

# **Victorian Opera Company Ltd**

**ABN 56 116 549 798**

## **Financial Statements**

**For the Year Ended 31 December 2022**

# Victorian Opera Company Limited

ABN 56 116 549 798

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For the Year Ended 31 December 2022

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# Victorian Opera Company Limited

ABN 56 116 549 798

## Directors' Report

31 December 2022

The directors present their report on Victorian Opera Company Limited for the financial year ended 31 December 2022.

### (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

Qualifications

BA, LLB, Grad Dip Fin Mgt, FIPAA, FAICD

Experience

Genevieve is a Company Director, previously, Head, Government Advisory at Deutsche Bank Australia. A lawyer by background, with deep experience on public and private sector boards and committees, Genevieve held senior executive roles in the Victorian Government including Deputy Secretary, Built Environment and Head of Environment with the Victorian Bushfire Reconstruction and Recovery Authority. Before Government, Genevieve was a partner at KPMG, specialising in public infrastructure projects.

Other Board appointments

Australian Institute of Architects, G20 Global Infrastructure Hub, Committee for Melbourne, North West Melbourne Primary Healthcare Network, State Revenue Office Audit Committee, Cladding Safety Victoria, Australian British Chamber of Commerce and the Australian German Chamber of Industry and Commerce.

Other Victorian Opera committees

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

Siobhan Lenihan (Retired 27 May 2022)

Qualifications

BA (Sydney), MLS (UTS), GAICD

Experience

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 Chamber Orchestra's Peer Review Panel and a Director of the Australia Latin America Foundation.

Other Victorian Opera committees

Siobhan was a member of the Artistic Committee and continues to be a member of the People & Culture Committee.

# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### (a) General information

#### Information on directors

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 Cultural Development 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, Graduate of the Australian Institute of Company Directors.

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.

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, The Reject Shop Limited and DWS Limited.

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 and People and Culture Committees.

# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### (a) General information

#### Information on directors

Stephen McIntyre AM

Qualifications

BA (Melb)

Experience

Stephen is known nationally and internationally as one of Australia's most eminent pianists and teachers. He was 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 leads the IFRS and financial reporting technical group. She was previously a finance committee member of Southern Cross Aged Care Victoria and Lauriston Girls' School, and a member of KPMG Australia Partner Remuneration Nomination Committee.

Other Victorian Opera committees

Patricia is the Chair of the Audit, Risk and Compliance 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.

Anna Pitt (On leave of absence)

Qualifications

BBusMan, BA

Experience

Anna is a senior strategist at Elvis London, a leading advertising agency. She has more than eight years of experience in marketing with a strong FMCG focus, where she has managed household brand names like Mars bar and Snickers, and worked with clients in technology, retail and financial sectors. She is a specialist in marketing strategy, brand management and communications

# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### (a) General information

#### Information on directors

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 \$255,454 compared to a surplus of \$754,605 in the prior reporting period. Revenue for the year was \$7,639,156, an increase of 12% on prior year revenue of \$6,709,467 and is largely reflective of the positive impact of patrons returning to venues to attend live performances.

Operating costs were \$7,392,392, an increase of 19% on the prior year's \$6,212,158, these higher costs were predominantly influenced by production costs incurred to put on a full Artistic Program and reflects the higher levels of activity and crucially, the employment of personnel (creatives, artists and casual / seasonal staff) that are integrally involved in putting on live productions. In total, our programs were attended by 41,389 patrons, and with the exception of one cancelled *Tommy* performance in late February due to COVID illness, the Company was successful in delivering a full Artistic Program for the year.

The Company was the beneficiary of a grant from the Federal Government's RISE Fund of \$276,783 (this program targeted 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). Recognition of this funding had to be deferred in the prior financial year due to the Company having to cancel its productions of *Voss* and *Friends of Salamanca*; due to COVID restrictions and hence being unable to meet the acquittal conditions of the grant when monies were received. The Company would have recorded a small deficit in the current year in the absence of this deferred grant.

As always, we are highly 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 COVID-19 pandemic. This funding enables the Company to entertain, present new works (*The Selfish Giant*, *The Butterfly Lovers* and *A Christmas Carol*) and work with many talented artists, creatives and orchestras.

# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### (a) General information

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

#### Operational

1. The Arts industry has experienced a period of crisis over the duration of the COVID pandemic with many jobs lost during this period. The result is that many highly skilled people have left the sector and the flow on impact is a shortage of workforce talent, in particular people with the right skills to undertake many required tasks. This was compounded by labour rates increasing on an accelerating scale. The longer term impact across the industry will be the limitations on accessing the best talent and the flow on impact to higher operating costs.
2. As we emerged from COVID restrictions, it is a huge credit to all those involved that the Company successfully presented productions to a growing audience as follows:
  - 22,175 attended seven mainstage productions across thirty two performances;
  - 1,519 attended two interstate co-productions across two performances;
  - 2,862 came to see our Education in Theatre production ( *The Selfish Giant*) across four performances;
  - 14,125 students watched our Education livestream program of four workshops and a streamed performance; and
  - 808 bought subscriptions to access our Digital Access streamed productions across four performances.
3. With construction commencing on the refurbishment of The Arts Centre Theatres, part of the Victorian Government's \$1.7 billion transformation of Melbourne Arts Precinct and the impending closure of Victoria's State Theatre until late 2026, access to venues such as The Palais in St Kilda, a venue widely used by Victorian Opera, has been limited. Whilst the Company has secured bookings to its preferred venues through to 2024, with venues being a critical element when it comes to considering audience capacity, orchestras sets and numbers of cast, the ongoing uncertainty of access to preferred venues may play a role in adversely influencing the scope of our Artistic Program in future years.

#### Financial

4. Rising inflation together with the shortage of talent in the industry have resulted in rising operating costs. This was evidenced with pay increases within a range of 2.5 – 3.5% which was absorbed in the second half of the year. We are likely to continue to see inflation remain at high levels. In addition, production costs of \$2.002 million (2021: \$1.269m) have increased compared to the prior financial year and is related to the Company's ability to present a full Artistic Program.
5. The Company recognised its full allocation of Federal and State Government's grants of \$4,864,054 (2021: \$4,667,346). Both State and Federal funding are now indexed each year and this contributes to offsetting rising operating costs.
6. The Company continues to maintain healthy cash reserves of \$6.98 million resulting in a cash/expenditure ratio of 94% (2021: 113%, well above the recommended benchmark). It is the board's intention that a significant proportion of these reserves will be directed towards the cost of securing and fitting out a permanent home once a suitable location is identified and as the current lease on Horti Hall comes to an end.

# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### (a) General information

#### Strategic

7. The Company has expanded its successful education program from preschool/primary schools to now include secondary schools. Each year, the Company delivers an education-focused performance for its Access All Areas program. It offers a chance for primary school students not just to watch a performance, but to understand how it was made, who made it, and even ask questions by being involved in four interactive workshops.

Beyond The Stage is an exciting opportunity for Secondary Schools to understand the creative process involved with new works commissioned by Victorian Opera. This new program will be delivered across four on-demand workshops, an on-demand or in-theatre viewing of a new operatic work, and will conclude with a live streamed interactive Q&A session. The basis of each workshop will be interviews with industry experts from the production team who will provide insight into their work, artistic choices, and career pathways as they work to bring original Australian stories to life on the opera mainstage.

To be released in 2023, this program is ideal for students from Years 7-12 studying Music or Theatre Studies who have a strong interest in devising new works for performance.

8. After more than a decade in the role, Richard Mills AM advised the Board 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. Following a global search for an Artistic Director, the Company announced the appointment of celebrated Australian opera and musical theatre director Stuart Maunder AM as its new Artistic Director, commencing on a part-time basis in March 2023 and full-time from October 2023. Stuart was previously the Artistic Director of State Opera South Australia and has been a frequent collaborator with the Company over many years.
9. The Company has actively sought to establish collaborations and pathways with new partners, these have ranged from working with renowned Singaporean theatre company, Wild Rice to present the world premiere opera, *The Butterfly Lovers* in Melbourne in October with an Asian premiere in Singapore in May 2023, through to a firsttime collaboration with Opera Australia to present a staging of Mozart's epic *Idomeneo* in mid-2023. These initiatives are viewed as an opportunity to work together with other organisations, to improve the cross pollination of creative ideas, provide more opportunities to Australian artists and share resources to make our industry stronger, more vibrant and resilient.

#### 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 2022 the collective liability of members was \$ NIL (2021: \$ 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.



# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### (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.

#### 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

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

#### 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		M&D		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	-	-	-	-
Siobhan Lenihan (Retired 27 May 2022)	4	3	3+	3+	-	-	-	-	5+	5+
Vivienne Corcoran	8	8	-	-	-	-	3	3	-	-
Grant Powell	8	8	-	-	-	-	-	-	5	5
Selina Lightfoot	8	7	-	-	5	5	-	-	5	4
Stephen McIntyre AM	8	7	3	3	-	-	-	-	-	-
Patricia Stebbens	8	6	-	-	5	5	-	-	-	-
Richard Kurth	8	6	3	2	-	-	-	-	-	-
Anna Pitt (On leave of absence)	2*	2*	-	-	-	-	1*	1*	-	-

\* 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

P&C: People and Culture Committee

# Victorian Opera Company Limited

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## Directors' Report

31 December 2022

### 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 2022 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 Overall

Director:




Patricia Stebbens

Dated 21 April 2023

## 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 2022, 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 115 749 598)

21 April 2023

Melbourne, Australia

## Victorian Opera Company Limited

ABN 56 116 549 798

### Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2022

	Note	2022 \$	2021 \$
<b>Revenue from Operations</b>			
Government Funding Revenue	4	<b>4,864,054</b>	4,667,346
Box office and performance income	4	<b>1,277,597</b>	366,986
Sponsorship, philanthropic and donation income	4	<b>1,303,619</b>	1,407,112
Other income	4	<b>193,886</b>	268,023
<b>Total revenue from operations</b>		<b>7,639,156</b>	6,709,467
<b>Expenses</b>			
Administrative expenses		<b>(648,128)</b>	(611,535)
Marketing and development expenses		<b>(534,613)</b>	(348,031)
Personnel expenses	5	<b>(4,157,513)</b>	(3,927,351)
Production expenses		<b>(2,001,772)</b>	(1,268,877)
Finance leases interest expense		<b>(50,366)</b>	(56,364)
<b>Total Expenses</b>		<b>(7,392,392)</b>	(6,212,158)
<b>Net Surplus from Operations</b>		<b>246,764</b>	497,309
Bequest Income		<b>8,690</b>	257,296
<b>Total comprehensive income for the year</b>		<b>255,454</b>	754,605

The accompanying notes form part of these financial statements.

# Victorian Opera Company Limited

ABN 56 116 549 798

## Statement of Financial Position

31 December 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	6	6,980,352	6,992,809
Trade and other receivables	7	315,245	100,550
Other non-financial assets	8	90,634	25,063
TOTAL CURRENT ASSETS		<u>7,386,231</u>	<u>7,118,422</u>
NON-CURRENT ASSETS			
Right-of-use assets	9	294,148	22,981
Finance lease receivables	10	395,942	559,542
Property, plant and equipment	11	23,465	36,742
TOTAL NON-CURRENT ASSETS		<u>713,555</u>	<u>619,265</u>
TOTAL ASSETS		<u><u>8,099,786</u></u>	<u><u>7,737,687</u></u>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	12	584,121	389,610
Employee benefits	13	208,029	186,679
Other liabilities	14	174,999	286,782
Lease liabilities	15	249,422	352,532
TOTAL CURRENT LIABILITIES		<u>1,216,571</u>	<u>1,215,603</u>
NON-CURRENT LIABILITIES			
Trade and other payables	12	70,834	70,834
Employee benefits	13	5,377	33,885
Other liabilities	14	7,321	15,253
Lease liabilities	15	491,473	349,355
TOTAL NON-CURRENT LIABILITIES		<u>575,005</u>	<u>469,327</u>
TOTAL LIABILITIES		<u>1,791,576</u>	<u>1,684,930</u>
NET ASSETS		<u><u>6,308,210</u></u>	<u><u>6,052,757</u></u>
<b>EQUITY</b>			
Reserves		5,178,699	5,170,010
Accumulated surplus		1,129,511	882,747
TOTAL EQUITY		<u><u>6,308,210</u></u>	<u><u>6,052,757</u></u>

The accompanying notes form part of these financial statements.

## Victorian Opera Company Limited

ABN 56 116 549 798

### Statement of Changes in Equity

For the Year Ended 31 December 2022

2022

	Accumulated Surplus	Bequest Reserve	General Reserve	Special Reserve	"Building our Future" Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2022</b>	<b>882,747</b>	<b>1,270,009</b>	<b>2,400,000</b>	-	<b>1,500,000</b>	<b>6,052,756</b>
Net surplus from operations	255,454	-	-	-	-	255,454
Transfer to bequest reserve	(8,690)	8,690	-	-	-	-
<b>Balance at 31 December 2022</b>	<b>1,129,511</b>	<b>1,278,699</b>	<b>2,400,000</b>	-	<b>1,500,000</b>	<b>6,308,210</b>

1. 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 85% (2021: 97%) and a cash/expenditure ratio of 94% (2021: 113%).
2. It is the board's intention that a significant proportion of cash reserves will be directed towards the cost of securing and fitting out a permanent home once a suitable location is identified and as the current lease on Horti Hall comes to an end. On this basis it is anticipated that the cash/expenditure ratio shown above will reduce proportionately in future years.

2021

	Accumulated Surplus	Bequest Reserve	General Reserve	Special Reserve	"Building our Future" Reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2021</b>	<b>385,438</b>	<b>1,012,714</b>	<b>2,400,000</b>	-	<b>1,500,000</b>	<b>5,298,152</b>
Net surplus from operations	754,605	-	-	-	-	754,605
Transfer of interest arising	(3,012)	3,012	-	-	-	-
Transfer to bequest reserve	(254,284)	254,284	-	-	-	-
<b>Balance at 31 December 2021</b>	<b>882,747</b>	<b>1,270,010</b>	<b>2,400,000</b>	-	<b>1,500,000</b>	<b>6,052,757</b>

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 2022

	2022	2021
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers and grant donors	7,764,070	7,355,761
Payments to suppliers and employees	(7,642,423)	(6,229,055)
Finance lease income	26,092	34,418
Interest received	73,595	11,870
Bequest revenue	8,690	260,855
Net cash provided by operating activities	22 <u>230,024</u>	<u>1,433,849</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from finance lease (sub-lease)	163,601	147,980
Purchase of property, plant and equipment	-	(19,824)
Net cash provided by investing activities	<u>163,601</u>	<u>128,156</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of finance lease liabilities	(318,056)	(352,533)
Payment of finance lease interest	(88,024)	(56,364)
Net cash (used in) financing activities	<u>(406,080)</u>	<u>(408,897)</u>
Net cash provided by other activities	-	-
Net (decrease)/ increase in cash and cash equivalents held	<u>(12,455)</u>	1,153,108
Cash and cash equivalents at beginning of year	6,992,807	5,839,699
Cash and cash equivalents at end of financial year	6 <u>6,980,352</u>	<u>6,992,807</u>

The accompanying notes form part of these financial statements.

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

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 21 April 2023.

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- Simplified 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 Div 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 2022**

#### **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 2022**

#### **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 the 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 2022

### 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 tripartite grant agreement is considered to have sufficiently specific performance obligations, this being the agreement with Creative Victoria and the Australia Council for the Arts.

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.

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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 assets 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:

<b>Fixed asset class</b>	<b>Depreciation rate</b>
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 2022**

#### **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 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 2022

### 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 2022**

#### **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 comprises 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.

#### **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.

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 3 Critical Accounting Estimates and Judgments

#### 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

	2022	2021
	\$	\$
<b>Government funding revenue</b>		
- Creative Victoria annual grant	3,840,600	3,787,574
- Creative Victoria grant supplementation	-	154,823
- Strategic partnership program	73,134	58,080
- Australia Council grant	673,537	666,869
- Restart Investment to Sustain and Expand Fund Grant (RISE) – one off funding	276,783	-
<b>Total Government funding revenue</b>	<b>4,864,054</b>	<b>4,667,346</b>
<b>Box office and performance income</b>		
- Box office sales	1,260,499	342,341
- Performance and workshop fees	17,098	24,645
<b>Total box office and performance income</b>	<b>1,277,597</b>	<b>366,986</b>
<b>Sponsorship, philanthropic and donation revenue</b>		
- Corporate Sponsorship	359,160	599,660
- Philanthropic	423,705	267,000
- Donations	520,754	540,452
<b>Total sponsorship, philanthropic and donation revenue</b>	<b>1,303,619</b>	<b>1,407,112</b>
<b>Other income</b>		
- Interest received	73,595	18,989
- JobKeeper income	-	136,900
- Other income	120,291	112,314
<b>Total other income</b>	<b>193,886</b>	<b>268,203</b>
<b>Total Revenue</b>	<b>7,639,156</b>	<b>6,709,647</b>



# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 5 Personnel expenses

	2022	2021
	\$	\$
Administration and marketing	1,010,373	936,150
Art and production salaries	2,779,003	2,617,829
Employee on-costs	368,137	373,372
<b>Total personnel expenses</b>	<b>4,157,513</b>	<b>3,927,351</b>

### 6 Cash and Cash Equivalents

	2022	2021
	\$	\$
Bank balances	208,120	3,744,531
Short and medium term deposits	6,772,232	3,248,278
<b>Total Cash and Cash Equivalents</b>	<b>6,980,352</b>	<b>6,992,809</b>

### 7 Trade and Other Receivables

	2022	2021
	\$	\$
CURRENT		
Trade receivables	167,948	15,497
Deposits	56,375	56,375
GST receivable	90,922	28,678
<b>Total current trade and other receivables</b>	<b>315,245</b>	<b>100,550</b>

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

	2022	2021
	\$	\$
CURRENT		
Prepayments	28,384	25,032
Accrued income	38,031	31
Deferred production costs	24,219	-
<b>Total other non-financial assets</b>	<b>90,634</b>	<b>25,063</b>

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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 year terms and include a renewal option to allow the company to renew for further lease terms.

#### Right-of-use assets

	<b>Buildings</b>
	<b>\$</b>
<b>Year ended 31 December 2022</b>	
Balance at beginning of year	22,981
Depreciation charge	(123,555)
Additions to right-of-use assets	<u>394,722</u>
<b>Balance at end of year</b>	<u><u>294,148</u></u>
	<b>Buildings</b>
	<b>\$</b>
<b>Year ended 31 December 2021</b>	
Balance at beginning of year	178,259
Depreciation charge	<u>(155,278)</u>
<b>Balance at end of year</b>	<u><u>22,981</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:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Finance lease interest expense	<b>(50,366)</b>	(56,364)
Depreciation expense	<b>(125,555)</b>	(158,939)
	<u><b>(175,921)</b></u>	<u>(215,303)</u>

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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 substantially the same terms as 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.

Finance Leases

<b>26,092</b>	34,418
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### 10 Finance Lease Receivables

NON-CURRENT

Finance lease receivables

<b>395,942</b>	559,542
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**Total non-current finance lease receivables**

<b>395,942</b>	559,542
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# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 11 Property, plant and equipment

#### PLANT AND EQUIPMENT

	2022	2021
	\$	\$
Production equipment		
At cost	170,289	170,289
Accumulated depreciation	(170,289)	(170,289)
Total plant and equipment	-	-
Furniture, fixtures and fittings		
At cost	54,517	54,517
Accumulated depreciation	(53,895)	(53,473)
Total furniture, fixtures and fittings	622	1,044
Office equipment		
At cost	217,625	217,625
Accumulated depreciation	(199,004)	(189,526)
Total office equipment	18,621	28,099
Improvements		
At cost	110,587	110,587
Accumulated Depreciation	(106,365)	(102,988)
Total improvements	4,222	7,599
<b>Total property, plant and equipment</b>	<b>23,465</b>	<b>36,742</b>

### 12 Trade and Other Payables

	2022	2021
	\$	\$
CURRENT		
Trade payables	230,523	173,833
Sundry payables and accrued expenses	25,475	27,036
Accrued expenses	125,909	71,242
Other payables	202,214	117,499
<b>Total trade and other payables</b>	<b>584,121</b>	<b>389,610</b>

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
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# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 13 Employee Benefits

	2022	2021
	\$	\$
CURRENT		
Long service leave	130,196	126,547
Annual leave	77,833	60,132
	<u>208,029</u>	<u>186,679</u>
NON-CURRENT		
Long service leave	5,377	33,885
	<u>5,377</u>	<u>33,885</u>
<b>Total employee benefits provision</b>	<u>213,406</u>	<u>220,564</u>

### 14 Other Liabilities

	2022	2021
	\$	\$
CURRENT		
Income received in advance	174,999	286,782
	<u>174,999</u>	<u>286,782</u>
NON-CURRENT		
Lease incentive	7,321	15,253
	<u>7,321</u>	<u>15,253</u>
<b>Total other liabilities</b>	<u>182,320</u>	<u>302,035</u>

### 15 Lease Liabilities

	2022	2021
	\$	\$
CURRENT		
Lease liabilities	249,422	352,532
<b>Total</b>	<u>249,422</u>	<u>352,532</u>
NON-CURRENT		
Lease liabilities	491,473	349,355
<b>Total</b>	<u>491,473</u>	<u>349,355</u>

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 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

#### 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

Remuneration paid to the key management personnel of Victorian Opera Company Limited during the year was:

\$ 573,285 (2021: \$ 568,847).

### 19 Auditors' Remuneration

	2022	2021
	\$	\$
Remuneration of the auditor (Banks Group Assurance Pty Ltd) for:		
- auditing or reviewing the financial statements	<u>20,000</u>	<u>20,000</u>

# Victorian Opera Company Limited

ABN 56 116 549 798

## Notes to the Financial Statements For the Year Ended 31 December 2022

### 20 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2022 (31 December 2021: Nil).

### 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 surplus to net cash provided by operating activities:

	2022	2021
	\$	\$
Surplus for the year	255,454	754,605
Non-cash flows in surplus:		
- depreciation	136,831	204,616
- lease liability interest expense	50,366	56,363
Changes in assets and liabilities:		
- (increase)/ decrease in trade and other receivables	(214,695)	65,846
- (increase)/ decrease in other assets	(65,571)	95,506
- increase in trade and other payables	186,580	171,991
- increase / (decrease) in employee benefits	(7,158)	2,714
- increase / (decrease) in other liabilities	(111,783)	82,208
Cashflows from operations	<u>230,024</u>	<u>1,433,849</u>

### 23 Events after the end of the Reporting Period

The financial report was authorised for issue on 21 April 2023 by the Board of Directors.

# Victorian Opera Company Limited

ABN 56 116 549 798

## Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 10 to 29, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Simplified Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 December 2022 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 21 April 2023



# 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 2022, 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 2022 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified 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 - Simplified 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.

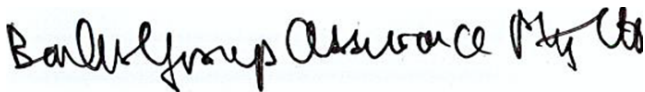
## Independent Audit Report to the members of Victorian Opera Company Limited

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:

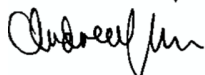
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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  
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