

# FINANCIAL REPORT

**FOR THE YEAR ENDED 31 DECEMBER 2008**

**AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED**

(A Company Limited By Shares)

ABN 45 001 335 182

## DIRECTORS' REPORT

The directors present their report on the company for the year ended 31 December 2008.

### DIRECTORS

The names and particulars of the directors in office at or since the end of the year are:

#### MR G BELGIORNO-NETTIS AM (CHAIRMAN)

Guido Belgiorno-Nettis is Joint Managing Director of Transfield Holdings, an investment and development company focussing on a broad range of infrastructure areas. It has investments in the ASX listed companies Transfield Services, Transfield Services Infrastructure Fund and Charter Hall; Campus Living Villages – a student accommodation business with activities in the USA, UK, New Zealand and Australia. Guido previously held a number of key positions in the Transfield group including responsibility for Transfield Engineering and Construction, Project Development Divisions and Group Communications prior to organising the successful float of Transfield Services and the sale of Transfield's Construction business. He was named a Member of the Order of Australia in 2007 for service to the construction industry and the arts. He was also named the Australian Graduate School of Management Distinguished Alumni in 2005. Other board memberships include: Directorship of Transfield Holdings and Associated Companies; Trustee of the Art Gallery of NSW; Member Australian School of Business Advisory Council; and Director, Middle Harbour Yacht Club.

#### MR K C ALLEN AM

Ken Allen is a Senior Advisor to UBS Australia and Lexington Partners, Chairman of Talent2 and Chairman Emeritus of Advance, the world's leading network of Australian professionals and entrepreneurs abroad. Between 2001 and March 2006, Ken was the Australian Consul General in New York. This appointment followed an international banking career that included roles with the World Bank, Merrill Lynch, Lehman Brothers and Macquarie Bank. Ken has served on the Boards of Australia Post, the NSW Treasury Corporation, the Film Finance Corporation of Australia, and the State Bank of NSW. Ken became a Member of the Order of Australia for service to the business and finance sectors, to international relations, and to the community through fundraising for charitable organisations. He holds an Honours Degree in Economics from the University of Adelaide.

#### MR W D BEST (APPOINTED 28 JULY 2008)

Currently on leave of absence from Macquarie Group, Bill Best has 28 years of investment banking and stockbroking experience, including more than 17 years in corporate finance, specialising in equity capital markets in Australia. Bill has had broad exposure to all facets of the equities business. Apart from his management role in building Macquarie's ECM team into a market leader, Bill has maintained a hands-on approach to transactions having led numerous capital raisings for a wide variety of companies and trusts over the years. Bill has also worked on transactions with a number of other leading corporations including QBE, Boral, AMP, Origin, Wesfarmers, Transfield Services and Westpac. Bill has LLB, B.Comm and M.Comm degrees.

#### MR G F BOREHAM

Glen Boreham is the Managing Director of IBM Australia and New Zealand having been appointed to this role in January 2006. He manages a business of nearly 15,000 employees and annual revenues of \$4 billion. Mr Boreham began his career in 1986 in Sydney, Australia. Since then, he has held senior positions in IBM across sales, general management, business development and operations and has substantial global experience having worked for two years in Japan and over six years in Europe. In 2008 Mr Boreham was appointed the inaugural Chair of Screen Australia. In addition, Mr Boreham is a member of the Business Council of Australia, Deputy Chairman of the Australian Information Industry Association and a Governor of the American Chamber of Commerce in Australia. In 2007, Mr Boreham was named by the Australian Financial Review in the top five most powerful leaders in information industries and in 2008 he participated in the Australian Government's 2020 Summit, working on the future of the Australian economy. He holds a Bachelor of Economics from the University of Sydney, and completed a Managing Director's programme from The Wharton School, University of Pennsylvania.

#### MR B M A HOPKINS

Brendan Hopkins is Chief Executive Officer of APN News & Media Ltd, listed in both Australia and New Zealand. It is a leader in publishing, radio and outdoor advertising and owner of The New Zealand Herald, New Zealand's largest newspaper. APN operates the largest online news website in New Zealand and has leading internet sites in Auckland and throughout Queensland. Mr Hopkins has a degree in Business Studies and a postgraduate qualification in Marketing. He is Chairman of The Newspaper Works (the Australian Newspaper Industry Body), a patron of the European Australian Business Council, Honorary Vice President of The British Vascular Foundation, a Freeman of The City of London and a Governor of The Australian Ireland Fund.

#### MR A G C JAMES

Angus James has worked in the finance industry for over 20 years. He previously held the position of Chief Executive Officer of ABN AMRO Australia & New Zealand and was also a past Director of the Business Council of Australia and the Australian Financial Markets Association. Angus holds a Bachelor of Economics from Macquarie University.

#### MR P P LATHAM

Philip Latham is a Director of Navis Capital Partners, Asia's largest Private Equity team, responsible for Australian investments. Prior to joining Navis, he was the founder and Chief Executive of RMB Capital Partners for 10 years and prior to that founder and CEO of Lend Lease Development Capital. He spent 4 years as a consultant with The Boston Consulting Group and started his career with 10 years as an engineer with British Railways. A member of the Australian Institute of Company Directors and a Board Member of AVCAL (Australian Private Equity and Venture Capital Association), Philip is also the Chairman and Co-Founder of "Yalari", a non-profit business funding indigenous boarding school scholarships. MBA(Lon), Bsc(Hons), CEng MIMechE.

#### DR C ROTHAUER

Christine migrated to Australia from Paris in 1971. She was made a Life Member of the Richard Wagner Society of SA in 1997 and sits as a member of the International commission in Germany. Christine was a member of the State Opera Ring Corporation and Chair of the Ancillary Events Committee. She is serving her third mandat as Board member of SOSA, elected by the Friends of the Opera. Now freelancing as a music researcher, Christine was working with the SOSA Young Artists programme from 2002 until 2007. She is also a board member of The Melba foundation, serves in several other arts committees, is vice-president of the Alliance Française and editor of 'La Gazette d'Adelaide'. She is the Honorary French Consul in South Australia and Ambassador to the arts in SA. Christine has been made a Knight of the French National Order of Merit for her services to the Arts and French language and has received the Golden Wagner Medal from Wolfgang Wagner for her work with the International Wagner Committee. She has a Masters degree in French Classical literature and a PhD in Musicology from the Sorbonne and a Master degree in Visual Arts from Ecole du Louvre.

#### MR A F SHEPHERD

Tony was appointed a director and Deputy Chairman of Transfield Services Ltd in March 2001, becoming Chairman in 2005. He spent 15 years in the Federal Public Service before joining Transfield, spending several years as Director (Business Development) of Transfield Pty Ltd. After a period with AMEC Consolidated and the Infrastructure Development Corporation he rejoined Transfield in 1992 where he held the position of Chief Executive Officer Project Development until 2000. Tony has been responsible for the development of many landmark

projects, including the Sydney Harbour Tunnel, Melbourne CityLink and the redevelopment of Walsh Bay. He chaired the consortium which won the Lane Cove Tunnel Project and was an inaugural director of Transurban Limited. Tony is Chairman of the ConnectEast Group, a nonexecutive director of Transfield Services Infrastructure Fund, and a Trustee of the Sydney Cricket and Sports Ground Trust. He holds a Bachelor of Commerce degree from University of Melbourne.

#### MR F E WILLIAMS AM

Evan Williams AM has been a senior NSW public servant since 1977, having served six Premiers. He was head of the NSW Ministry for the Arts from 1988 to 2001. A Walkley Award-winning journalist, he headed the Sydney Morning Herald's London and European bureau and was the paper's literary editor and a senior writer. He was editor of the Sunday Australian and associate editor of The Australian and has been a film critic for The Australian since 1981. He served the Hon E. G. Whitlam as a speech writer from 1973 to 1977. In 2006 Evan was made a Member of the Order of Australia for services to public administration and received the award of Cavaliere Ufficiale from the Italian Government for services to Italian-Australian cultural relations.

#### MR P W YATES

Peter Yates is Chairman of Peony Capital a leading carbon trading Fund based in China. He is a Director of Allco Equity Partners Limited (formerly Managing Director). Peter was Chief Executive Officer of Publishing and Broadcasting Limited from 2001 to 2004. Prior to joining PBL, he worked in the Investment Banking industry including 15 years with Macquarie Bank. Peter has also worked for Morgan Stanley in Australia and Booz Allen Hamilton in Tokyo. Other Board memberships include: Chairman of the Graduate School of Management and Faculty of Economics and Commerce (University of Melbourne), Chairman of Australian Science Media Centre; Chairman of Royal Institution of Australia; Deputy Chairman, Asialink; Director, National Portrait Gallery; Director, Royal Children's Hospital Foundation (Victoria). He is also a member of the Stanford University Sloan Alumni Advisory Board. Peter holds a Bachelor of Commerce from Melbourne University and a Master of Science (Management) from Stanford University.

In addition, Mr S Crane (Deputy Chairman) and Mr J G Taberner were directors from the beginning of the financial year until their resignations on 29 July and 28 October respectively.

## MEETINGS OF DIRECTORS

The table (opposite page) sets out the numbers of meetings of the Company's board and of the Finance, Audit and Risk Management (FARM) committee held during the year ended 31 December 2008 and the number of meetings attended by each director.

## PRINCIPAL ACTIVITIES

The principal continuing activities of the Company consisted of the presentation of musical performances to Australian and international audiences.

There were no significant changes in the nature of the activities of the Company during the year.

## OPERATING RESULT

The net surplus for the year amounted to \$1,370,960 (2007 surplus \$1,674,113) including Capital Campaign contributions of \$93,650 (2007 \$551,867) and Strategic Initiative funding of \$228,000 (2007 \$94,000).

## DIVIDENDS

The Company's constitution prohibits the declaration or payment of dividends.

## REVIEW OF OPERATIONS

In 2008 the Australian Chamber Orchestra undertook seven national tours, performing 73 concerts in eight cities, as well as educational and development events, sponsored performances and recordings.

In April the Orchestra toured in Europe with guest artists Sol Gabetta, Ivry Gitlis, Mark Padmore and Katy Bircher, performing ten concerts in seven countries. In October the Orchestra toured Japan with guest artist Emmanuel Pahud performing seven concerts.

During the year the Company's second ensemble, **ACO<sub>2</sub>**, including musicians from the Emerging Artist Program, recorded music for *Classical Destinations II*, performed six concerts on a regional tour of the East coast and a concert at Verbrugghen Hall, Sydney Conservatorium of Music. The EA program had the continued support of a special purpose grant from the Australian Council.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Australian Chamber Orchestra's continued growth in 2008 is expected to be sustained in 2009 even in light of the economic downturn because of its passionate and committed supporters and the loyalty of its subscriber base.

## STATE ON AFFAIRS

There was no significant change in the state of affairs of the Company during the financial year.

## EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years.

## DIRECTORS' BENEFITS

Since the end of the previous financial year no director of the Company has received or become entitled to receive any benefit because of a contract made by the Company with the director or with a firm of which the director is a member, or with an entity in which the director has a substantial interest.

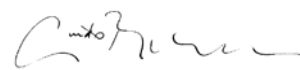
## ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any particular and significant environmental regulation under a law of the Commonwealth or State.

## AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 306(2) of the Corporations Acts 2001 is included on the following page.

Signed in accordance with a resolution of the directors.



Guido Belgiorno-Nettis AM  
Director

6 April 2009

Meetings of Directors				
	Board Meetings		FARM Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Mr G Belgiorno-Nettis AM (Chairman)	8	8	1	1
Mr S Crane (Deputy Chairman) (retired 29 July 2008)	4	3	4	4
Mr K C Allen AM	8	7	-	-
Mr W D Best (appointed 28 July 2008)	4	4	2	2
Mr G F Boreham	8	5	-	-
Mr B M A Hopkins	8	5	-	-
Mr A G C James	8	7	1	1
Mr P P Latham	8	7	-	-
Dr C Rothauser	7	4	-	-
Mr A F Shepherd	8	5	-	-
Mr J G Taberner (retired 28 October 2008)	6	6	-	-
Mr F E Williams AM	8	5	-	-
Mr P W Yates	8	8	1	1

## AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF AUSTRALIAN CHAMBER ORCHESTRA PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2008 there have been:

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



STEVEN J MILLER & CO  
Chartered Accountant



S J MILLER  
Principal  
Sydney  
6 April 2009

<b>INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008</b>			
	<b>Note</b>	<b>2008 \$</b>	<b>2007 \$</b>
<b>Revenue</b>	<b>3</b>		
Performance revenue	<b>3(a)</b>	<b>5,481,823</b>	4,950,504
Sponsorship and donation revenue	<b>3(b)</b>	<b>3,886,514</b>	3,714,823
Government funding revenue	<b>3(c)</b>	<b>2,033,370</b>	1,316,364
Capital campaign contributions		<b>93,650</b>	551,867
Other revenue	<b>3(d)</b>	<b>618,340</b>	496,698
<b>Total Revenue</b>		<b>12,113,697</b>	11,030,256
<b>EXPENSES</b>	<b>4</b>		
Performance expenses		<b>5,325,155</b>	4,644,350
Marketing expenses		<b>1,027,489</b>	1,034,492
Development expenses		<b>528,906</b>	456,813
Overhead expenses		<b>3,861,187</b>	3,220,488
<b>Total Expenses</b>		<b>10,742,737</b>	9,356,143
<b>Surplus for the year</b>		<b>1,370,960</b>	1,674,113

The above statement should be read in conjunction with the accompanying notes.

<b>BALANCE SHEET AS AT 31 DECEMBER 2008</b>			
	<b>Note</b>	<b>2008 \$</b>	<b>2007 \$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash, cash equivalents and financial assets	5	<b>9,816,219</b>	8,557,792
Trade and other receivables	6	<b>445,778</b>	574,318
Inventories	7	<b>5,192</b>	5,504
Prepayments		<b>526,757</b>	478,601
<b>Total Current Assets</b>		<b>10,793,946</b>	9,616,215
<b>Non-current Assets</b>			
Property, plant & equipment	8	<b>852,803</b>	843,006
Inventories	7	<b>9,312</b>	7,724
Intangible assets	9	<b>221,438</b>	241,697
<b>Total Non-current Assets</b>		<b>1,083,553</b>	1,092,427
<b>Total Assets</b>		<b>11,877,499</b>	10,708,642
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	<b>477,731</b>	758,941
Employee benefits	11	<b>520,000</b>	453,389
Government grants	12	<b>39,885</b>	39,885
Unearned revenue	13	<b>3,764,270</b>	3,752,963
<b>Total Current Liabilities</b>		<b>4,801,886</b>	5,005,178
<b>Non-current Liabilities</b>			
Employee benefits	11	<b>27,000</b>	25,811
<b>Total Non-current Liabilities</b>		<b>27,000</b>	25,811
<b>Total Liabilities</b>		<b>4,828,886</b>	5,030,989
<b>NET ASSETS</b>		<b>7,048,613</b>	5,677,653
<b>EQUITY</b>			
Share capital	15	<b>12</b>	12
Other reserves	16	<b>4,581,579</b>	2,613,511
Accumulated surpluses	16	<b>2,467,022</b>	3,064,130
<b>Total Equity</b>		<b>7,048,613</b>	5,677,653
Commitments for expenditure	17		

The above statement should be read in conjunction with the accompanying notes.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	Share Capital \$	Reserves \$	Acc. Surpluses \$	Total Equity
Balance at 1 January 2007		11	2,164,267	1,841,359	4,005,637
Loss on revaluation		-	(2,098)	-	(2,098)
Shares issued		1	-	-	1
Surplus for the year		-	-	1,674,113	1,674,113
Transfers to/(from) reserves		-	451,342	(451,342)	-
<b>Balance at 1 January 2008</b>		<b>12</b>	<b>2,613,511</b>	<b>3,064,130</b>	<b>5,677,653</b>
<b>Changes in equity</b>					
Surplus for the year		-	-	1,370,960	1,370,960
		-	-	1,370,960	1,370,960
Transfers to/(from) reserves	<b>16</b>	-	1,968,068	(1,968,068)	-
<b>Balance at 31 December 2008</b>		<b>12</b>	<b>4,581,579</b>	<b>2,467,022</b>	<b>7,048,613</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008**

	Note	2008 \$	2007 \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		5,759,053	4,955,302
Receipts from sponsors and donors		4,021,750	3,910,044
Capital Campaign contributions		93,650	551,867
Interest received		523,118	450,347
Receipts of government grants		2,236,707	1,448,000
GST received from ATO		40,857	55,483
<b>Payments</b>			
Employees		(4,500,065)	(4,084,246)
Suppliers		(6,668,238)	(5,304,771)
<b>Net cash provided by operating activities</b>	<b>18</b>	<b>1,506,832</b>	<b>1,982,026</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Payments for property, plant and equipment		(248,405)	(785,913)
<b>Net cash used in investing activities</b>		<b>(248,405)</b>	<b>(785,913)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Issue of share capital		-	1
<b>Net cash provided by financing activities</b>		<b>-</b>	<b>1</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,258,427</b>	<b>1,196,114</b>
Cash and cash equivalents at the beginning of the year		8,557,792	7,361,678
<b>Cash and cash equivalents at the end of the year</b>	<b>5</b>	<b>9,816,219</b>	<b>8,557,792</b>

The above statement should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

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## NOTE 1: INTRODUCTION

This financial report covers the Australian Chamber Orchestra Pty Limited as an individual entity for the year ended 31 December 2008.

The Australian Chamber Orchestra Pty Limited is a company limited by shares, incorporated and domiciled in Australia.

### PRINCIPAL ACTIVITIES

The principal continuing activities of the company consisted of the presentation of musical performances to Australian and international audiences.

There were no significant changes in the nature of the activities of the company during the year.

### CURRENCY

The financial report is presented in Australian dollars.

### REGISTERED OFFICE

The registered office and principal place of business is:

Shop 27, "Opera Quays", 2 East Circular Quay, Sydney NSW 2000

### AUTHORISATION OF FINANCIAL REPORT

The financial report was authorised for issue on 6 April 2009 by the board of directors.

## NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

### STATEMENT OF COMPLIANCE

Australian Accounting Standards include the Australian equivalents to International Financial Reporting Standard ('AIFRS'). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards ('IFRS').

Certain new accounting standards and interpretations that are not yet operative have not been early adopted for the reporting period. It is considered that the implementation of these standards will have no material impact on the company's financial results.

### 2.1 SIGNIFICANT JUDGEMENTS AND KEY ASSUMPTIONS

There were no significant judgements or assumptions made that would have a material effect on the carrying amounts of assets or liabilities.

### 2.2 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and financial liabilities are recognised on the balance sheet when the company becomes party to the contractual provisions of the financial instrument.

A financial instrument is de-recognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the company.

A financial liability is removed from the balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

Regular way purchases of held-to-maturity investments are accounted for at trade date.

### 2.3 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of goods and services tax (GST).

The following specific recognition criteria must also be met before revenue can be recognised: -

#### (A) PERFORMANCE REVENUE

Revenue from ticket sales is recognised in the Income Statement at the time of concert performance. Revenue in respect of productions not yet performed is included in the Balance Sheet as unearned revenue under Current Liabilities.

#### (B) SPONSORSHIP AND DONATIONS REVENUE

Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed. A contribution of a non-financial asset is recognised as an asset when the company gains control of the contribution. Accordingly, the fair value of the asset is recognised as revenue at the same date.

Donations are brought to account as received.

#### (C) FUNDING REVENUE

Funding revenue is received under a funding agreement between the Company, the Australia Council for the Arts (as represented by the Major Performing Arts Board) and Arts NSW. Funding is received based on payment schedules contained in the funding agreement and is recognised in the calendar year for which it is intended under the terms of the agreement.

#### (D) INTEREST REVENUE

Interest revenue is recognised using the effective interest method.

### 2.4 INCOME TAX

As the company is of a kind referred to in Subdivision 50-5 Item 1.1 of the Income Tax Assessment Act 1997, its income is exempt from income tax.

### 2.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with banks and investments in money market instruments 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.

### 2.6 RECEIVABLES

Trade receivables are carried at amounts due at balance date. The collectability of debts is reviewed on an ongoing basis and at balance date a specific allowance is made for any doubtful accounts.

### 2.7 INVENTORIES

Finished goods are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs.

### 2.8 MUSICAL PERFORMANCES

The costs associated with musical performances that are incurred in the current financial year in respect of productions not yet performed are included in the Balance Sheet as prepayments under Current Assets.

### 2.9 PROPERTY, PLANT AND EQUIPMENT

Leasehold improvements and 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.

Musical instruments are stated at fair values determined by periodic independent valuations. For new acquisitions of instruments the fair value equates to the cost price.

When the carrying amount of a class of assets is increased as a result of a revaluation, the increase is, except to the extent that it reverses a revaluation decrease of the same class of asset previously recognised in surplus or deficit, credited directly to revaluation reserve.

When the carrying amount of a class of assets is decreased as a result of a revaluation, the decrease is, except to the extent of any credit balance existing in a revaluation reserve in respect of the same class of asset, recognised in surplus or deficit.

#### *Depreciation and Amortisation*

Depreciation is calculated on a straight line basis to write off the net cost or relevant amount of each item of plant and equipment over its expected useful life to the company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

### 2.9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The cost of improvements to or on leasehold properties is amortised over the expired period of the lease or the estimated useful life of the improvement, whichever is the shorter. The useful life applicable in the current year was 10 years.

Refer to note 8 for particulars of the revaluation to fair value, movements during the period and depreciation and amortisation methods and rates used.

### 2.10 INTANGIBLE ASSETS

Software and website developments are stated at historical cost less accumulated amortisation and any impairment losses.

Historical cost includes expenditure incurred in building or enhancing the company's web site, to the extent that it represents probable future economic benefits controlled by the company that can be reliably measured. Costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are charged as expenses in the period in which they are incurred.

The cost of website developments is amortised on a straight line basis over the estimated useful life of the asset.

Refer to note 9 for movements during the period and amortisation methods and rates used.

### 2.11 LEASED ASSETS

Leases of assets are classified as operating leases as the lessors retain substantially all of the risks and benefits of ownership. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

### 2.12 EMPLOYEE BENEFITS

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

Long service leave liability represents the present value of the estimated future cash outflows to be made by the employer resulting from employees' services provided up to balance 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 balance date which most closely match the terms of maturity of the related liabilities.

### 2.13 SUPERANNUATION PLANS

The company contributes to several defined-contribution superannuation plans. Contributions are recognised as an expense in the period in which employee services are rendered.

**NOTE 3: REVENUE**

	2008 \$	2007 \$
<b>Note 3(a) - Performance revenue</b>		
Subscriptions	3,504,163	3,404,818
Single ticket sales	1,454,900	1,021,315
Concert fees - Domestic	98,885	114,828
Concert fees - International	350,256	366,071
Other performance revenue	73,619	43,472
	5,481,823	4,950,504
<b>Note 3(b) - Sponsorship and donation revenue</b>		
Sponsorships	1,709,055	1,813,011
Donations received	1,648,395	1,221,958
Fundraising revenues	529,064	679,854
	3,886,514	3,714,823
<b>Note 3(c) - Government funding revenue</b>		
Australia Council – Major Performing Arts Fund	1,606,833	1,100,066
Australia Council – Strategic Initiatives Funding	228,000	94,000
Local Government Grants	20,000	-
Arts NSW	178,537	122,298
	2,033,370	1,316,364
<b>Note 3(d) - Other revenue</b>		
Interest received	523,121	463,833
Sundry revenue	95,219	32,865
	618,340	496,698

**NOTE 4: EXPENSES - SURPLUS FOR THE PERIOD INCLUDES THE FOLLOWING SPECIFIC ITEMS:**

	2008 \$	2007 \$
<b>Note 4(a) - Inventories</b>		
Amount of inventories recognised as an expense	12,199	14,408
Write-down of inventories to net realisable value	(1,149)	3,973
	11,050	18,381
<b>Note 4(b) - Employee benefits expense</b>		
Wages and Salaries	4,101,734	3,603,763
Superannuation contributions	320,070	280,691
Other employee benefits	182,588	202,601
	4,604,392	4,087,055
<b>Note 4(c) - Depreciation and amortisation</b>		
Depreciation expense	111,692	89,362
Amortisation expense	123,525	98,639
	235,217	188,001

**NOTE 4: EXPENSES (CONTINUED)**

	2008 \$	2007 \$
<b>Note 4(d) - Other expenses</b>		
Deficit on disposal of plant and equipment	886	-
Impairment recognised in surplus	-	-
Software	192	-
	192	-
Deficit on disposal of investments	68,393	-
Revaluation decrement on investments held for sale	155,309	-

**NOTE 5: CASH, CASH EQUIVALENTS AND FINANCIAL ASSETS**

	2008 \$	2007 \$
Cash at bank and on hand	1,264,465	2,315,485
Short term bank deposits	8,116,312	4,985,371
Financial assets	435,442	1,256,936
	9,816,219	8,557,792

Financial assets comprise available for sale and reinvestment shares in listed companies and managed funds and are held at market value.

**RECONCILIATION OF OPENING AND CLOSING BALANCES OF INVESTMENTS**

	2008 \$	2007 \$
Opening balance	1,256,936	787,102
Additions	76,242	520,000
Disposals	(742,427)	-
Revaluation decrements	(155,309)	(50,166)
Closing balance	435,442	1,256,936

**NOTE 6: TRADE AND OTHER RECEIVABLES**

	2008 \$	2007 \$
Trade accounts receivable	358,993	376,268
Allowance for doubtful accounts	(107,339)	-
	251,654	376,268
Interest receivable	44,957	44,954
GST recoverable	76,747	85,555
Other receivables	135,182	67,541
Allowance for doubtful accounts	(62,762)	-
	72,420	67,541
	445,778	574,318

**NOTE 7: INVENTORIES**

	2008 \$	2007 \$
CDs, DVDs and books on hand	-	-
- at cost	10,074	8,900
- at net realisable value	4,430	4,328
	14,504	13,228
Current	5,192	5,504
Non-current	9,312	7,724
	14,504	13,228

**NOTE 8: PROPERTY, PLANT & EQUIPMENT**

	2008 \$	2007 \$
<b>At cost:</b>		
Leasehold improvements		
Leasehold improvements - at cost	197,565	190,840
Accumulated amortisation	(92,256)	(71,648)
	105,309	119,192
<b>Plant and equipment</b>		
Plant and equipment - at cost	588,652	580,846
Accumulated depreciation	(364,746)	(324,149)
	223,906	256,697
<b>At fair value:</b>		
Musical instruments		
Musical instruments - at fair value	634,839	568,172
Accumulated depreciation	(111,251)	(101,055)
	523,588	467,117
<b>Total property, plant and equipment</b>	<b>852,803</b>	<b>843,006</b>

**Table A - Reconciliation of the opening and closing balances of property, plant and equipment**

	Leasehold Improvements \$ (at cost)	Plant & Equipment \$ (at cost)	Musical Instruments \$ (at fair value)	Total \$
Carrying amount at 1 January 2008	119,192	256,697	467,117	843,006
Additions	6,725	68,851	66,667	142,243
Disposals	-	(61,675)	-	(61,675)
Depreciation / amortisation	(20,608)	(100,756)	(10,196)	(131,560)
Depreciation written back on disposal	-	60,789	-	60,789
Carrying amount at 31 December 2008	105,309	223,906	523,588	852,803

**DEPRECIATION**

The straight line method of amortisation is used to amortise leasehold improvements over 10 years. The straight line method of depreciation is used to depreciate plant and equipment over 3-7 years and musical instruments over 50 years.

**REVALUATIONS**

Musical instruments held at the time were revalued to fair value on 31 December 2005 by Theme and Variations Piano Services.

The following net carrying amount would have been recognised had the assets been carried at cost less accumulated depreciation:

	2008 \$	2007 \$
Musical Instruments	445,865	389,394

**NOTE 9: INTANGIBLE ASSETS**

	2008 \$	2007 \$
<b>Software</b>		
Software - at cost	308,633	262,703
Accumulated amortisation	(189,893)	(133,448)
	118,740	129,255
<b>Website</b>		
Website - at cost	299,874	233,324
Accumulated amortisation	(197,176)	(120,882)
	102,698	112,442
<b>Total intangible assets</b>	<b>221,438</b>	<b>241,697</b>

**TABLE B - Reconciliation of the opening and closing balances of intangible assets**

	Software \$	Website \$	Total \$
Carrying amount at 1 January 2008	129,255	112,442	241,697
Additions	45,930	37,550	83,480
Impairment losses	(192)	-	(192)
Amortisation expense	(56,253)	(47,294)	(103,547)
Carrying amount at 31 December 2008	118,740	102,698	221,438

The straight line method of amortisation is used to amortise Software over 3 - 5 years and Website over 3 years. Amortisation is included in the Other expenses line in the income statement.

**NOTE 10: TRADE AND OTHER PAYABLES**

	2008 \$	2007 \$
Trade creditors	213,239	292,329
Accrued expenses	106,867	155,098
Other payables	157,625	311,514
	477,731	758,941

**NOTE 11: EMPLOYEE BENEFITS**

	2008 \$
<b>Reconciliation of opening and closing balances of employee provisions</b>	
Opening balance	478,012
Additional provisions	68,988
Closing balance	547,000

**NOTE 12: GOVERNMENT GRANTS**

	2008 \$	2007 \$
<b>Grant repayable</b>		
AusIndustry - Playing Australia	39,885	39,885
	39,885	39,885

**NOTE 13: UNEARNED REVENUE**

	2008 \$	2007 \$
Subscription series revenue in advance	3,309,640	3,411,957
Ticket income in advance	157,739	11,688
Sponsorships in advance	288,633	326,749
Other unearned revenue	8,258	2,569
	<b>3,764,270</b>	<b>3,752,963</b>

**NOTE 14: FINANCIAL INSTRUMENTS; INTEREST AND CREDIT RISK EXPOSURE****Note 14(a) - Exposure to interest rate risk on financial assets and liabilities**

Financial Instrument	Note	Floating Interest Rate \$	Fixed Interest Rate \$	Non-Interest Bearing \$	Total \$
<b>Financial Assets</b>					
Cash and cash equivalents	5	3,399,913	5,980,000	436,306	9,816,219
Trade and other receivables	6	-	-	445,778	445,778
<b>Total financial assets</b>		<b>3,399,913</b>	<b>5,980,000</b>	<b>882,084</b>	<b>10,261,997</b>
<b>Range of effective interest rates</b>		2.25%-5.2%	5.25%-5.75%		
<b>Financial Liabilities</b>					
Trade and other payables	10	-	-	477,731	477,731
Other current liabilities	13	-	-	157,739	157,739
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>635,470</b>	<b>635,470</b>
<b>2007</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	5	7,300,081	-	1,257,711	8,557,792
Trade and other receivables	6	-	-	574,318	574,318
<b>Total financial assets</b>		<b>7,300,081</b>	<b>-</b>	<b>1,832,029</b>	<b>9,132,110</b>
<b>Range of effective interest rates</b>		4.5%-6.5%			
<b>Financial Liabilities</b>					
Trade and other payables	10	-	-	703,105	703,105
Other current liabilities	13	-	-	11,688	11,688
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>714,793</b>	<b>714,793</b>

**NOTE 14(B) - NET FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES**

The net fair values for all financial instruments are approximated by their carrying amounts.

**NOTE 14(C) - CREDIT RISK EXPOSURES**

The maximum exposure to credit risk at balance date for each class of financial assets is represented by the carrying amount of those assets. The company had no significant concentrations of credit risk with any single counterparty or group of counterparties.

**NOTE 15: SHARE CAPITAL**

	2008 Number of Shares	2007 Number of Shares
<b>Authorised:</b>		
Ordinary shares of \$1 each	100	100

Shares in the company may not be transferred or otherwise dealt with except as set out in the company's constitution.

Ordinary shareholders are not entitled to receive any dividends, bonuses or fees, nor are they entitled to a share of the proceeds upon a winding up of the company.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote only.

<b>Issued:</b>		
Ordinary shares of \$1 each fully paid	12	12
<b>Reconciliation of movement during 2008</b>		
<b>Ordinary shares:</b>		
Opening balance	12	11
Shares issued	-	1
Closing balance	12	12

**NOTE 16: RESERVES AND ACCUMULATED SURPLUSES**

	2008 \$	2007 \$
<b>Reserves</b>		
Asset revaluation:		
Musical instruments	77,723	77,723
Special purpose	2,500,000	438,599
Reserve Incentive Funding Scheme	606,000	606,000
Capital Challenge	1,397,856	1,491,189
	<b>4,581,579</b>	<b>2,613,511</b>

**RESERVE INCENTIVE FUNDING SCHEME RESERVE**

The funds received under the Reserve Incentive Funding Scheme, together with the company's contribution are held in escrow and are subject to the terms and conditions of the Reserves Incentive Funding Scheme agreement. They have not been used to secure any liabilities of the company. Any net income earned from the reserves is available for use by the company without further restriction.

**ACO CAPITAL RESERVE**

During the year the company transferred \$93,333 from the Capital Challenge Reserve to meet the costs of the 'ACO Capital Challenge'.

**NOTE 16: RESERVES AND ACCUMULATED SURPLUSES (CONTINUED)****SPECIAL PURPOSE RESERVES**

During the year, the following amounts were transferred to the reserves created in 2005:-

- \$11,401 net to the reserve to support the company's young artist development program
- \$100,000 to support the major international tour planned for 2010
- \$1,950,000 to fund the company's proposed relocation to new premises.

	2008 \$	2007 \$
<b>Accumulated surpluses</b>	<b>2,467,022</b>	3,064,130
<b>Reconciliation of movement during 2008</b>		
Opening balance	3,064,130	1,841,359
Surplus for the period	1,370,960	1,674,113
Transferred to reserves	(1,968,068)	(451,342)
Closing balance	2,467,022	3,064,130

**NOTE 17: COMMITMENTS FOR EXPENDITURE**

<b>Operating leases</b>		
Total future minimum lease payments under non-cancellable operating leases payable:		
Within one year	70,420	85,671
Later than one and not later than five years	36,421	106,953
	106,841	192,624

Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise: monthly rental agreements for office equipment expiring between July 2009 and December 2011; office premises lease expiring November 2009 subject to annual CPI reviews.

There are no contingent rents payable, no renewal or purchase options and, with the exception of the Office premises, no escalation clauses.

**NOTE 18: CASH FLOW RECONCILIATION**

	2008 \$	2007 \$
Surplus for the year	1,370,960	1,674,113
<b>Non-Cash Items</b>		
Depreciation and amortisation	235,217	188,001
Impairment of plant and equipment	1,078	-
<b>Changes in Assets and Liabilities</b>		
(Increase) in trade and other receivables	(41,561)	(165,213)
(Increase) / decrease in inventories	(1,276)	9,988
(Increase) / decrease in prepayments	(48,156)	26,860
Increase / (decrease) in trade and other payables	(281,210)	(18,661)
Increase in employee provisions	67,800	88,189
Increase in unearned revenue	11,307	107,300
GST refunds received (for capital projects)	22,572	71,449
Net Cash provided by operating activities	1,506,832	1,982,026

**NOTE 19: CREDIT STANDBY ARRANGEMENTS**

The company has an unsecured bank overdraft facility in the amount of \$150,000.

Total amount of credit unused at 31 December	150,000	150,000
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**NOTE 20: REMUNERATION OF AUDITORS**

Fees paid to Steven J Miller & Co for :		
Audit and review of the financial reports	18,000	15,000
Non-audit services	-	1,170

**NOTE 21: CHARITABLE FUNDRAISING**

The company holds an authority to fundraise under the Charitable Fundraising Act, 1991 (NSW) and conducts fundraising appeals throughout the year. Additional information and declarations required to be furnished under the Act are as follows:-

All funds raised from fundraising activities, net of direct costs, were applied to the company's normal operations. The company did not conduct any appeals in which traders were engaged.

## DIRECTORS' DECLARATION

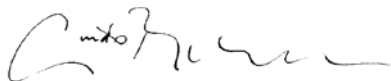
The Directors declare that the financial statements and notes set out on pages 13 to 31:

- (a) comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the company's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 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.

This declaration is made in accordance with a resolution of the directors.



### **GUIDO BELGIORNO-NETTIS AM**

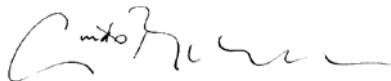
Chairman

6 April 2009

## **DECLARATION BY CHAIRPERSON AS REQUIRED BY THE CHARITABLE FUNDRAISING ACT 1991 (NSW)**

I, Guido Belgiorno-Nettis AM, Chairman of Australian Chamber Orchestra, declare that in my opinion:

- (a) the accounts for the year ended 31 December 2008, give a true and fair view of all income and expenditure of Australian Chamber Orchestra with respect to fundraising appeals; and
- (b) the balance sheet as at 31 December 2008 gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) the provisions of the Charitable Fundraising Act 1991 (NSW) and the regulations under that Act and the conditions attached to the authority have been complied with; and
- (d) the internal controls exercised by Australian Chamber Orchestra are appropriate and effective for all income received and applied from any of its fundraising appeals.



### **GUIDO BELGIORNO-NETTIS AM**

Chairman

6 April 2009