • Improve the quality of the company's financial management systems. • Maintain strong corporate governance.
Secure a home for the West Australian Symphony Orchestra.	<ul style="list-style-type: none"> • Work with key government stakeholders to develop a compelling design and business case for a new home for WASO.
Maintain a safe working environment for all staff.	<ul style="list-style-type: none"> • Conduct monthly safety audit. • Consistent appointment of Health & Safety representatives and First Aid Officers. • Monthly Health & Safety Committee meetings. • Quality Occupational Health & Safety reporting to the Board.

REVIEW AND RESULTS OF OPERATIONS

The profit for the Group for the year ended 31 December 2014 was \$161,891 (year ended 31 December 2013: \$52,885).

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 Group presented the West Australian Symphony Orchestra and the Education Chamber Orchestra (EChO) in 189 performances, workshops and artist development activities to over 202,000 people during the year ended 31 December 2014. 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 Group that occurred during the financial year under review.

EVENTS SUBSEQUENT TO REPORTING DATE

Except as otherwise disclosed in the notes to the financial statements, 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.

A new company, WA Venues & Events Pty Ltd, was formed for the purpose of managing the Perth Concert Hall from 2nd January 2015. The management of the Perth Concert Hall is subject to a transitional agreement between WA Venues & Events Pty Ltd, Perth Theatre Trust and the State Government through the Department for Culture and the Arts, which terminates 31st December 2015. It is anticipated that during the transitional period, a longer term agreement will be finalised.

LIKELY DEVELOPMENTS

The Group will continue to present performances of music and manage the Perth Concert Hall during the next financial year. The Group's continuing success is dependent on increasing its current level of government funding, corporate sponsorship, philanthropy and ticket sales, and its ability to attract promoters to the Perth Concert Hall.

CAPITAL

The company is limited by guarantee and does not have any shares on issue.

Directors' Report (Continued)

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

DIRECTORS' MEETINGS

The number of directors' meetings held during the year ended 31 December 2014 and the number of meetings attended by each director were as follows:

Director's Meetings WASO Holdings Ltd Group	A	B
J L Holmes à Court	6	7
J L Sher	6	7
J B Lepley	7	7
W F Bloking	3	4
K M Kessell	6	7
M D Coughlan	7	7
J P Dowling	1	3
A L Nolan	6	7
R P Shannon	6	7
M J Utsler	4	4

Accommodation Committee	A	B
J L Holmes à Court	5	5
J L Sher	5	5
J B Lepley	5	5
K M Kessell	4	5

Development, Marketing & Sales Committee	A	B
J B Lepley	4	4
W F Bloking	1	2

Artistic Committee	A	B
K M Kessell	4	5
M D Coughlan	5	5

Nomination & Remuneration Committee	A	B
J L Holmes à Court	4	4
J B Lepley	4	4
K M Kessell	4	4

Finance, Audit and Risk Committee	A	B
W F Bloking	1	2
J L Sher	5	5
J P Dowling	0	1
A L Nolan	5	5
R P Shannon	3	4

Column A - indicates the number of meetings attended

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

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 19.

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.

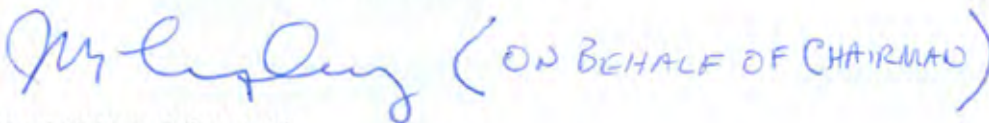
During the year, the Group has paid premiums in respect of directors' and officers' liability, legal expenses and insurance contracts for the period ended 31 December 2014. Since the end of the period, the Group has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2015. 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:



Janet Holmes à Court AC
Chairman

Perth, dated 29 April 2015

Consolidated Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2014

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

	Note	2014 \$	2013 \$
<i>Revenue</i>			
Funding revenue	4	9,285,679	9,125,112
Ticket sales	5	5,404,741	4,528,340
Sponsorship and donations revenue	6	3,737,941	3,674,713
Other revenue	7	482,016	477,587
Total revenue		18,910,377	17,805,752
 <i>Expenses</i>			
Employee expenses	9	11,801,883	11,230,671
Artist fees and expenses		1,670,348	1,716,870
Marketing expenses		961,152	858,841
Production expenses		1,903,788	1,954,139
Depreciation & amortisation	9	216,667	197,679
Operating lease rental expense	9	267,958	236,651
Symphony Services International service fees		363,661	360,999
Insurance		72,436	80,606
Other expenses		1,536,843	1,311,539
Total expenses		18,794,736	17,947,995
 Results from operating activities		 115,641	 (142,243)
 Net Finance Income	 8	 46,250	 195,128
 Profit for the year		 161,891	 52,885
 Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net Change in Fair value of available for sale assets	17	(156,000)	117,000
Total comprehensive income for the year		5,891	169,885

Consolidated Statement of Financial Position as at 31 December 2014
WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

		2014	2013
	Notes	\$	\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	18a	1,767,387	2,521,098
Other financial assets	17	3,710,062	4,110,062
Trade and other receivables	10	1,629,130	1,060,885
Inventories		20,068	20,573
Prepayments		125,954	456,463
Total current assets		7,252,601	8,169,081
<i>Non-current assets</i>			
Property, plant and equipment	11	906,642	851,551
Intangible Assets	12	330,474	405,427
Other financial assets	17	315,623	627,181
Total non-current assets		1,552,739	1,884,159
Total assets		8,805,340	10,053,240
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	13	595,089	1,256,574
Prepaid revenue	14	2,729,101	3,384,131
Provisions	15	1,708,379	1,642,894
Total current liabilities		5,032,569	6,283,599
<i>Non-current liabilities</i>			
Provisions	15	25,209	27,970
Total non-current liabilities		25,209	27,970
Total liabilities		5,057,778	6,311,569
Net Assets		3,747,562	3,741,671
Equity			
Reserves	16	-	2,894,432
Retained Profits		3,747,562	847,239
Total Equity		3,747,562	3,741,671

Consolidated Statement of Changes in Equity for the year ended 31 December 2014
WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

	Retained Profits	Incentive Funding Scheme Reserve	Endowment Fund Reserve	Asset Fair Value Reserve	Artistic Sustainability Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
As at 1 January 2013	794,354	2,003,432	100,000	39,000	635,000	3,571,786
<i>Comprehensive income for the year</i>						
Net profit	52,885	-	-	-	-	52,885
Other Comprehensive Income	-	-	-	117,000	-	117,000
Total comprehensive income for the year	52,885	-	-	117,000	-	169,885
As at 31 December 2013	847,239	2,003,432	100,000	156,000	635,000	3,741,671
<i>Comprehensive income for the year</i>						
Net profit	161,891	-	-	-	-	161,891
Other Comprehensive Income	-	-	-	(156,000)	-	(156,000)
Total comprehensive income for the year	161,891	-	-	(156,000)	-	5,891
Transfers to Retained Profits	2,738,432	(2,003,432)	(100,000)	-	(635,000)	-
As at 31 December 2014	3,747,562	-	-	-	-	3,747,562

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

Consolidated Cash Flow Statement for the year ended 31 December 2014
 WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

	Notes	2014 \$	2013 \$
<i>Cash flows from operating activities</i>			
Cash receipts from customers		5,669,282	5,290,779
Cash receipts from sponsors and other private sector		2,747,251	2,492,044
Cash receipts from donors		858,869	785,016
Cash payments to suppliers and employees		(18,763,068)	(16,928,093)
Grants received from government funding bodies		8,236,968	10,106,399
Net cash (used in) / provided by operating activities	18b	(1,250,698)	1,746,145
<i>Cash flows from investing activities</i>			
Interest received		216,021	236,974
Dividends received		24,285	10,000
Proceeds from disposal of property, plant & equipment		2,802	300
Payments for intangible assets		(525)	(71,285)
Transfers (to) / from term deposits		400,000	(2,000,000)
Payments for property, plant and equipment		(152,226)	(126,962)
Net cash flows (used in) / provided by investing activities		490,357	(1,950,973)
<i>Cash flows from financing activities</i>			
Proceeds from repayments on employee instrument loans		6,630	7,260
Net cash flows provided by financing activities		6,630	7,260
<i>Net (decrease) in cash held</i>		(753,711)	(197,568)
Cash and cash equivalents at beginning of the period		2,521,098	2,718,666
Cash and cash equivalents at end of the period	18a	1,767,387	2,521,098

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

Notes to the financial statements

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

1. Corporate information

WASO Holdings Ltd (the Company) is a public company limited by guarantee, incorporated and domiciled in Australia. The consolidated financial statements comprise the Company and its subsidiary (together referred to as the "Group"). The address of the registered office is:

Ground Floor,
445 Hay Street
Perth, WA 6000

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

2. Basis of preparation

a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 29 April 2015.

b) Going Concern

The ability of the Group to maintain its operations is dependent inter alia 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 Western Australian Department of Culture and the Arts are set out in the Tripartite Funding Agreement which was renewed for the period 1 January 2012 to 31 December 2014. These funding arrangements have been extended to 31 December 2016. On the basis of the terms set out in the Tripartite Funding Agreement, the financial statements have been prepared under the going concern principle.

c) Basis of measurement

The consolidated financial report is prepared on a historical cost basis, except for available for sale financial assets measured at fair value, and presented in Australian dollars.

d) Use of estimates and judgements

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

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.

e) Changes in accounting policies

There have been no material changes in accounting policies during the year.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of WASO Holdings Ltd and its subsidiary as at year end.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) 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:

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 Group.

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 Culture and the Arts. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and WASO Holdings Ltd 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 Group 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.

3. Significant accounting policies (continued)

b) Revenue recognition (continued)

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.

c) Foreign currency translation

Both the functional and presentation currency of the Company and its subsidiary 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.

d) Income Tax and other taxes

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

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

e) 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.

f) 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.

g) Available-for-sale financial assets

The Group's investments in equity securities are classified as available-for-sale financial assets and are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses on available-for-sale monetary items, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in equity is g)

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

3. Significant accounting policies (continued) Available-for-sale financial assets (continued)

transferred to profit or loss.

Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, there is a subsequent recovery in the fair value of an impaired available-for-sale equity security, this is recognised in other comprehensive income.

h) 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.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor or default payments are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

i) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Statement of 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:

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

3. Significant accounting policies (continued)

i) Property, plant and equipment (continued)

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

j) 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.

k) 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.

l) 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 fulfillment 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.

m) 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 Group prior to the end of the financial year that are unpaid and arise when the Group 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.

n) 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. All such superannuation plans are defined contribution plans. Employer contributions are expensed against income as they are made.

3. Significant accounting policies (continued)

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 Group'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.

o) Investment in subsidiary

Investments in a subsidiary are initially accounted for at cost being the fair value at the date of acquisition. After initial recognition, investments are carried at cost less any provision for impairment.

p) Provisions

Provisions are recognised when the Group 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.

q) Other financial assets

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

r) New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2014; however, the Group has decided against early adoption of the following new or amended standards.

- IFRS 9 Financial Instruments.
- IFRS 15 Revenue from Contracts with Customers.

The following new or amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11).
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38).
- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual improvements to IFRSs 2010-2012 Cycle.
- Annual improvements to IFRSs 2011-2013 Cycle.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

4 Funding revenue	2014	2013
	\$	\$
<i>Australia Council for the Arts</i>		
Base funding	6,805,833	6,685,494
Strategic Management Funding	25,000	25,000
<i>Department of Culture and the Arts</i>		
Base funding	2,097,421	2,067,170
Orchestral Review funding	99,848	99,848
PCH Infrastructure Plan funding	10,300	42,600
Cultural Events Package Funding	82,277	40,000
Additional hall hire funds	165,000	165,000
Total funding revenue	<u>9,285,679</u>	<u>9,125,112</u>

The Group has a three year Tripartite Funding Agreement securing base funding from the Australia Council for the Arts and the Western Australian Department of Culture and the Arts which commenced on 1 January 2012. The Group has received written confirmation that funding pursuant to this agreement will be extended until 31 December 2016.

Funding is initially provided to WASO Holdings Ltd and is subsequently provided to West Australian Symphony Orchestra Pty Ltd under a separate funding agreement between the parent company and its subsidiary.

5 Ticket sales

Subscriptions	2,109,230	1,827,057
Single night	3,295,511	2,701,283
Total ticket sales	<u>5,404,741</u>	<u>4,528,340</u>

6 Sponsorship and donations revenue

Sponsorship	2,879,072	2,881,919
Donations	858,869	785,016
Other corporate sector revenue	-	7,778
Total sponsorship and donations revenue	<u>3,737,941</u>	<u>3,674,713</u>

7 Other income

Orchestral Hire Revenue	299,561	135,234
Other revenue	182,455	342,353
Total other income	<u>482,016</u>	<u>477,587</u>

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

8 Finance income and finance expenses	2014	2013
	\$	\$
Finance Income:		
Interest income	225,405	230,644
Dividend income	28,571	14,286
	<u>253,976</u>	<u>244,930</u>
Less Finance expenses:		
Impairment of available for sale instruments	152,000	-
Banking fees	55,726	49,802
	<u>207,726</u>	<u>49,802</u>
Net finance income	<u>46,250</u>	<u>195,128</u>

9 Expenses

The net profit from operating activities has been arrived at after charging the following items:

Depreciation:		
Leasehold Improvements	4,044	4,637
Musical Instruments	66,477	61,249
Music Library Scores	5,731	5,605
Computers	24,969	30,402
Plant & Equipment	39,968	32,293
	<u>141,189</u>	<u>134,186</u>
Amortisation of Intangible Assets	75,478	63,493
Total Depreciation and Amortisation	<u>216,667</u>	<u>197,679</u>
Operating lease rental expense	<u>267,958</u>	<u>236,651</u>
Employee expenses:		
Salaries and wages	10,231,488	9,773,395
Superannuation	1,234,794	1,171,104
Workers compensation	141,418	148,396
Other employee expenses	194,183	137,776
Total employee expenses	<u>11,801,883</u>	<u>11,230,671</u>

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

10 Trade and other receivables

a) Trade and other receivables	2014	2013
	\$	\$
<i>Current</i>		
Trade debtors	1,413,451	697,669
Provision for impairment loss	-	-
Carrying amount of trade receivables	1,413,451	697,669
Accrued revenue	215,679	363,216
<i>Total current receivables</i>	1,629,130	1,060,885
Total trade and other receivables	1,629,130	1,060,885
b) Past due but not impaired		
Trade debtors ageing		
0 to 14 days	1,386,389	432,212
15 to 60 days	14,929	231,693
61 to 90 days	-	590
Over 90 days	12,133	33,174
Total trade debtors	1,413,451	697,669

As of 31 December 2014, trade debtors over 14 days were past due but not considered to be impaired as there is no objective evidence at reporting date to indicate that the Group 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

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

11 Property, plant and equipment

Reconciliation of carrying amounts at the end of the year

Year ended 2014	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Plant & Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2014, net of accumulated depreciation and impairment	5,261	575,274	142,986	31,624	96,406	-	851,551
Additions	1,834	96,840	90	27,725	73,768	-	200,257
Disposals	-	(3,748)	-	-	(229)	-	(3,977)
Depreciation expense	(4,044)	(66,477)	(5,731)	(24,969)	(39,968)	-	(141,189)
Balance at 31 December 2014 net of accumulated depreciation	3,051	601,889	137,345	34,380	129,977	-	906,642

At 2014

Cost	272,030	969,282	178,642	75,021	224,675	46,851	1,766,501
Accumulated depreciation	(268,979)	(367,393)	(41,297)	(40,641)	(94,698)	(46,851)	(859,859)
Closing balance	3,051	601,889	137,345	34,380	129,977	-	906,642

Year ended 2013

	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Plant & Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2013, net of accumulated depreciation and impairment	9,898	536,343	143,125	49,693	122,119	-	861,178
Additions	-	102,583	5,466	12,333	6,580	-	126,962
Disposals	-	(2,403)	-	-	-	-	(2,403)
Depreciation expense	(4,637)	(61,249)	(5,605)	(30,402)	(32,293)	-	(134,186)
Balance at 31 December 2013 net of accumulated depreciation	5,261	575,274	142,986	31,624	96,406	-	851,551

At 2013

Cost	270,196	884,760	178,552	61,324	218,982	46,851	1,660,665
Accumulated depreciation	(264,935)	(309,486)	(35,566)	(29,700)	(122,576)	(46,851)	(809,114)
Closing balance	5,261	575,274	142,986	31,624	96,406	-	851,551

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

12 Intangible Assets	2014	2013
	\$	\$
As at 1 January net of accumulated amortisation and impairment	405,427	397,635
Additions	525	71,285
Amortisation charge for the year	<u>(75,478)</u>	<u>(63,493)</u>
As at 31 December, net of accumulated amortisation and impairment	<u>330,474</u>	<u>405,427</u>
As at 31 December		
Cost	550,705	550,179
Accumulated amortisation	<u>(220,231)</u>	<u>(144,752)</u>
Net carrying amount	<u>330,474</u>	<u>405,427</u>

Intangible Assets comprises costs capitalised relating to the development of the Group's billing platform.

13 Trade and other payables

Accruals	144,178	294,858
Trade creditors	450,911	961,716
Total trade and other payables	<u>595,089</u>	<u>1,256,574</u>

Trade and other payables will be settled within six months.

Fair Value

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

14 Prepaid revenue

Prepaid ticket sales	2,426,434	2,203,225
Government grants unearned	22,500	1,071,211
Prepaid other	280,167	109,695
Total prepaid revenue	<u>2,729,101</u>	<u>3,384,131</u>

Government grants unearned are subject to the terms of an agreement between The Western Australian Department of Culture and the Arts, Australia Council and the Company. 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

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

15 Provisions	2014	2013
	\$	\$
<i>Employee benefits</i>		
Current provision for employee benefits	1,708,379	1,642,894
Non-current provision for employee benefits	25,209	27,970
Total Provisions	<u>1,733,588</u>	<u>1,670,864</u>

16 Equity

Reserves

Reserves Incentive Funding Scheme	-	2,003,432
Endowment Fund	-	100,000
Artistic Sustainability Reserve	-	635,000
Asset Fair Value Reserve	-	156,000
	<u>-</u>	<u>2,894,432</u>

The Reserves Incentive Funding Scheme, Endowment Fund and the Artistic Sustainability Reserves have been transferred to retained earnings as at 31 December 2014.

Reserves Incentive Funding Scheme

These funds were set aside in accordance with the Reserves Incentive Funding Scheme Agreement between the Group, Australia Council and the State of Western Australia. The funds received under the Reserves Incentive Funding Scheme Agreement, together with the Group'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 (2013 : \$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 Group.

17 Other Financial Assets

Current Investments

Short term bank deposits		1,600,000	2,000,000
Restricted cash deposits		2,103,432	2,103,432
Employee loans	(i)	6,630	6,630
Total current other financial assets		<u>3,710,062</u>	<u>4,110,062</u>

Non Current Investments

Available for sale financial assets	(ii)	274,000	582,000
Employee loans	(i)	41,623	45,181
Total non current other financial assets		<u>315,623</u>	<u>627,181</u>

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

17. Other Financial Assets (continued)

- (i) Refer to note 3 (n) for the terms and conditions of employee loans.
- (ii) Fair value hierarchy - the available for sale financial assets comprise Fortescue Metals Group shares gifted to the company by Forrest Family Investments Pty Ltd and are valued on a level 1 basis, being quoted prices (unadjusted) in an active market for identical assets. A revaluation decrement of \$156,000 (2013 : \$117,000) and an impairment expense of \$152,000 (2013 : Nil) has been recorded in the statement of profit and loss and the comprehensive income as a consequence of a decrease in the quoted price of the shares held by the Group.

18 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 short-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:

	2014	2013
	\$	\$
Cash	<u>1,767,387</u>	<u>2,521,098</u>

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

Net profit	161,891	52,885
<i>Adjustments for:</i>		
Depreciation and amortisation	216,667	197,679
Loss / (Gain) on disposal of non-current assets	1,176	2,103
In Kind Assets	(48,031)	-
Impairment of gifted assets	152,000	-
Interest charged on employee instrument loans	(3,072)	(3,496)
Interest received	(216,021)	(236,974)
Dividends received	(24,285)	(10,000)
Net cash provided by operating activities before change in assets and liabilities	<u>240,325</u>	<u>2,197</u>
<i>Changes in assets & liabilities</i>		
(Increase) / decrease in receivables	(568,246)	90,551
Decrease / (increase) in other assets	331,014	(248,588)
(Decrease) / increase in payables	(661,485)	349,323
(Decrease) / increase in prepaid revenue	(655,030)	1,325,576
Increase / (decrease) in provisions	62,724	227,086
Changes in assets & liabilities	<u>(1,491,023)</u>	<u>1,743,948</u>
Net cash (used in) / provided by operating activities	<u>(1,250,698)</u>	<u>1,746,145</u>

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

19 Directors and executive disclosures

a) Details of key management personnel

Directors:

J L Holmes à Court (Chairman)	Appointed 21 November 2006
J L Sher	Appointed 21 November 2006
J B Lepley	Appointed 21 November 2006
W F Bloking	Appointed 21 November 2006; Resigned 12 June 2014
K Kessell	Appointed 11 June 2007
M D Coughlan	Appointed 15 October 2009
J P Dowling	Appointed 23 July 2010; Resigned 7 May 2014
A L Nolan	Appointed 21 March 2012
R P Shannon	Appointed 24 October 2013
M J Utsler	Appointed 12 June 2014

Executives:

C M Whitehead	Chief Executive Officer
K N Carnachan	Executive Manager Marketing
P A Freemantle	Executive Manager Business Services
A J Benzie	Executive Manager Private Giving
K J McGowan	Executive Manager Orchestral Management
M Woodhouse	Executive Manager Corporate Development
E Wisdom	Human Resources Manager
E Kennea	Executive Manager Artistic Planning
C Lake	Community Engagement Manager

b) Compensation of Key Management Personnel

	2014	2013
	\$	\$
Short term	1,176,383	1,164,744
Other employment benefits	157,541	144,230
	<u>1,333,924</u>	<u>1,308,974</u>

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

20 Related parties

a) Directors

Transactions with Directors

Ms Holmes à Court contributed cash donations to the Group of \$56,010 (2013 : \$50,000) during the year.

Mr J B Lepley has an interest as Chairman of Sanur Pty Ltd. Sanur Pty Ltd contributed \$40,660 (2013 : \$122,178) cash sponsorship to the Group during the year. Additionally, Mr Lepley contributed cash donations to the Group of \$6,000 (2013 : \$11,000) during the year.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

20 Related parties (continued)

Mr W F Bloking contributed a cash donation of \$5,000 (2013 : \$6,500)

Mr J L Sher contributed a cash donation of \$1,000 (2013 : \$1,700)

Mr K Kessell contributed a cash donation of \$4,500 (2013 : \$5,000)

Mr M D Coughlan contributed a cash donation of \$2,500 (2013 : \$3,700)

Mr J P Dowling contributed a cash donation of \$Nil (2013 : \$1,000)

Ms A L Nolan contributed a cash donation of \$2,500 (2013 : \$2,900)

Ms R P Shannon contributed a cash donation of \$1,800 (2013 : \$Nil)

Transactions between the Group 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.

b) Subsidiary

The consolidated financial statements of WASO Holdings Ltd at 31 December 2014 include the parent Company's wholly owned subsidiary, West Australian Symphony Orchestra Pty Limited which is incorporated in Australia and has the same reporting date as that of the parent entity. The carrying value of the investment at 2014 and 2013 is \$1,388,204.

During the year WASO Holdings Ltd granted funding of \$8,903,254 (2013 : \$8,877,512) to its subsidiary.

21 Commitments and contingencies

	2014	2013
	\$	\$
<i>Operating lease (non-cancellable)</i>		
Not later than one year	206,784	203,265
Later than one year and not later than five years	-	-
	<u>206,784</u>	<u>203,265</u>

The Group 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.

Artist fees contracted for but not provided for and payable

Not later than one year	715,949	533,481
Later than one year and not later than five years	362,501	711,250
	<u>1,078,450</u>	<u>1,244,731</u>

The Group has entered into contracts for performances scheduled to take place during 2015 and subsequent years. These amounts include the maximum expenditure required to satisfy the contracts with the artists.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

22 Financial risk management

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

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

a) Interest rate risk exposures

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

	2014	2013
	\$	\$
<i>Fixed rate instruments</i>		
Financial assets	<u>3,751,685</u>	<u>6,051,811</u>
<i>Variable rate instruments</i>		
Financial assets	<u>1,764,187</u>	<u>620,430</u>

The weighted average interest rate at 31 December 2014 was 3.3% (2013 : 3.5%). The Group 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 1.0% 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 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity relating to financial assets of the Group would have been affected as follows:

	2014	2013
	\$	\$
Judgements of reasonably possible movements:		
<i>Net profit - higher / (lower)</i>		
+0.50%	8,821	3,102
-0.50%	(8,821)	(3,102)

c) Equity price risk sensitivity

All of the Group's equity investments are listed on the Australian Stock Exchange. For such investments classified as available for sale, a 15 percent increase in the listed price at the reporting date would have increased equity by \$41,100 (2013 : \$87,300). An equal change in the opposite direction would have decreased equity by \$41,100 (2013 : equity \$87,300)

d) 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

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

22 Financial risk management (continued)

e) Credit risk exposure

Receivable balances are monitored on an on going basis with the result that the Group's exposure to bad debts is not significant. The Group monitors the credit risk arising from cash, cash equivalents and term deposits through holding its cash through banks with a Standard and Poor's rating of AA- or greater.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2014	2013
		\$	\$
Other financial assets	17	4,025,685	4,737,243
Receivables	10	1,629,130	1,060,885
Cash and cash equivalents	18	1,767,387	2,521,098
		<u>7,422,202</u>	<u>8,319,226</u>

f) Capital management and liquidity risk

The Group does not have any share capital. The Group'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 2014, the Group has received commitments from these entities to be funded at current levels for the year ending 31 December 2016.

g) Exchange rate risk

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

23 Parent entity disclosures

	2014	2013
	\$	\$
<i>Result of parent entity</i>		
Profit for the year	<u>-</u>	<u>-</u>
<i>Financial position of parent entity at year end</i>		
Total assets	1,388,204	1,388,204
Total liabilities	10	10
Total equity of the parent entity comprising of:		
Retained earnings	<u>1,388,194</u>	<u>1,388,194</u>

As at 31 December 2014, and throughout the financial year ending 31 December 2014, the parent entity of the Group was WASO Holdings Limited.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

24 Auditor's remuneration	2014	2013
	\$	\$
<i>Audit services</i>		
Auditors of the Group		
KPMG Australia		
Audit of the financial reports	<u>35,085</u>	<u>34,288</u>
<i>Other services</i>		
Other assurance services	<u>-</u>	<u>-</u>

No other benefits were received by the auditor.

25 Subsequent Events

Except as otherwise disclosed in the notes to the financial statements, 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.

A new company, WA Venues & Events Pty Ltd, was formed for the purpose of managing the Perth Concert Hall from 2nd January 2015. The management of the Perth Concert Hall is subject to a transitional agreement between WA Venues & Events Pty Ltd, Perth Theatre Trust and the State Government through the Department for Culture and the Arts, which terminates 31st December 2015. It is anticipated that during the transitional period, a longer term agreement will be finalised.

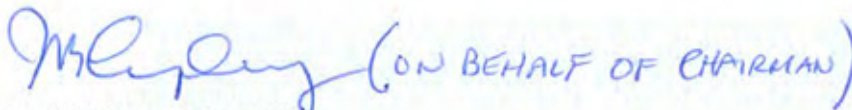
Directors' Declaration

WASO Limited Group Annual Financial Report 31 December 2014 ACN 122 779 739

In the opinion of the directors of WASO Holdings Limited:

- a) The company is not publicly accountable;
- b) the consolidated financial statements and notes that are set out on pages 8 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 Group's financial position as at 31 December 2014 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:



Janet Holmes à Court AC
Chairman

Perth, dated 29 April 2015



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

To: the directors of WASO Holdings Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2014 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, WA

29 April 2015



Independent auditor's report to the members of WASO Holdings Ltd

Report on the financial report

We have audited the accompanying financial report of WASO Holdings Ltd (the company), which comprises the consolidated statement of financial position as at 31 December 2014, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

This audit report has also been prepared for the members of the Institute in pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC).

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Australian Charities and Not-for-profits Commission Regulation 2013* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion:

- (a) the financial report of the Group is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:
- (i) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG

KPMG

Matthew Beevers
Partner

Perth, WA

29 April 2015

WASO

West Australian
Symphony Orchestra