

A D E L A I D E
S Y M P H O N Y
O R C H E S T R A

**ADELAIDE SYMPHONY ORCHESTRA HOLDINGS
LIMITED**

ACN: 122 259 036

**Group Annual Financial Report
31 December 2018**

Adelaide Symphony Orchestra Holdings Limited

ACN: 122 259 036

Consolidated Financial Report For The Year Ended 31 December 2018

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ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED
ACN: 122 259 036
DIRECTORS' REPORT ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

The Directors present their report together with the financial statements of the Group comprising of Adelaide Symphony Orchestra Holdings Limited and its subsidiaries for the year ended 31 December 2018 and the Auditor's report thereon.

DIRECTORS

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

Ms Kate Gould (Chairman) appointed 27 August 2018
Mr Vincent Ciccarello (Managing Director) appointed 27 April 2014
Ms Karen Limb appointed 27 February 2017
Ms Elizabeth Davis appointed 31 October 2016
Mr Andrew Robertson appointed 29 September 2014
Mr Byron Gregory appointed 07 August 2014
Mr David Leon appointed 02 August 2014
Mr Geoffrey Collins appointed 19 August 2014
Mr Andrew Daniels appointed 27 August 2018
Mr Colin Dunsford AM (Chairman) retired 18 December 2018

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was supporting the performance of orchestral music. There were no significant changes in the nature of the activities of the Group during the year.

STATE OF AFFAIRS

In the opinion of the Directors, other than significant bequests exceeding \$770,000, there were no significant impacts to the underlying state of affairs of the Group that occurred during the financial year under review.

OBJECTIVES

Mission

To lead the charge to make Adelaide, UNESCO City of Music, a distinctive global music capital through the highest standards of orchestral performance and music education, enriching and having lasting impact on our communities: Collaboratively, innovatively, sustainably.

Vision

The ASO will be renowned for its musicianship, its adaptability and deep connection to South Australians, whilst thriving in its own ASO cultural precinct.

STRATEGIC GOALS FOR ACHIEVING OBJECTIVES AND THEIR PERFORMANCE MEASURES:

The Group has four main strategic goals to achieve its Vision and it assesses its success (or otherwise) in striving toward those objectives by using several key performance measures for each strategy.

Strategic Goal 1. Artform

Be recognised as a symphonic orchestra that displays innovation, adventure and excellence. This will include developing and implementing a measurable artistic vibrancy assessment process; Commissioning and presenting new work at the forefront of artistic practice including Australian work independently and/or as co-pros; Contributing to the development and presentation of high quality arts programs and cultural practice in the city of Adelaide and across South Australia; Providing high quality pit services to the State Opera of South Australia; Demonstrating artistic – not just musical – excellence and vibrancy.

Its eight key performance measures are:

- KPI 1 - Minimum 85% positive responses/ratings to all audience surveys, peer assessment, critical and internal reviews.
- KPI 2 - 100% of all commissions for 2018 will be achieved or in progress; 100% of commissions for 2018 will have scheduled performance.
- KPI 3 - Present at least one project or program of multi- or cross-disciplinary projects with SA artists and organisations at metro and regional levels.
- KPI 4 - Minimum 80% mutual satisfaction ratings on artistic, operational and cooperation level assessments.
- KPI 5 - Monitor compliance of feedback process; implement performance standards process and LOP process, as required.
- KPI 6 - Minimum of 20% of concerts will contain new or seldom performed music.
- KPI 7 - Every concert will feature special or unique artists, repertoire and/or production elements.
- KPI 8 - 90% positive reviews and rating by peers.

Strategic Goal 2. Sector Development

Demonstrates Sector leadership and grows the profile of Australian Arts and Artists. This will include supporting and developing connections and collaborations with individual artists and the small to medium sector; Demonstrating commitment to nurturing and development of artists at various stages of career; Innovating the ASO's products.

Its four key performance measures are:

- KPI 1 - Present a minimum of one project or program of multi- or cross-disciplinary projects with SA artists and organisations at metro and regional levels (see above Artform Outcomes).
- KPI 2 - Engagement of at least three identified artists.
- KPI 3 - Addition of Gigs @ Grainger (1 new); continuation of Classics Unwrapped (3 continuing).
- KPI 4 - Minimum of two collaborations to share risk and maximise synergies.

Strategic Goal 3. Access and Relationship

Ensures more Australians have access to and engagement with the Arts. This will include presenting an annual season of performances in Adelaide; Development of audiences that reflect the diversity of the company's marketplace; Undertaking education and learning activities within schools and/or the wider community as agreed; Delivering engagement with regional South Australia including through touring, education/learning & digital or online platforms; Remove the barriers to the ASO by retaining, recapturing and acquiring stakeholders.

Its six key performance measures are:

- KPI 1 - Program that includes 'core' classical repertoire; light and popular classics; non-classical repertoire (e.g. Showcase or Pops); crossover.
- KPI 2 - One diversity specific initiative implemented: CALD communities in 2018.
- KPI 3 - Addition, substitution or expansion of a learning project. Aim: to reach total 20,000 people.
- KPI 4 - Grow subscriber numbers to 2,600; increase total ticket sales to \$2.8m; grow development income to \$1.44m; grow total audience to 48,000.
- KPI 5 - ASO presence in Port Lincoln.
- KPI 6 - Provide audience feedback surveys and general surveys; Pre-concert guides (delivered electronically).

Strategic Goal 4. Governance and Financial

Demonstrates sound Financial and Governance practices. This will include diversifying and growing the company's revenue base; Adopting entrepreneurial and innovative approaches to support viability; Maintaining reserves, operating margin, working capital and adequate liquidity; Having strong governance and management capabilities in accordance with Essential Governance Practices for Arts Organisations guidelines; Innovate structure and operations.

Its seven key performance measures are:

- KPI 1 - New product will have new audiences equal to 20% of sales.
- KPI 2 - Increased hire revenue to \$729,924 and increased utilisation to 85%.
- KPI 3 - Exceed operating margin by 1% each year.
- KPI 4 - Maintain working capital 1:1 ratio each year.
- KPI 5 - Maintain reserves at 20% of operating costs each year.
- KPI 6 - Satisfactorily address the Australia Council's eight Principles of Essential Governance Practices.
- KPI 7 - Effective company-wide use of Impresario or similar Management Information System.

DIVIDENDS

The declaration of dividend payments is specifically prohibited by the Company's Memorandum of Association; as such no dividends were paid or proposed during the financial year.

LIABILITY OF MEMBERS ON WINDING UP

As per the Adelaide Symphony Orchestra Holdings Limited Constitution, as extracted below:

"Clause 4 - Limited Liability

I. The liability of Members of the Company is limited.

II. Every Member of the Company undertakes to contribute to the assets of the Company in the event of it being wound up during the time that he or she is a Member or within one year afterwards for payment of the debts and liabilities of the Company contracted before he or she ceased to be a Member and of the costs, charges and expenses of winding up and for adjustment of the rights of contributories among themselves such amount as may be required not exceeding the sum of twenty dollars (\$20)."

ATTENDANCE AT BOARD MEETINGS HELD DURING 2018

Directors' name	Number of meetings held while a Director	Meetings Attended
Mr Kate Gould (Chairman)	4	4
Mr Vincent Ciccarello (Managing Director)	10	10
Ms Karen Limb	10	10
Mr Andrew Robertson	10	7
Mr Byron Gregory	10	8
Mr David Leon	10	10
Mr Geoffrey Collins	10	9
Ms Elizabeth Davis	10	9
Mr Andrew Daniels	4	3
Mr Colin Dunsford (Retired)	10	10

CURRENT DIRECTORS' QUALIFICATIONS and EXPERIENCE

Kate Gould (Chairman)

Bachelor of Arts (Hons)
Graduate member of the Australian Institute of Company Directors (GAICD)
Chair of Adelaide Symphony Orchestra
Director of Rundle Mall Management Authority
Director of TarraWarra Museum of Art
Current arts consultant and digital start up entrepreneur
Former appointments - CEO and Associate Artistic Director of the Adelaide Festival; Executive Producer at the Brisbane Festival and Queensland Performing Arts Centre; Company Manager with international commercial producer Gordon Frost Organisation

Vincent Ciccarello (Managing Director)

Bachelor of Music (Hons) (Adel)
Graduate Certificate in Management (QUT)
Graduate Diploma in Journalism (UniSA)
Former proprietor of theatrical agency Fanfare Artist Management
Former Chair, Australasian Classical Music Managers Association
Expertise in arts administration, musicology, journalism and public relations
Director, Symphony Services International
Member of the Audit & Finance Committee and the Development Committee
Deputy Chair, UNESCO City of Music Advisory Committee

Elizabeth Davis CFRE EMFIA

Degree in Business Management (Marketing)
Certified Fund Raising Executive
Principal, Human Foundations
National board member, of Community Business Bureau
National board member, Fundraising Institute of Australia
Member, ASO Business Development Committee

Karen Limb

Graduate member of the Australian Institute of Company Directors (GAICD)
Fellow, Certified Practising Accountants Australia (FCPA)
Masters of Business Administration, Adelaide University (MBA)
Bachelor of Accountancy, University of South Australia (B.Acc)
Chair of the Audit and Finance Committee
Chair of St John Ambulance SA Inc
Expertise in Finance and Business Administration, strategic planning and governance

Andrew Robertson

Fellow of the Australian Institute of Company Directors (FAICD)
Chair of the Development Committee and Member of the Concert Hall Committee
Expertise in strategic planning, business growth and development, business management, marketing and communications
Previous directorships include Herron Todd White (Australia) P/L, ValEx Group P/L, Aged Care Guide Pty Ltd and DPS Publishing Pty Ltd
Previously Chair of State Library of SA Foundation Inc. and Advertising Federation of Australia (SA Division)
Chair, Rebid Pty Ltd

Byron Gregory

Bachelor of Commerce
Chief Executive Officer, Health Partners Limited
Director of three industry-related entities
Expertise in commerce and general management in the for-profit and not-for-profit sector and member-based organisations

David Leon

Executive Director, Morgan Stanley
Post Graduate, Certified Portfolio Manager, Columbia University, NYC
Bachelor of Arts, Northwestern University, Chicago - Summa cum laude
Portfolio Manager, Expertise in Tactical Investment Strategy
Member of Audit and Finance Committee

Geoffrey Collins

Musician Principal flute, Adelaide Symphony Orchestra
Member Australia Ensemble, Resident at UNSW Sydney
Faculty - Sydney Conservatorium of Music
Churchill Fellow
Former appointments - Sydney Symphony Orchestra, Australian Chamber Orchestra
Former appointments - Lecturer in Flute, Queensland Conservatorium of Music
Extensive performing career as soloist, chamber musician with particular involvement in new Australian classical music

Andrew Daniels

Bachelor of Arts (Accounting)
Fellow of the Institute of Chartered Accountants
Member of the Australian Institute of Company Directors
Current appointment - CEO of the Adelaide Oval Stadium Management Authority Ltd
Former appointments - CEO of Motor Accident Commission (SA); CEO of Motor Sports Board (SA); Deputy Chief Executive of Australian Formula One Grand Prix Board; General Manager of Australian Major Events; Commercial Manager of Tourism Commission (SA)
Expertise in management of major corporations, projects and event management

Auditor's Independence Declaration

The Directors have received a Declaration of Independence from the Auditors; this report can be found on page 6

Signed in accordance with a Resolution of the Directors:



Kate Gould
Chairman

Dated: 29/4/19.



Vincent Ciccarello
Managing Director

Dated: 29/4/19



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

To the directors of Adelaide Symphony Orchestra Holdings Limited

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

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.


KPMG



John Evans

Partner

Adelaide

29 April 2019

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED
ACN: 122 259 036
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		Group	
	Note	2018	2017
		\$	\$
Continuing operations			
<i>Revenue</i>			
Funding revenue	4	9,389,547	9,254,390
Ticket sales		3,907,322	3,057,315
Sponsorship and donations revenue		1,832,135	1,461,632
Bequests		773,025	-
Other revenue	5	1,232,930	906,940
<i>Total revenue</i>		<u>17,134,959</u>	<u>14,680,277</u>
<i>Less :</i>			
<i>Expenses</i>			
Employee benefits expense		10,476,788	10,079,671
Artist fees and expenses		1,391,027	1,130,091
Marketing expenses		1,246,608	1,153,420
Production expenses		1,382,928	867,104
Professional services		275,132	431,194
Depreciation expense	7	87,070	80,905
Other expenses		1,584,684	1,357,218
<i>Total expenses</i>		<u>16,444,237</u>	<u>15,099,603</u>
Results from operating activities		<u>690,722</u>	<u>(419,326)</u>
Net finance income	6	212,562	224,775
Net change in fair value of investments	9	(26,360)	-
Profit/(Loss) for the period		<u>876,924</u>	<u>(194,551)</u>
Other comprehensive income			
Net change in fair value of investments		(20,478)	193,264
Realised net gain/(loss) on disposal of investments		(2,624)	908
Other comprehensive income/(loss) for the period		<u>(23,102)</u>	<u>194,172</u>
Total comprehensive income/(loss) for the period		<u><u>853,822</u></u>	<u><u>(379)</u></u>

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements set out on pages 11 to 23

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

ACN: 122 259 036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

		Group	
	Note	2018 \$	2017 \$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	17	3,354,326	3,967,634
Trade and other receivables	10	305,562	379,764
Prepayments		536,106	534,424
Other financial assets	11	1,000,000	700,000
<i>Total current assets</i>		<u>5,195,994</u>	<u>5,581,822</u>
<i>Non-current assets</i>			
Prepayments		9,487	10,069
Trade and other receivables	10	20,481	1,200
Other financial assets	11	5,945,592	5,524,611
Property, plant and equipment		432,865	399,951
<i>Total non-current assets</i>		<u>6,408,425</u>	<u>5,935,831</u>
Total assets		<u>11,604,419</u>	<u>11,517,653</u>
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	12	215,783	848,662
Non-interest bearing loans & borrowings	14	-	43,352
Deferred revenue	13	3,518,764	3,808,524
Provisions	15	2,934,670	2,575,782
<i>Total current liabilities</i>		<u>6,669,217</u>	<u>7,276,320</u>
<i>Non-current liabilities</i>			
Non-interest bearing loans & borrowings	14	766,000	766,000
Provisions	15	290,046	449,999
<i>Total non-current liabilities</i>		<u>1,056,046</u>	<u>1,215,999</u>
Total liabilities		<u>7,725,263</u>	<u>8,492,319</u>
Net assets		<u>3,879,156</u>	<u>3,025,334</u>
Shareholder's equity			
Reserves	16	5,225	230,461
Retained earnings	21	3,873,931	2,794,873
Total shareholder's equity		<u>3,879,156</u>	<u>3,025,334</u>

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements set out on pages 11 to 23

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED
ACN: 122 259 036
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		
	Fair Value reserve	Retained earnings	Total equity
	\$	\$	\$
Balance at 1 January 2017	43,839	2,981,874	3,025,713
Net loss for the year	-	(194,551)	(194,551)
Other comprehensive income			
Net change in fair value of investments	193,264	-	193,264
Transfer of net capital loss on disposal of investments to Retained Earnings	(6,642)	6,642	-
Realised net gain/(loss) on disposal of investments	-	908	908
Total other comprehensive income	186,622	7,550	194,172
Total comprehensive income for the period	186,622	(187,001)	(379)
Balance at 31 December 2017	230,461	2,794,873	3,025,334
 Balance at 1 January 2018	 230,461	 2,794,873	 3,025,334
Net profit for the year	-	876,924	876,924
Other comprehensive income			
Reclassification of fair value changes in investments	(205,117)	205,117	-
Net change in fair value of investments	(20,478)	-	(20,478)
Transfer of net capital gain on disposal of investments to Retained Earnings	359	(359)	-
Realised net gain/(loss) on disposal of investments	-	(2,624)	(2,624)
Total other comprehensive income	(225,236)	202,134	(23,102)
Total comprehensive income for the period	(225,236)	1,079,058	853,822
Balance at 31 December 2018	5,225	3,873,931	3,879,156

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements set out on pages 11 to 23

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

ACN: 122 259 036

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

		Group	
	Note	2018	2017
		\$	\$
<i>Cash flows from operating activities</i>			
Cash receipts in the course of operations		7,581,857	5,537,993
Cash payments in the course of operations		(17,869,461)	(14,767,170)
Grants received from government funding bodies		10,328,502	7,797,849
Net cash provided by/(used in) operating activities	17b	40,898	(1,431,328)
<i>Cash flows from investing activities</i>			
Proceeds from disposal of investments		3,053,503	896,039
Proceeds on gain/loss on investment values		-	69,908
Interest received		46,227	65,350
Dividend received		198,987	191,747
Term deposit - (Reinvestment)/Redemption		(300,000)	-
Payments for property, plant and equipment		(128,978)	(164,286)
Payments for purchase for investments		(3,523,945)	(774,630)
Net cash provided by/(used in) investing activities		(654,206)	284,128
<i>Cash flows from financing activities</i>			
Net cash flows from financing activities		-	-
Net (decrease)/increase in cash held		(613,308)	(1,147,200)
Cash and cash equivalents at beginning of financial year		3,967,634	5,114,834
Cash and cash equivalents at end of financial year	17a	3,354,326	3,967,634

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements set out on pages 11 to 23

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**Note 1 Corporate Information**

The Group financial report of Adelaide Symphony Orchestra Holdings Limited (the Company) and its subsidiaries for the year ended 31 December 2018 was authorised for issue in accordance with a Resolution of the Directors on **29 April 2019**.

Adelaide Symphony Orchestra Holdings Limited is a not-for-profit company limited by guarantee and incorporated in Australia.

Controlled entities

	Ownership %	
	2018	2017
Adelaide Symphony Orchestra Pty Limited.	100%	100%
Adelaide Symphony Orchestra Foundation Inc.	100%	100%

The Company is the holder of 213,002 ordinary shares in Adelaide Symphony Orchestra Pty Limited and is entitled to one vote per share at shareholders' meetings.

Adelaide Symphony Orchestra Foundation Incorporated:

On the 25th March 2013, the Directors of Adelaide Symphony Orchestra Holdings Limited passed a resolution to appoint all of its current Directors to become Members of the Adelaide Symphony Orchestra Foundation Incorporated. This resolution is in accordance with the Adelaide Symphony Orchestra Foundation Incorporated's constitution and the effect was to establish control of the organisation.

In the event of winding up of the Company and / or its subsidiaries (Adelaide Symphony Orchestra Pty Limited and / or Adelaide Symphony Orchestra Foundation Inc.), and after creditors' legitimate claims have been satisfied from any proceeds from liquidation, according to the respective constitutions, the remainder will be distributed to another registered not-for-profit entity, hence shareholders will not be able to participate in those proceeds from liquidation.

The nature of the operations and principal activities of the Group are described in the Directors' Report on page 1.

Note 2 Summary of Significant Accounting Policies**(a) Statement of Compliance**

The consolidated financial report of the Group is a Tier 2 general purpose financial report, which has been prepared in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards - Reduced Disclosure Requirements (RDR) and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). A statement of compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) cannot be made due to the entity applying not-for-profit specific requirements contained in the Australian Accounting Standards.

(b) Basis of preparation

The significant accounting policies adopted in the preparation of this financial report are set out below. Such accounting policies have been applied consistently by all entities in the Consolidated entity and are consistent with the previous period unless stated otherwise. The financial report has been prepared on a historical cost basis except for financial assets at fair value. The financial report is presented in Australian dollars.

(1) Changes in accounting policies, new and amended standards and interpretations

The Group has consistently applied the accounting policies set out in Note 2 to all periods presented in these consolidated financial statements.

(2) Accounting standards and interpretations issued but not yet effective

There are a number of new standards, amendments to standards and interpretations published by the Australian Accounting Standards Board for which mandatory application dates fall after the end of this current reporting year. None of these standards have been applied in preparing the financial statements. Those which may be relevant to the Group are set out below.

(2.1) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 *Revenue*, AASB 111 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019 for Not-for-profits, with early adoption permitted.

The adoption of AASB 15 is not expected to have a material impact on the Group's financial statements.

(2.2) AASB 1058 Income for Not-for-profit Entities

AASB 1058 replaces the income recognition requirements relating to private sector and majority of public sector not-for-profit (NFP) entities in AASB 1004 *Contributions*. AASB 1058 simplifies the income recognition requirements applicable to NFP entities and is applied in conjunction with AASB 15.

AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

The adoption of AASB 1058 is not expected to have a material impact on the Group's financial statements.

(2.3) AASB 16 Leases

AASB 16 replaces existing lease guidance, including AASB 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-16 *Operating Leases – Incentives* and SIC-27 *Evaluation the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use-asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019, with early adoption permitted where AASB 15 *Revenue from Contracts with Customers* is adopted at the same time.

The adoption of AASB 16 is expected to have an impact on the Group's financial statements as the Group has leases over office premises. The Group has not yet completed its detailed assessment of the potential impact on its consolidated financial statements. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

The most significant impact identified is that the Group will recognise new assets and liabilities for its operating lease of the office premises. At 31 December 2018, the Group's future minimum lease payments under non-cancellable operating leases amounted to \$1,113,519 (Note 20), on an undiscounted basis.

(c) Use of estimates and judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(d) Basis of consolidation

The Group financial statements consolidate those of the parent company and all of its subsidiaries as of 31 December each year. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date the control commences until the date the control ceases. All transactions and balances between Group entities are eliminated on consolidation and the accounting policies of the subsidiaries have changed, when necessary, to align them with the policies adopted by the Group.

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

ACN: 122 259 036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(e) Revenue recognition

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

Funding revenue

Funding revenue is received from the Australia Council for the Arts (as represented by the Major Performing Arts Board) and the State Government of South Australia, through Arts SA. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and Adelaide Symphony Orchestra Holdings Limited and is recognised in the calendar year for which it is intended under the terms of the agreement.

Ticket sales

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

Sponsorship and Donations revenue

Sponsorship

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed. Any amounts not bestowed but received are included in the Statement of Financial Position under the Current Liabilities heading "Deferred revenue".

Donations

Donations are brought to account as received unless the Group receives a multi-year pledge as a lump sum, in which case the donation will be brought to account as revenue in accordance with the agreement with the pledge donor.

Bequests

Bequests are brought to account as received unless the Group receives a restricted legacy, in which case such a bequest will be brought to account once the conditions have been satisfied.

Interest income

Interest income is recognised as it accrues.

Dividend income

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

(f) Taxation and Goods and Services Tax

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

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). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Acquisitions of assets

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

(h) Property, plant and equipment

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

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Depreciation and amortisation

Items of plant and equipment, leasehold improvements, computer and office equipment, instruments, furniture and fittings and leased assets are depreciated using the straight-line method over their estimated useful lives.

The depreciation rates used for each class of asset in the current and prior year are as follows:

Asset class	Depreciation rates
Leasehold improvements	10%
Plant & equipment	7.5% - 50%
Instruments	6.5% - 20%
Furniture & fittings	7.5% - 20%
Leased assets	22.50%
Computer & office equipment	20% - 33.3%

Complex assets

Major items of plant and equipment comprising a number of components that have different useful lives are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits, in excess of the originally assessed performance of the asset, will flow to the Group in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their useful lives.

Costs incurred on property, plant and equipment that do not meet the criteria for capitalisation are expensed as incurred.

Leased assets

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(i) Impairment

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

(j) Accounts payable

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 30 days.

(k) Employee benefits***Wages, salaries, and annual leave***

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

Long service leave

The long service leave liability represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the balance date.

Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to corporate bond rates at balance date which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the Group's experience with staff departures. Related on-costs have also been included in the liability.

Employee loans

Some employees are lent monies which are used in turn to purchase or refurbish musical instruments. These loans are secured by the instruments themselves. Amounts outstanding are recouped over time through contributions withheld from musicians' salaries.

Superannuation plans

The Group contributes to several defined-contribution superannuation plans. Employer contributions in relation to the year ended 31 December 2018 have been expensed. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee expense in the profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(l) Segment reporting

The Group operates in one segment (live orchestral performances) in one geographical region (Australia).

(m) Foreign currency transactions and balances

The Group's consolidated financial statements are presented in Australian dollars, which is also the functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(n) Cash and cash equivalents

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

(o) Trade and other receivables

Trade and other receivables are carried at amounts due.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the lifetime expected credit losses (ECLs). In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

ACN: 122 259 036

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

(p) Non-derivative financial assets

The classification and measurement model for financial assets is outlined below.

(i) Financial assets at amortised cost

A financial asset is measured at amortised cost if the following conditions are met:

- the objective of the Group's business model is to hold the asset to collect contractual cash flows;
- the contractual cash flows give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding;
- the Group does not irrevocably elect at initial recognition to measure the instrument at fair value through profit or loss to minimise an accounting mismatch.

Amortised cost instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the carrying amount of amortised cost instruments is determined using the effective interest method, less any impairment losses.

(ii) Financial assets at fair value

At initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to recognise the change in fair value of investments in equity instruments in other comprehensive income. This election is only permitted for equity instruments that are not held for trading purposes.

These investments are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss is transferred directly to retained earnings and is not recognised in profit or loss.

The fair value of the Group's investments in listed equities and interest bearing notes are determined with reference to their quoted closing price at the reporting date.

The Group classified financial assets at fair value through profit and loss if they were acquired principally for the purpose of selling in the short term (i.e. held for trading). These investments are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in the profit and loss.

Dividends or other distributions received from these investments are still recognised in profit or loss as part of finance income.

Note 3 Economic dependency

In the current year, **\$9,389,547** of the Group's revenue was provided by Federal and State Governments, via the Australia Council for the Arts and Arts SA. As such, the Group is economically dependent on these entities for the provision of funding in order for the Group to provide its services to the community and continue as a going concern. The Group have signed a Tripartite Funding Agreement 2019 to 2021 with the Federal and State Governments, via the Australia Council for the Arts and Arts SA, confirming funding to the end of 2021, subject to the Group continuing to meet the requirements of the tripartite funding agreement. The Group is in receipt of a letter from the Federal and State Governments, via the Australia Council for the Arts and Arts SA, confirming funding to the end of 2021 under the same terms and conditions as the aforementioned 2019 to 2021 Tripartite Agreement.

These agreements were executed between the Federal and State Governments, via the Australia Council for the Arts and Arts SA and Adelaide Symphony Orchestra Holdings Limited.

Adelaide Symphony Orchestra Holdings Limited has passed appropriate resolutions and signed a funding transfer agreement with Adelaide Symphony Orchestra Pty Limited to enable effective transfer of all funding from the Australia Council for the Arts and Arts SA to the trading entity, being Adelaide Symphony Orchestra Pty Limited, immediately upon receipt.

The Group has a "Reserves policy", which seeks to achieve a minimum level of reserves which is 20% of costs. The policy includes strategies to achieve this level of reserves, including an investment policy and a policy on accessing the reserves. In 2018 the Group has achieved 23.6% Reserves to Costs (2017: 20.0%).

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 4 Funding revenue

	Group	
	2018	2017
	\$	\$
Australia Council for the Arts	7,071,315	6,977,117
Arts SA	2,318,232	2,277,273
Total funding revenue	9,389,547	9,254,390

Note 5 Other revenue

	Group	
	2018	2017
	\$	\$
Orchestral hire income	897,345	822,767
Other income	335,585	84,173
Total other revenue	1,232,930	906,940

The Group's 2017 financial result was impacted by the closure of the Festival Theatre during the months of July to December 2017. The estimated negative financial impact of \$252,000 was the result of having to relocate commercial performances to alternative venues, and providing fewer orchestral calls for The Australian Ballet season. Following detailed submissions to the Minister and Arts SA during 2017 for compensation of our losses, the Minister for the Arts wrote to ASO to advise that the request for supplementation will be addressed during the 2018-19 State Budget. The Supplementation was received and recognised as Other Income in the Profit and Loss in 2018.

Note 6 Finance income and finance expenses

	Group	
	2018	2017
	\$	\$
Finance income		
Interest income	50,869	62,747
Dividend income	208,762	193,381
Finance income	259,631	256,128
Less Finance expenses		
Finance costs	47,069	31,353
Finance expenses	47,069	31,353
Net finance income	212,562	224,775

Note 7 Depreciation expense

	Group	
	2018	2017
	\$	\$
Depreciation:		
Computers & office equipment	19,913	10,993
Furniture & fittings	1,867	1,538
Plant, instruments, equipment & motor vehicles	62,790	65,653
Leasehold improvements	2,500	2,721
	87,070	80,905

Note 8 Auditors' Remuneration

	Group	
	2018	2017
	\$	\$
The auditors for the Group are KPMG Adelaide		
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	24,000	21,013
— other services	4,100	4,000
	28,100	25,013

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 9 Net change in fair value of investments

	Group	
	2018	2017
	\$	\$
Realised gain/(loss) on disposal of investments	(114,158)	-
Unrealised gain/(loss) on changes in fair value of investments	87,798	-
	<u>(26,360)</u>	<u>-</u>

Note 10 Trade and other receivables

	Group	
	2018	2017
	\$	\$
<i>Current</i>		
Trade receivables	51,208	177,706
Doubtful Debt Provision	(20,000)	-
	<u>31,208</u>	<u>177,706</u>
Other receivables	11,008	26,261
Accrued Income	263,346	175,797
Total current trade and other receivables	<u>305,562</u>	<u>379,764</u>
<i>Non-Current</i>		
Other receivables	20,481	1,200
Total non-current trade and other receivables	<u>20,481</u>	<u>1,200</u>
Total trade and other receivables	<u>326,043</u>	<u>380,964</u>

Note 11 Other financial assets

	Group	
	2018	2017
	\$	\$
<i>Current</i>		
Term deposit	1,000,000	700,000
Current other financial assets	<u>1,000,000</u>	<u>700,000</u>
<i>Non-current</i>		
Fair value of investments as at 1 January	5,524,611	5,521,755
Purchases during the year at cost	3,523,945	705,630
Less disposals at cost or fair value	(3,053,503)	(896,038)
Net change to fair value of investments	(49,461)	193,264
Fair value of investments as at 31 December	<u>5,945,592</u>	<u>5,524,611</u>
Non-current other financial assets	<u>5,945,592</u>	<u>5,524,611</u>

Note 12 Trade and other payables

	Group	
	2018	2017
	\$	\$
Trade payables	59,958	213,161
Other creditors and accruals	155,825	635,501
Total trade and other payables	<u>215,783</u>	<u>848,662</u>

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 13 Deferred revenue

	Group	
	2018	2017
	\$	\$
Ticket sales	1,298,836	1,470,310
Sponsorship	35,000	30,833
Multi-year donations	64,268	178,900
Other revenue	20,000	40,000
Funding revenue	2,100,660	2,088,481
Total Deferred revenue	<u>3,518,764</u>	<u>3,808,524</u>

Note 14 Non-interest bearing loans & borrowings

	Group	
	2018	2017
	\$	\$
<i>Current</i>		
Loss of proficiency funds held in escrow	-	43,352
	<u>-</u>	<u>43,352</u>
<i>Non-current</i>		
Reserve incentive scheme loan held in escrow	766,000	766,000
	<u>766,000</u>	<u>766,000</u>

The Reserve Incentive Scheme loan (RIS) is an initiative of the Federal and State Governments. The intention is to provide additional long term "reserves" to eligible Arts companies. During 2008 the Group was successful in its application for the funds under this scheme. The scheme is administered under a separate tripartite funding agreement, with the total funding amount capped at a predetermined amount. The fund is made up of equal contributions of \$383,000 from the three participating parties to the RIS agreement totalling \$1,149,000 and is to be held in escrow until 15 years after the final receipt from the Governments.

The Group received the last payment of a combined \$766,000 (\$383,000 each) from the State and Federal Governments in October 2008. The two contributions from the State and Federal Government are treated as non-current loans until the conclusion of the escrow period of 15 years. At the end of the 15 year escrow period the Group is entitled to convert the entire non-current liability to equity.

Under the RIS agreement the Group may utilise some or all of the funds for specific purposes but if the drawdown is before the escrow period ceases then formal repayment arrangements must be in place to restore the RIS fund.

The Loss of Proficiency and restructuring fund (LOP) is derived from the Strong Report – "A NEW ERA – Orchestra Review Report 2005" commissioned by both the Federal and State Governments. In 2010 the Group and the Federal and State Governments signed a separate agreement titled "Loss of Proficiency Deed of Escrow Agreement" to deposit these funds with the Group. This agreement includes the terms and conditions on the application of the funds and the process by which the company can access those funds, if appropriate.

Both the RIS and LOP funds held in escrow have not been used to secure any other liabilities.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 15 Provisions

	Group	
	2018	2017
<i>Current</i>	\$	\$
Employee entitlements - Annual leave	596,296	435,720
Employee entitlements - Long service leave	2,181,396	2,140,062
Employee provision - other	156,978	-
	<u>2,934,670</u>	<u>2,575,782</u>
<i>Non-current</i>		
Make good provision on leasehold	200,000	100,000
Employee entitlements - Long service leave	90,046	136,373
Employee provision - other	-	213,626
	<u>290,046</u>	<u>449,999</u>

Aggregate employee benefits presented above include on-costs. The present values of employee benefits not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

	2018	2017
Assumed rate of increase in wage and salary rates	1.80%	1.50%
Average Discount rate	3.06%	3.09%
Settlement term	10 years	10 years

At year-end, the Group employed 95.1 (2017: 97.8) full-time equivalent employees.

The Group contributed on behalf of the employees to the MEDIA Super and several other defined-contribution schemes. Employer contributions amounting to \$1,105,019 (2017: \$1,064,576) for the Group in relation to these schemes have been expensed in these financial statements.

Note 16 Reserves

	Group	
	Fair value reserve	Total reserves
	\$	\$
At 1 January 2018	230,461	230,461
Reclassification of fair value changes in investments	(205,117)	(205,117)
Net change in fair value of investments	(20,478)	(20,478)
Transfer of net capital loss on disposal of investments to Retained Earnings	359	359
Net change in reserves for the year	<u>(225,236)</u>	<u>(225,236)</u>
At 31 December 2018	<u>5,225</u>	<u>5,225</u>

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investments until the investment is disposed.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 17 Cash and cash equivalents

a) Reconciliation of Cash

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

	Group	
	2018	2017
	\$	\$
Cash at bank	3,354,326	3,967,634

b) Reconciliation of net profit/(loss) to net cash provided by/(used in) operating activities

Profit/(Loss) from ordinary activities	876,924	(194,551)
Add / (deduct) adjustments for investing activities:		
Interest income	(50,869)	(62,747)
Dividend income	(208,762)	(193,381)
Less Non-cash items:		
Depreciation	87,070	80,905
Net change in fair value of investments	26,360	-
Net cash Provided by/(used in) operating activities before changes in assets and liabilities	730,723	(369,774)
<i>Changes in assets & liabilities</i>		
(Increase)/Decrease in receivables	69,339	(119,352)
(Increase)/Decrease in prepayments	(1,100)	(63,645)
(Decrease)/Increase in payables	(667,239)	167,312
(Decrease)/Increase in other deferred revenue	(289,760)	236,779
(Decrease)/Increase in Government Advances	-	(1,456,542)
(Decrease)/Increase in provisions	198,935	173,894
Changes in assets & liabilities	(689,825)	(1,061,554)
Net cash provided by/(used in) operating activities	40,898	(1,431,328)

Note 18 Remuneration of key management personnel

Remuneration of key management personnel and those who are directors of Adelaide Symphony Orchestra Holdings Limited for the duration of the appointment term is as follows:

	Group	
	2018	2017
	\$	\$
Short-term (Cash component)	743,394	700,390
Short-term (Non-cash component—Gross Fringe Benefit Value)	26,415	29,322
Post-employment – Employer super contribution	91,475	70,851
Total	861,284	800,563

Directors receive no payments for their services as Directors.

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 19 Related parties

Directors

The names of each person holding the position of director of Adelaide Symphony Orchestra Holdings Limited during the financial year are listed on page 1 in the Directors' Report. Unless otherwise stated in the Directors' Report, the directors have been in office for the full financial year.

No director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end, other than employment contracts where a director is also employed by the Adelaide Symphony Orchestra. The remuneration under these employment contracts is included within the remuneration of key management personnel disclosed in Note 18 of the financial statements.

Note 20 Expenditure commitments

	Group	
	2018	2017
	\$	\$
<i>Operating lease (non-cancellable)</i>		
Not later than one year	393,007	373,451
Later than one year and not later than five years	720,512	1,057,542
Later than five years	-	-
	<u>1,113,519</u>	<u>1,430,993</u>
<i>Artist fees and Venue hire contracted for but not provided for and payable</i>		
Not later than one year	746,989	1,569,415
Later than one year and not later than five years	-	-
Later than five years	-	-
	<u>746,989</u>	<u>1,569,415</u>

The Group has renewed its lease at 91 Hindley Street, Adelaide during 2017.

Note 21 Retained earnings

	Group	
	2018	2017
	\$	\$
Retained earnings at the beginning of the year	2,794,873	2,981,874
Profit/(Loss) for the year	876,924	(194,551)
Reclassification of fair value changes in investments	205,117	-
Transfer of net capital gain/(loss) on disposal of investments to retained earnings	(359)	6,642
Realised capital gain/(loss) on disposal of investments	(2,624)	908
Retained earnings at the end of the year	<u>3,873,931</u>	<u>2,794,873</u>

Note 22 Control of subsidiary

On 25th March 2013, the Directors of the Company passed a resolution to appoint all current Directors of the Company as Members of the Adelaide Symphony Orchestra Foundation Incorporated. This resolution is in accordance with the Adelaide Symphony Orchestra Foundation Incorporated's constitution and the effect was to establish control of the organisation.

The main objectives of the Foundation are to raise funds and attract gifts from the public to be applied for the benefit of the Adelaide Symphony Orchestra, including through the commissioning of new works and purchase of capital items.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Note 23 Parent entity disclosures

As at, and throughout, the financial year ending 31 December 2018 the parent entity of the Group was Adelaide Symphony Orchestra Holdings Limited.

	2018 \$	2017 \$
Result of parent entity		
(Loss) for the period	<u>(329)</u>	<u>-</u>
Total comprehensive income for the period	<u><u>(329)</u></u>	<u><u>-</u></u>
Financial position of parent entity at year end		
Non current assets	<u>10</u>	<u>10</u>
Total assets	<u><u>10</u></u>	<u><u>10</u></u>
Current liabilities	<u>2,578</u>	<u>2,249</u>
Total liabilities	<u><u>2,578</u></u>	<u><u>2,249</u></u>
Net liabilities	<u><u>(2,568)</u></u>	<u><u>(2,239)</u></u>
Total shareholder deficiency of parent entity comprising of:		
Accumulated losses	<u>(2,568)</u>	<u>(2,239)</u>
Total shareholder deficiency	<u><u>(2,568)</u></u>	<u><u>(2,239)</u></u>

Note 24 Post-reporting date events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

Note 25 Additional disclosure

Adelaide Symphony Orchestra Holdings Limited is a company limited by guarantee, incorporated in Australia and having its principal place of business and registered office at:

91 Hindley Street, Adelaide 5000

ADELAIDE SYMPHONY ORCHESTRA HOLDINGS LIMITED

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DIRECTORS' DECLARATION


In the opinion of the Directors of Adelaide Symphony Orchestra Holdings Limited (the Group):

- (a) the Group is not publicly accountable;
- (b) the consolidated financial statements and notes, set out on pages 7 to 23, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a Resolution of the Directors:



Kate Gould
Chairman



Vincent Ciccarello
Managing Director

Adelaide, dated 29 April 2019



Independent Auditor's Report

To the members of Adelaide Symphony Orchestra Holdings Limited

Opinion

We have audited the **Financial Report** of the Adelaide Symphony Orchestra Holdings Limited (the Group).

In our opinion, the accompanying **Financial Report** of the Group is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

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

The Group consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

The **Financial Report** comprises:

- i. Consolidated statement of financial position as at 31 December 2018.
- ii. Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.

Basis for opinion

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

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *ACNC 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 fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

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

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

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

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

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

We also:

- i. 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.
- ii. 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 Group's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. 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 Group'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 Group to cease to continue as a going concern.
- v. 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.



- vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the Group Financial Report. We are responsible for the direction, supervision and performance of the Group Audit. We remain solely responsible for our Audit opinion.

We communicate with the Directors of the Group 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.

A handwritten signature in blue ink that reads 'KPMG' with a stylized flourish underneath.

KPMG

A handwritten signature in blue ink that appears to read 'John Evans' with a large, sweeping flourish extending to the right.

John Evans

Partner

Adelaide

29 April 2019