

# **Victorian Opera Company Ltd**

## **Financial Statements**

**For the Year Ended 31 December 2015**

**Victorian Opera Company Limited**

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**For the Year Ended 31 December 2015**

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# Victorian Opera Company Limited

## Directors' Report

31 December 2015

The directors present their report on Victorian Opera Company Limited for the financial year ended 31 December 2015.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Jane Hemstritch

Qualifications

BSc (Hons), CPA, FCA, FAICD

Experience

Jane was a Non-Executive Director of the Commonwealth Bank of Australia Ltd, and is a Non-Executive Director of Santos Ltd, Lend Lease Corporation Ltd and Tabcorp Holdings Ltd. She is a Member of the Council of The National Library of Australia, is a director of The Walter and Eliza Hall Institute of Medical Research and member of the Global Council of Herbert Smith Freehills.

From 2004 to February 2007 Jane was Managing Director, Asia Pacific at Accenture and was a member of Accenture's Executive Leadership Team. She was responsible for operations in 12 countries, involving over 30,000 personnel.

Other Victorian Opera committees

Jane has been Chair of the Board of Directors from 22 February 2013.

Ross Freeman

Qualifications

BComm, LLB (Melb)

Experience

Ross is a partner in international law firm Minter Ellison, and has more than 25 years' experience as a commercial litigator and regulatory lawyer. Ross is a member of Minter Ellison's national board, chairs its Audit Committee and is the head of the firm's Dispute Resolution practice.

Other Victorian Opera committees

He is a member of Victorian Opera's Marketing and Development Committee and a member of the Audit, Risk and Compliance Committee.

Francis Ebury, Earl of Wilton

Qualifications

PhD (Melb)

Experience

Francis worked at J.P. Morgan & Co. Inc. for 25 years in the Melbourne and Hong Kong offices. He held positions in Investment Management and Human Resources. The last position he held was Head of Human Resources, Asia South.

Other Victorian Opera committees

He is Chair of the HR Committee and a member of the Strategic Initiatives Committee and Artistic Committee.

## Victorian Opera Company Limited

### Directors' Report

31 December 2015

#### Information on directors continued

Greig Gailey

Qualifications

Experience

BEcon (UQ)

Greig is the Chairman of Caltex Australia Limited, the Advisory Board of CSL Australia Ltd and Chairman of the Horizon Roads Group (the operator of Eastlink). Greig has been Chairman of the Minerals Council of Australia and the International Zinc Association, and was President of the Business Council of Australia from 2007 to 2009.

After a long career with the British Petroleum Company he became CEO of Fletcher Challenge Energy from 1998 until March 2001. He subsequently joined Pasminco as CEO in August 2001 until 2007 and saw the company through its major transformation and re emergence as Zinifex.

Other Victorian Opera committees

He is Deputy Chair of the Board of Directors and Chair of the Strategic Initiatives Committee.

Professor Hon Barry Jones  
AC

Qualifications

Experience

FAA, FAHA, FSTE, FASSA, DistFRSN, FRSV, FRSA, FACE

Barry is a writer, broadcaster and former Labor politician. His career has spanned law, education, film, politics, civil liberties, constitutional change and 'the knowledge society'. He was Deputy Chair of the Australian Council for the Arts 1969 - 1972. Barry represented the federal seat of Lalor (1977-98) and in the Hawke Government became Australia's longest serving Science Minister (1983-90). He served as National President of the Australian Labor Party 1992-2000 and again 2005-06. He was a member of the Executive Board of UNESCO in Paris 1991-95, Vice President, World Heritage Committee 1995-96 and a consultant for OECD.

Barry is the only person to have been elected as a Fellow all four of Australia's learned Academies. He chaired Vision 2020 from 2002 to 2014. He is currently a Professorial Fellow at the University of Melbourne. He has written extensively about music.

Other Victorian Opera committees

He was a member of the Artistic Review Panel and the Marketing and Development Committee (up to his resignation date).

Resigned

22 May 2015

Catherine Walter AM

Qualifications

Experience

LLB (Hons) , LLM, MBA (Melb), FAICD

Catherine is a solicitor and a director of a range of listed, government and not for profit companies including Australian Foundation Investment Company, Walter and Eliza Hall Institute of Medical Research and the Reserve Bank's Payment Systems Board. Catherine is also a trustee of the Helen Macpherson Smith Trust. Catherine practised commercial law in city law firms for 20 years, was Managing Partner of a major Melbourne law firm and a Commissioner of the City of Melbourne.

Catherine was awarded a Centenary Medal in January 2001 for service to Australian society in business leadership and became a Member of the Order of Australia on Australia Day 2003 for services to business.

Other Victorian Opera committees

She is the Chair of the Marketing and Development Committee and a member of the Audit, Risk and Compliance Committee.

## Victorian Opera Company Limited

### Directors' Report

31 December 2015

#### Information on directors continued

Anne Gilby

Qualifications

Experience

BA (ANU), Reifeprüfung (Detmold), Grad.DipEd. (Monash)

Anne has held positions as Principal Oboist of the Bremerhaven Orchestra, the Elizabethan Melbourne Orchestra and the Australian Chamber Orchestra, and as Lecturer in Oboe at the Western Australian Academy of Performing Arts in Perth, Head of Woodwind at the Victorian College of the Arts in Melbourne, and Lecturer in Ensemble Studies at Monash University's School of Music Conservatorium.

Anne has appeared as soloist with such ensembles as the Australian Chamber Orchestra, the West Australian Symphony Orchestra, the Melbourne Musicians and the Blackwood River Chamber Festival. She chaired the Artistic Committee of the Australian Youth Orchestra Ltd and served on the Music Board of the Australia Council.

Other Victorian Opera committees

She is Chair of the Artistic Committee and a member of the HR Committee

Penny Stragalinos

Qualifications

Experience

BComm (Melb), Exec MBA, CA, RCA

Penny is a partner in international professional services firm KPMG. She has more than 20 years' experience in providing audit and advisory services, predominantly in the industrial markets and energy & natural resources sectors. Penny is the Chief Operating Officer for the audit practice of KPMG Australia. She is also a member of the Audit Committee for CEDA (the Committee for Economic Development of Australia).

Other Victorian Opera committees

She is Chair of the Audit, Risk and Compliance Committee.

Siobhan Lenihan

Qualifications

Experience

BA (Sydney), MLS (UTS)

Siobhan is Adviser to the Deputy Vice Chancellor Education at Deakin University. Before working in higher education, she had a long career in music administration with the Tasmanian and Sydney Symphony Orchestras and Musica Viva Australia, among others. She is a member of the Australian Youth Orchestra's Artistic Advisory Committee and the Australian Chamber Orchestra's Peer Review Panel and a Director of the Australia Latin America Foundation.

Other Victorian Opera committees

She is a member of the Artistic Committee and the HR Committee.

Roger Box

Qualifications

Experience

BBus Economics and Marketing

Roger joined Google as Agency Lead in January 2016 where he oversees some of Melbourne's leading media agencies and businesses. He was previously on the Board of Directors as an Executive at Clemenger BBDO Melbourne heading up the digital marketing division across the agency. From 2007-2013 Roger spent 6 years in New York as Vice President, Group Director at Digitas leading American Express. Roger is currently a non-executive Director of Velcro Industries

Other Victorian Opera committees

He is a member of the Marketing and Development Committee.

Appointed

24 September 2015

## **Victorian Opera Company Limited**

### **Directors' Report**

**31 December 2015**

#### **Information on directors continued**

Directors have been in office during the year financial year unless otherwise stated. Committee membership information is for the financial year ended 31 December 2015.

#### **Company secretary**

Darren O'Beirne was the company secretary throughout the year.

#### **Review of operations**

The surplus of the Company amounted to \$7,139 (2014 surplus: \$915,781 including bequest income).

There was an overall increase in revenue of \$477,518 mainly due to touring income, co-production and reimbursements received, grants, performance fees, sponsorship and investment income offset in part by a slight reduction in donation revenue.

Offsetting the increases in revenue were higher artistic and technical expenses due to the size of the program. The net result from operations was a deficit of \$17,539 compared to a surplus of \$51,896 in 2014.

The Company is dependent on government funding and will continue to make applications for future funding.

#### **Principal activities**

Victorian Opera presents an annual program of professional opera primarily to Victorian audiences in Melbourne and regional areas.

No significant changes in the nature of the Company's activity occurred during the financial year.

#### **Members' guarantee**

Victorian Opera Company Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 100, subject to the provisions of the company's constitution.

At 31 December 2015 the collective liability of members was \$ 200 (2014: \$ 200).

#### **Payments and other benefits**

No payments or benefits of a pecuniary value were received by any officers of the Company during the financial year.

## **2. Other items**

#### **Significant changes in state of affairs**

There have been no significant changes in the state of affairs of the Company during the year.

#### **Future developments and results**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**Victorian Opera Company Limited**

**Directors' Report**

**31 December 2015**

**2. Other items continued**

**Environmental issues**

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

**Meetings of directors**

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:


	Directors' Meetings	
	Number attended	Number eligible to attend
Jane Hemstritch	5	6
Greig Gailey	6	6
Francis Ebury, Earl of Wilton	10	10
Ross Freeman	6	8
Professor Hon Barry Jones AO	3	3
Catherine Walter AM	5	7
Anne Gilby	7	9
Penny Stragalinos	6	7
Siobhan Lenihan	9	9
Roger Box	1	1

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 31 December 2015 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....  
Jane Hemstritch

Director:  .....  
Penny Stragalinos

Dated 29 April 2016

Victorian Opera Company Limited

## Auditor's Independence Declaration under the Australian Charities and Not-for-profits Commission Act 2012 To the Directors of Victorian Opera Company Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2015, 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.



Andrew Fisher, Partner (auditor registration number 306364) on behalf of  
Banks Group Assurance Pty Ltd, Chartered Accountants  
Authorised audit company registration number 294178 (ACN 115749598)

29 April 2016

Melbourne, Australia



Victorian Opera Company Limited

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

	Note	2015 \$	2014 \$
<b>Revenue from Operations</b>			
Government funding revenue	3	4,119,587	3,893,010
Box office and performance income	3	1,273,893	1,121,828
Sponsorship, philanthropic and donation income	3	857,024	787,912
Other income	3	107,869	78,105
<b>Total revenue from operations</b>		<u>6,358,373</u>	<u>5,880,855</u>
<b>Expenses</b>			
Personnel expenses	4	(3,785,620)	(3,528,614)
Marketing and development expenses		(489,649)	(521,354)
Production expenses		(1,573,942)	(1,325,827)
Administrative expenses		(526,701)	(453,164)
<b>Total expenses</b>		<u>(6,375,912)</u>	<u>(5,828,959)</u>
<b>Net (Deficit)/Surplus from Operations</b>		(17,539)	51,896
Melva Thompson Bequest		-	863,885
Melva Thompson Bequest Fund interest		24,678	-
<b>SURPLUS FOR THE YEAR</b>		<u>7,139</u>	<u>915,781</u>

The accompanying notes form part of these financial statements.

Victorian Opera Company Limited

Statement of Financial Position

31 December 2015

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	2,788,727	2,888,601
Trade and other receivables	6	211,267	2,119,858
Other non-financial assets	7	298,983	351,343
<b>TOTAL CURRENT ASSETS</b>		<b>3,298,977</b>	<b>5,359,802</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	58,198	67,119
<b>TOTAL NON-CURRENT ASSETS</b>		<b>58,198</b>	<b>67,119</b>
<b>TOTAL ASSETS</b>		<b>3,357,175</b>	<b>5,426,921</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	120,620	265,737
Employee benefits	10	74,894	68,083
Other liabilities	11	80,000	2,029,183
<b>TOTAL CURRENT LIABILITIES</b>		<b>275,514</b>	<b>2,363,003</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	10	29,832	19,228
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>29,832</b>	<b>19,228</b>
<b>TOTAL LIABILITIES</b>		<b>305,346</b>	<b>2,382,231</b>
<b>NET ASSETS</b>		<b>3,051,829</b>	<b>3,044,690</b>
<b>EQUITY</b>			
Reserves		2,590,422	2,563,885
Retained surplus		461,407	480,805
<b>TOTAL EQUITY</b>		<b>3,051,829</b>	<b>3,044,690</b>

The accompanying notes form part of these financial statements.

Victorian Opera Company Limited

**Statement of Changes in Equity**  
For the Year Ended 31 December 2015

2015

	Retained Surplus	Bequest Reserve	General Reserves	Special Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2015	480,805	863,885	1,300,000	400,000	3,044,690
Net deficit from operations	(17,539)	-	-	-	(17,539)
Melva Thompson Bequest Fund Revenue	24,678	-	-	-	24,678
Transfer to Bequest Reserve	(26,537)	26,537	-	-	-
<b>Balance at 31 December 2015</b>	<b>461,407</b>	<b>890,422</b>	<b>1,300,000</b>	<b>400,000</b>	<b>3,051,829</b>

2014

	Retained Surplus	Bequest Reserve	General Reserves	Special Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 January 2014	428,909	-	1,300,000	400,000	2,128,909
Net Surplus from Operations	51,896	-	-	-	51,896
Melva Thompson Bequest Fund Revenue	863,885	-	-	-	863,885
Transfer to Bequest Reserve	(863,885)	863,885	-	-	-
<b>Balance at 31 December 2014</b>	<b>480,805</b>	<b>863,885</b>	<b>1,300,000</b>	<b>400,000</b>	<b>3,044,690</b>

Reserves have been established in line with funding recommendations that arts organisations should build general and special reserves to a minimum of 20% of annual costs.

The Bequest Reserve has been established to support the company in specific future projects.

The Special Reserve has been established to assist the company to manage artistic and financial risk.

Victorian Opera Company Limited

Statement of Cash Flows

For the Year Ended 31 December 2015

	2015	2014
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	6,516,174	5,863,556
Payments to suppliers and employees	(6,673,698)	(6,171,108)
Melva Thompson Bequest Fund revenue	24,678	863,885
Interest received	63,749	69,797
Net cash (used)/provided by operating activities	17 <u>(69,097)</u>	<u>626,130</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(30,777)</u>	<u>(32,839)</u>
Net cash used by investing activities	<u>(30,777)</u>	<u>(32,839)</u>
Net (decrease)/increase in cash and cash equivalents held	(99,874)	593,291
Cash and cash equivalents at beginning of year	<u>2,888,601</u>	<u>2,295,310</u>
Cash and cash equivalents at end of financial year	5 <u><u>2,788,727</u></u>	<u><u>2,888,601</u></u>

The accompanying notes form part of these financial statements.

## Victorian Opera Company Limited

### Notes to the Financial Statements For the Year Ended 31 December 2015

The financial statements are for Victorian Opera Company Limited as a not-for-profit individual entity.

The functional and presentation currency of Victorian Opera Company Limited is Australian dollars.

#### 1 Summary of Significant Accounting Policies

##### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### (b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

##### (c) Income Tax

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

##### (d) Leases

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

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

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

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

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

#### (e) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, have been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

#### Subscriptions and box office income

Subscription and box office income from performance ticket sales are recognised when they are received.

#### Performance fees

Performance fees are recognised as revenue when the income is received.

#### Sponsorships and Government Grants

Sponsorships and Government grants are recognised in the period to which the sponsorships and grants relate or to the period for which they are paid. Government grants are normally paid for the specific calendar years. Sponsorships which relate to specific performances are brought to account in the year the performances are given.

#### Donations

Donations are recognised as revenue when they are received, unless they relate specifically to an event, in which case the donations are recognised in the same period as the event takes place.

#### Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

#### (f) Goods and Services Tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

#### (g) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost model as specified below.

## Notes to the Financial Statements For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

#### (g) Property, Plant and Equipment continued

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

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

#### Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

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

Fixed asset class	Depreciation rate
Plant and Equipment	10% - 33%
Furniture, Fixtures and Fittings	33%
Office Equipment	20% - 33%
Improvements	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (h) Financial instruments

##### Initial recognition and measurement

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

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

##### Classification and subsequent measurement

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

*Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 1 Summary of Significant Accounting Policies continued

- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

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

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

#### (i) *Financial assets at fair value through profit or loss*

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

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

#### (iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### *Impairment of financial assets*

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.



## Notes to the Financial Statements

### For the Year Ended 31 December 2015

#### 1 Summary of Significant Accounting Policies continued

##### Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

##### (i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks.

##### (j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

#### 2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

Victorian Opera Company Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

3 Revenue and Other Income

	2015	2014
	\$	\$
<b>Government funding revenue</b>		
- Creative Victoria annual grant	3,731,600	3,731,600
- Regional touring funding	88,587	-
- Strategic Partnerships Program	54,400	-
- Creative Partnerships Australia	45,000	-
- Commonwealth funding via Ministry of the Arts	45,000	-
- Department of Premier and Cabinet	40,000	-
- Local Government grant	5,000	32,610
- The University of Melbourne	110,000	110,000
<b>Total government funding revenue</b>	<u>4,119,587</u>	<u>3,874,210</u>
<b>Box office and performance income</b>		
- Box office sales	1,110,516	1,084,026
- Producer fees	75,543	-
- Performance and workshop fees	87,834	37,247
- Program and merchandise sales	-	555
<b>Total box office and performance income</b>	<u>1,273,893</u>	<u>1,121,828</u>
<b>Sponsorship, philanthropic and donation revenue</b>		
- Corporate sponsorship	101,200	66,991
- Philanthropic	362,660	309,100
- Other fundraising income	15,543	22,314
- Donations	377,621	389,507
<b>- Total sponsorship, philanthropic and donation revenue</b>	<u>857,024</u>	<u>787,912</u>
<b>Other income</b>		
- Interest received	63,749	69,797
- Other income	34,541	2,920
- Venue hire	2,215	1,570
- Sale of assets	7,364	3,818
<b>- Total other income</b>	<u>107,869</u>	<u>78,105</u>
<b>Total Revenue from Ordinary Activities</b>	<u>6,358,373</u>	<u>5,862,055</u>

4 Personnel Expenses

	2015	2014
	\$	\$
Administration and marketing	1,150,458	1,083,084
Art and production salaries	2,283,318	2,134,352
Employee on-costs	351,844	311,178
<b>Total personnel expense</b>	<u>3,785,620</u>	<u>3,528,614</u>

Victorian Opera Company Limited

**Notes to the Financial Statements**

For the Year Ended 31 December 2015

**5 Cash and cash equivalents**

	2015	2014
	\$	\$
Cash on hand	960	2,650
Cash at bank	1,467,767	1,285,951
Cash at bank and in hand	1,468,727	1,288,601
Short-term bank deposits	1,320,000	1,600,000
<b>Total cash and cash equivalents</b>	<b>2,788,727</b>	<b>2,888,601</b>

**6 Trade and other receivables**

	2015	2014
	\$	\$
<b>CURRENT</b>		
Trade receivables	102,020	2,060,849
Deposits	58,064	59,009
GST receivable	51,183	-
<b>Total current trade and other receivables</b>	<b>211,267</b>	<b>2,119,858</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**7 Other non-financial assets**

	2015	2014
	\$	\$
<b>CURRENT</b>		
Deferred production costs	268,918	293,709
Prepayments	30,065	32,532
Accrued income	-	25,102
<b>Total other non-financial assets</b>	<b>298,983</b>	<b>351,343</b>

Victorian Opera Company Limited

**Notes to the Financial Statements**  
For the Year Ended 31 December 2015

8 Property, plant and equipment

	2015	2014
	\$	\$
PLANT AND EQUIPMENT		
Production equipment		
At cost	116,495	116,495
Accumulated depreciation	(112,771)	(100,554)
Total plant and equipment	<u>3,724</u>	<u>15,941</u>
Furniture, fixtures and fittings		
At cost	47,277	47,277
Accumulated depreciation	(46,194)	(43,491)
Total furniture, fixtures and fittings	<u>1,083</u>	<u>3,786</u>
Office equipment		
At cost	214,031	214,031
Accumulated depreciation	(207,561)	(188,587)
Total office equipment	<u>6,470</u>	<u>25,444</u>
Improvements		
At cost	93,700	62,923
Accumulated depreciation	(46,779)	(40,975)
Total improvements	<u>46,921</u>	<u>21,948</u>
<b>Total property, plant and equipment</b>	<u><u>58,198</u></u>	<u><u>67,119</u></u>

(a) Movements in Carrying Amounts

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

	Production Equipment	Furniture, Fixtures and Fittings	Office Equipment	Improvements	Total
	\$	\$	\$	\$	\$
<b>Year ended 31 December 2015</b>					
Balance at the beginning of year	15,941	3,786	25,444	21,948	67,119
Additions	-	-	-	30,777	30,777
Depreciation expense	(12,217)	(2,703)	(18,974)	(5,804)	(39,698)
<b>Balance at the end of the year</b>	<u><u>3,724</u></u>	<u><u>1,083</u></u>	<u><u>6,470</u></u>	<u><u>46,921</u></u>	<u><u>58,198</u></u>

Victorian Opera Company Limited

Notes to the Financial Statements

For the Year Ended 31 December 2015

9 Trade and other payables

	2015	2014
	\$	\$
CURRENT		
Trade payables	1,090	-
GST payable	-	132,661
Other payables	119,530	133,076
<b>Total trade and other payables</b>	<b>120,620</b>	<b>265,737</b>

10 Employee Benefits

	2015	2014
	\$	\$
Current liabilities		
Annual leave	74,894	68,083
Non-current liabilities		
Long service leave	29,832	19,228

11 Other liabilities

	2015	2014
	\$	\$
CURRENT		
Income in advance	80,000	2,027,183
Grants and sponsorship received in advance	-	2,000
<b>Total other liabilities</b>	<b>80,000</b>	<b>2,029,183</b>

An amount of \$1,959,760 included in the Income in advance in 2014 relates to the invoicing of the first instalment of the 2015 Creative Victoria (formerly Arts Victoria) annual grant.

12 Leasing Commitments

Operating leases

	2015	2014
	\$	\$
Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are payable as follows:		
- not later than one year	143,546	158,111
- between one year and five years	-	143,546
	<b>143,546</b>	<b>301,657</b>

Operating leases relate to the Company's office rental and photocopier leases.

## Notes to the Financial Statements

For the Year Ended 31 December 2015

### 13 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

#### Specific risks

- Market risk - currency risk and cash flow interest rate risk
- Credit risk
- Liquidity risk

#### Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

#### Objectives, policies and processes

Risk management is carried out by the Company's Audit, Risk and Compliance Committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the Audit, Risk and Compliance Committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure<sup>4</sup> which the Audit, Risk and Compliance Committee believes the Board should be aware of.

#### Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 14 Members' Guarantee

Victorian Opera Company Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$100, subject to the provisions of the company's constitution.

### 15 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 348,858 (2014: \$ 322,690).

## Victorian Opera Company Limited

### Notes to the Financial Statements For the Year Ended 31 December 2015

#### 16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2015 (31 December 2014:None).

#### 17 Cash Flow Information

##### Reconciliation of result for the year to cashflows from operating activities

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

	2015	2014
	\$	\$
Surplus for the year	7,139	915,781
Non-cash flows in profit:		
- depreciation	39,698	47,959
Changes in assets and liabilities:		
- decrease/(increase) in trade and other receivables	1,959,774	(2,021,508)
- decrease/(increase) in other non-financial assets	1,177	(245,156)
- (decrease)/increase in trade and other payables	(145,117)	160,411
- increase in employee benefits	17,415	5,621
- (decrease)/increase in other liabilities	(1,949,183)	1,763,022
Cashflow from operations	<u>(69,097)</u>	<u>626,130</u>

#### 18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 29 April 2016 by the Board of Directors.

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

**Victorian Opera Company Limited**

**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 21, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position of the Company as at 31 December 2015 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .....  .....  
Jane Hemstrich

Director .....  .....  
Penny Stragalinos

Dated 29 April 2016



Victorian Opera Company Limited

## Independent Audit Report to the members of Victorian Opera Company Limited

### Report on the Financial Report

We have audited the accompanying financial report of Victorian Opera Company Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### *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 - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 Company'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 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 Accounting Professional and Ethical Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Victorian Opera Company Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Victorian Opera Company Limited**

**Independent Audit Report to the members of Victorian Opera Company Limited**

*Opinion*

In our opinion the financial report of Victorian Opera Company Limited is in accordance with the *Australian Charities and Not-for profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*.

*Banks Group Assurance Pty Ltd*

Banks Group Assurance Pty Ltd, Chartered Accountants  
Authorised audit company number 294178 (ACN 115 749 598)

*Andrew Fisher*

Andrew Fisher, Partner  
Registration number 306364

Melbourne, Australia

29 April 2016