

Victorian Opera Company Ltd

56 116 549 798

Financial Statements

For the Year Ended 31 December 2021

Victorian Opera Company Limited

56 116 549 798

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For the Year Ended 31 December 2021

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Directors' Report 31 December 2021

The directors present their report on Victorian Opera Company Limited for the financial year ended 31 December 2021.

(a) 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:

Genevieve Overell AM

Qualifications

BA, LLB, Dip Fin Mgt, FIPAA, FAICD

Experience

Genevieve was previously the Director, Government Advisory at Deutsche Bank Australia. A lawyer by background, Genevieve has over 25 years' experience on public and private sector boards. As Deputy Secretary in the Victorian Government responsible for land use planning, building and heritage, Genevieve served as Head of Environment with the Victorian Bushfire Reconstruction and Recovery Authority. Before working in Government, Genevieve was a partner at KPMG, specialising in major infrastructure projects.

Other Board appointments

Australian Institute of Architects, North West Melbourne Primary Healthcare Network, State Revenue Office Audit Committee, Cladding Safety Victoria, Australian British Chamber of Commerce, Australian German Chamber of Industry and Commerce and Global Infrastructure Hub Board member and Chair Audit and Risk Committee

Other Victorian Opera committees

Genevieve is the Chair of the Board of Directors and a member of the Audit, Risk, Compliance and Property Committees.

Siobhan Lenihan

Qualifications

BA (Sydney), MLS (UTS), GAICD

Experience

Siobhan is Adviser to the Deputy Vice Chancellor Academic 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 Chamber Orchestra's Peer Review Panel and a Director of the Australia Latin America Foundation.

Other Victorian Opera committees

Siobhan is a member of the Artistic and People & Culture Committees.

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Directors' Report

31 December 2021

(a) General information

Information on directors

Roger Box (Retired 28 May 2021)

Qualifications

BBus Economics and Marketing

Experience

Roger is currently the co-industry head of the financial sector at Google based in Melbourne. He joined Google in 2016 as an Agency Lead. He was previously an Executive Director of Digital at Clemenger BBDO from 2013 -15. Roger spent six years in New York as Vice President, Group Director at Digitas leading their work with American Express.

Other Board Appointments

Roger was a non-executive Director of Velcro Industries.

Other Victorian Opera committees

Roger was a member of the Marketing and Development Committee.

Vivienne Corcoran

Qualifications

Ba, Grad Dip Mktg, Grad Cert Business Research, CPM, FAICD

Experience

Vivienne is on the board of ICON Asia Pacific and is a member of the Port Phillip Arts Advisory Committee. She has previously been Chair of the Frankston Arts Centre and the Emerging Writers' Festival. Vivienne is Managing Director of Marketing Logic, a strategic consultancy providing high level advice to a range of corporate, professional services, health and membership-based organisations. Vivienne is a published author and PhD student with Edinburgh Business School.

Other Victorian Opera committees

Vivienne is the Chair of the Marketing and Development Committee.

Grant Powell

Qualifications

BEng Chem (hons), Grad Dip Applied Finance

Experience

Grant is a director of G and S Strategic Consulting, an advisory firm that provides consultancy services to corporates and small to medium businesses. Previously he was a partner at Accenture for more than 20 years working in strategy, human performance and innovation across Australia, New Zealand, Singapore, the UK and Europe. Grant is also a Director of the Alliance Française de Melbourne, the Accenture Australia Foundation and Blak Dot Art Gallery.

Other Victorian Opera committees

Grant is the Chair of the People and Culture Committee.

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Directors' Report

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(a) General information

Information on directors

Selina Lightfoot

Qualifications

BA/LLB, GAICD, Grad Dip App Fin

Experience

Selina is a company director currently holding board positions across a range of industries and sectors, including with Hydro Tasmania, Nuchev Limited and JDRF Australia. Selina is also a member of the Advisory Board for TLC Aged Care and is a former board member of The Queen Elizabeth Centre.

Selina's previous legal career included 10 years as a Partner at Herbert Smith Freehills, specialising in corporate law, commercial contracts and mergers and acquisitions.

Other Victorian Opera committees

Selina is a member of the Audit, Risk and Compliance, People and Culture and Property Committees.

Stephen McIntyre AM

Qualifications

BA (Melb)

Experience

Stephen is known nationally and internationally as one of Australia's most eminent pianists and teachers. Head of Piano at the Victorian College of the Arts from 1977 until 1993; Principal Artistic Advisor for Musica Viva Australia 1995-96; Director of the Chamber Music Program for the Melbourne Festival 1989-99; Artistic Director of the Port Fairy Spring Music Festival 2005-09.

Stephen is Associate Professor in the Melbourne Conservatorium of Music at the University of Melbourne. In 2003, he was the recipient of the Sir Bernard Heinze Award for distinguished contribution to music in Australia.

Other Victorian Opera committees

Stephen is the Chair of the Artistic Committee.

Patricia Stebbens

Qualifications

BEco, Master of Applied Finance, FCA

Experience

Patricia is a partner of KPMG, a professional services firm. She has over 25 years' experience in providing audit and advisory services, predominantly in the financial services and energy and natural resources sectors. Patricia is a member of KPMG Australia Partner Remuneration Nomination Committee and leads the IFRS and Australian Accounting Standards team. She is also a finance committee member of Lauriston Girls' School and was previously a finance committee member of Southern Cross Aged Care Victoria.

Other Victorian Opera committees

Patricia is the Chair of the Audit, Risk and Compliance Committee and a member of the Property Committee.

Richard Kurth

Qualifications

B.Sc (University of Toronto), M.Mus (University of Hartford), M.A and Ph.D (Harvard University).

Experience

Richard is currently director of the University of Melbourne's Conservatorium of Music (MCM). In previous roles he served as director / professor in the School of Music at the University of British Columbia and prior to that, in teaching roles at University of Western Ontario, McGill University and Harvard University.

Other Victorian Opera committees

Richard is a member of the Artistic Committee.

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Directors' Report

31 December 2021

(a) General information

Information on directors

Anna Pitt

Qualifications

BBusMan, BA

Experience

Anna is a marketing professional at REA Group, a leading digital property company. She has more than 7 years of experience in marketing across the FMCG and Technology sectors, where she has managed household brand names like Mars bar, Snickers and Extra gum. She is a specialist in marketing strategy, brand management and communications.

Other Victorian Opera committees

Anna is a member of the Marketing and Development Committee.

Appointed

18 August 2021

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

Company Secretary

The following person held the position of Company secretary at the end of the financial year:

Elizabeth Hill

Review of Operations

The Company has recorded a surplus from operations of \$754,605 compared to a surplus of \$2,581,299 in the previous reporting period. Revenue for the year was \$6,966,763 less operating costs of \$6,212,158. This result compares favourably with a forecast surplus of \$603,324 (based on Revenue from Operations of \$6,876,387 less operating costs of \$6,273,063).

One off contributions to achieving the surplus result were the receipt of a bequest of \$254,284 (with thanks to the Estates of the late Margaret O'Brien and Maxwell Schutz) and in cash flow terms the receipt of a grant from the Federal Government's RISE Fund of \$276,783 (this program targets funding towards arts and entertainment sector organisations to assist in the presentation of cultural and creative projects, activities and events to rebuild confidence amongst investors, producers and consumers). It is noted however that the RISE funding was subsequently deferred to the next financial year for revenue recognition purposes due to the Company having to cancel its productions of Voss and Friends of Salamanca and being unable to meet the conditions of that grant until the next calendar year.

We are appreciative of the continuing financial support of the Victorian Government through Creative Victoria and the Federal Government through the Australia Council for the Arts and grant assistance from the Federal Government's economic responses to the COVID19 pandemic, as we continue and welcome the Company's engagement with the community whilst taking all measures necessary to protect our employees, our patrons and the Arts community at large.

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Directors' Report

31 December 2021

(a) General information

The following highlights reflect the Company's focus and achievements during the year:

Operational

1. The Company commenced the financial year with an ambitious but exciting Artistic Program of eleven productions including educational and other community engagements, however, whilst productions in the early half of 2021 went ahead under COVID protocols (*The Sleeping Beauty*, the double bill *Echo and Narcissus/Cassandra*, the *Pearl Fishers* at the Sidney Myer Music Bowl, the First Nations Family Opera, *Parrwang Lifts the Sky* and *Lorelei*), COVID restrictions curtailed all further live productions in the second half of the year and in particular The Who's *Tommy* had to be cancelled at short notice in August 2021 at a significant cost.

2. The Company has operated from Horti Hall, a heritage listed building in Victoria Street in Melbourne for over 15 years.

The lease is due to come to an end in mid-2022. There is currently an offer on the table from the landlord to extend this by a further five years. In parallel, a project was initiated during the year to consider alternative premises that would provide performing spaces that could be enjoyed by the public and innovative rehearsal spaces, whilst taking into consideration sustainable design, location, appeal and interaction with the community.

After considering the significant costs of relocating, the lease terms being offered by landlords and the COVID impact on building material costs, the Board made the decision to accept the landlord's offer to further extend the existing lease at Horti Hall but continue to explore with our funding partners the need to identify and fund a long term home for Victorian Opera and hence the Board plans to continue to reserve funds for a future premises project that could meet these objectives.

3. It's clear that the impact of COVID is having a detrimental impact on the arts with many highly skilled people opting to leave the sector and pursue other more secure opportunities resulting in shortages of casual and contracted skilled people at critical times across all of our production functions ranging from stage management, costumes, production managers to lighting and design. In addition, we have evidenced a shift in thinking amongst our core staff with some making career changes such as relocating to other States, requesting to work part-time and in some cases leaving the Company to pursue other opportunities. This level of change has led to uncertainty and will likely continue for the foreseeable future.

Financial

1. The Company continued to be eligible to participate in the Federal Government's Jobkeeper Payment scheme and received \$136,900 in respect of the first quarter of the financial year.
2. With the continuing loyalty of our patrons through charitable giving and the strong and in some cases expanded support of sponsors, philanthropic revenues at \$1,407,112 exceeded targets.
3. The Company received its full allocation of Federal and State Government's grants of \$4,667,346 (2020: \$4,576,560). The 2% increase in grants relates to indexed incremental changes in State Government funding.
4. The Company increased its cash balances by \$1,151,395 to close the year with \$6,991,094.

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Directors' Report

31 December 2021

(a) General information

Strategic

1. In March 2021, the Company was advised that the Australia Council had approved the Victorian Opera Company as part of the National Performing Arts Partnership Framework for 2021-2024, (The National Performing Arts Partnership Framework provides significant investment in Australian performing arts for the benefit of Australian audiences. The National Performing Arts Partnership Framework is administered by the Australia Council in partnership with all states and the Northern Territory. The approval followed a period of consultation with the Australia Council including submitting an updated Strategic Plan, addressing Government priorities and demonstrating leadership in the arts and confirms the levels of grant funding for the years 2021-2024.

2. After more than a decade in the role, Richard Mills AM advised the Board during the year of his intention to step down as Artistic Director at the end of the 2023 season and this news was officially announced in February 2022.

A comprehensive global search for an Artistic Director commenced in the last quarter and is being managed by a committee comprising Board members and independent experts. Announcements on the appointment of a new Artistic Director are anticipated to be made in late 2022 and the appointee will play a highly influential role in the future artistic direction of the Company.

3. As part of its Artistic Program and the continuing expansion into digital options, the Company planned and carried out online streaming of two productions during the earlier part of the year. A third was planned but due to COVID-19 it was postponed to May 2022. This opportunity to market a Digital Access program is a means of developing another income stream. Digital Access sales volumes through this channel were in the low thousands for the year and have continued to build into 2022 but critically this channel provides opportunity to showcase selected productions to a global audience - <https://www.victorianopera.com.au/digital-access>.

4. As part of its continuing education program, the Company has sought to engage secondary schools to participate in this program and we anticipate this will reflect growth in the level of participation in future years.

Principal activities

Victorian Opera delivers professional arts and cultural programs and services that achieve high artistic, cultural, governance and sector standards, engage audiences, generate income and partnerships and deliver benefits to the Victorian community.

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 2021 the collective liability of members was \$ NIL (2020: \$ NIL).

Payments and other benefits

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

(b) Other items

Significant changes in state of affairs

Other than the events during the year noted under Review of Operations, there have been no significant changes in the state of affairs of the Company during the year.

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Directors' Report

31 December 2021

(b) Other items

Future developments and results

The Company plans to continue to deliver artistic, diverse and inclusive arts and cultural programs that deliver benefits to the Victorian community.

Events after the reporting date

The Company has considered the long-term impacts of emerging from the COVID-19 pandemic and the on-going uncertainty this could have on its ability to continue with live performances. With the return of vaccinated audiences in 2022, the Board's view is that the Company will continue live performances and operate within the parameters of new COVID norms and hence the Board has concluded that the adoption of going concern principles continues to be appropriate.

Meetings of directors

During the financial year, the following meetings of directors and committee meetings were held. Attendances by each director during the year were as follows:

	Board		Artistic		ARCC		Property		P&C	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	*Number eligible to attend	*Number attended
Genevieve Overell AM	8	8	3	3	5	5	4	4	-	-
Siobhan Lenihan	8	8	3	3	-	-	-	-	6	6
Roger Box (Retired 28 May 2021)	3	2	-	-	-	-	-	-	-	-
Vivienne Corcoran	8	7	-	-	-	-	-	-	-	-
Grant Powell	8	7	-	-	-	-	3	3	6	6
Selina Lightfoot	8	7	-	-	5	5	4	4	6	6
Stephen McIntyre AM	8	3*	3	3	-	-	-	-	3+	3+
Patricia Stebbens	8	8	-	-	5	5	4	4	-	-
Richard Kurth	8	8	3	3	-	-	-	-	-	-
Anna Pitt	5	5	-	-	-	-	-	-	-	-

* Leave of absence was approved by the Board.

+ Attended as Voluntary or Ex Officio Member

Key:

ARCC: Audit, Risk and Compliance Committee

M&D: Marketing & Development Committee - the committee met four times on an informal basis throughout the year.

P&C: People and Culture Committee

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Directors' Report

31 December 2021

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 2021 has been received and can be found on page 9 of the financial report.

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



Director:

Genevieve Overell



Director:


Patricia Stebbens

Dated 22 April 2022

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 2021, 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)

Melbourne, Australia
22 April 2022

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue from Operations			
Government funding revenue	4	4,667,346	4,566,427
Box office and performance income	4	366,986	255,753
Sponsorship, philanthropic and donation income	4	1,407,112	1,043,620
Finance leases interest income		34,418	41,937
Other income	4	233,605	829,187
Total revenue from operations		6,709,467	6,736,924
Expenses			
Administrative expenses		(619,515)	(434,505)
Laurens St expenses		7,983	(10,006)
Marketing and development expenses		(348,034)	(315,438)
Personnel expenses	5	(3,927,351)	(2,871,567)
Production expenses		(1,268,877)	(468,804)
Finance leases interest expense		(56,364)	(66,045)
Total Expenses		(6,212,158)	(4,166,365)
Net Surplus from Operations		497,309	2,570,559
Bequest Income		257,296	10,740
Total comprehensive income for the year		754,605	2,581,299

The accompanying notes form part of these financial statements.

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Statement of Financial Position

31 December 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	6,991,094	5,839,699
Trade and other receivables	7	102,263	169,156
Other non-financial assets	8	25,063	115,361
Finance lease receivables	10	293,931	147,981
TOTAL CURRENT ASSETS		7,412,351	6,272,197
NON-CURRENT ASSETS			
Right-of-use assets	9	22,981	178,259
Finance lease receivables	10	265,614	559,544
Property, plant and equipment	11	36,742	66,254
TOTAL NON-CURRENT ASSETS		325,337	804,057
TOTAL ASSETS		7,737,688	7,076,254
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	382,289	223,108
Employee benefits	13	186,679	175,593
Other liabilities	14	294,104	189,321
Lease liabilities	15	352,532	361,699
TOTAL CURRENT LIABILITIES		1,215,604	949,721
NON-CURRENT LIABILITIES			
Trade and other payables	12	70,834	70,834
Employee benefits	13	33,885	42,254
Other liabilities	14	15,253	22,574
Lease liabilities	15	349,355	692,720
TOTAL NON-CURRENT LIABILITIES		469,327	828,382
TOTAL LIABILITIES		1,684,931	1,778,103
NET ASSETS		6,052,757	5,298,151
EQUITY			
Reserves		5,170,010	4,912,714
Accumulated surplus/(deficit)		882,747	385,437
TOTAL EQUITY		6,052,757	5,298,151

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 31 December 2021

2021

	Accumulated Surplus	Bequest Reserve	General Reserve	Special Reserve	"Building our Future" Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2021	385,437	1,012,714	2,400,000	-	1,500,000	5,298,151
Net surplus from operations	754,605	-	-	-	-	754,605
Transfer from bequest reserve	(3,011)	3,011	-	-	-	-
Bequest donation	(254,284)	254,284	-	-	-	-
Balance at 31 December 2021	882,747	1,270,009	2,400,000	-	1,500,000	6,052,756

Best practice financial management principles for Major Performing Arts organisations recommends maintaining a reserve to expenditure ratio of at least 20%. The Company has maintained a reserve/expenditure ratio of 97% (2020: 118%) and a cash/expenditure ratio of 113% (2020: 140%) but note that these ratios are reflective of a lower than budget cost base in the current financial year.

2020

	Accumulated Deficit	Bequest Reserve	General Reserve	Special Reserve	"Building our Future" Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 January 2020	(82,667)	1,001,974	1,300,000	400,000	97,544	2,716,851
Net surplus from operations	2,570,560	-	-	-	-	2,570,560
Bequest fund income	10,740	-	-	-	-	10,740
Transfer to bequest reserve	(10,740)	10,740	-	-	-	-
Transfer to general reserve	(700,000)	-	1,100,000	(400,000)	-	-
Transfer to building our future reserve	(1,402,456)	-	-	-	1,402,456	-
Balance at 31 December 2020	385,437	1,012,714	2,400,000	-	1,500,000	5,298,151

The accompanying notes form part of these financial statements.

Victorian Opera Company Limited

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Statement of Cash Flows For the Year Ended 31 December 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers and grant donors	7,363,081	7,269,137
Payments to suppliers and employees	(6,238,088)	(4,460,817)
Finance lease income	34,418	41,937
Interest received	15,430	43,451
Bequest revenue	257,295	10,740
Net cash provided by operating activities	22 <u>1,432,136</u>	<u>2,904,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from finance lease (sub-lease)	147,980	133,446
Purchase of property, plant and equipment	(19,824)	(1,600)
Net cash provided by investing activities	<u>128,156</u>	<u>131,846</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment of finance lease liabilities	(352,533)	(280,880)
Payment of finance lease interest	(56,364)	(66,045)
Net cash (used in) financing activities	<u>(408,897)</u>	<u>(346,925)</u>
Net cash provided by other activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents held	<u>1,151,395</u>	2,689,369
Cash and cash equivalents at beginning of year	<u>5,839,699</u>	3,150,330
Cash and cash equivalents at end of financial year	6 <u><u>6,991,094</u></u>	<u>5,839,699</u>

The accompanying notes form part of these financial statements.

Victorian Opera Company Limited

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Notes to the Financial Statements For the Year Ended 31 December 2021

The financial report covers Victorian Opera Company Limited as an individual entity. Victorian Opera Company Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

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

The financial report was authorised for issue by the Directors on 22 April 2022.

Comparatives are consistent with prior years, unless otherwise stated.

1 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 financial assets and financial liabilities.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(b). Leases

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Lessor accounting

When the Company is a lessor, the lease is classified as either an operating or finance lease at inception date based on whether substantially all of the risks and rewards incidental to ownership of the underlying asset have been transferred to the lessee. If the risks and rewards have been transferred then the lease is classified as a finance lease, otherwise it is an operating lease.

When the Company has a sub-lease over an asset and is the intermediate lessor then the head lease and sub-lease are accounted for separately. The classification of the sub-lease is based on the right-of-use asset which arises from the head lease rather than the useful life of the underlying asset.

If the lease contains lease and non-lease components then the non-lease components are accounted for in accordance with AASB 15 *Revenue from Contracts with Customers*.

Finance income under a finance lease is recorded on a basis to reflect a constant periodic rate of return on the Company's net investment in the lease.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(c). Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

- i. Identify the contract with the customer
- ii. Identify the performance obligations
- iii. Determine the transaction price
- iv. Allocate the transaction price to the performance obligations
- v. Recognise revenue as and when control of the performance obligations is transferred

Generally, the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Subscriptions and box office income

The Company sells tickets and subscriptions to customers in relation to the productions of the financial year. The inherent performance obligation in these sales being the delivery of operatic productions. A subscription entitles the customer to multiple productions and each is considered to be a separate performance obligation under the standard.

For a standard ticket, transaction price is simply allocated as the cost paid by the customer. With a subscription, the revenue is allocated to each performance obligation proportionally based on the observable stand-alone selling price for each production obligation. Variable consideration is not considered to be a significant factor in determining and allocating transaction price to each obligation.

Revenue relating to the sale of tickets and subscriptions is recognised at the point in time production is performed. At this point the customer has received the benefit promised as part of the contract.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(c). Revenue and other income

Specific revenue streams

Grant income

Where grant income arises from an agreement which is enforceable and contains sufficiently specific performance obligations then the revenue is recognised when control of each performance obligation is satisfied. Only one grant agreement is considered to have sufficiently specific performance obligations, this being the agreement with Creative Victoria.

The varied obligations under the contract are bundled together to form distinct performance obligations. Specifically, the performance obligation involves the performance of a set number of operatic productions of varying sizes as defined within the grant agreement.

Each performance obligation is considered to ensure that the revenue recognition reflects the transfer of control and within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract.

Where control is transferred over time, generally the input methods being either costs or time incurred are deemed to be the most appropriate methods to reflect the transfer of benefit.

Revenue recognition policy for contracts which are either not enforceable or do not have sufficiently specific performance obligations are recognised using the not-for-profit specific standard: *AASB 1058: Income of Not-for-Profit entities*.

Amounts arising from grants in the scope of AASB 1058 are recognised at the assets fair value when the asset is received. The Company considers whether there are any related liability or equity items associated with the asset which are recognised in accordance with the relevant accounting standard.

Once the assets and liabilities have been recognised then income is recognised for any remaining asset value at the time that the asset is received.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control of the asset in line with AASB 1058: Income of Not-for-Profit entities.

(d). 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.

Notes to the Financial Statements For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(e) Property, plant and equipment

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

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.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

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

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables is determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

For the Year Ended 31 December 2021

2 Summary of Significant Accounting Policies

(f). Financial instruments

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

(g). Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks and term deposits.

(h). 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 wholly 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 one year 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 bond rates 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.

(i). Provisions

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

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

3 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.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

4 Revenue and Other Income

	2021	2020
	\$	\$
Government funding revenue		
- Creative Victoria annual grant	3,787,574	3,787,574
- Creative Victoria grant supplementation	154,823	79,820
- Strategic partnership program	58,080	52,800
- Australia Council grant	666,869	656,366
Total Government funding revenue	4,667,346	4,576,560
Box office and performance income		
- Box office sales	342,341	243,309
- Performance and workshop fees	24,645	12,444
Total box office and performance income	366,986	255,753
Sponsorship, philanthropic and donation revenue		
- Corporate Sponsorship	599,660	86,186
- Philanthropic	287,000	464,000
- Donations	520,452	493,434
Total sponsorship, philanthropic and donation revenue	1,407,112	1,043,620
Other income		
- Interest received	18,989	43,451
- Venue hire	-	2,913
- JobKeeper income	136,900	669,750
- Other income	77,716	113,074
Total other income	233,605	829,188
Total Revenue	6,675,049	6,705,121

Victorian Opera Company Limited

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Notes to the Financial Statements For the Year Ended 31 December 2021

5 Personnel expenses

	2021	2020
	\$	\$
Administration and marketing	936,150	863,634
Art and production salaries	2,617,829	1,732,741
Employee on-costs	373,371	275,192
Total personnel expenses	3,927,350	2,871,567

6 Cash and Cash Equivalents

	2021	2020
	\$	\$
Bank balances	3,744,398	156,129
Short-term deposits	3,246,565	5,683,570
Total Cash and Cash Equivalents	6,991,094	5,839,699

7 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	17,210	83,056
Deposits	56,375	56,375
GST receivable	28,678	29,725
Total current trade and other receivables	102,263	169,156

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

8 Other non-financial assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	25,032	27,935
Accrued income	31	83,250
Deferred production costs	-	4,176
Total other non-financial assets	25,063	115,361

Notes to the Financial Statements
For the Year Ended 31 December 2021

9 Leases

Company as a lessee

The Company has leases over land and buildings.

Information relating to the leases in place and associated balances and transactions is provided below.

Terms and conditions of leases

The company leases land and buildings for their corporate offices and other buildings, the leases are generally for 3 - 5 years and include a renewal option to allow the company to renew for further lease terms.

Right-of-use assets

	Buildings
	\$
Year ended 31 December 2021	
Balance at beginning of year	178,259
Depreciation charge	<u>(155,278)</u>
Balance at end of year	<u><u>22,981</u></u>
	Buildings
	\$
Year ended 31 December 2020	
Balance at beginning of year	296,306
Depreciation charge	(171,547)
Additions to right-of-use assets	<u>53,500</u>
Balance at end of year	<u><u>178,259</u></u>

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases (including both Horti Hall and Laurens Street) where the Company is a lessee are shown below:

	2021	2020
	\$	\$
Finance lease interest expense	(56,364)	(66,045)
Depreciation expense	(158,939)	(171,547)
	<u>(215,303)</u>	<u>(237,592)</u>

Victorian Opera Company Limited

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Notes to the Financial Statements For the Year Ended 31 December 2021

9 Leases

Company as a lessor

Finance leases

The Company has sub-leased a property and has classified this as finance leases since the sub-lease is for the remaining life and under the same terms of the head lease.

The Company entered into a sub-leasing contract on the Laurens Street property. The sub-lease took effect in March 2019 and will continue for the remaining useful life of the head lease, ending in January 2025.

	2021	2020
	\$	\$
Finance leases		
Finance income on the net investment in the lease	<u>34,418</u>	41,937
Total income relating to finance leases	<u><u>34,418</u></u>	<u><u>41,937</u></u>

10 Finance Lease Receivables

CURRENT

Finance lease receivables	<u>293,931</u>	147,981
Total current finance lease receivables	<u><u>293,931</u></u>	<u><u>147,981</u></u>

2021	2020
\$	\$

NON-CURRENT

Finance lease receivables	<u>265,614</u>	559,544
Total non-current finance lease receivables	<u><u>265,614</u></u>	<u><u>559,544</u></u>

Notes to the Financial Statements
For the Year Ended 31 December 2021

11 Property, plant and equipment

PLANT AND EQUIPMENT

	2021	2020
	\$	\$
Production equipment		
At cost	170,289	170,289
Accumulated depreciation	(170,289)	(142,283)
Total plant and equipment	<u>-</u>	<u>28,006</u>
Furniture, fixtures and fittings		
At cost	54,517	54,517
Accumulated depreciation	(53,473)	(50,447)
Total furniture, fixtures and fittings	<u>1,044</u>	<u>4,070</u>
Office equipment		
At cost	217,625	197,801
Accumulated depreciation	(189,526)	(174,599)
Total office equipment	<u>28,099</u>	<u>23,202</u>
Improvements		
At cost	110,587	110,587
Accumulated Depreciation	(102,988)	(99,611)
Total improvements	<u>7,599</u>	<u>10,976</u>
Total property, plant and equipment	<u><u>36,742</u></u>	<u><u>66,254</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:

	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Improvements	Total
	\$	\$	\$	\$	\$
Year ended 31 December 2021					
Opening balance	28,006	4,070	23,202	10,976	66,254
Additions	-	-	19,824	-	19,824
Depreciation	(28,006)	(3,026)	(14,927)	(3,377)	(49,336)
Balance at the end of the year	<u>-</u>	<u>1,044</u>	<u>28,099</u>	<u>7,599</u>	<u>36,742</u>

Victorian Opera Company Limited

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Notes to the Financial Statements For the Year Ended 31 December 2021

12 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	173,833	63,163
Sundry payables and accrued expenses	27,036	22,025
Accrued expenses	63,921	57,400
Other payables	117,499	80,520
Total trade and other payables	382,289	223,108

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

NON-CURRENT

Deposits	70,834	70,834
	70,834	70,834

13 Employee Benefits

	2021	2020
	\$	\$
CURRENT		
Long service leave	126,547	102,784
Annual leave	60,132	72,809
	186,679	175,593
NON-CURRENT		
Long service leave	33,885	42,254
	220,564	217,847

Victorian Opera Company Limited

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Notes to the Financial Statements For the Year Ended 31 December 2021

14 Other Liabilities

	2021	2020
	\$	\$
CURRENT		
Income in advance	-	2,000
Grants in advance	286,783	180,000
Lease incentive	7,321	7,321
	<u>294,104</u>	<u>189,321</u>
NON-CURRENT		
Lease incentive	15,253	22,574
	<u>15,253</u>	<u>22,574</u>
Total other liabilities	<u>309,357</u>	<u>211,895</u>

15 Lease Liabilities

	2021	2020
	\$	\$
CURRENT		
Lease liabilities	352,532	361,699
Total	<u>352,532</u>	<u>361,699</u>
NON-CURRENT		
Lease liabilities	349,355	692,720
Total	<u>349,355</u>	<u>692,720</u>

16 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

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

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Financial Risk Management

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 a function of the Board supported by the Audit , Risk and Compliance committee (ARCC) under the delegated power from the Board of Directors. The Leadership Team 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 reviewed by the ARCC and subject to being adopted, are tabled for approval by the full Board.

17 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.

18 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Victorian Opera Company Limited during the year is: \$ 568,847 (2020: \$ 568,247).

19 Auditors' Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor (Banks Group Assurance Pty Ltd) for:		
- auditing or reviewing the financial statements	20,000	20,000
- other services	-	3,000
Total	20,000	23,000

20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2021 (31 December 2020: Nil).

Notes to the Financial Statements

For the Year Ended 31 December 2021

21 Related Parties

Any persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise), are considered to be key management personnel.

Directors do not receive remuneration for their services. For details of remuneration disclosures relating to other key management personnel, refer to Note 18: Remuneration.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

22 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

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

	2021	2020
	\$	\$
Surplus for the year	754,605	2,581,299
Non-cash flows in surplus:		
- depreciation	204,616	222,731
- lease liability interest expense	56,363	66,045
- covid-19 rent relief	-	(67,402)
Changes in assets and liabilities:		
- (increase) in trade and other receivables	65,846	(24,829)
- decrease in other assets	95,506	109,989
- (decrease)/increase in trade and other payables	170,278	(102,805)
- (decrease)/increase in employee benefits	2,714	(23,259)
- increase/(decrease) in other liabilities	82,208	142,678
Cashflows from operations	<u>1,432,136</u>	<u>2,904,447</u>

23 Events after the end of the Reporting Period

The financial report was authorised for issue on 22 April 2022 by the Board of Directors.

Victorian Opera Company Limited

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Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 30, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Company.
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

Genevieve Overell



Director

Patricia Stebbens

Dated 22 April 2022

Independent Audit Report to the members of Victorian Opera Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Victorian Opera Company Limited (the Company), which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* and *Not-for-profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

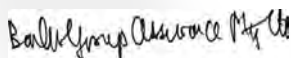
Independent Audit Report to the members of Victorian Opera Company Limited

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:


- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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



Andrew Fisher, Partner
Registration number 306364

Melbourne, Australia

22 April 2022