



West Australian
Symphony Orchestra

WASO Holdings Ltd

A.B.N. 22 122 779 739

Annual Financial Report

31 December 2013

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The directors present their report together with the financial report of WASO Holdings Ltd (the 'Company') and of the Group, being the Company and its subsidiary for the year ended 31 December 2013 and the independent auditor's report thereon.

DIRECTORS

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

Janet Lee Holmes à Court (Chairman)	Appointed 21 November 2006
Julian Louis Sher	Appointed 21 November 2006
James Barris Lepley	Appointed 21 November 2006
William Frederick Bloking	Appointed 21 November 2006
Keith Kessell	Appointed 11 June 2007
Mark Dudley Coughlan	Appointed 15 October 2009
Jeffrey Phillip Dowling	Appointed 23 July 2010
Anne Lesley Nolan	Appointed 21 March 2012
Robert Paul Shannon	Appointed 24 October 2013

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, BSc

Janet Holmes à Court is owner of the Janet Holmes à Court Collection. She is also Chairman of the John Holland Advisory Board, one of Australia's leading construction and engineering companies; the West Australian Symphony Orchestra; the Australian Children's Television Foundation and the Australian Urban Design Research Centre (AUDRC). She is a Board Member of the Rio Tinto Community Investment Fund, the Australian National Academy of Music (ANAM), the Australian Major Performing Arts Group (AMPAG) and Chamber of Arts and Culture WA. She is a science graduate from the University of Western Australia and taught science for a number of years before working more closely with family business matters. She has won numerous awards recognising her contribution to the community and to business, including a Companion of the Order of Australia.

Julian Sher BA, LLB, MBA

Julian Sher is the head of the Perth office of international law firm, Holman Fenwick Willan. Julian specialises in commercial litigation, with significant experience in disputes involving corporate law, insolvency, banking and finance, corporate governance, fraud and defamation. Julian is the Convenor of the Ethics Committee of the Law Society of Western Australia, a former member of the Legal Practice Board of Western Australia and the Legal Profession Complaints Committee of Western Australia. He is currently a member of the Disciplinary Panel of CPA Australia and is a director of West Australian Symphony Orchestra Pty Ltd.

He is the author of published legal articles and has presented papers on a range of legal topics, including corporate governance and professional ethics. Julian is a life member of Carmel School.

Barrie Lepley, BA, MBA

After 20 years as a banker engaged principally in international arbitration and international corporate finance, Mr Lepley now devotes much of his time to two businesses of which he is chairman. Lepley Properties develops and owns commercial property principally in Australia, Germany and China. Sanur Pty

Directors' Report (Continued)

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Ltd is the holding company for Lepley 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 of the University of Western Australia, Chevalier de Confrérie (Vougeot), Author of *Margaret River Style* and a Director of the West Australian Symphony Orchestra Pty Ltd.

William F. (Bill) Bloking FAICD, BS, Mechanical Engineering (summa cum laude)

Bill Bloking has forty years of experience in the international oil and gas sector and has worked in Asia, Australia, Europe, the USA, and South America.

Prior to his retirement in 2007, Bill was President, Australia/Asia Gas for the BHP Billiton Group. In that role he had overall accountability for BHP Billiton's international LNG business as well as its domestic gas business in Australia. Prior to joining BHP Billiton, Bill spent 24 years with ExxonMobil, where he held a variety of senior executive positions.

Bill is a Fellow of the Australian Institute of Company Directors and is currently the Chairman of Nido Petroleum, the Managing Director of Gunson Resources, and a Director of the West Australian Symphony Orchestra Pty Ltd.

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 the West Australian Symphony Orchestra Pty Ltd and the Harry Perkins Institute of Medical Research.

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*, and is 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 the Government House Foundation of WA, chairman of Lost and Found Opera, a council member of the St George's Cathedral Arts Foundation and a director of the West Australian Symphony Orchestra Pty Ltd and the Western Australian Youth Orchestra.

Jeff Dowling B.Com, FCA, FAICD, FFIN

Jeff Dowling was formerly Managing Partner at Ernst & Young Perth's office, where he also held a number of senior leadership roles, with a particular focus on the mining and oil and gas sectors.

Jeff has over 35 years of experience in the professional services industry and has significant experience in audit, risk management and finance, gained during his extensive career at Ernst & Young.

Jeff is currently a non executive director of Atlas Iron Limited, NRW Holdings Ltd, Pura Vida Energy Ltd,, the Telethon Institute for Child Health Research, the Metropolitan Regional Development Authority (January 2013), the West Australian Symphony Orchestra Pty Ltd and Sirius Resources N.L.

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 the West Australian Symphony Orchestra 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, CPA

Paul Shannon is the Chief Financial Officer of Rio Tinto Iron Ore. In his role Paul has responsibility for finance, accounting, business development, business analysis and planning, strategy, joint venture management, IS&T and communications and external relations.

Paul has over 20 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, Director of the West Australian Symphony Orchestra Pty Ltd and board member of the Rio Tinto Community Investment Fund.

COMPANY SECRETARIES

Peter Freemantle Dip.Bus (Acc)

Peter holds the position of Chief Financial Officer of the West Australian Symphony Orchestra Pty Ltd. 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. He has extensive experience in senior roles within the arts industry having previously been the Chief Executive of West Australian Opera, and General Manager of La Boite Theatre Company. Craig has also served as a Board 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.

PRINCIPAL ACTIVITIES

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

The principal activity of the Company and its subsidiary, West Australian Symphony Orchestra Pty Ltd (together referred to as the "Group") during the year was the performance of symphonic music. There were no significant changes in the nature of the activities of the Group during the year.

KEY GOALS AND STRATEGIES

GOALS	STRATEGIES
Excellence on and off the Concert Hall stage.	<ul style="list-style-type: none"> • Attract, develop and retain inspirational and excellent members of the Company. • Maintain succession plans for key artistic and organisational leadership positions. • The continual engagement of an inspirational Principal Conductor. • The engagement of outstanding guest artists who can help achieve the company's artistic vision.
Develop a vibrant and sustainable artform for the future.	<ul style="list-style-type: none"> • Implement a commissioning program that supports Australian composers and creates new orchestral repertoire. • Support and develop the next generation of musicians. • Enhance and formalise the relationships with WAYO/UWA/WAAPA
Make classical music an accessible and relevant artform for all Western Australians.	<ul style="list-style-type: none"> • Develop education programs that position WASO in a leadership role in music education in WA. • Bring music to sectors of the community with no or limited access to WASO due to socio-economic, physical or other barriers. • Bring music to regional communities through touring and the use of new technologies.
Ensure the sustained financial viability of West Australian Symphony Orchestra.	<ul style="list-style-type: none"> • Increase Box Office income. • Increase income from the corporate sector. • Increase income from private giving. • Improve the quality of the company's financial management systems. • Maintain strong corporate governance.
Secure a home for the West Australian Symphony Orchestra.	<ul style="list-style-type: none"> • Work with key government stakeholders to develop a compelling design and business case for a new home for WASO.
Maintain a safe working environment for all staff.	<ul style="list-style-type: none"> • Conduct monthly safety audit. • Consistent appointment of Health & Safety representatives and First Aid Officers. • Monthly Health & Safety Committee meetings. • Quality Occupational Health & Safety reporting to the Board.

REVIEW AND RESULTS OF OPERATIONS

The profit for the Group for the year ended 31 December 2013 was \$52,885 (year ended 31 December 2012: \$288,423).

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 Group presented the West Australian Symphony Orchestra and the Education Chamber Orchestra (EChO) in 209 performances, workshops and artist development activities to over 186,000 people during the year ended 31 December 2013. Performances were presented at the Perth Concert Hall, the Perth Convention & Exhibition Centre, His Majesty's Theatre, the Supreme Court Gardens, Langley Park, Kings

Park, Manning Park, the Perth Zoo, Fremantle Arts Centre, Hale School, Crown Theatre, Astor Theatre Government House Ballroom and the Fremantle Town Hall. Concerts were also presented at several local schools and metropolitan centres and Princess Margaret Hospital. Performances and instrumental workshops with the WASO on the Road were also held at schools across the Pilbara region, Geraldton and Carnarvon.

STATE OF AFFAIRS

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

EVENTS SUBSEQUENT TO REPORTING DATE

Except as otherwise disclosed in the notes to the financial statements, 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 Group will continue to present performances of music during the next financial year. The Group's continuing success is dependent on increasing its current level of government funding, corporate sponsorship, philanthropy and ticket sales.

CAPITAL

The company is limited by guarantee and does not have any shares on issue.

DIRECTORS' MEETINGS

The number of directors' meetings held during the year ended 31 December 2013 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	6	6
J B Lepley	6	6
W F Bloking	6	6
K Kessell	6	6
M D Coughlan	6	6
J P Dowling	5	6
A L Nolan	4	6
R P Shannon	2	2

Accommodation Committee	A	B
J L Holmes à Court	4	4
J L Sher	3	4
J B Lepley	4	4

Development, Marketing & Sales Committee	A	B
J B Lepley	5	5
W F Bloking	5	5

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

Nomination & Remuneration Committee	A	B
J L Holmes à Court	4	4
J B Lepley	4	4
K Kessell	3	4

Finance, Audit and Risk Committee	A	B
W F Bloking	5	5
J L Sher	5	5
J P Dowling	2	5
A L Nolan	4	5

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

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 19.

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 Group has paid premiums in respect of directors' and officers' liability, legal expenses and insurance contracts for the period ended 31 December 2013. Since the end of the period, the Group has paid or agreed to pay premiums in respect of such insurance contracts for the year ending 31 December 2014. 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 32 and forms part of this report.

Signed in accordance with a resolution of the directors:



Janet Holmes à Court AC
Chairman

Perth, dated 28 April 2014

Consolidated Statement of Profit or Loss and other Comprehensive Income for the year
ended 31 December 2013

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	Notes	2013 \$	2012 \$
<i>Revenue</i>			
Funding revenue	4	9,125,112	9,011,518
Ticket sales	5	4,528,340	4,314,250
Sponsorship and donations revenue	6	3,674,713	3,240,108
Other revenue	7	477,587	362,385
Total revenue		17,805,752	16,928,261
 <i>Expenses</i>			
Employee expenses	9	11,230,671	10,791,197
Artist fees and expenses		1,716,870	1,594,717
Marketing expenses		858,841	898,276
Production expenses		1,954,139	1,581,881
Depreciation & amortisation	9	197,679	179,969
Operating lease rental expense	9	236,651	240,049
Symphony Services International service fees		360,999	364,606
Insurance		80,606	78,315
Other expenses		1,311,539	1,202,821
Total expenses		17,947,995	16,931,831
Results from operating activities		(142,243)	(3,570)
Net Finance Income	8	195,128	291,993
Profit for the year		52,885	288,423
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Net Change in Fair value of available for sale assets	17	117,000	39,000
Total comprehensive income for the year		169,885	327,423

Consolidated Statement of Financial Position as at 31 December 2013

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		2013	2012
	Notes	\$	\$
Assets			
<i>Current assets</i>			
Cash and cash equivalents	18a	2,521,098	2,718,666
Other financial assets	17	4,110,062	2,112,142
Trade and other receivables	10	1,060,885	1,151,437
Inventories		20,573	24,086
Prepayments		456,463	204,362
Total current assets		8,169,081	6,210,693
<i>Non-current assets</i>			
Property, plant and equipment	11	851,551	861,178
Intangible Assets	12	405,427	397,635
Other financial assets	17	627,181	511,864
Total non-current assets		1,884,159	1,770,677
Total assets		10,053,240	7,981,370
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	13	1,256,574	907,251
Prepaid revenue	14	3,384,131	2,058,555
Provisions	15	1,642,894	1,430,695
Total current liabilities		6,283,599	4,396,501
<i>Non-current liabilities</i>			
Provisions	15	27,970	13,083
Total non-current liabilities		27,970	13,083
Total liabilities		6,311,569	4,409,584
Net Assets		3,741,671	3,571,786
Equity			
Reserves	16	2,894,432	2,777,432
Retained Profits		847,239	794,354
Total Equity		3,741,671	3,571,786



The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity for the year ended 31 December 2013

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	Retained Profits	Incentive Funding Scheme Reserve	Endowment Fund Reserve	Asset Fair Value Reserve	Artistic Sustainability Reserve	Total Equity
	\$	\$	\$	\$	\$	\$
As at 1 January 2012	505,931	2,003,432	100,000	-	635,000	3,244,363
<i>Comprehensive income for the year</i>						
Net profit	288,423	-	-	-	-	288,423
Other Comprehensive Income	-	-	-	39,000	-	39,000
Total comprehensive income for the year	288,423	-	-	39,000	-	327,423
As at 31 December 2012	794,354	2,003,432	100,000	39,000	635,000	3,571,786
<i>Comprehensive income for the year</i>						
Net profit	52,885	-	-	-	-	52,885
Other Comprehensive Income	-	-	-	117,000	-	117,000
Total comprehensive income for the year	52,885	-	-	117,000	-	169,885
As at 31 December 2013	<u>847,239</u>	<u>2,003,432</u>	<u>100,000</u>	<u>156,000</u>	<u>635,000</u>	<u>3,741,671</u>

Consolidated Cash Flow Statement for the year ended 31 December 2013
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	Notes	2013 \$	2012 \$
<i>Cash flows from operating activities</i>			
Cash receipts from customers		5,290,779	4,157,972
Cash receipts from sponsors and other private sector		2,492,044	2,303,403
Cash receipts from donors		785,016	482,266
Cash payments to suppliers and employees		(16,928,093)	(16,639,205)
Grants received from government funding bodies		10,106,399	8,810,403
Net cash (used in) / provided by operating activities	18b	<u>1,746,145</u>	<u>(885,161)</u>
<i>Cash flows from investing activities</i>			
Interest received		236,974	366,562
Dividends received		10,000	9,715
Proceeds from disposal of property, plant & equipment		300	-
Payments for intangible assets		(71,285)	(981)
Investments in / (proceeds from) term deposits		(2,000,000)	2,978,895
Payments for property, plant and equipment		(126,962)	(101,687)
Net cash flows (used in) / provided by investing activities		<u>(1,950,973)</u>	<u>3,252,504</u>
<i>Cash flows from financing activities</i>			
Employee instrument loans granted		-	(2,000)
Proceeds from repayments on employee instrument loans		7,260	8,580
Net cash flows provided by investing activities		<u>7,260</u>	<u>6,580</u>
<i>Net (decrease) / increase in cash held</i>		(197,568)	2,373,923
Cash and cash equivalents at beginning of the period		<u>2,718,666</u>	<u>344,743</u>
Cash and cash equivalents at end of the period	18a	<u><u>2,521,098</u></u>	<u><u>2,718,666</u></u>

1. Corporate information

WASO Holdings Ltd (the Company) is a public company limited by guarantee, incorporated and domiciled in Australia. The consolidated financial statements comprise the Company and its subsidiary (together referred to as the "Group"). The address of the registered office is:

Ground Floor,
445 Hay Street
Perth, WA 6000

The nature of the operations and principal activities of the Group was the performance of symphonic music. The group is a not for profit organisation.

2. Basis of preparation

a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the Board of Directors on 28 April 2014.

b) Going Concern

The ability of the Group to maintain its operations is dependent inter alia 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 Western Australian Department of Culture and the Arts are set out in the Tripartite Funding Agreement which was renewed for the period 1 January 2012 to 31 December 2014. These funding arrangements have been extended to 31 December 2015. On the basis of the terms set out in the Tripartite Funding Agreement, the financial statements have been prepared under the going concern principle.

c) Basis of measurement

The consolidated financial report is prepared on a historical cost basis, except for available for sale financial assets measured at fair value, and presented in Australian dollars.

d) Use of estimates and judgements

The preparation of the consolidated 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 Group assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Group 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.

e) Changes in accounting policies

There have been no material changes in accounting policies during the year. Certain comparative amounts in the Consolidated Statement of Financial Position have been reclassified to conform with the current year's presentation.

Notes to the financial statements Continued

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3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of WASO Holdings Ltd and its subsidiary as at year end.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) Endowment fund reserves

Endowment fund reserves are donated with the express request that the principal be invested to deliver investment returns available to meet the intentions of the donor. Endowment general donations and bequest funds are donated or willed for the general purposes of the West Australian Symphony Orchestra. Funds donated are recorded in accordance with note 3(c) and are subsequently transferred within equity to the endowment fund reserve.

c) 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:

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 Group.

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 Culture and the Arts. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and WASO Holdings Ltd 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 Group 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.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

c) Revenue recognition (continued)

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.

d) Foreign currency translation

Both the functional and presentation currency of the Company and its subsidiary 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.

e) Income Tax and other taxes

The Company and its subsidiary are 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.

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.

f) 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.

g) 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.

h) Available-for-sale financial assets

The Group'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.

h) Available-for-sale financial assets (continued)*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 Group on terms that the Group 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.

i) 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.

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 Group 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.

j) 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 Group 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:

Asset class	Useful life
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

Notes to the financial statements Continued

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k) 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.

l) 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.

m) 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 fulfillment 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.

n) 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 Group prior to the end of the financial year that are unpaid and arise when the Group 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.

o) 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. All such superannuation plans are defined contribution plans. Employer contributions are expensed against income as they are made.

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 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 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.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

p) Investment in subsidiary

Investments in a subsidiary are initially accounted for at cost being the fair value at the date of acquisition. After initial recognition, investments are carried at cost less any provision for impairment.

q) Provisions

Provisions are recognised when the Group 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.

r) Other financial assets

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

s) New standards and interpretations not yet adopted

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements follows:

- AASB 10 Consolidated Financial Statements
- AASB 127 (2011) Separate Financial Statements
- AASB 2013-8 Amendments to Australian accounting standards – Australian implementation Guidance for Not-For-Profit entities – Control and Structured Entities
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities
- AASB 11 Joint Arrangements
- AASB 128 (2011) Investments in Associates and Joint Ventures
- AASB 12 Disclosures of Interests in Other Entities
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements Standards
- AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and other amendments
- AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (December 2103) – Part B (Materiality)
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2103-3 Amendments to AASB 136 – recoverable Amount Disclosures for Non-Financial Assets
- Interpretation 21 Levies
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards, and has not assessed the full impact of these amendments at the date of this report.

Notes to the financial statements Continued

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4 Funding revenue	2013	2012
	\$	\$
<i>Australia Council for the Arts</i>		
Base funding	6,685,494	6,528,803
Strategic Management Funding	25,000	-
<i>Department of Culture and the Arts</i>		
Base funding	2,067,170	2,016,752
Orchestral Review funding	99,848	99,848
PCH Infrastructure Plan funding	42,600	-
Cultural Events Package Funding	40,000	-
Additional hall hire funds	165,000	330,000
WASO Home Project Assistance	-	36,115
Total funding revenue	<u>9,125,112</u>	<u>9,011,518</u>

The Group has a three year Tripartite Funding Agreement securing base funding in place with the Australia Council for the Arts and the Western Australian Department of Culture and the Arts which commenced on 1 January 2012. The Group has received written confirmation that funding pursuant to this agreement will be extended until 31 December 2015.

Funding is initially provided to WASO Holdings Ltd and is subsequently provided to West Australian Symphony Orchestra Pty Ltd under a separate funding agreement between the parent company and its subsidiary.

5 Ticket sales	2013	2012
	\$	\$
Subscriptions	1,827,057	1,744,946
Single night	2,701,283	2,569,304
Total ticket sales	<u>4,528,340</u>	<u>4,314,250</u>

6 Sponsorship and donations revenue	2013	2012
	\$	\$
Sponsorship	2,881,919	2,747,342
Donations	785,016	492,766
Other private sector revenue	7,778	-
Total sponsorship and donations revenue	<u>3,674,713</u>	<u>3,240,108</u>

7 Other income	2013	2012
	\$	\$
Orchestral Hire Revenue	135,234	209,516
Other revenue	342,353	152,869
Total other income	<u>477,587</u>	<u>362,385</u>

Notes to the financial statements Continued

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8 Finance income and finance expenses	2013	2012
	\$	\$
Finance Income:		
Interest income	230,644	321,310
Dividend income	14,286	11,429
	<u>244,930</u>	<u>332,739</u>
Less Finance expenses		
Finance costs	49,802	40,746
	<u>195,128</u>	<u>291,993</u>
Net finance income	195,128	291,993

9 Expenses

The net profit from operating activities has been arrived at after charging the following items:

	2013	2012
	\$	\$
Depreciation:		
Leasehold Improvements	4,637	3,158
Musical Instruments	61,249	55,822
Music Library Scores	5,605	5,447
Computers	30,402	29,686
Plant & Equipment	32,293	24,799
	<u>134,186</u>	<u>118,912</u>
Amortisation of Intangible Assets	63,493	61,057
Total Depreciation and Amortisation	<u>197,679</u>	<u>179,969</u>
Operating lease rental expense	<u>236,651</u>	<u>200,996</u>
Employee expenses:		
Salaries and wages	9,773,395	9,280,871
Superannuation	1,171,104	1,165,438
Workers compensation	148,396	147,222
Other employee expenses	137,776	197,666
Total employee expenses	<u>11,230,671</u>	<u>10,791,197</u>

Notes to the financial statements Continued

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10 Trade and other receivables

a) Trade and other receivables	2013	2012
	\$	\$
<i>Current</i>		
Trade debtors	697,669	1,150,860
Provision for impairment loss	-	-
Carrying amount of trade receivables	<u>697,669</u>	<u>1,150,860</u>
Accrued revenue	<u>363,216</u>	<u>577</u>
<i>Total current receivables</i>	<u>1,060,885</u>	<u>1,151,437</u>
Total trade and other receivables	<u>1,060,885</u>	<u>1,151,437</u>
b) Past due but not impaired	2013	2012
	\$	\$
Trade debtors ageing		
0 to 14 days	795,428	1,136,631
15 to 60 days	231,693	10,980
61 to 90 days	590	3,249
Over 90 days	33,174	-
Total trade debtors	<u>1,060,885</u>	<u>1,150,860</u>

As of 31 December 2013, 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 Group 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

WASO Holdings Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

11 Property, plant and equipment

Reconciliation of carrying amounts at the end of the year

Year ended 2013	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Plant & Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2013, net of accumulated depreciation and impairment	9,898	536,343	143,125	49,693	122,119	-	861,178
Additions	-	102,583	5,466	12,333	6,580	-	126,962
Disposals	-	(2,403)	-	-	-	-	(2,403)
Depreciation expense	(4,637)	(61,249)	(5,605)	(30,402)	(32,293)	-	(134,186)
Balance at 31 December 2013 net of accumulated depreciation	5,261	575,274	142,986	31,624	96,406	-	851,551

At 2013

Cost	270,196	884,760	178,552	61,324	218,982	46,851	1,660,665
Accumulated depreciation	(264,935)	(309,486)	(35,566)	(29,700)	(122,576)	(46,851)	(809,114)
Closing balance	5,261	575,274	142,986	31,624	96,406	-	851,551

Year ended 2012

Year ended 2012	<i>Leasehold Improvements</i>	<i>Musical instruments</i>	<i>Music Library Scores</i>	<i>Computers</i>	<i>Plant & Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	\$	\$	\$	\$	\$	\$	\$
At 1 January 2012, net of accumulated depreciation and impairment	7,621	515,430	144,460	70,004	92,858	-	830,373
Additions	5,435	76,735	4,112	9,386	54,060	-	149,728
Disposals	-	-	-	(11)	-	-	(11)
Depreciation expense	(3,158)	(55,822)	(5,447)	(29,686)	(24,799)	-	(118,912)
Balance at 31 December 2012 net of accumulated depreciation	9,898	536,343	143,125	49,693	122,119	-	861,178

At 2012

Cost	270,196	788,177	173,086	48,991	212,402	46,851	1,539,703
Accumulated depreciation	(260,298)	(251,834)	(29,961)	702	(90,283)	(46,851)	(678,525)
Closing balance	9,898	536,343	143,125	49,693	122,119	-	861,178

Notes to the financial statements Continued

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12 Intangible Assets	2013	2012
	\$	\$
As at 1 January net of accumulated amortisation and impairment	397,635	457,710
Additions	71,285	982
Amortisation charge for the year	<u>(63,493)</u>	<u>(61,057)</u>
As at 31 December, net of accumulated amortisation and impairment	<u><u>405,427</u></u>	<u><u>397,635</u></u>
As at 31 December		
Cost	550,179	478,895
Accumulated amortisation	<u>(144,752)</u>	<u>(81,260)</u>
Net carrying amount	<u><u>405,427</u></u>	<u><u>397,635</u></u>

Intangible Assets comprises costs capitalised relating to the development of the Group's billing platform.

13 Trade and other payables	2013	2012
	\$	\$
Accruals	294,858	107,530
Trade creditors	961,716	799,721
Total trade and other payables	<u><u>1,256,574</u></u>	<u><u>907,251</u></u>

Trade and other payables will be settled within six months.

Fair Value

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

14 Prepaid revenue	2013	2012
	\$	\$
Prepaid ticket sales	2,203,225	1,902,983
Government grants unearned	1,071,211	69,651
Prepaid other	109,695	85,921
Total prepaid revenue	<u><u>3,384,131</u></u>	<u><u>2,058,555</u></u>

Government grants unearned are subject to the terms of an agreement between The Western Australian Department of Culture and the Arts, Australia Council and the Company. 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

WASO Holdings Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

15 Provisions	2013	2012
	\$	\$
<i>Employee benefits</i>		
Current provision for employee benefits	1,642,894	1,430,695
Non-current provision for employee benefits	27,970	13,083
Total Provisions	<u>1,670,864</u>	<u>1,443,778</u>

16 Equity	2013	2012
	\$	\$
Reserves		
Reserves Incentive Funding Scheme	2,003,432	2,003,432
Endowment Fund	100,000	100,000
Artistic Sustainability Reserve	635,000	635,000
Asset Fair Value Reserve	156,000	39,000
	<u>2,894,432</u>	<u>2,777,432</u>

Reserves Incentive Funding Scheme Reserve

These funds have been set aside in accordance with the Reserves Incentive Funding Scheme Agreement between the Group, Australia Council and the State of Western Australia. The funds received under the Reserves Incentive Funding Scheme Agreement, together with the Group'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 (2012 : \$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 Group.

The funds consist of cash deposits of \$2,003,432 (2012 : short term deposits of \$2,003,432) and accrued interest of \$Nil (2012 : \$Nil)

Endowment Fund Reserve

These funds represent restricted cash as endowment reserved funds are donated with the express request that the principal be invested to deliver investment returns available to meet the intentions of the donor.

Artistic Sustainability Reserve

This reserve was created for the purpose of assisting in the funding of new initiatives and furthering artistic endeavours and community engagement activities, which will develop an appreciation of orchestral music in Western Australia, where the annual budget is insufficient to cover these costs. The fund consists of shares donated by Forrest Family Investments Pty Ltd.

Asset Fair Value Reserve

This reserve relates to the revaluation of available for sale financial assets.

Notes to the financial statements Continued

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17 Other Financial Assets	2013	2012
	\$	\$
<i>Current Investments</i>		
Short term bank deposits	2,000,000	-
Restricted cash deposits	2,103,432	2,103,432
Employee loans (i)	6,630	8,710
Total current other financial assets	4,110,062	2,112,142
<i>Non Current Investments</i>		
Available for sale financial assets (ii)	582,000	465,000
Employee loans (i)	45,181	46,864
Total non current other financial assets	627,181	511,864

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

(ii) Fair value hierarchy - the available for sale financial assets comprise Fortescue Metals Group shares gifted to the company by Forrest Family Investments Pty Ltd and are valued on a level 1 basis, being quoted prices (unadjusted) in an active market for identical assets. A revaluation increment of \$117,000 (2012 : \$39,000) has been recorded in other comprehensive income as a consequence of an increase in the quoted price of the shares held by the Group.

18 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 short-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:

	2013	2012
	\$	\$
Cash	2,521,098	2,718,666

Notes to the financial statements Continued

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18 Cash flow statement reconciliation (continued)

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

Net profit	52,885	288,423
<i>Adjustments for:</i>		
Depreciation and amortisation	197,679	179,969
Loss / (Gain) on disposal of non-current assets	2,103	10
In Kind Assets	-	(48,041)
Interest charged on employee instrument loans	(3,496)	(4,424)
Interest received	(236,974)	(366,562)
Dividends received	(10,000)	(9,715)
Net cash provided by operating activities before change in assets and liabilities	2,197	39,660
<i>Changes in assets & liabilities</i>		
Decrease / (increase) in receivables	90,551	(454,048)
Decrease / (increase) in other assets	(248,588)	121,081
Increase / (decrease) in payables	349,323	(246,682)
Increase / (decrease) in prepaid revenue	1,325,576	(142,305)
Increase / (decrease) in provisions	227,086	(202,867)
Changes in assets & liabilities	1,743,948	(924,821)
Net cash provided by / (used in) operating activities	1,746,145	(885,161)

Notes to the financial statements Continued

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19 Directors and executive disclosures

a) Details of key management personnel

Directors:

J L Holmes à Court (Chairman)	Appointed 21 November 2006
J L Sher	Appointed 21 November 2006
J B Lepley	Appointed 21 November 2006
W F Bloking	Appointed 21 November 2006
K Kessell	Appointed 11 June 2007
M D Coughlan	Appointed 15 October 2009
J P Dowling	Appointed 23 July 2010
A L Nolan	Appointed 21 March 2012
R P Shannon	Appointed 24 October 2013

Executives:

C M Whitehead	Chief Executive Officer
K N Carnachan	Executive Manager Marketing
P A Freemantle	Executive Manager Business Services
A J Benzie	Executive Manager Private Giving
K J McGowan	Executive Manager Orchestral Management
M Woodhouse	Executive Manager Corporate Development (Resigned 20 July 2012)
E Wisdom	Human Resources Manager
E Kennea	Executive Manager Artistic Planning
C Lake	Community Engagement Manager

b) Compensation of Key Management Personnel

	2013	2012
	\$	\$
Short term	1,164,744	1,081,680
Other employment benefits	144,230	125,428
	<u>1,308,974</u>	<u>1,207,108</u>

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

20 Related parties

a) Directors

Transactions with Directors

Ms J L Holmes à Court has an interest as Chairman of the John Holland Advisory Board. John Holland Group contributed \$49,555 (2012 : \$48,112) as a cash sponsorship to the Group during the year. Additionally, Ms Holmes à Court contributed cash donations to the Group of \$50,000 (2012 : \$50,000) during the year.

Mr J B Lepley has an interest as Chairman of Sanur Pty Ltd. Sanur Pty Ltd contributed \$122,178 (2012 : \$40,000) cash sponsorship to the Group during the year. Additionally, Mr Lepley contributed cash donations to the Group of \$11,000 (2012 : \$8,600) during the year.

Notes to the financial statements Continued

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20 Directors and executive disclosures (continued)

Mr W F Bloking contributed a cash donation of \$6,500 (2012 : \$5,000)

Mr J L Sher contributed a cash donation of \$1,700 (2012 : \$1,500)

Mr K Kessell contributed a cash donation of \$5,000 (2012 : \$4,000)

Mr M D Coughlan contributed a cash donation of \$3,700 (2012 : \$2,500)

Mr J P Dowling contributed a cash donation of \$1,000 (2012 : \$Nil)

Ms A L Nolan contributed a cash donation of \$2,900 (2012 : \$Nil)

Transactions between the Group 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.

b) Subsidiary

The consolidated financial statements of WASO Holdings Ltd at 31 December 2013 include the parent Company's wholly owned subsidiary, West Australian Symphony Orchestra Pty Limited which is incorporated in Australia and has the same reporting date as that of the parent entity. The carrying value of the investment at 2013 and 2012 is \$1,388,204.

During the year WASO Holdings Ltd granted funding of \$8,877,512 (2012 : \$8,645,403) to its subsidiary.

21 Commitments and contingencies

	2013	2012
	\$	\$
<i>Operating lease (non-cancellable)</i>		
Not later than one year	203,265	92,193
Later than one year and not later than five years	-	-
	203,265	92,193

The Group 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.

Artist fees contracted for but not provided for and payable

Not later than one year	533,481	392,394
Later than one year and not later than five years	711,250	1,247,027
	1,244,731	1,639,421

The Group has entered into contracts for performances scheduled to take place during 2013 and subsequent years. These amounts include the maximum expenditure required to satisfy the contracts with the artists.

22 Financial risk management

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

Notes to the financial statements Continued

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22 Financial risk management (continued)

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

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

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

a) Interest rate risk exposures

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

	2013	2012
	\$	\$
<i>Fixed rate instruments</i>		
Financial assets	<u>6,051,811</u>	<u>55,574</u>
<i>Variable rate instruments</i>		
Financial assets	<u>620,430</u>	<u>4,818,898</u>

The weighted average interest rate at 31 December 2013 was 3.5% (2012 : 5.1%). The Group 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 1.0% 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 2013, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity relating to financial assets of the Group would have been affected as follows:

	2013	2012
	\$	\$
Judgements of reasonably possible movements:		
<i>Net profit - higher / (lower)</i>		
+1.00%	6,204	48,189
-1.00%	(6,204)	(48,189)

c) Equity price risk sensitivity

All of the Group's equity investments are listed on the Australian Stock Exchange. For such investments classified as available for sale, a 15 percent increase in the listed price at the reporting date would have increased equity by \$87,300 (2012 : \$69,750). An equal change in the opposite direction would have decreased equity by \$87,300 (2012 : equity \$39,000 and profit and loss \$30,750).

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.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

22 Financial risk management (continued)

e) Credit risk exposure

Receivable balances are monitored on an on going basis with the result that the Group's exposure to bad debts is not significant. The Group 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	
		2013	2012
		\$	\$
Other financial assets	17	4,737,243	2,624,006
Receivables	10	1,060,885	1,151,437
Cash and cash equivalents	18	2,521,098	2,718,666
		8,319,226	6,494,109

f) Capital management and liquidity risk

The Group does not have any share capital. The Group'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 2013, the Group has received commitments from these entities to be funded at current levels for the years ending 31 December 2014 and 2015.

g) Exchange rate risk

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

23 Parent entity disclosures	2013	2012
	\$	\$
<i>Result of parent entity</i>		
Profit for the year	-	-
<i>Financial position of parent entity at year end</i>		
Total assets	1,388,204	1,388,204
Total liabilities	10	10
Total equity of the parent entity comprising of:		
Retained earnings	1,388,194	1,388,194

As at, and throughout the financial year ending 31 December 2013, the parent entity of the Group was WASO Holdings Limited.

Notes to the financial statements Continued

WASO Holdings Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

24 Auditor's remuneration

	2013	2012
	\$	\$
<i>Audit services</i>		
Auditors of the Group		
KPMG Australia		
Audit of the financial reports	<u>34,288</u>	<u>32,880</u>
<i>Other services</i>		
Other assurance services	<u>-</u>	<u>14,634</u>

No other benefits were received by the auditor.

Directors' Declaration

WASO Limited Group Annual Financial Report 31 December 2013 ACN 122 779 739

In the opinion of the directors of WASO Holdings Limited:

- a) the consolidated financial statements and notes that are set out on pages 8 to 30 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with the Australian Accounting Standards and the Corporations Regulations 2001; and
- b) 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 28 April 2014



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of WASO Holdings Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

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

Matthew Beevers
Partner

Perth

30 April 2014



Independent auditor's report to the members of WASO Holdings Ltd

We have audited the accompanying financial report of WASO Holdings Ltd (the company), which comprises the consolidated statement of financial position as at 31 December 2013, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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



Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

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

30 April 2014