



West Australian  
*Symphony* Orchestra

**West Australian Symphony Orchestra Pty Ltd**

A.B.N. 26 081 230 284

**Annual Financial Report**

**31 December 2017**

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The directors present their report together with the financial report of West Australian Symphony Orchestra Pty Ltd (the 'Company') for the year ended 31 December 2017 and the independent auditor's report thereon.

## DIRECTORS

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

Janet Lee Holmes à Court (Chairman)	Appointed 27 January 1998
J L Sher	Appointed 21 November 2006 Retired 12 April 2017
Barrie Le Pley (Deputy Chairman)	Appointed 31 March 1999
Keith Kessell	Appointed 11 June 2007
Mark Dudley Coughlan	Appointed 15 October 2009
Anne Lesley Nolan	Appointed 21 March 2012
Robert Paul Shannon	Appointed 24 October 2013
Michael Jesse Utsler	Appointed 12 June 2014

## SECRETARIES

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

Peter Andrew Freemantle	Appointed 21 November 2006
Craig Michael Whitehead	Appointed 10 June 2009

## QUALIFICATIONS AND EXPERIENCE OF DIRECTORS

### Janet Holmes à Court AC

Janet Holmes à Court is owner of the Janet Holmes à Court Collection. She is Chairman of the Australian Children's Television Foundation, WASO Holdings Ltd and WA Venues & Events Pty Ltd and Deputy Chairman of the Chamber of Arts and Culture WA (CACWA). She is also a Board Member of the Australian National Academy of Music (ANAM), the Australian Major Performing Arts Group (AMPAG), the Australian Urban Design Research Centre (AUDRC), the Australian Institute of Architects Foundation (AIAF) and the New York Philharmonic International Advisory Board. Janet is also a member of the Centenary Trust for Women Board of Advisors at the University of Western Australia, the State Buildings Advisory Board, Western Australia and Commissioner for Australia for the Venice Architecture Biennale.

### Julian Sher BA, LLB, MBA

Julian is the Director of Professional Programs at Curtin Law School. He was formerly a barrister and previously a partner in international and national law firms. He is the Convenor of the Ethics Committee of the Law Society of Western Australia, a former editor of "Brief", the Law Society journal and a former member of various professional disciplinary panels. Julian is also a director of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

### Barrie Le Pley, BA, MBA

After 20 years as a banker engaged principally in international arbitrage and international corporate finance, Mr Le Pley now devotes much of his time to two businesses of which he is chairman. Le Pley Properties develops and owns commercial property principally in Australia, Germany and China. Sanur Pty Ltd is the holding company for Le Pley Properties. Seacrest Asset Pty Ltd invests in private as well as listed companies in Europe.

Barrie is a Foundation Benefactor of the Art Gallery of Western Australia, a Life Member of the Beta Gamma Sigma Society, a member of the Strategic Resources Committee and the Investment Committee of the University of Western Australia, Chevalier de Confrérie (Vougeot), Author of *Margaret River Style* and a Director of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

## Directors' Report (Continued)

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### Keith Kessell

Keith Kessell has considerable experience in media and government relations, policy development and issues management.

He was a senior executive at Wesfarmers Limited until his retirement in 2008 from the position of Executive General Manager, Corporate Affairs. His responsibilities included oversight of the Wesfarmers Arts programme. From the middle 1980s until 1993 Keith worked as a senior adviser in federal politics. He began his career as a journalist with West Australian Newspapers and also worked at ABC radio in Perth.

Keith is a Director of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

### Mark Coughlan MusB (Hons), MusM

Mark Coughlan is a concert pianist, musical director, educator and writer. He is artistic director of the Government House Ballroom concert series, Music on the Terrace as well as the annual New Year's Eve concert in the Perth Concert Hall. For 10 years he has been a music critic for The Australian newspaper. He has previously been a director of Musica Viva Australia and was chairman of AMEB Ltd, Australia's largest music education publisher and examination organisation. For eight years he held the position of Head of the School of Music at The University of Western Australia.

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

### Anne Nolan B.Econ, MEd

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

Anne has extensive experience in leading and developing public sector agencies. She has had responsibility in areas as diverse as industry and resource development, tax policy, energy policy, economic forecasting, intergovernmental relations, public administration and government trading enterprise policy and performance.

Positions Anne has previously held include Director General, Department of State Development; Deputy Director General, Department of the Premier and Cabinet; Coordinator of Energy, Office of Energy and Executive Director (Economics) at the Department of Treasury.

Anne is currently on the Boards of WASO Holdings Ltd, WA Venues & Events Pty Ltd, University of Western Australia Business School and Western Australian Coastal Shipping Commission. She also is an Adjunct Professor at the University of Western Australia.

### Paul Shannon, B.Com, FCPA

Paul Shannon is the Chief Financial Officer of Rio Tinto Iron Ore. In his role Paul has responsibility for accounting and finance, business development, analysis and planning, strategy, transformation, joint venture management, risk management and warehouse and logistics.

Paul has over 25 years of experience in accounting, financial and commercial roles in mining and auditing and prior to his current role has held a variety of roles for Rio Tinto within their iron ore, copper and corporate businesses.

Paul is a member of the General Council of The Chamber of Commerce and Industry of Western Australia and Director of WASO Holdings Ltd and WA Venues & Events Pty Ltd.

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### Michael Utsler, BSc (Petroleum Engineering)

Michael has more than 35 years' experience in the upstream oil and gas industry. Over his career, he has held a wide range of technical, managerial and executive roles covering all aspects of the upstream industry from Exploration, Developments, Operations and the commercialisation of assets and their products.

He joined Woodside in 2013 as Executive Vice President and Chief Operations Officer and is responsible for Woodside's global logistics, drilling, production, HSEQ, reservoir management and the operations of all Woodside producing facilities where he is committed to delivery of operational performance excellence.

Michael began his career with Amoco in 1978, and with the merger of BP and Amoco and subsequently Arco in 1998/99 has developed his multi-discipline technical skill and knowledge base in roles across western and central US, Egypt, Middle East and multiple international new ventures. Prior to joining Woodside, Michael held the position of President for the BP-Gulf Coast restoration organisation, leading the Deepwater Horizon crisis management and response efforts.

Michael is a Director of WASO Holdings Ltd, WA Venues & Events Pty Ltd, Australian Mines and Metals Association (AMMA) and LNG Marine Fuels Institute (LMFI).

### **COMPANY SECRETARIES**

#### Peter Freemantle Dip.Bus (Acc)

Peter holds the position of Chief Financial Officer of the West Australian Symphony Orchestra Pty Ltd and WA Venues & Events Pty Ltd. In this role, he is responsible for the finance, accounting, business analysis and planning and IT for the companies. Peter has over 35 years of experience in accounting and information technology roles in the arts and media industries. Prior to the formation of the company he held a similar position with the Australian Broadcasting Corporation, and was part of the executive team that oversaw the transition of the West Australian Symphony Orchestra, from a department of the Australian Broadcasting Corporation to a public company.

#### Craig Whitehead BA, GDBA, MBA

Craig is currently the Chief Executive of the West Australian Symphony Orchestra Pty Ltd and WA Venues & Events Pty Ltd. He has extensive experience in senior roles within the arts industry having previously been the Chief Executive of West Australian Opera, and the General Manager of La Boite Theatre Company and the Roundhouse Theatre. Craig is currently a Director of Symphony Services International. He has also served as a Director of Future Now, Youth Arts Queensland, Brisbane Writers Festival, and was a Committee Member of the Brisbane City Council's Music and Performing Arts Advisory Committee, and a Member of the Queensland Department of State Development's Creative Industries - Performing Arts Segment Group. Craig completed the Advanced Management Program at INSEAD in 2015.

### **PRINCIPAL ACTIVITIES**

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

The principal activity of the Company during the year was the performance of symphonic music. There were no significant changes in the nature of the activities of the Company during the year.

### **RESERVES POLICY**

The terms and conditions of the Tripartite Funding Agreement between the Company, the Australian Government through Australia Council and the Government of Western Australia through its Department of Culture and the Arts, requires the Company to agree to work towards maintaining reserves at a minimum level of 20% of annual expenditure. The Company has achieved reserves at a minimum of 20% of annual expenditure and plans to continue to maintain this level. At 31 December 2017 the reserves level was 21% (year ended 31 December 2016: 21%).

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### REVIEW AND RESULTS OF OPERATIONS

The profit for the Company for the year ended 31 December 2017 was \$955,185 (year ended 31 December 2016: \$137,671).

The operations of West Australian Symphony Orchestra Pty Ltd are dependent on funding received from the Commonwealth and State governments through WASO Holdings Ltd. This funding, along with sales, sponsorship and philanthropic revenue, was used to present performances of symphonic music.

The significant profit achieved in 2017 was made possible by the contribution of a significant endowed bequest. This contribution will be added to the endowment fund as an investment in the future of the orchestra.

The Company presented the West Australian Symphony Orchestra and the Education Chamber Orchestra (EChO) in 537 performances, workshops and artist development activities to more than 204,000 people during the year ended 31 December 2017. The total of 537 performances includes 334 classes in the Crescendo program which remains the only long-term sustainable El Sistema inspired music education program in Western Australia. Orchestral performances were principally presented at the Perth Concert Hall & His Majesty's Theatre. Performances were also presented at several other venues and schools both in Perth and in regional centres.

### STATE OF AFFAIRS

There were no significant changes in the underlying state of affairs of the Company that occurred during the financial year under review.

### EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to reporting date that materially affect the accounts and are not already reflected in the Statement of Profit or Loss and other Comprehensive Income and Statement of Financial Position.

### LIKELY DEVELOPMENTS

The Company will continue to present performances of music during the next financial year. The Company's continuing financial success is dependent on increasing its current level of government funding, corporate sponsorship, philanthropy and ticket sales and other sources of revenue.

### CAPITAL

Shareholders are not entitled to dividends. Holders of ordinary shares are entitled to one vote per share at shareholders' meetings. In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

**DIRECTORS' MEETINGS**

The number of directors' meetings held during the year ended 31 December 2017 and the number of meetings attended by each director were as follows:

Director's Meetings WASO Holdings Ltd Group	A	B
J L Holmes à Court	5	6
J L Sher	2	2
B Le Pley	6	6
K M Kessell	5	6
M D Coughlan	6	6
A L Nolan	5	6
R P Shannon	5	6
M J Utsler	4	6

Nomination & Remuneration Committee	A	B
J L Holmes à Court	2	2
B Le Pley	2	2
K M Kessell	2	2

Accommodation Committee	A	B
J L Holmes à Court	0	0
J L Sher	0	0
B Le Pley	0	0
K M Kessell	0	0

Finance, Audit and Risk Committee	A	B
A L Nolan	5	5
R P Shannon	5	5
B Le Pley	2	2
J L Sher	2	2

Development, Marketing & Sales Committee	A	B
B Le Pley	6	6
M J Utsler	2	6

Artistic Committee	A	B
K M Kessell	5	6
M D Coughlan	5	6

WAVE Committee	A	B
R P Shannon	6	6
B Le Pley	6	6
M D Coughlan	5	6

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

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### **DIRECTORS' REMUNERATION**

Directors are not paid any fees for their services as directors of the company. Details of remuneration of other key management personnel are disclosed in Note 20.

### **INDEMNIFICATION AND INSURANCE OF OFFICERS**

The Company, through Director Protection Deeds, indemnified all directors against any liability to any person (other than the Company or a Related Body Corporate of the Company), incurred as a director or employee of the Company or its subsidiary. The indemnity does not extend to any claim arising out of conduct involving a lack of good faith or breach of duty.

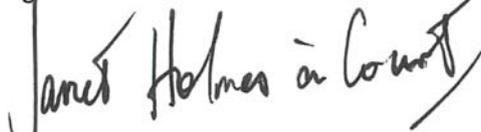
During the year, the Company has paid premiums in respect of directors' and officers' liability, legal expenses and insurance contracts for the period ended 31 December 2017. Since the end of the year, the Company has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2018. Such insurance contracts insure persons who are or have been directors or officers of the Company and its subsidiary against certain liabilities (subject to certain exclusions).

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid as such disclosure is prohibited under the terms of the contract.

### **Auditor's Independence**

The Directors have received a declaration of independence from the auditors. This declaration can be found on page 31 and forms part of this report.

Signed in accordance with a resolution of the directors:



Janet Holmes à Court AC  
Chairman

Perth, dated 23 April 2018

# Statement of Profit or Loss and other Comprehensive Income for the year ended 31 December 2017

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	Notes	2017 \$	2016 \$
<i>Revenue</i>			
Funding revenue	4	9,605,620	10,312,015
Ticket sales	5	5,137,142	4,830,858
Sponsorship and donations revenue	6	4,219,907	3,651,463
Other revenue	7	771,478	904,910
<b>Total revenue</b>		<b>19,734,147</b>	19,699,246
 <i>Expenses</i>			
Employee expenses	9	12,827,358	12,482,978
Artist fees and expenses		1,592,178	1,755,833
Marketing expenses		743,879	920,514
Production expenses		1,844,633	1,932,461
Depreciation & amortisation	9	263,982	252,993
Operating lease rental expense	9	232,501	231,107
Symphony Services International service fees		239,602	316,468
Insurance		46,774	46,421
Ticket Selling Expenses		293,597	196,394
Other expenses		856,163	1,570,548
<b>Total expenses</b>		<b>18,940,667</b>	19,705,717
 <b>Results from operating activities</b>		<b>793,480</b>	<b>(6,471)</b>
 <b>Net Finance Income</b>	8	<b>161,705</b>	144,142
 <b>Net Profit for the year</b>		<b>955,185</b>	137,671
 <b>Other Comprehensive Income</b>			
Net change in fair value of available for sale assets	17	<b>760</b>	-
<b>Total comprehensive income for the year</b>		<b>955,945</b>	137,671



The above Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position as at 31 December 2017

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		2017	2016
	Notes	\$	\$
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	19a	1,746,012	898,251
Other financial assets	18	4,656,400	4,126,069
Trade and other receivables	10	1,396,805	2,012,440
Inventories		28,923	16,161
Prepayments		640,295	465,131
<i>Total current assets</i>		<u>8,468,435</u>	<u>7,518,052</u>
<i>Non-current assets</i>			
Property, plant and equipment	11	932,818	954,860
Intangible Assets	12	392,448	346,924
Other financial assets	18	325,288	43,700
<i>Total non-current assets</i>		<u>1,650,554</u>	<u>1,345,484</u>
<b>Total assets</b>		<u>10,118,989</u>	<u>8,863,536</u>
<b>Liabilities</b>			
<i>Current liabilities</i>			
Trade and other payables	13	763,737	666,538
Prepaid revenue	14	2,100,345	2,119,793
Provisions	15	2,105,205	1,885,835
<i>Total current liabilities</i>		<u>4,969,287</u>	<u>4,672,166</u>
<i>Non-current liabilities</i>			
Provisions	15	31,071	28,684
<i>Total non-current liabilities</i>		<u>31,071</u>	<u>28,684</u>
<b>Total liabilities</b>		<u>5,000,358</u>	<u>4,700,850</u>
<b>Net Assets</b>		<u>5,118,631</u>	<u>4,162,686</u>
<b>Equity</b>			
Contributed Equity	16	299,002	299,002
Asset Fair Value Reserve	17	760	-
Retained Profits		4,818,869	3,863,684
<b>Total Equity</b>		<u>5,118,631</u>	<u>4,162,686</u>

## Statement of Changes in Equity for the year ended 31 December 2017

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	Retained Profits	Asset Fair Value Reserve	Contributed Equity	Total Equity
	\$	\$	\$	\$
As at 1 January 2016	3,726,013	-	299,002	4,025,015
<i>Comprehensive income for the year</i>				
Net profit	137,671	-	-	137,671
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	137,671	-	-	137,671
As at 31 December 2016	3,863,684	-	299,002	4,162,686
<i>Comprehensive income for the year</i>				
Net profit	<b>955,185</b>	-	-	<b>955,185</b>
Other comprehensive income	-	<b>760</b>	-	<b>760</b>
Total comprehensive income for the year	<b>955,185</b>	<b>760</b>	-	<b>955,945</b>
<b>As at 31 December 2017</b>	<b>4,818,869</b>	<b>760</b>	<b>299,002</b>	<b>5,118,631</b>

## Cash Flow Statement for the year ended 31 December 2017

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	Notes	2017 \$	2016 \$
<i>Cash flows from operating activities</i>			
Cash receipts from customers		4,883,468	4,738,881
Cash receipts from sponsors and other private sector		2,235,453	1,919,777
Cash receipts from donors		1,978,662	1,303,560
Cash payments to suppliers and employees		( 18,223,679)	( 19,171,824)
Grants received from government funding bodies		9,605,620	10,312,015
<b>Net cash provided by / (used in) operating activities</b>	19b	<b>479,524</b>	<b>( 897,591)</b>
<i>Cash flows from investing activities</i>			
Interest received		178,100	162,237
Dividends received		877	-
Proceeds from disposal of available for sale assets		3,700	-
Start up funding for WAVE		-	300,000
Proceeds from disposal of property, plant & equipment		5,909	13,386
Payments for intangible assets		( 163,322)	( 18,522)
Transfers (to) / from term deposits		500,000	( 2,000,000)
Payments for property, plant and equipment		( 140,577)	( 187,731)
<b>Net cash flows provided by / (used in) investing activities</b>		<b>384,687</b>	<b>( 1,730,630)</b>
<i>Cash flows from financing activities</i>			
Employee instrument loans granted		( 42,486)	( 64,500)
Proceeds from repayments on employee instrument loans		26,036	34,650
<b>Net cash flows (used in) financing activities</b>		<b>( 16,450)</b>	<b>( 29,850)</b>
<i>Net increase / (decrease) in cash held</i>		847,761	( 2,658,071)
<b>Cash and cash equivalents at beginning of the period</b>		<b>898,251</b>	<b>3,556,322</b>
<b>Cash and cash equivalents at end of the period</b>	19a	<b>1,746,012</b>	<b>898,251</b>



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

# Notes to the financial statements

West Australian Symphony Orchestra Pty Ltd  
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## 1. Corporate information

West Australian Symphony Orchestra Pty Ltd (the Company) is a proprietary limited company, incorporated and domiciled in Australia. The ultimate parent of the Company is WASO Holdings Ltd (WASOHL).

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

The financial statements were authorised for issue by the Board of Directors on 23 April 2018.

## 2. Basis of preparation

### a) Statement of compliance

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

### b) Basis of measurement

The financial report is prepared on a historical cost basis, and presented in Australian dollars.

### c) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts in the financial statements. Actual results may differ from these estimates. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

#### ***Impairment of Non-financial assets***

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

#### ***Estimate of Useful Lives***

The estimation of useful lives of assets is based on historical experience. The condition of assets is assessed periodically and considered in relation to the remaining useful life of the asset and adjustments made to useful lives as appropriate.

### d) Changes in accounting policies

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

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### a) 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:

## Notes to the financial statements Continued

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### 3. Significant accounting policies (continued)

#### a) Revenue recognition (continued)

##### **Contribution Income**

Contribution income represents the fair value of assets received in excess of the cost of the assets where there is a non reciprocal transfer and is recognised as income once the asset is controlled by the Company.

##### **Funding revenue**

Funding revenue is received from the Australia Council for the Arts (represented by the Major Performing Arts Board) and the Western Australian Department of Local Government, Sport and Cultural Industries. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and WASOHL and is recognised in accordance with the terms of the agreement due to the conditional nature of the funding. Any funding not spent on the planned activities agreed between the parties at the start of each calendar year is required to be repaid. Special purpose funding, which requires the Company to fulfil an obligation outside its normal operations, is recognised at the time the obligation is fulfilled.

##### **Ticket Sales**

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

##### **Sponsorship and Donations revenue**

###### *Sponsorship*

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed.

###### *Donations*

All donations are brought to account as received.

##### **Finance income**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

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

#### b) Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and other Comprehensive Income.

#### c) Income Tax and other taxes

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

## Notes to the financial statements Continued

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### 3. Significant accounting policies (continued)

#### c) Income Tax and other taxes (continued)

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

#### d) 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.

#### e) Cash and cash equivalents

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

#### f) Available-for-sale financial assets

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

#### *Impairment*

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

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

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

#### g) Trade receivables

Trade receivables, which generally have 14 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

## Notes to the financial statements Continued

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### 3. Significant accounting policies (continued)

#### g) Trade receivables (continued)

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

#### h) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Items of plant and equipment, leasehold improvements, computer equipment, musical instruments, music library items and motor vehicles are depreciated using the straight-line method over their estimated useful lives. Each class of asset in the current period was depreciated over the following useful lives:

<b>Asset class</b>	<b>Useful life</b>
Leasehold improvements	Between 3 and 6 years or the term of the lease
Musical instruments	15 years
Computer equipment	Between 3 and 5 years
Staging & other equipment	Between 3 and 15 years
Music library	33 years
Motor vehicles	5 years

#### i) Intangible assets

Intangible assets comprise software licences and capitalised information technology development costs and web-site development costs. These assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses and are tested for impairment where an indicator of impairment exists. Amortisation is calculated using the straight line method to allocate the cost over the estimated useful life of 5 to 10 years.

#### j) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with a recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Value in use shall be determined as the depreciated replacement cost of the asset. Impairment losses are recognised in the Statement of Profit or Loss and other Comprehensive Income.

#### k) Leased plant and equipment

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and other Comprehensive Income on a straight-line basis over the period of the lease.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

#### **l) Trade and other payables**

Trade payables and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

#### **m) Employee benefits**

##### ***Wages and salaries***

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

##### ***Superannuation plans***

The Company contributes to employee's superannuation plans. Employer contributions are recognised as an expense as they are made. The Company has no ongoing liability for superannuation benefits ultimately payable to employees.

##### ***Long service and annual leave***

The long service and annual leave liability represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to the reporting date. Liabilities for employee benefits which are not expected to be settled within twelve months are discounted using the rates attaching to national government securities at reporting date which most closely match the terms of maturity of the related liabilities. In determining the liability for employee benefits, consideration is given to future increases in wage and salary rates, and the Company's experience with staff departures. Related on-costs have also been included in the liability.

##### ***Employee loans***

Some employees are lent monies which are used in turn to purchase musical instruments. These loans are secured by the instruments themselves and are interest bearing. Amounts outstanding are recouped over time through contributions withheld from musicians' salaries. These are recorded within other financial assets.

#### **n) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **o) Other financial assets**

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

#### **p) New standards and interpretations not yet adopted**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these standards.

The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

Standard Name	Effective date for entity	Requirements	Impact
IFRS 9 Financial Instruments	1/01/2018	The key changes introduced by IFRS 9 include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	Financial instruments classified as available for sale (AFS) will now be reported through other comprehensive income (OCI) and no longer recognised through the profit or loss. IFRS 9 is not likely to have a material impact on the financial statements.
IFRS 15 Revenue from Contracts with Customers	1/01/2019	The core principle of IFRS 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	Prepayments may be made for certain contractual obligations such as the commissioning of music, however these are not recognised in the profit or loss until the contract has been performed in full. IFRS 15 is not likely to have a material impact on the financial statements.
IFRS 16 Leases	1/01/2019	The key changes introduced by IFRS 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	The changes in operating lease recognition requirements in IFRS 16 will result in recognising the office lease commitments on the Statement of Financial Position. This will increase the balances of right to use assets and lease liabilities. The disclosure requirements have also been updated in this standard. The impact of IFRS 16 on recognition and measurement of the right to use assets and leases liabilities is likely to be limited to an increase in expenditure in the profit or loss during the early stages of the lease. The office lease is usually a three year lease and the effect on the profit or loss is expected to be minor.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 3. Significant accounting policies (continued)

AASB 1058 Income of NFP (Not For Profit) Entities	1/01/2019	The Standard supersedes all the income recognition requirements relating to private sector NFP entities and the majority of income recognition requirements relating to public sector NFP entities, previously in AASB 1004 Contributions. The timing of income recognition depends on whether such transactions give rise to a liability or other performance obligations (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity to enable the entity to further its objectives.	<p>All contracts that may be affected by AASB1058 are constructed to ensure that performance of the contract is clearly associated with an event such as a concert or series of concerts which are performed on specific dates. These contracts may include contracting of artists, funding contracts from governments and foundations or sponsorship contracts.</p> <p>Assets acquired by the Group other than those purchased by normal arms-length or commercial transactions have been acquired either by an in kind transaction or via bequest. In each case, the asset has been accounted for at its commercial value at the time of being acquired.</p> <p>It is anticipated that AASB 1058 is not likely to have a material impact on the financial statements.</p>
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#### q) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the year.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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<b>4 Funding revenue</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<i>Australia Council for the Arts</i>		
Base funding	<b>7,165,787</b>	7,066,851
<i>Department of Foreign Affairs and Trade</i>		
China Tour	-	10,000
<i>Department of Local Government, Sport and Cultural Industries</i>		
Base funding	<b>2,274,833</b>	2,230,228
PCH Infrastructure Plan funding	-	589,936
China Tour	-	35,000
Additional hall hire funds	<b>165,000</b>	165,000
<i>Department of Premier and Cabinet</i>		
China Tour	-	195,000
<i>Department of State Development</i>		
China Tour	-	20,000
<b>Total funding revenue</b>	<b><u>9,605,620</u></b>	<b><u>10,312,015</u></b>

WASOHL has a three year Tripartite Funding Agreement securing base funding from the Australia Council for the Arts and the State of Western Australia through its Department of Local Government, Sport and Cultural Industries which commenced on 1 January 2016. Written confirmation has been received which confirms funding will continue to at least 31 December 2019.

Funding is initially provided to WASOHL and is subsequently provided to West Australian Symphony Orchestra Pty Ltd under a separate funding agreement between WASOHL and the Company.

<b>5 Ticket sales</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Subscriptions	<b>2,165,250</b>	2,252,492
Single night	<b>2,971,892</b>	2,578,366
<b>Total ticket sales</b>	<b><u>5,137,142</u></b>	<b><u>4,830,858</u></b>
<b>6 Sponsorship and donations revenue</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Sponsorship	<b>2,371,245</b>	2,257,903
Donations	<b>1,848,662</b>	1,393,560
<b>Total sponsorship and donations revenue</b>	<b><u>4,219,907</u></b>	<b><u>3,651,463</u></b>

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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<b>7 Other revenue</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Orchestral hire revenue	316,852	556,677
Other income	454,626	348,233
<b>Total other revenue</b>	<b><u>771,478</u></b>	<b><u>904,910</u></b>
<b>8 Finance income and finance expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Finance income:		
Interest income	161,637	145,048
Dividend income	877	-
	<u>162,514</u>	<u>145,048</u>
Finance expenses:		
Impairment of available for sale instruments	-	-
Banking fees	(809)	(906)
	<u>(809)</u>	<u>(906)</u>
<b>Net finance income / (expense)</b>	<b><u>161,705</u></b>	<b><u>144,142</u></b>
<b>9 Expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Depreciation:		
Leasehold Improvements	306	605
Musical Instruments	80,884	75,595
Music Library Scores	6,036	5,961
Computers	8,793	9,754
Plant & Equipment	60,002	55,833
	<u>156,021</u>	<u>147,748</u>
Amortisation of Intangible Assets	107,961	105,245
<b>Total Depreciation and Amortisation</b>	<b><u>263,982</u></b>	<b><u>252,993</u></b>
Operating lease rental expense	<u>232,501</u>	<u>231,107</u>
Employee expenses:		
Salaries and wages	11,088,843	10,715,244
Superannuation	1,308,493	1,322,747
Workers compensation	217,049	235,257
Other employee expenses	212,973	209,730
<b>Total employee expenses</b>	<b><u>12,827,358</u></b>	<b><u>12,482,978</u></b>

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 10 Trade and other receivables

a) Trade and other receivables	2017 \$	2016 \$
<i>Current</i>		
Trade debtors	881,713	1,443,454
Carrying amount of trade receivables	881,713	1,443,454
Accrued revenue	515,092	568,986
<i>Total current receivables</i>	1,396,805	2,012,440
<b>Total trade and other receivables</b>	<b>1,396,805</b>	<b>2,012,440</b>
<b>b) Past due but not impaired</b>		
Trade debtors ageing		
0 to 14 days	867,280	1,396,126
15 to 60 days	14,433	44,578
61 to 90 days	-	2,750
Over 90 days	-	-
<b>Total trade debtors</b>	<b>881,713</b>	<b>1,443,454</b>

As of the balance date, trade debtors over 14 days were past due but not considered to be impaired as there is no objective evidence at reporting date to indicate that the Company will not be able to collect all amounts due.

### c) Fair Value

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

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 11 Property, plant and equipment

#### Reconciliation of carrying amounts at the end of the year

Year ended 2017	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2017, net of accumulated depreciation and impairment	306	600,091	133,466	14,366	206,631	-	954,860
Additions	-	95,810	2,329	12,835	29,603	-	140,577
Disposals	-	( 6,598)	-	-	-	-	( 6,598)
Depreciation expense	( 306)	( 80,884)	( 6,036)	( 8,793)	( 60,002)	-	( 156,021)
Balance at 31 December 2017 net of accumulated depreciation	-	<b>608,419</b>	<b>129,759</b>	<b>18,408</b>	<b>176,232</b>	-	<b>932,818</b>

#### At 2017

Cost	415,641	1,284,809	201,153	159,137	550,511	89,762	2,701,013
Accumulated depreciation	( 415,641)	( 676,390)	( 71,394)	( 140,729)	( 374,279)	( 89,762)	( 1,768,194)
Closing balance	-	<b>608,419</b>	<b>129,759</b>	<b>18,408</b>	<b>176,232</b>	-	<b>932,818</b>

#### Year ended 2016

	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2016, net of accumulated depreciation and impairment	911	595,935	136,778	23,862	112,212	-	869,698
Additions	-	91,958	2,649	1,132	150,252	-	245,991
Disposals	-	( 12,207)	-	( 874)	-	-	( 13,081)
Depreciation expense	( 605)	( 75,595)	( 5,961)	( 9,754)	( 55,833)	-	( 147,748)
Balance at 31 December 2016 net of accumulated depreciation	306	600,091	133,466	14,366	206,631	-	954,860

#### At 2016

Cost	415,641	1,199,793	198,824	152,220	520,908	89,762	2,577,148
Accumulated depreciation	( 415,335)	( 599,702)	( 65,358)	( 137,854)	( 314,277)	( 89,762)	( 1,622,288)
Closing balance	306	600,091	133,466	14,366	206,631	-	954,860

## Notes to the financial statements Continued

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<b>12 Intangible Assets</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
As at 1 January net of accumulated amortisation and impairment	<b>346,924</b>	433,647
Additions	<b>163,322</b>	18,522
Disposals	<b>( 9,837)</b>	-
Amortisation charge for the year	<b>( 107,961)</b>	<b>( 105,245)</b>
As at 31 December, net of accumulated amortisation and impairment	<b><u>392,448</u></b>	<b><u>346,924</u></b>
As at 31 December		
Cost	<b>853,172</b>	749,781
Accumulated amortisation	<b>(460,724)</b>	<b>( 402,857)</b>
Net carrying amount	<b><u>392,448</u></b>	<b><u>346,924</u></b>

Intangible Assets comprises costs capitalised relating to the development of the Company's billing platform and general ledger system.

<b>13 Trade and other payables</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Accruals	<b>202,357</b>	221,333
Trade creditors	<b>561,380</b>	445,205
<b>Total trade and other payables</b>	<b><u>763,737</u></b>	<b><u>666,538</u></b>

Trade and other payables are typically settled within 30 days.

### Fair Value

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

<b>14 Prepaid revenue</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Prepaid ticket sales	<b>1,797,421</b>	1,789,035
Government grants unearned	<b>100,000</b>	100,000
Prepaid other	<b>202,924</b>	230,758
<b>Total prepaid revenue</b>	<b><u>2,100,345</u></b>	<b><u>2,119,793</u></b>

Government grants unearned are subject to the terms of an agreement between The State of Western Australian through its Department of Culture and the Arts, Australia Council and WASOHL. The funding may only be accessed under the conditions of that agreement, and is recorded as prepaid revenue until the conditions are satisfied.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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<b>15 Provisions</b>	<b>2017</b>	2016
	\$	\$
<i>Employee benefits</i>		
Current provision for employee benefits	2,105,205	1,885,835
Non-current provision for employee benefits	31,071	28,684
<b>Total Provisions</b>	<b>2,136,276</b>	<b>1,914,519</b>
<b>16 Contributed equity</b>	<b>2017</b>	2016
	\$	\$
Share capital		
299,002 (2016 : 299,002) ordinary shares, fully paid	<b>299,002</b>	299,002
<b>17 Asset Fair Value Reserve</b>	<b>2017</b>	2016
	\$	\$
Net gains on available for sale financial assets	<b>760</b>	-
<b>18 Other financial assets</b>	<b>2017</b>	2016
	\$	\$
<i>Current investments</i>		
Term bank deposits	1,500,000	2,000,000
Restricted cash deposits	3,129,333	2,103,432
Employee loans (i)	27,067	22,637
<b>Total current other financial assets</b>	<b>4,656,400</b>	<b>4,126,069</b>
<i>Non current financial assets</i>		
Employee loans (i)	59,783	43,700
Available for sale financial assets	265,505	-
<b>Total non current other financial assets</b>	<b>325,288</b>	<b>43,700</b>

Restricted Cash Deposits consist of:

- (a) funds of \$1,125,901 (2016: \$100,000) that have been: (i) donated to the Company with a request that the principal be invested in perpetuity; (ii) received into the endowment fund to be invested in perpetuity as per Company policy.
- (b) funds from the Reserves Incentive Funding Scheme. These funds were set aside in accordance with the Reserves Incentive Funding Scheme Agreement between the Company, Australia Council and the State of Western Australia. The funds received under the Reserves Incentive Funding Scheme Agreement, together with the Company's contribution, are held in escrow for a period of 15 years ending 9 January 2022 and are subject to the terms of the Reserves Incentive Scheme Funding Agreement. Included in other current financial assets is an amount of \$2,003,432 (2016 : \$2,003,432) which may only be utilised for the purposes allowable pursuant to the Reserves Incentive Scheme Funding Agreement.

The funds have not been used to secure any liabilities of the Company.

- (i) Refer to note 3 (m) for the terms and conditions of employee loans.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 19 Cash flow statement reconciliation

#### a) Reconciliation of cash

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

	2017	2016
	\$	\$
Cash	<u>1,746,012</u>	<u>898,251</u>

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

	2017	2016
	\$	\$
Net profit	955,185	137,671
<i>Adjustments for:</i>		
Depreciation and amortisation	263,982	252,993
(Gain) / Loss on disposal of non-current assets	10,656	(306)
Gifted available for sale assets	(268,575)	-
In kind assets	-	(58,260)
Interest charged on employee instrument loans	(4,063)	(2,069)
Interest received	(178,100)	(162,237)
Dividends received	(877)	-
Change in restricted cash	(1,025,901)	-
<b>Net cash provided by operating activities before change in assets and liabilities</b>	<u>(247,693)</u>	167,792
<i>Changes in assets &amp; liabilities</i>		
(Increase) / decrease in receivables	615,635	(1,110,842)
(Increase) in other assets	(187,926)	(252,764)
(Decrease) / increase in payables	97,199	(94,794)
Increase / (decrease) in prepaid revenue	(19,448)	250,076
Increase in provisions	221,757	142,941
<b>Changes in assets &amp; liabilities</b>	<u>727,217</u>	<u>(1,065,383)</u>
<b>Net cash (used in) / provided by operating activities</b>	<u><u>479,524</u></u>	<u><u>(897,591)</u></u>

## Notes to the financial statements Continued

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### 20 Key management personnel compensation

The following compensation was made to the ten employees (2016: 9 employees) on the executive team for their contributions as employees for the Company.

	2017	2016
	\$	\$
Short term	1,364,053	1,243,430
Other employment benefits	299,996	278,421
	<u>1,664,049</u>	<u>1,521,851</u>

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

### 21 Related parties

#### a) Parent and ultimate controlling party

The ultimate controlling party is WASO Holdings Ltd.

#### b) Directors

##### *Transactions with Directors*

Ms Holmes à Court contributed cash donations to the Company of \$59,000 (2016 : \$50,350) during the year.

Mr B Le Pley has an interest as Chairman of Sanur Pty Ltd. Sanur Pty Ltd contributed Nil (2016 : \$50,000) cash sponsorship and a cash donation of Nil (2016 : \$130,000) to the Company during the year. Additionally, Mr Le Pley contributed a cash donation of \$30,282 (2016 : Nil).

Mr J L Sher contributed a cash donation of \$1,200 (2016 : \$1,646)

Mr K Kessell contributed a cash donation of \$7,500 (2016 : \$11,000)

Mr M D Coughlan contributed a cash donation of \$2,500 (2016 : \$2,500)

Mr M J Utsler contributed a cash donation of \$20,000 (2016 : \$70,000)

Ms A L Nolan contributed a cash donation of \$2,500 (2016 : \$2,500)

Mr R P Shannon contributed a cash donation of \$2,500 (2016 : \$2,500)

Transactions between the Company and entities of which directors have declared an interest, are transacted under normal terms and conditions of business. There were no contracts involving directors' interests subsisting at period end excepting sponsorship agreements under normal terms and conditions of business.

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

During the year West Australian Symphony Orchestra Pty Ltd received funding of \$9,440,620 (2016 : \$9,297,079) from WASOHL.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 21 Related parties (continued)

#### c) Other related party transactions

Craig Whitehead – CEO of West Australian Symphony Orchestra Pty Ltd is a director of Symphony Services Australia Ltd.

WA Venues & Events Pty Ltd (WAVE) was created 4 December 2014 to manage the Perth Concert Hall and its ticketing facilities and has the same ultimate parent as the Company.

	Sale of goods and services		Purchase of goods and services	
	2017	2016	2017	2016
	\$	\$	\$	\$
Symphony Services Australia Ltd	-	20,000	1,348,715	1,609,557
WA Venues and Events Pty Ltd	284,484	200,000	1,061,858	944,972

### 22 Commitments and contingencies

	2017	2016
	\$	\$
<i>Operating lease (non-cancellable)</i>		
Not later than one year	93,587	184,710
Later than one year and not later than five years	-	93,587
	<u>93,587</u>	<u>278,297</u>

The Company has an operating lease for office accommodation. The lease for office accommodation typically runs for a period of three years. Lease payments are increased every year to reflect market rentals.

	2017	2016
	\$	\$
<i>Artist fees contracted for but not provided for and payable</i>		
Not later than one year	475,310	651,774
Later than one year and not later than five years	2,044,575	925,575
Later than five years	576,000	-
	<u>2,519,885</u>	<u>1,577,349</u>

The Company has entered into contracts for performances scheduled to take place during 2018 and subsequent years. These amounts include the maximum expenditure required to satisfy the contracts with the artists.

## Notes to the financial statements Continued

West Australian Symphony Orchestra Pty Ltd  
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### 23 Financial risk management

The Company's principal financial instruments comprise cash and short-term deposits, receivables, payables and investments.

Risk management is carried out by management under delegation from the Board.

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

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

#### a) Interest rate risk exposures

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

	2017	2016
	\$	\$
<i>Fixed rate instruments</i>		
Financial assets	<u>6,086,850</u>	<u>4,169,769</u>
<i>Variable rate instruments</i>		
Financial assets	<u>368,845</u>	<u>890,551</u>

The weighted average interest rate at 31 December 2017 was 2.2% (2016 : 2.5%). The Company regularly analyses its interest rate exposure. Consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates.

#### b) Interest rate sensitivity

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 0.25% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical Australian deposit rate movements over the last 3 years.

At 31 December 2017, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity relating to variable rate financial assets of the Company would have been affected as follows:

	2017	2016
	\$	\$
Judgements of reasonably possible movements:		
<i>Net profit - higher / (lower)</i>		
+0.25%	922	2,226
-0.25%	( 922)	( 2,226)

#### c) Other market price risk

The Company is exposed to equity price risk, which arises from available-for-sale equity securities received as part of a bequest. The company intends to sell of the securities at its earliest convenience.

#### Sensitivity analysis – Equity price risk

All of the Company's listed equity investments are listed on Australian Stock Exchange. For such investments classified as available-for-sale, a 2% increase in the ASX200 at the reporting date would have increased equity by \$5,310 an equal change in the opposite direction would have decreased equity by \$5,310.

## Notes to the financial statements Continued

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### 23 Financial risk management (continued)

#### d) Net fair value

The net fair value of financial assets and liabilities is equivalent to the carrying amount at balance date as disclosed in the statement of financial position and related notes. This is because either the carrying amounts approximate net fair value or because of their short term to maturity.

#### e) Credit risk exposure

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

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

	Note	Carrying amount	
		2017	2016
		\$	\$
Other financial assets	18	4,981,688	4,169,769
Receivables	10	1,396,805	2,012,440
Cash and cash equivalents	19	1,746,012	898,251
		<u>8,124,505</u>	<u>7,080,460</u>

#### e) Capital management and liquidity risk

The Company's liquidity objective is to secure sufficient funding from the federal and state governments for the next 3 years and to maintain adequate cash balances. At 31 December 2017, the Company has received commitments from these entities to be funded at current levels until and including the year ending 31 December 2019.

#### f) Exchange rate risk

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

24 Auditor's remuneration	2017	2016
	\$	\$
<i>Audit services</i>		
Auditors of the Group		
KPMG Australia		
Audit of the financial reports	<u>26,698</u>	<u>25,315</u>
<i>Other services</i>		
Other assurance services	<u>-</u>	<u>-</u>

No other benefits were received by the auditor.

## Notes to the financial statements Continued

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### **25 Economic dependency**

The Company is economically dependent on the continuing support of various Governments by way of grants. The terms of the main funding grants from the Australia Council for the Arts and the State of Western Australian through its Department of Culture and the Arts are set out in the Tripartite Funding Agreement which was renewed for the period 1 January 2016 to 31 December 2018. This funding is subject to the Company continuing to comply with the terms of the Tripartite Funding Agreement.

The parties to the Tripartite Funding Agreement are the Australia Council for the Arts, the State of Western Australian through its Department of Culture and the Arts and WASOHL. There is a funding agreement between WASOHL and the Company which provides the basis for the Tripartite funding to be transferred to the Company. As a result the Company is economically dependent on WASOHL, and in turn, on the Australia Council for the Arts and the State of Western Australian through its Department of Culture and the Arts to operate as a going concern.

### **26 Subsequent events**

No events have occurred subsequent to reporting date that materially affect the accounts and are not already reflected in the Statement of Profit or Loss and other Comprehensive Income and Statement of Financial Position.

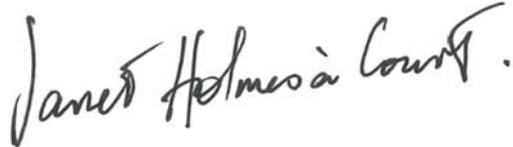
## Directors' Declaration

West Australian Symphony Orchestra Pty Ltd  
Annual Financial Report 31 December 2017 ACN 081 230 284

In the opinion of the directors of West Australian Symphony Orchestra Pty Limited:

- a) The company is not publicly accountable;
- b) the financial statements and notes that are set out on pages 7 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the financial year ended on that date; and
  - (ii) complying with the Australian Accounting Standards and the Australian Charities and Not-for-profits Regulation 2013; and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



**Janet Holmes à Court AC**  
Chairman

Perth, dated 23 April 2018



# 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 West Australian Symphony Orchestra Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2017 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

  
Matthew Beevers  
Partner

Perth

23 April 2018



# Independent Auditor's Report

To the members of West Australian Symphony Orchestra Pty Ltd

## Opinion

We have audited the **Financial Report**, of the West Australian Symphony Orchestra Pty Ltd (the Company).

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

- i. giving a true and fair view of the Company's financial position as at 31 December 2017, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 31 December 2017.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Director's declaration of the Company.

## 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 Company 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). We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other information

Other Information is financial and non-financial information in West Australian Symphony Orchestra Pty Ltd.'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.

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* 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 Company's ability to continue as a going concern. 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 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 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 judgment and maintain professional skepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error,
- ii. 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.
- iii. 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 registered Company's internal control.
- iv. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Conclude on the appropriateness of the Director's 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 registered 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 registered Company to cease to continue as a going concern.



- vi. 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.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'Matthew Beevers', with a long horizontal stroke extending to the right.

Matthew Beevers  
*Partner*

Perth

23 April 2018