

# **AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED**

(a company limited by shares)  
and its controlled entities  
ABN 45 001 335 182

## **FINANCIAL REPORT**

for the year ended

**31 December 2020**

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## DIRECTORS' REPORT

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The directors of Australian Chamber Orchestra Pty Limited present their report together with the financial statements of the consolidated entity, being Australian Chamber Orchestra Pty Limited ('the Company') and its controlled entities ('the Group') for the year ended 31 December 2020 and the Independent Audit Report thereon.

### Directors' details

The names and particulars of the directors in office during the year and to 31 December 2020 are:

#### **Mr G Belgiorno-Nettis AM (BE Civil UNSW; MBA AGSM; FIEAust)**

##### **Chairman**

##### **Non-Executive Director since 6 May 1996**

Guido Belgiorno-Nettis is founding Chairman of his family office Angophora Capital. Established in 2015, Angophora Capital focuses on Private Equity opportunities – early stage companies needing capital, strategic and organisational support. He is also Chairman of Tempo Australia, and Non-Executive Director of Balmoral Pastoral. He is Managing Director of the now passive investment company, Transfield Holdings Pty Ltd which in 2003 - 2015 changed its business model from a multi-disciplined Engineering and Construction company to a private equity enterprise. From 1999 - 2003 Guido was Managing Director of the Transfield Group. His previous key roles were CEO - Transfield Engineering and Construction and Director - Project Development. Past Board roles include: Non-Executive Director - Transurban Limited, Director - Transfield Foundation, Director Campus Living Villages Funds Management Limited, Chairman - Novatec Solar Shareholders' Committee, Non-Executive Director - Transfield Services Ltd, Non-Executive Director - Charter Hall. In philanthropy Guido has been Chairman of the Biennale of Sydney and President of the Art Gallery NSW Trust. Guido was awarded a Member of the Order of Australia in 2007 for service to the construction industry and the arts. He was named the Australian Graduate School of Management Distinguished Alumni in 2005, and in 2008 received the University of NSW Alumni Award for outstanding contribution to profession and community. In his hobby of sailing, he has been awarded the Idris Trophy (Sailor of the Year from the Royal Sydney Yacht Squadron), won the 2011 Farr 40 World Championship, and also won the 2019 Rolex New York Yacht Club Invitational Cup.

#### **Ms E Lewin**

##### **Deputy Chair**

##### **Non-Executive Director since 12 June 2009**

Elizabeth Lewin is a professional company Director with extensive international experience in the financial services sector across investment banking, wealth management, investment management and superannuation. She is a Non-Executive Director of Argo Investment Limited and Kaldor Public Art Projects and is a Trustee and the Treasurer of St Vincent's Clinic Foundation. Prior executive roles included Chief Executive Officer of UBS Wealth Management Australia (2005 - 2009) and Head of UBS Wealth Management UK (1999 - 2004). She is a member of Chief Executive Women (CEW) and an Ambassador of Australian Indigenous Education Fund (AIEF).

#### **Mr W D Best**

##### **Non-Executive Director since 29 July 2008**

Bill Best is currently Chairman of Ellerston Asia and Literacy Planet Limited. He is also Chairman of Inala, a Rudolf Steiner organisation supporting individuals with disabilities and the Australian Chamber Orchestra Instrument Fund Pty Limited. Bill is an advisor to OnMarket Bookbuilds. Previously Bill had 30 years of investment banking experience and was for many years an Executive Director of Macquarie Bank. He has LLB, B.Comm and M.Comm degrees.

#### **Ms J Crawford**

##### **Non-Executive Director appointed 27 April 2017**

Judy Crawford has been a philanthropist for more than 30 years, supporting a range of causes and charities. She has a long and enthusiastic history of championing change. Judy's involvement in

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## DIRECTORS' REPORT

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### **Ms J Crawford** (continued)

charitable organisations have ranged from her work with ground-breaking cancer treatment centre, Chris O'Brien Lifehouse, to being a founding Board Member of the Children's Hospital Foundation, and a committee member of Social Ventures Australia. Judy served as President of the Point Piper Liberal Party branch. During her ten or so years in this role, she was a key organiser of fundraising for the Liberal Party of Australia, as well as the Australian Republican movement. Judy has a keen interest in the Arts and until recently was a member of the Board of Directors of the Sydney Dance Company. She is a long-term supporter of the Sydney Symphony Orchestra, the Australian Chamber Orchestra, and a founder of the Joye Art Foundation.

### **Ms E Flaherty**

#### **Non-Executive Director appointed 4 September 2020**

Erin Flaherty's career spans over 30 years in both private and Government sectors, with extensive experience in corporate governance, finance, major infrastructure projects and law. She is a past Board and Council member of the Australian Youth Orchestra and was also a member of the Sydney Symphony Council. Her previous roles include Deputy CEO at Reliance Rail, Executive Director at Infrastructure NSW and a founding Board Member of the Sydney Metro Authority – Australia's largest public transport infrastructure program. Erin is currently the Chair of Moorebank Intermodal Company, with responsibility for the construction of the Moorebank Intermodal Logistics Park in South Western Sydney. She is a Non-executive director of publicly listed entity, Primewest Group Limited, a Guardian of the Board for the Commonwealth Future Fund, and a Non-executive director of Venues NSW and the NSW Police Citizens Youth Clubs.

### **Mr J Kench**

#### **Non-Executive Director appointed 27 April 2017**

John Kench is a Consultant adviser at Johnson, Winter & Slattery (JWS), lawyers. He was a founding senior partner of JWS Sydney (2004) and national chairman of partners (2012-2016). John was a senior partner of Blake Dawson Waldron (now Ashurst) from 1983-2004. John has been the lead legal adviser to the Australian Chamber Orchestra since 2013. Recognised by peers and in legal directories as one of Australia's leading competition law practitioners and strategic problem solvers. John has extensive commercial and corporate law experience, including in the music, film and broadcasting industries. Previous relevant directorships include Scientific-Atlanta, Bertelsman Doubleday and Fine Music FM.

### **Mr A Lee**

#### **Non-Executive Director since 1 March 2016**

Anthony Lee moved to Australia from Hong Kong in 1987 and is a private investor based in Sydney. He is a board member of Beyond International Limited (ASX listed) and Hysan Development Company Limited and Television Broadcasts Limited (both companies listed on the Hong Kong Stock Exchange). Anthony is also a trustee of Princeton University and a member of the Vice Chancellor's Campaign Board of The University of Sydney. Anthony has been a volunteer serving his alma mater, Princeton University, since 1984 with experience in multiple fundraising campaigns. Anthony and his wife are music lovers and support a wide range of activities in Australia including establishing the first ever Jazz Scholarship at the Sydney Conservatorium of Music. Anthony received a BA in Mathematics from Princeton University and an MBA from the Chinese University of Hong Kong.

### **Mr M Myer AO**

#### **Non-Executive Director appointed 24 October 2017**

Martyn Myer has 25 plus years of experience in executive and non-executive board and chair roles in private and public companies, not-for-profit organisations and philanthropic foundations. Martyn currently is Chairman of Cosgate Ltd, and sits on the boards of the Australian Chamber Orchestra and Fishermans Bend Melbourne. At the end of 2020 Martyn stepped down from his role as President of The Myer Foundation after eleven years and at the end of December 2019 from his role as Deputy Chancellor of the University of Melbourne after eleven years on the council and the board of the Melbourne Theatre Company. In October 2016, Martyn stepped down as Chairman of Myer Family

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### **Mr M Myer AO** (continued)

Investment Pty Ltd, the collective Myer family investment group. In June 2008, Martyn was appointed an Officer in the Order of Australia for service to business and the community, particularly through contributions to medical research and the establishment of the Florey Neuroscience Institute and through executive and philanthropic roles with a range of organisations. Martyn has a Bachelor of Engineering degree from Swinburne University (1980), a Master of Engineering Science from Monash University (1989) and a Master of Science in Management from the Sloan School of Management, Massachusetts Institute of Technology in Boston, USA (1990).

### **Ms H Ridout AO**

#### **Non-Executive Director since 5 December 2012**

Heather Ridout is a Director of ASX Ltd and a Director of Sims Limited - the world's largest publicly listed recycling company. Her other appointments include member of the Boards of: the Advance Australia Advisory Board; Australian Chamber Orchestra; RAND Corporation Australia Advisory Board and Australian Cyber Security Growth Network Board; Her previous appointments include: Chair of the AustralianSuper Trustee Board from May 2013 to September 2019, having joined that Board as a director in 2007. Member of the Board of the Reserve Bank of Australia from February 2012 until February 2017. Member of Infrastructure Australia; the Australian Workforce and Productivity Agency and a member of the Henry Tax Review panel and the Climate Change Authority. A member of ASIC's – External Advisory Panel, member of the Business Roundtable on Climate Change; member of the National Workplace Relations Consultative Committee; member of the Prime Minister's Taskforce on Manufacturing; co-Chair of the Australian-Canada Economic Leadership Dialogue and a delegate to the B20 - the key business advisory body to the G20. In June 2013, Ms. Ridout was awarded the rank of Officer of the Order of Australia (AO) in the general division for distinguished service to business and industry through significant contributions to the development of economic and public policy. Heather holds a BEc (hons) from the University of Sydney, an honorary Doctor of Business (honoris causa) from both Macquarie University and The University of Ballarat.

### **Ms J Steiner AM**

#### **Non-Executive Director since 30 November 2015**

Julie Steiner has over 35 years working in the public and private sectors as a CEO and General Manager. Her early career was in international publishing and cinema exhibition. After a decade as a GM and CEO at the ABC, she co-founded the Australian executive search firm BSP where she focused on C suite and Board appointments and advice. After BSP's sale to global firm Odgers Berndtson Julie was the Global Head of the CEO and Education practices. She has been broadcaster with the ABC and is a graduate of the Australian Institute of Company Directors. Julie has an honours degree in English Literature and Politics from the University of Melbourne and has sat on several Boards (listed, public and private) for over 30 years. Julie is on the Boards of the Australian Chamber Orchestra Pty Ltd and the Australian Chamber Orchestra Instrument Fund Pty Ltd.

### **Mr J G Taberner**

#### **Non-Executive Director since 9 December 2009**

John Taberner was for 20 years from 1988 a partner in the Sydney office of Freehills, Solicitors where he led their environmental law practice. He was also a Director of the firm's national Pro Bono practice and led the firm's Pro Bono practice in Sydney. John is now a consultant to Herbert Smith Freehills. He has extensive experience advising a wide range of clients on all aspects of environmental law. He was for several years a Director of Annual Report Awards Inc. which established Australia's only award for excellence in environment reporting. John also served for four years as Secretary of the National Environmental Law Association of Australia. John graduated from Sydney University in Bachelor of Arts (Hons), a Master of Arts (Hons) and a Bachelor of Laws. In 1985 he completed a Masters of Comparative Law (Environmental Law) at the George Washington University in Washington DC, USA. John was previously a Director of the Australian Chamber Orchestra between 29 August 2001 and 28 October 2008. John was reappointed as a Director of the Australian Chamber Orchestra on 9 December 2009. John is also a Director of the Australian Chamber Instrument Fund Pty Ltd and of ACOUK and ACOUS. He is also a Director of Enova Community Energy Ltd (and three related companies).

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### Mr S D Yeo

#### Non-Executive Director since 4 December 2014

Simon Yeo is an Executive Director of Euroz Hartleys Securities Limited and has worked in the Stockbroking industry since 1993. Simon holds a Bachelor of Commerce from the University of Western Australia. He was the Executive Producer of *The Reef*, being instrumental in conceptualising, financing and arranging logistics, when the Australian Chamber Orchestra first launched the project in 2012 and also for *The Reef* redux undertaken in 2015 for the 2016 The Reef tour of the USA. He was previously a Director of Tura New Music.

### Mr P Shorthouse

#### Non-Executive Director appointed 27 August 2019

Peter Shorthouse is a Senior Partner at Crestone Wealth Management and has more than 30 years' financial services experience. Following 7 years as a Chartered Accountant and management consultant with Arthur Andersen, London, Peter spent 10 years as an Equity Analyst with UBS and ABN Amro in London and Sydney. He has been with Crestone (and predecessor UBS Wealth Management) since 2005, advising UHNW and Family Office clients on portfolio construction and risk and investment management. Peter's experience with NFPs includes both as an investment manager and as a Director with Good360, LifeCircle and on two school Foundations.

### Directors' meetings:

The following table 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 2020 and the number of meetings attended by each director.

	Board meetings		FARM Committee	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Mr G Belgiorno-Nettis AM (Chairman)	6	6		
Ms E Lewin (Deputy Chair)	6	6	10	10
Mr W D Best	6	6	10	9
Ms J Crawford	6	5		
Ms E Flaherty ^	2	2		
Mr J Kench	6	6	10	10
Mr A Lee	6	6		
Mr M Myer AO	6	6		
Ms H Ridout AO	6	4		
Mr P Shorthouse	6	6	8	7
Ms J Steiner AM	6	6		
Mr J G Taberner	6	6		
Mr S D Yeo	6	6		

^ Appointed 4 September 2020

### Principal activities:

The principal activity of the parent company continues to be the presentation of musical performances to Australian and international audiences. In addition, the consolidated group operated an unregistered, wholesale, managed investment fund which invests in rare, historical, high-quality stringed instruments.

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### Operating result:

Underlying parent entity 2020 general operations deficit is \$1,229,396 (2019: surplus of \$1,519,490), this is even after all staff and musicians were on significantly reduced hours, many equivalent to JobKeeper levels, for a period during 2020.

The general operations deficit, is before the following largely extraordinary upsides occurred:

- Generous one-off ticket donations from our patrons from the cancelled 2020 Live Performance season due to COVID-19 of \$1,993,811 (2019: \$nil),
- Federal Government support in response to COVID-19 of \$1,560,416 (2019: \$nil),
- Recognition of an unrealised gain on financial securities of \$65,691 (2019: unrealised gain \$738,506) and the
- Net surplus contribution of \$1,026,588 (2019: \$936,652) for the Australian Chamber Orchestra's New Premises Project at Pier 2/3 in the Walsh Bay Arts Precinct from donors despite COVID-19.

Once these largely extraordinary items are included:

- Total revenue in 2020 still reduces by 21% to \$15,502,149 (2019: \$19,734,544),
- Overall surplus attributable to the parent entity is \$3,417,110 (2019: \$3,194,648) and
- Total comprehensive income for the years attributable to the parent entity is \$3,076,681 (2019: \$3,875,700).

There remains considerable downside risk in our forward programs and it may take several years to return to consistent performance levels and revenue of the pre-COVID-19 era. Consistent with our not-for-profit status, all surpluses are reinvested in the mission of the parent entity.

### Extract of Consolidated Statement of (Deficit)/Surplus and Other Comprehensive Income

	2020 \$	2019 \$
General Operations (Deficit)/Surplus	<b>(1,229,396)</b>	1,519,490
Cancelled Ticket Donations – COVID-19	<b>1,993,811</b>	-
Federal Funding – JobKeeper	<b>1,460,416</b>	-
Federal Funding – COVID-19 Cashflow Boost	<b>100,000</b>	-
Total COVID-19 Support	<b>3,554,227</b>	-
Unrealised gain on financial securities	<b>65,691</b>	738,506
New Premises Project – Donations	<b>1,097,250</b>	1,213,750
New Premises Project – Expenditure	<b>(70,662)</b>	(277,098)
New Premises Project – Net Contribution Surplus	<b>1,026,588</b>	936,652
<b>Surplus attributable to the parent entity</b>	<b>3,417,110</b>	3,194,648
Other comprehensive income attributable to parent entity	<b>(340,429)</b>	681,052
<b>Total comprehensive income for the year attributable to the parent entity</b>	<b>3,076,681</b>	3,875,700

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### **New Premises Strategic Project:**

The ACO has a long-held desire to have its own home and, in 2020, remained in the final planning stages of designing our new premises as part of the revitalised Walsh Bay Arts Precinct Project at Pier 2/3. On 4 March 2020, the ACO signed Agreement for Subleases with the NSW Government. These documents were executed by the NSW Government Arts Minister on 13 March 2020.

The ACO estimates that the cost of all furniture, fittings and equipment, government payments, design and consultancy and relocation costs, to be incurred in future years is likely to be in excess of \$21 million. To support its aspirations for a new home, in 2020 the ACO continued the "quiet" phase of a capital campaign to support the project. The capital campaign will launch publicly in 2021. The ACO has been delighted with the generous support received from patrons and philanthropists: \$1,097,250 in cash donations were received during 2020 [life-to-date as at 31 December 2020, \$10,375,009 (\$9,277,759 as at 31 December 2019)].

### **Review of Operations:**

2020 marked the 30<sup>th</sup> anniversary of Richard Tognetti's artistic leadership of the ACO. Over the past three decades Richard has experimented and collaborated, expertly pushed and pulled, invented the new and honoured the past, and in so doing, has lifted music to a new level for audiences all over the world.

From ground-breaking collaborations with today's most imaginative musical minds, to an ongoing celebration of that most enduring and beloved of composers, Ludwig van Beethoven, 2020 was planned to be a season that would challenge, delight and enliven our audiences.

2020 opened with nine performances across Sydney, Canberra, Melbourne and Brisbane of a monumental program featuring Beethoven's Symphonies No 1, 2 and 3. For this tour the Orchestra was bolstered on stage by 14 string students from the Australian National Academy of Music, who throughout the course of the tour were mentored by ACO musicians. Also in February, a quintet of musicians from the ACO performed a program of Beethoven chamber music at Melbourne Recital Centre and Verbrugghen Hall in Sydney. In early March we presented ACO Underground at The Factory Theatre in Marrickville, Sydney, The Memo Music Hall in St Kilda and the Earl Arts Centre in Launceston, featuring guest artists guitarist Slava Grigoryan and acoustic bass guitarist Brian Ritchie. Also, in early March, the Tasmanian Symphony Orchestra presented the ACO in a concert of Brahms, Mendelssohn and Beethoven at the Federation Concert Hall in Hobart.

When live performances ceased in mid-March 2020, we immediately sought to present an engaging digital program that was as considered, artful and inspiring as our National Concert Season in order to foster an even greater sense of community amongst ACO fans, strengthen the connection between ACO patrons and players, position ourselves at the forefront of digital programming and leverage our community of advocates to grow our online base and develop new audiences in advance of a return to the concert hall.

Since April 2020, we have curated, produced and performed ACO HomeCasts – a digital season which during 2020 featured over 48 new recordings, live streamed performances, access to archival and never-released footage, specially curated playlists, in-depth interviews, educational content for school aged children and their families and more. HomeCasts generated:

- More than 2.9 million cumulative video views
- Average engagement rate of 18% (industry average 0.8%)
- 63% of its viewers were under 55

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### Review of Operations: (continued)

The success of ACO HomeCasts in 2020 prompted us to bring forward a previously planned digitally delivered concert experience for our patrons, ACO StudioCasts - a paid subscription video-streaming channel revolutionising the online music experience.

Partnering with guest film directors, cinematographers and other artistic collaborators to create highly engaging 50-minute concert films plus associated content to enrich the experience for viewers (e.g. interviews / featurttes), StudioCasts will increase accessibility to the ACO and quality classical music for audiences across Australia and the world, create new employment opportunities within the arts sector and provide a vital new income and activity stream for the ACO, stimulating further artistic and creative investment in future years.

In September 2020, in partnership with City Recital Hall, we presented the first major live classical music performances in Sydney since public gathering restrictions were introduced in March. In October a small ensemble of ACO musicians travelled to Bermagui in regional NSW to present two performances for Four Winds. In November 2020, we presented our final planned subscription program of the year to audiences in Sydney and Wollongong, including the world premiere of Anna Clyne's *Stride* – an ACO co-commission.

Our ACO Learning & Engagement program was delivered throughout the year, with live projects switching online as required. This included an online four-day ACO Academy for 15 of Australia's best secondary school aged string players and regular online lessons for seven ACO Emerging Artists with their ACO mentors. Our life changing in-schools program at St Marys North Primary School in Sydney's Western suburbs resumed face-to-face teaching in Term 3. In late August we performed and filmed our acclaimed immersive musical and theatrical work for young children and their families, *There's A Sea in My Bedroom*, for the Sydney Opera House's digital stage. It received over 16,100 views from August to December 2020. In late 2020, when border restrictions and social distancing requirements eased, we were able to bring together 29 secondary school aged string players in Sydney from QLD, ACT, VIC and NSW for a weekend ACO Academy Chamber Music project, under the direction of ACO musicians. In each of February and November, ACO musicians joined with the Penrith Symphony Orchestra and the Joan Sutherland Performing Arts Centre to deliver a two and a half day Penrith Youth Orchestra "Academy" to young string players from Western Sydney and the Blue Mountains. In October, whilst in Bermagui for the Four Winds Festival, ACO musicians gave a workshop for members of the Bega Youth Orchestra.

### Strategic Plan Update:

2020 was the second year of our three-year strategic plan. With the advent of COVID-19, in October 2020 we formalised an updated Strategic Plan (COVID-19 Recovery Plan) for 2021 – 2022. Whilst the organisation's strategic objectives have not changed, our ability to deliver them has.

The ACO's strategic objectives from 2019 – 2022 are:

- **Artform Development:** be recognised as a leader that increasingly pushes the boundaries of innovation, adventure and excellence.
- **Access & Engagement:** ensure more Australians have access to and engagement with the arts, with a demonstrated commitment to ensuring greater diversity in audiences.
- **Sector Development:** be recognised as a leader that drives the growth of the sector, with a demonstrated commitment to nurturing Australian artists.
- **Governance & Financial:** demonstrate best practice in strong governance and financial management.

To achieve these goals, and within the confines of COVID-19 restrictions and impacts, in 2020 we were able to undertake the following activities:

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**Strategic Plan Update:** (continued)

### Artform Development:

- Commissioned new work at the forefront of artistic practice including:
  - commissioning of orchestral works from Australian composers Holly Harrison, Paul Stanhope and Melody Eötvös;
  - co-commissioning of UK composers Thomas Adès and Anna Clyne and US composer Samuel Adams; and
  - commissioning quality musical and theatrical works for children in their early years from Australian composer Paul Stanhope and director Sandie Eldridge.
  - the premieres of the majority of these commissions were delayed due to COVID-19 and will take place in 2021 and 2022;
- Premiered live performances of Anna Clyne's *Stride* in Sydney and Wollongong;
- Developed and launched ACO StudioCasts; and
- Presented Australian art and artists on the world's most prestigious international stages in a digital residency for the Barbican Centre in London after our live residency in October 2020 was cancelled.

### Access & Engagement:

- Presented 30 live public performances across Sydney, Wollongong, Canberra, Bermagui, Melbourne, Brisbane, Hobart and Launceston;
- Presented Australian art and artists on the digital world stage reaching over 2.9 million people via 48 ACO HomeCasts, ACO's Barbican Digital Residency and the Sydney Opera House's Digital Stage;
- Delivered over 5,000 contact hours of music education activities to over 400 young people across Australia;
- Connected the ACO with Indigenous Australians through our longstanding relationship with the Aboriginal singer, multi-instrumentalist and composer William Barton and the performance and recording of William Barton's *Didge Fusion*, as well as the development of a new co-commission with William Barton for premiere in 2021 as part of the *River* film project; and
- Continued to work with the NSW Government in the planning and development of an accessible home for the ACO at Pier 2/3 as a hub for artistic exploration, music education, and community engagement.

### Sector Development:

- Invested in the artistic development of seven of Australia's most talented string players at the outset of their professional careers through the ACO Emerging Artist Program – via online lessons for each emerging artist with their ACO mentor;
- Nurtured the next generation of world class string players through three online masterclasses for students of the Melbourne Conservatorium of Music and a four-day, online version of our ACO Academy program for 15 secondary school students from across Australia and an in person ACO Academy Chamber Music weekend in Sydney for 29 secondary school students from Brisbane, Canberra, Melbourne and NSW; and
- Increased the capacity of the broader arts sector to make and tour excellent work through live collaborations with Australian National Academy of Music, Penrith Symphony Orchestra and The Joan Sutherland Performing Arts Centre.

### Finance & Governance:

- Continued to ensure a Board of Directors, ensemble of musicians and team of administration staff are of the highest quality;
- Used our musicians' time most efficiently to reconcile national and international reach with the artistic wellbeing of the ensemble, through our operational planning processes and the creation of ACO HomeCasts during periods where it was not possible for the Orchestra to play together;

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**Strategic Plan Update:** (continued)

**Finance & Governance:** (continued)

- Ensured that our business and HR processes operated in the most effective and efficient way to enable and support all staff to work from home when required due to COVID-19;
- Ensured that our fundraising programs continued to evolve to reflect the changing needs of the organisation and the environment in light of COVID-19; and
- Continued to nurture our funding programs to support international touring through the charitable entities of ACO UK and ACO US and the ACO Japan Advisory Committee.

### **Auditor's independence**

The auditor's independence declaration for the year ended 31 December 2020 has been received and can be found on page 11.

Signed in accordance with a resolution of the directors.



**GUIDO BELGIORNO-NETTIS AM**

Director

29 April 2021



# Auditor's Independence Declaration

## To the Directors of the Australian Chamber Orchestra Pty Limited:

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of the Australian Chamber Orchestra Pty Limited and its controlled entities for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) No contraventions of the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (b) No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Steven J Miller &amp; Co'.

**STEVEN J MILLER & CO**  
Chartered Accountants

A handwritten signature in black ink that reads 'S J Miller'.

**S J MILLER**  
Registered Company  
Auditor No 4286

Sydney

Dated 29 / 4 / 21

Steven J Miller & Co  
Chartered Accountants  
18-20 Victoria Street  
PO Box 477 Erskineville NSW 2043  
Tel (+61 2) 9560 3777  
service@stevenjmiller.com.au  
www.stevenjmiller.com.au  
ABN 23 690 541 177



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## STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	Consolidated 2020 \$	2019 \$
<b>Revenue</b>	4		
Performance revenue	4(a)	1,755,066	8,313,547
Cancelled ticket donations – COVID-19	4(b)	1,993,811	-
Sponsorship and donation revenue	4(b)	6,543,287	7,815,765
Government funding revenue	4(c)	4,330,331	2,438,473
Other revenue	4(d)	879,654	1,166,759
<b>Total Revenue</b>		<b>15,502,149</b>	<b>19,734,544</b>
<b>Expenses</b>			
Performance expenses		4,227,434	8,783,193
Marketing expenses		541,627	952,920
Development expenses		86,475	602,242
Overhead expenses		6,207,520	7,627,983
Net loss/(gain) on financial securities	5	477,435	(878,857)
<b>Total expenses</b>		<b>11,540,491</b>	<b>17,087,481</b>
<b>Surplus before income tax</b>		<b>3,961,658</b>	<b>2,647,063</b>
Income tax benefit/(expense)	6	252,886	(338,511)
<b>Surplus for the year</b>		<b>4,214,544</b>	<b>2,308,552</b>
(Surplus)/Deficit attributable to external unitholders	15	(797,434)	886,096
<b>Surplus attributable to the parent entity</b>		<b>3,417,110</b>	<b>3,194,648</b>
<b>Other Comprehensive Income</b>			
Revaluation (decrement)/increment of musical instruments	11	(294,909)	681,052
Movement in fair value of investments in rare, historical stringed instruments (loss)/gain	12	(842,954)	1,128,372
<b>Other comprehensive income for the year, net of income tax</b>		<b>(1,137,863)</b>	<b>1,809,424</b>
Other comprehensive income attributable to external unitholders	15	797,434	(1,128,372)
<b>Other comprehensive income attributable to the parent entity</b>		<b>(340,429)</b>	<b>681,052</b>
<b>Total comprehensive income for the year attributable to the parent entity</b>		<b>3,076,681</b>	<b>3,875,700</b>

The above consolidated statement of surplus or deficit and other comprehensive income should be read in conjunction with the accompanying notes.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Note	Consolidated	
		2020	2019
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	14,143,141	4,585,600
Other financial assets	7(a)	6,000,000	6,000,000
Trade and other receivables	8	563,539	791,142
Prepayments		167,697	352,844
<b>Total Current Assets</b>		<b>20,874,377</b>	<b>11,729,586</b>
<b>Non-current Assets</b>			
Financial securities	9	14,574,159	22,177,466
Property, plant and equipment	10	3,449,077	3,477,346
Right-of-Use asset	11	654,703	120,825
Investments in rare, historical stringed instruments	12	8,580,022	9,422,976
Intangible assets	13	248,624	394,820
<b>Total Non-current Assets</b>		<b>27,506,585</b>	<b>35,593,433</b>
<b>Total Assets</b>		<b>48,380,962</b>	<b>47,323,019</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	1,897,735	932,017
Liability to external unitholders	15	-	500,000
Other provisions	16	633,115	779,396
Lease liabilities	17	543,600	94,083
Grant liabilities	18	134,456	130,865
Unearned revenue	19	3,509,328	5,518,158
<b>Total Current Liabilities</b>		<b>6,718,234</b>	<b>7,954,519</b>
<b>Non-current Liabilities</b>			
Liability to external unitholders	15	6,694,498	6,525,985
Other provisions	16	593,872	704,841
Lease liabilities	17	42,970	40,014
Provision for liquidity risk	20	689,972	1,280,040
Deferred tax liabilities	21	868,040	1,120,926
<b>Total Non-current Liabilities</b>		<b>8,889,352</b>	<b>9,671,806</b>
<b>Total Liabilities</b>		<b>15,607,586</b>	<b>17,626,325</b>
<b>NET ASSETS</b>		<b>32,773,376</b>	<b>29,696,694</b>
<b>EQUITY</b>			
Share capital	22	19	18
Asset revaluation reserve	23	1,368,563	1,708,992
Restricted/Designated reserves	23	25,161,331	25,305,990
Accumulated surpluses	23	6,243,463	2,681,694
<b>TOTAL EQUITY</b>		<b>32,773,376</b>	<b>29,696,694</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Note	Share Capital	Capital Challenge	Reserve Incentive Funding	Asset RV* Reserve	Designated/ Restricted Reserves	Accum. Funds	Total Equity
		\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 January 2019</b>		19	3,597,740	606,000	1,117,420	8,250,000	11,836,338	<b>25,407,517</b>
Adjustment on adoption of AASB 16		-	-	-	-	-	(18,785)	<b>(18,785)</b>
<b>Adjusted balance at 1 January 2019 – AASB 16</b>		19	3,597,740	606,000	1,117,420	8,250,000	11,817,553	<b>25,388,732</b>
Prior period adjustment		-	-	-	-	-	521,743	<b>521,743</b>
<b>Adjusted balance at 1 January 2019</b>		19	3,597,740	606,000	1,117,420	8,250,000	12,339,296	<b>25,910,475</b>
<b>Changes in Equity</b>								
Shares (forfeited)/issued		(1)	-	-	-	-	-	<b>(1)</b>
Surplus for the year		-	248,592	-	-	-	2,946,056	<b>3,194,648</b>
Other comprehensive income		-	-	-	681,052	-	-	<b>681,052</b>
Transfer (from)/to reserves		-	(3,846,332)	-	(89,480)	16,449,990	(12,603,658)	<b>(89,480)</b>
<b>Balance at 31 December 2019</b>	22/23	18	-	606,000	1,708,992	24,699,990	2,681,694	<b>29,696,694</b>
<b>Balance at 1 January 2020</b>		18	-	606,000	1,708,992	24,699,990	2,681,694	<b>29,696,694</b>
<b>Changes in Equity</b>								
Shares issued/(forfeited)		1	-	-	-	-	-	<b>1</b>
Surplus for the year		-	-	-	-	-	3,417,110	<b>3,417,110</b>
Other comprehensive income		-	-	-	(340,429)	-	-	<b>(340,429)</b>
Transfer (from)/to reserves		-	-	(606,000)	-	461,341	144,659	<b>-</b>
<b>Balance at 31 December 2020</b>	22/23	19	-	-	1,368,563	25,161,331	6,243,463	<b>32,773,376</b>

\*RV denotes Revaluation

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2020

	Note	Consolidated 2020 \$	2019 \$
		<u>                    </u>	<u>                    </u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		290,174	8,642,742
Receipts from sponsors and donors		8,903,895	6,633,811
Instrument Fund applications		49,999	548,799
Interest/dividends received		864,128	1,015,494
<b>Cash flows from government</b>			
Receipts from government grants		4,333,922	2,413,032
Net GST received		38,760	233,939
<b>Total cash received</b>		<u>14,480,878</u>	<u>19,487,817</u>
<b>Payments</b>			
Payments to employees		(7,721,303)	(9,004,914)
Payments to suppliers		(4,207,481)	(8,421,792)
Instrument Fund redemptions	15	(381,486)	-
<b>Total cash used</b>		<u>(12,310,270)</u>	<u>(17,426,706)</u>
<b>Net cash provided by operating activities</b>		<u>2,170,608</u>	<u>2,061,111</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sales of financial assets	9	14,496,306	3,000,926
Disposals of available-for-sale investments		8,500,000	8,250,000
<b>Total cash received</b>		<u>22,996,306</u>	<u>11,250,926</u>
<b>Payments</b>			
Payments for property, plant, equipment and intangible assets	10/13	(282,065)	(172,144)
Purchases of available for sale financial instruments	9	(6,827,308)	(11,207,487)
Purchases of other financial assets		(8,500,000)	(6,000,000)
<b>Total cash used</b>		<u>(15,609,373)</u>	<u>(17,379,631)</u>
<b>Net cash used in investing activities</b>		<u>7,386,933</u>	<u>(6,128,705)</u>
<b>Net change in cash and cash equivalents</b>		<u>9,557,541</u>	<u>(4,067,594)</u>
<b>Cash and cash equivalents, beginning of year</b>		<u>4,585,600</u>	<u>8,653,194</u>
<b>Cash and cash equivalents, end of year</b>	7	<u>14,143,141</u>	<u>4,585,600</u>

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

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### Note 1: General information and statement of compliance

The financial report includes the consolidated financial statements and notes of the Australian Chamber Orchestra Pty Ltd and controlled entities ('Group') for the year ended 31 December 2020.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012. The Australian Chamber Orchestra Pty Ltd is a not-for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements for the year ended 31 December 2020 were approved and authorised for issuance by the Board of Directors on 29 April 2021.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant and equipment and derivative financial instruments.

#### *Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.19.

### Note 2: Changes in accounting policies

#### **New Standards adopted as at 1 January 2020**

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the prior reporting periods, there were no new standards applicable as at 1 January 2020.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **2.1 New Standards adopted as at 1 January 2019**

##### **AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit Entities**

These Standards supersede all the income recognition requirements relating to private sector Not-for-Profit (NFP) entities and the majority of income recognition requirements relating to public sector NFP entities (previously in AASB 1004 *Contributions*). The new Standards have been applied as at 1 January 2019 using the modified retrospective approach. Under this method, the cumulative effect of initial application has not been adjusted to the opening balance of accumulated surpluses at 1 January 2019 as it does not have a material impact and comparatives are not restated. In accordance with the transition guidance, the new Standards have only been applied to contracts that are incomplete as at 1 January 2019.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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### 2.1 New Standards adopted as at 1 January 2019 (continued)

#### AASB 15 Revenue from contracts with customers and AASB 1058 Income of Not-for-Profit Entities (continued)

On the date of initial application of AASB 15 and AASB 1058 on 1 January 2019, the impact to accumulated surpluses of the Group was as follows.

Impacted area	Note	Accumulated surpluses \$	Total equity \$
Membership revenue where there are not 'sufficiently specific' performance obligations	4(b)	45,383	45,383
<b>Total</b>		<b>45,383</b>	<b>45,383</b>

### Note 3: Summary of accounting policies

#### 3.1 Overall considerations

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below.

The consolidated financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

#### 3.2 Basis of consolidation

The consolidated financial statements consolidate those of the parent entity, Australian Chamber Orchestra Pty Ltd, and its controlled entities as at 31 December each year. The parent obtains and exercises control through having a majority of directors on the board of a controlled entity in common with the board of the parent entity. The term Group used throughout these financial statements means the parent entity and its controlled entities. Note 27 provides details of the entities comprising the Group.

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity. All transactions and balances between Group entities are eliminated on consolidation, including unrealised gains and losses on transactions between Group entities. Amounts reported in the financial statements of controlled entities have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests, external unitholders in the Australian Chamber Orchestra Instrument Fund, are presented as a liability and represent the portion of the surplus or deficit of the Australian Chamber Orchestra Instrument Fund and net assets that are not held by the Group. The Group attributes total comprehensive income or loss of the Australian Chamber Orchestra Instrument Fund between the owners of the parent and the external unitholders based on their respective ownership interests.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 3.3 Revenue

Revenue comprises revenue from the sale of goods, performance revenue, government grants, fundraising activities and client contributions. Revenue for major activities and services is shown in Note 4.

When determining when to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's revenue sources. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies the performance obligations by transferring the promised goods or services to its customers. For performance obligations satisfied over time, the 'inputs method' is used as it provides a reliable measure of how much work has already been performed and how much remains. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as grant and unearned income liabilities in the Consolidated Statement of Financial Position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its Consolidated Statement of Financial Position,

depending on whether something other than the passage of time is required before the consideration is due.

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied and services provided, excluding goods and services taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. Details of the activity-specific recognition criteria are described below.

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 Consolidated Statement of Surplus or Deficit and Other Comprehensive Income at the time concert performances are delivered. Revenue in respect of productions not yet performed is included in the Consolidated Statement of Financial Position as unearned revenue under Current Liabilities. Amounts received that are held on a client's account due to a cancelled performance are recognised as a refund liability.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 3.3 Revenue (continued)

#### (b) Donations and bequests

Donations collected, including cash and goods for resale, are recognised as revenue when the Group gains control, economic benefits are probable, and the amount of the donation can be measured reliably.

Bequests are recognised when the legacy is received. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Group becomes legally entitled to the shares or property.

#### (c) Sponsorship revenue

Where a sponsorship contract contains 'sufficiently specific' performance obligations, then revenue is recognised only when (or as and when) the performance obligations are fulfilled. If the sponsorship contract does not contain 'sufficiently specific' performance obligations, revenue is recognised when the Group obtains control of the funds.

Sponsorship benefits may be received by way of cash, or as non-cash benefits known as 'contra sponsorship'. The respective goods and services related to this income are reflected in the appropriate expense or asset accounts.

#### (d) Government funding revenue

A number of the Group's programs are supported by grants received from the Federal, State and Local governments. If the grant contract contains 'sufficiently specific' performance obligations, then revenue is recognised only when (or as and when) the performance obligations are fulfilled. If the grant contract does not contain 'sufficiently specific' performance obligations, revenue is recognised when the company obtains control of the funds.

#### (e) Interest and dividend income

Interest income is recognised on an accrual basis using the effective interest method. Dividend income is recognised when the dividend is received.

#### (f) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

#### (g) Volunteer services

The Group has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

### 3.4 Operating Expenses

Operating expenses are recognised in surplus or deficit upon utilisation of the service at the date of their origin.

### 3.5 Property, plant and equipment

Leasehold improvements, IT equipment and other equipment are stated at historical cost less accumulated amortisation or depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Work-in-Progress does not attract depreciation until such time as practical completion is achieved and the asset is ready for use.

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for the year ended 31 December 2020

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### 3.5 Property, plant and equipment (continued)

Musical instruments are stated at fair values supported by market evidence and are determined periodically by professional independent valuers that have recognised experience, expertise and knowledge with respect to the available market and the condition of the instruments.

Increases in the carrying amount of a class of assets arising on a revaluation are credited to a revaluation reserve in equity. Decreases that offset previous increases in a class of assets are charged against the revaluation reserve in equity; all other decreases are charged to the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income. Any revaluation surplus remaining in equity on disposal of the assets is transferred to accumulated funds.

Refer to Note 10 for particulars of the revaluation to fair value, movements during the year and depreciation and amortisation methods used.

#### 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 Group. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Musical Instruments held by the parent entity are considered to have an extremely long useful life and the directors are of the opinion that depreciation should not be recognised for these assets. The decision not to recognise depreciation for these assets will be reviewed annually. Similar to last year, in 2020 the directors are of the opinion that depreciation should not be recognised on these assets as the depreciation is immaterial.

The cost of improvements to or on leasehold properties is amortised over the remaining period of the lease or the estimated useful life of the improvement, whichever is the shorter.

The following useful lives are applied:

- musical instruments: 100-450 years
- leasehold improvements: life of lease or useful life of the asset, whichever is shorter
- plant and equipment: 3-10 years

#### Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date and an impairment loss recognised whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Impairment losses are recognised in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income.

#### Capitalisation threshold

Property, plant and equipment and intangible assets costing \$5,000 (2019: \$5,000) and above, individually or forming a group of parts or components costing more than \$5,000 (2019: \$5,000) are capitalised.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 3.5 Property, plant and equipment (continued)

#### Derecognition and disposal

Items of property, plant and equipment are derecognised on disposal. Gains or losses are determined by comparing any proceeds with the carrying amount of the assets and are included in surplus or deficit in the year the asset is derecognised within other income or other expenses.

#### Design and development

Research and design costs are expensed in the period in which they are incurred. Design and construction costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; and the Group has sufficient resources and intent to complete the project and its costs can be measured reliably. Capitalised design and development costs are amortised on a straight-line basis over the period of their expected benefit; being life of lease or useful life of the asset, whichever is shorter.

### 3.6 Right-of-use assets

A right-of-use asset is recognised at the commencement date of lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and excepted where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset and restoring the site or asset.

The Group depreciates right-of-use assets on a straight-line basis over the life of the lease or the estimated useful life of the asset, whichever is shorter. Where the consolidated entity expect to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjustment for any remeasurement of lease liabilities. At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short term leases with terms of twelve (12) months or less and leases of low-value assets. Lease payments on these assets are expensed to the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income as incurred.

### 3.7 Investment in rare, historical stringed instruments

The Group invests in rare, historical stringed instruments for capital appreciation, and these are accounted for using the fair value model. Depreciation is not recognised on these assets due to their extremely long useful life and as they are held for capital appreciation. For new acquisitions, the fair value equates to the cost price.

The Board considers the valuation of the instruments each year. They are shown at fair value based on periodic, at least triennial, valuations by reputable valuers and the reasonableness of the fair value is assessed annually. The instruments are included in the Consolidated Statement of Financial Position at their fair value. These values are supported by market evidence and are determined by independent

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 3.7 Investment in rare, historical stringed instruments (continued)

professional valuers that have recognised experience, expertise and knowledge with respect to the available market and the condition of the instruments.

Any gain or loss resulting from a change in the fair value of rare, historical musical instruments is immediately recognised in other comprehensive income as a change in fair value of rare, historical stringed instruments. Refer to Note 12 for particulars of the fair value adjustments.

### 3.8 Intangible assets

Software and website developments are capitalised on the basis of the costs incurred to acquire and install the specific software.

Costs include expenditure incurred in building or enhancing the parent entity's website, to the extent that it has the potential to produce economic benefits controlled by the company that can be reliably measured. Costs in relation to feasibility studies during the planning phase of a website and ongoing costs of maintenance during the operating phase are charged as expenses in the period in which they are incurred.

All intangible assets are accounted for using the cost method whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 3.5.

The following useful lives are applied:

- software: 3-5 years
- website: 3 years

Refer to Note 13 for movements during the year and amortisation methods used.

### 3.9 Leases

#### Operating leases

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the Consolidated Statement of Financial Position. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients and expense these lease payments to the Consolidated Surplus or Deficit and Other Comprehensive Income as incurred. Associated costs, such as maintenance and insurance, are expensed as incurred.

### 3.10 Financial Instruments

#### Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions for the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through surplus or deficit, which are measured initially at fair value. Subsequent measure of financial assets and financial liabilities are described below.

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### 3.10 Financial Instruments (continued)

#### Recognition, initial measurement and derecognition (continued)

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactions costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designed and effective as hedging instruments are classified into the following categories upon initial recognition:

- amortised costs
- fair value through surplus or deficit (FVPL)
- equity instrument at fair value through other comprehensive income (FVOCI)

Classifications are determined by both:

- the entities' business model for managing the financial assets
- the contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in surplus or deficit are presented within finance costs, finance income or other financial items, except for impairment of trade receivable which is presented within other expenses.

#### Subsequent measurement financial assets

##### *Financial assets at amortised cost*

Financial assets measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cashflows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial derecognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as long term deposits.

##### *Financial assets at fair value through profit or loss (FVPL)*

Financial assets that are held within a different business model other than 'hold to collect;' or hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest

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### 3.10 Financial Instruments (continued)

#### **Financial assets at fair value through profit of loss (FVPL) (continued)**

are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

#### **Equity instruments at fair value through other comprehensive income (Equity FVOCI)**

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to surplus or deficit. Dividends from these investments continue to be recorded as other income within the surplus or deficit unless the dividend clearly represents a return of capital.

#### **Impairment of Financial assets**

AASB 9's impairment requirements use more forward-looking information to recognised expected credit losses – the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instruments.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')
- financial assets that have objective evidence of impairment at the reporting date ('Stage 3').

'12-month expected credit losses' are recognised for the first category while lifetime expected credit losses are recognised for the second category.

Measure of the expected credit losses is determined by a probability weighted estimate of credit losses over the expected life of the financial instrument.

#### **Trade and other receivables**

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

The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group has made no allowance for impairment in 2020 (2019: \$nil) based on prior historical experience.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

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### 3.10 Financial Instruments (continued)

#### ***Classification and measurement of financial liabilities***

The Group's financial liabilities consists of trade and other payables.

Financial liabilities are initially measured at fair value, and where applicable adjusted for transaction costs unless the Group designated a financial liability at fair value through surplus or deficit.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in surplus or deficit (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in a financial instrument's fair value that are reported in surplus or deficit are included within finance costs or finance income.

### 3.11 Income Tax

The parent entity is exempt from income tax under Division 50 of the *Income Tax Assessment Act 1997*.

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. The company accounts for the current and future tax consequences of its own assets and liabilities and other events as the Fund is currently a public trading trust. The Trustee is liable to pay tax on the net income of the Fund.

The income tax expense/(benefit) for the year comprises current income tax expense/(benefit) and deferred tax expense/(benefit).

Current income tax expense charged to surplus or deficit is the tax payable on taxable income. Current tax liabilities/(assets) are measured at amounts expected to be paid to/(recovered from) the relevant tax authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year. Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also

reflects the manner in which Management expects to recover or settle the carrying amount of the related asset or liability. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The company tax rate for the income year commencing on 1 July 2019, which applies to the Australian Chamber Orchestra Instrument Fund is 30% (2019: 30%).

### 3.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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### 3.13 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 Consolidated Statement of Financial Position as prepayments under Current Assets.

### 3.14 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that transfer of economic resource will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation, is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if there is no present obligation of the Group to transfer an economic resource as a result of a past event; such situations are disclosed as contingent liabilities.

### 3.15 Employee benefits

#### Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

#### Other long-term employee benefits

The Group's liabilities for annual leave and long service leave are included in other long-term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage, salary levels, estimates of attrition rates and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period, on Australian Government bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in surplus or deficit in the periods in which the changes occur.

The Group presents employee benefit obligations as current liabilities in the Consolidated Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

#### Post-employment benefits plans

The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period the employee services are received.

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### 3.16 Provision for liquidity risk

The provision for liquidity risk represents the estimated future cash flows that Management estimates could result from transactions costs and the liquidity risk relating to units in the Australian Chamber Orchestra Instrument Fund. The fund invests in rare, historical stringed instruments which are infrequently traded and the units themselves are restricted to limited withdrawal opportunities and are not traded in an organised public market, but can be transferred privately to other wholesale investors.

### 3.17 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO) when it is recognised as part of the cost of acquisition of an asset or as part of the expense. Receivables and payables in the Consolidated Statement of Financial Position are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis.

### 3.18 Economic dependence

The Group is dependent upon the ongoing receipt of Federal and State Government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report Management has no reason to believe that this financial support will not continue.

### 3.19 Significant management judgements in applying accounting policies

When preparing the financial statements, Management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

#### (a) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that COVID-19 pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

#### (b) Estimation uncertainty

Information about the estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

#### (c) Fair value of musical instruments and rare, historical stringed instruments

Management uses valuation techniques to determine the fair value of its musical instruments and rare, historical stringed instruments. These values are supported by market evidence. Management relies on the advice of external professional valuers that have recognised expertise, knowledge and experience with respect to the available market and the condition of the instruments. The fair value may vary from the actual market price that would be achieved in an arm's length transaction at the reporting date.

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### 3.19 Significant management judgements in applying accounting policies (continued)

#### (d) Useful lives of depreciable assets

Management reviews its estimates of the useful lives of its depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilisation of certain software and IT equipment.

#### (e) Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

#### (f) Long service leave

Long service leave liability is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

#### (g) Provision for liquidity risk

The provision for liquidity risk estimates the future cash outflows relating to the transaction costs and the liquidity risk of units in the Australian Chamber Orchestra Instrument Fund at the reporting date. The estimate of these outflows may vary from the actual outflows.

#### (h) Inventories

Management estimates the net realisable value of inventories by taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or market-driven changes that may reduce the future selling price, as at end reporting period Inventories were recognised at a \$nil value (2019: \$ nil).

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	Consolidated	
	2020	2019
	\$	\$
<b>Note 4: Revenue</b>		
<b>Note 4(a) – Performance revenue</b>		
Subscription sales	778,522	4,288,741
Single and Flexi Pack ticket sales	892,928	3,359,662
Concert fees – Domestic	33,903	137,014
Concert fees – International	-	514,380
Recording and broadcast fees	25,550	7,650
Other performance revenue	24,163	6,100
<b>Total Performance revenue</b>	<b>1,755,066</b>	<b>8,313,547</b>
<b>Note 4(b) – Sponsorship and donation revenue</b>		
Sponsorships – Cash	668,606	1,251,829
Sponsorships – Contra	113,467	461,411
Donations – General	4,367,196	3,550,566
Donations – Cancelled Ticket Revenue (COVID-19)	1,993,811	-
Donations – New Premises Project	1,097,250	1,213,750
Donations – In-kind	6,000	-
Bequests	70,539	338,982
Fundraising	30,250	796,920
Membership fees	150,343	202,307
Ticketed dinners	39,636	-
<b>Total Sponsorship and donation revenue</b>	<b>8,537,098</b>	<b>7,815,765</b>
<b>Note 4(c) – Government revenue funding</b>		
Australia Council for the Arts - Core Funding	2,009,897	1,978,245
Create NSW – Core Funding	202,042	202,042
Create NSW – Project Funding	-	45,852
Create Infrastructure – Project Funding	427,112	71,185
Federal funding – JobKeeper / Cashflow Boost	1,560,416	-
Other government grants	130,864	141,149
<b>Total Government revenue funding</b>	<b>4,330,331</b>	<b>2,438,473</b>
<b>Note 4(d) – Other revenue</b>		
Interest, dividends and distributions	775,631	1,022,329
Foreign exchange (losses)/gains	(959)	6,510
Other revenue	104,982	137,920
<b>Total Other revenue</b>	<b>879,654</b>	<b>1,166,759</b>

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for the year ended 31 December 2020

		Consolidated	
	Note	2020	2019
		\$	\$
<b>Note 5: Expenses</b>			
The surplus for the year includes the following specific items:			
Depreciation expense	10/11	201,969	208,314
Amortisation expense	13	146,196	87,489
Loss/(gain) realised on sale of financial securities		543,126	(140,351)
Unrealised gain on financial securities	9	(65,691)	(738,506)
<b>Net loss/(gain) on financial securities</b>		<b>477,435</b>	<b>(878,857)</b>
Provision for liquidity risk (benefit)/expense		<b>(590,068)</b>	547,585

### Note 6: Income Tax Expense

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 30% for year ended 31 December 2020 (2019: 30%) and the reported tax expense in surplus or deficit are:

Surplus before tax		3,961,658	2,647,063
Domestic tax rate		30.0%	30.0%
<b>Expected tax expense</b>		<b>1,188,497</b>	794,119
Adjustment for tax-exempt income:			
Relating to not-for-profit status of parent entity		(1,264,364)	(619,883)
Relating to provision for liquidity risk		(177,019)	164,275
<b>Tax benefit/(expense)</b>		<b>(252,886)</b>	338,511
Tax expense comprises:			
Current tax expense		-	-
Deferred tax (benefit)/expense		(252,886)	338,511
<b>Tax benefit/(expense)</b>		<b>(252,886)</b>	338,511

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Consolidated	
	2020	2019
	\$	\$
<b>Note 7: Cash and cash equivalents</b>		
Cash at bank and on hand	878,401	157,000
Short term deposits	13,264,740	4,428,600
	<u>14,143,141</u>	<u>4,585,600</u>

### Note 7(a): Financial assets and liabilities

#### (i) Categories of financial assets and liabilities

Note 3.10 provides a description of each category of financial asset and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost 2020 \$	Assets at fair value through profit and loss (FVPL) 2020 \$	Equity fair value through other comprehensive income (FVOCI) 2020 \$	Total 2020 \$
<b>Financial assets</b>					
<b>Current</b>					
Cash and cash equivalents	7	14,143,141	-	-	14,143,141
Term deposit		6,000,000	-	-	6,000,000
Trade and other receivables	8	563,539	-	-	563,539
		<u>20,706,680</u>	-	-	<u>20,706,680</u>
<b>Non-current</b>					
Financial securities	9	-	14,574,159	-	14,574,159
		-	<u>14,574,159</u>	-	<u>14,574,159</u>
<b>Total financial assets</b>		<u>20,706,680</u>	<u>14,574,159</u>	-	<u>35,280,839</u>
<b>Financial liabilities</b>					
<b>Current</b>					
Trade and other payables	14	1,897,735	-	-	1,897,735
<b>Total financial liabilities</b>		<u>1,897,735</u>	-	-	<u>1,897,735</u>

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### Note 7(a): Financial assets and liabilities (continued)

#### (i) Categories of financial assets and liabilities (continued)

	Notes	Amortised cost 2019 \$	Assets at fair value through profit and loss (FVPL) 2019 \$	Equity fair value through other comprehensive income (FVOCI) 2019 \$	Total 2019 \$
<b>Financial assets</b>					
<b>Current</b>					
Cash and cash equivalents	7	4,585,600	-	-	4,585,600
Term deposit		6,000,000	-	-	6,000,000
Trade and other receivables	8	791,142	-	-	791,142
		<b>11,376,742</b>	<b>-</b>	<b>-</b>	<b>11,376,742</b>
<b>Non-current</b>					
Financial securities	9	-	22,177,466	-	22,177,466
		<b>-</b>	<b>22,177,466</b>	<b>-</b>	<b>22,177,466</b>
<b>Total financial assets</b>		<b>11,376,742</b>	<b>22,177,466</b>	<b>-</b>	<b>33,554,208</b>
<b>Financial liabilities</b>					
<b>Current</b>					
Trade and other payables	14	932,017	-	-	932,017
<b>Total financial liabilities</b>		<b>932,017</b>	<b>-</b>	<b>-</b>	<b>932,017</b>

#### (ii) Financial assets at amortised costs

Financial assets at amortised cost include current term deposits with fixed interest rates between 0.46% to 0.53% (2019: between 1.68% and 2.75%). These term deposits all mature by 26 July 2021; or earlier.

#### (iii) Financial assets at fair value through profit of loss (FVPL)

Financial assets at FVPL include financial securities of \$14,574,159 (2019: \$22,177,466).

#### (iv) Financial assets classified as fair value through other comprehensive income (FVOCI)

The Group has nil assets classified as FVOCI. At the end of 2020 the parent held \$381,486 of Instrument Fund units (2019: \$nil), the parent made an irrevocable election on transition to classify unlisted equity securities as Equity FVOCI; these investments are eliminated on consolidation.

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	Consolidated	
	2020	2019
	\$	\$
<b>Note 8: Trade and other receivables</b>		
Trade receivables	43,066	272,267
Interest receivables	5,100	163,530
GST receivables	83,934	165,313
Franking credit receivables	53,088	2,164
Other receivables	378,351	187,868
	<u>563,539</u>	<u>791,142</u>

### Note 9: Financial securities

Reconciliation of opening and closing balances of investments

Opening balance financial securities	22,177,466	13,232,399
Additions	6,827,308	11,207,487
Disposals	(14,496,306)	(3,000,926)
Revaluation increment through surplus (FVPL)	65,691	738,506
	<u>14,574,159</u>	<u>22,177,466</u>

Unrealised gain/(loss) on financial securities arise as the ACO invests certain reserves for the long-term in diversified portfolios where equity markets fluctuate overtime. The revaluation increment through surplus (FVPL) noted above represents the unrealised gain on financial securities as at the 31 December for each year.

### Note 10: Property, plant & equipment

Details of the Group's property, plant & equipment and their carrying amounts are:

#### Leasehold improvements

Leasehold improvements – at cost	597,126	597,126
Accumulated amortisation	(597,126)	(597,126)
	<u>-</u>	<u>-</u>

#### Plant & equipment

Plant & equipment – at cost	1,661,867	1,639,119
Accumulated depreciation	(1,610,433)	(1,600,796)
	<u>51,434</u>	<u>38,323</u>

#### Musical Instruments

Musical instruments – at fair value	3,150,114	3,439,023
Accumulated depreciation	-	-
	<u>3,150,114</u>	<u>3,439,023</u>

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### Note 10: Property, plant & equipment (continued)

	Consolidated	
	2020	2019
	\$	\$
<b>Work-in-Progress</b>		
WIP – at cost	247,529	-
Accumulated depreciation	-	-
	<u>247,529</u>	<u>-</u>
<b>Total property, plant and equipment</b>	<u><u>3,449,077</u></u>	<u><u>3,477,346</u></u>

### Reconciliation of opening and closing balances

Notes	Leasehold Improvements (at cost) \$	Plant & Equipment (at cost) \$	Musical Instruments (at fair value) \$	Work-in- Progress (at cost) \$	2020 Total \$
<b>Carrying amount at 1 January 2020</b>	-	159,148	3,439,023	-	3,598,171
Transfer out to right-of-use asset	-	(120,825)	-	-	(120,825)
<b>Adjusted Carrying amount at 1 January 2020</b>	-	38,323	3,439,023	-	3,477,346
Additions	-	34,536	6,000	247,529	288,065
Revaluations	-	-	(294,909)	-	(294,909)
Depreciation	-	(21,425)	-	-	(21,425)
<b>Carrying amount at 31 December 2020</b>	<u>-</u>	<u>51,434</u>	<u>3,150,114</u>	<u>247,529</u>	<u>3,449,077</u>

### Additions

Musical Instrument additions arose from a generous In-kind donation from our patrons. The value of work-in-progress (WIP) represents design and consultancy fees incurred in relation to the new premises as part of the revitalised Walsh Bay Arts Precinct Project at Pier 2/3 in the 12 months to 31 December 2020 (2019: \$ nil), prior years costs were expensed to the Surplus attributable to the parent entity.

### Depreciation

The straight-line method of amortisation is used to amortise leasehold improvements over the remaining period of the lease. The straight-line method of depreciation is used to depreciate plant and equipment over its useful life. Musical Instruments are held at fair value and not depreciated on the basis that the depreciation for the current year is immaterial. Refer to Note 3.5 for further detail on the accounting policy on depreciation and amortisation for property, plant and equipment. WIP has not attracted depreciation as practical completion of works has not been achieved.

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for the year ended 31 December 2020

### Note 10: Property, plant & equipment (continued)

#### Revaluations

Musical instruments were revalued on 31 December 2019 (previously in 2016) by reputable independent valuers in USD, GBP and AUD. The directors are of the opinion that the carrying value of the musical instruments reflects the most recent formal valuation and exchange rate conversions as at 31 December 2020. Any revaluation movement in 2020 is due solely to exchange rates movements.

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Note 11: Right-of-Use assets</b>		
<b>Premises Lease</b>		
Premises Lease – right-of use	714,422	-
Accumulated depreciation	(95,256)	-
	<u>619,166</u>	<u>-</u>
<b>Plant &amp; equipment</b>		
Plant & equipment – right-of-use	426,440	426,440
Accumulated depreciation	(390,903)	(305,615)
	<u>35,537</u>	<u>120,825</u>
<b>Total right-of-use assets</b>	<u><u>654,703</u></u>	<u><u>120,825</u></u>

#### Reconciliation of opening and closing balances:

	<b>Note</b>	<b>Premises Lease (at cost) \$</b>	<b>Plant &amp; Equipment (at cost) \$</b>	<b>2020 Total \$</b>
<b>Carrying amount at 1 January 2020</b>		-	-	-
Transfer-in from property, plant & equipment	10	-	120,825	<b>120,825</b>
Additions		714,422	-	<b>714,422</b>
Depreciation		(95,256)	(85,288)	<b>(180,544)</b>
<b>Carrying amount at 31 December 2020</b>		<u><b>619,166</b></u>	<u><b>35,537</b></u>	<u><b>654,703</b></u>

#### Additions

The Group recognised a right-of-use asset of net \$206,113 as at 1 January 2019 (\$426,440 at cost and accumulated depreciation of \$220,327) upon adoption of AASB16 leases. The Group's incremental borrowing rate was estimated at 2.14% based on information presented by the RBA for the 5-year Government bond rate.

A right-of-use asset for the current premises at Circular Quay was created when the lease was extended for 15 months on 4 November 2020. In the prior year, this lease was less than 12 months and was treated as commitment for expenditure, see Note 25. The current lease will expire on 4 February 2022. The current incremental borrowing rate used to value the asset is 4.39%, to reflect the current market conditions.

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### Note 11: Right-of-Use assets (continued)

#### Depreciation

The straight-line method of depreciation is used to depreciate right-of-use assets (Refer to Note 3.6).

	Consolidated	
	2020	2019
	\$	\$

### Note 12: Investments in rare, historical stringed instruments

Details of the Group's investment in rare, historical stringed instruments and their fair value:

<b>Opening balance at 1 January</b>		<b>9,422,976</b>	8,294,604
Net (loss)/gain in fair value through other comprehensive income	12(a)	<b>(842,954)</b>	1,128,372
<b>Closing balance at 31 December</b>		<b>8,580,022</b>	9,422,976

Rare, historical stringed instruments are valued periodically by reputable valuers and the last formal valuation was approved by the Instrument Fund Board on 27 May 2020 (2019: informal valuation approved 4 July 2019, effective 30 June 2019), taking into consideration updates from three reputable valuers from the 2019 valuation, impacts of COVID-19 on economic markets and the guidance of the Australian Chamber Orchestra Pty Ltd. These valuations were all provided in USD.

At 31 December 2020, the directors reviewed the fair value of these instruments and determined the fair value to be appropriate and continues to reflect the most recent formal valuation the Instrument Fund Board. The underlying valuations in US dollars remained unchanged in 2020, from the 2019 valuations.

#### 12(a) Net (loss)/gain in fair value through other comprehensive income

The 2020 loss from the fair value adjustment of \$842,954 (2019: \$1,128,372 gain) is due solely to exchange rate movements. The 2019 gain from the fair value adjustment is due to the combined impact of the informal valuation the Board approved on 4 July 2019, effective 30 June 2019, and the impact of exchange rate movements. The informal valuation resulted in a total increment of \$724,845 (USD 508,333) and the remaining difference of \$403,527 was due to exchange rate movements.

### Note 13: Intangible assets

#### At cost:

##### Software

Software – at cost	<b>556,316</b>	559,852
Accumulated amortisation	<b>(474,895)</b>	(443,704)
	<b>81,421</b>	116,148

##### Website

Website – at cost	<b>334,407</b>	334,407
Accumulated amortisation	<b>(167,204)</b>	(55,735)
	<b>167,203</b>	278,672
<b>Total intangible assets</b>	<b>248,624</b>	394,820

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### Note 13: Intangible assets (continued)

#### Reconciliation of opening and closing balances:

	Software (at cost)	Website (at cost)	2020 Total
	\$	\$	\$
<b>Carrying amount at 1 January 2020</b>	<b>116,148</b>	<b>278,672</b>	<b>394,820</b>
Additions	-	-	-
Impairment	-	-	-
Amortisation	(34,727)	(111,469)	<b>(146,196)</b>
<b>Carrying amount at 31 December 2020</b>	<b>81,421</b>	<b>167,203</b>	<b>248,624</b>

A new website, finance and business intelligence systems were completed and put into use in 2019. The old website was decommissioned and disposed of in 2019 when the new website was launched to the public. An impairment review of intangible assets was undertaken during the year ended 31 December 2020 resulting in no adjustments. The straight-line method is used to amortise intangible assets. Amortisation and impairment are included in the overhead expenses line in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income.

	Consolidated	
	2020	2019
	\$	\$
<b>Note 14: Trade and other payables</b>		
Trade creditors	<b>106,897</b>	259,371
Ticket holder on-account credits from cancelled performances	<b>858,890</b>	-
Accrued expenses	<b>467,180</b>	340,924
Other payables	<b>464,768</b>	331,722
<b>Total trade and other payables</b>	<b>1,897,735</b>	<b>932,017</b>

### Note 15: Liability to external unitholders

Movement in the liability to external unitholders in the Australian Chamber Orchestra Instrument Fund ("the Fund") during the period were:

<b>Opening balance</b>	<b>7,025,985</b>	6,696,655
Applications	<b>49,999</b>	608,798
Adjustment for brought forward profits attributable to current unitholders	-	(521,744)
Current year redemptions	<b>(381,486)</b>	-
Current year total comprehensive income attributable to external unitholders	-	242,276
<b>Closing balance</b>	<b>6,694,498</b>	<b>7,025,985</b>

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Note 15: Liability to external unitholders</b> (continued)		
Current	-	500,000
Non-current	<b>6,694,498</b>	6,525,985
<b>Closing balance</b>	<b>6,694,498</b>	7,025,985
Current year total comprehensive income attributable to external unitholders:		
Surplus/(Deficit)	<b>797,434</b>	(886,096)
Other comprehensive income	<b>(797,434)</b>	1,128,372
	<b>-</b>	242,276

As stipulated within the Trust Deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all the other units of the Fund.

### Capital and liquidity risk management

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amounts of net assets attributable to unitholders are subject to daily applications and periodical redemptions. Applications can be made at any time by wholesale clients.

A unit in the Fund is an illiquid investment. The Trustees are provided with periodic withdrawal opportunities under which a limited number of units will be purchased by the Australian Chamber Orchestra Pty Ltd from investors who wish to participate in the relevant withdrawal opportunity. The Trustees provide withdrawal opportunities every three years. The withdrawal opportunity for redemption since the Fund's inception occurred during 2014, 2017 and in 2020. 50,000 units were redeemed during the first withdrawal window, none in the second window and 263,094 units were redeemed in the last withdrawal opportunity in July 2020.

If the Trustee determines that the Fund's cash levels materially exceed its forecast requirements, it may offer a pro-rata redemption opportunity or make a pro-rata capital distribution to unitholders. There were no distributions paid or payable during the year or at 31 December 2020.

The Fund will reach its ten-year anniversary on 14 July 2021, where the Fund is required within a three-month window to put a resolution to unitholders to continue the Fund. Unless such a resolution is passed at the meeting by more than 50% of unitholders (by value) attending the meeting, the Fund will terminate and, in accordance with the Fund's trust deed, its assets will be realised and the net proceeds (after meeting all Fund liabilities) will be distributed to unitholders. In the event of the winding up of the Fund, the time needed to realise the assets of the Fund, meet liabilities and make distributions to unitholders is likely to exceed the time needed to complete the same steps for a traditional investment fund. The parent entity is of the view, and on advice from the Fund, that the a wind-up of the Fund is an unlikely event and if it were to occur would be over an extended period of up to 24 months.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

	<b>Consolidated</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Note 16: Other provisions</b>		
Reconciliation of other provisions:		
<b>Opening balance</b>	<b>1,484,237</b>	1,357,377
Provided/(Utilised) during the year	<b>(257,250)</b>	126,860
<b>Closing balance</b>	<b>1,226,987</b>	1,484,237
Analysis of provisions		
Current:		
Provision for employee benefits	<b>633,115</b>	665,457
Make good provision	-	113,939
	<b>633,115</b>	779,396
Non-current:		
Provision for employee benefits	<b>593,872</b>	704,841
	<b>593,872</b>	704,841

### Note 17: Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

Current	<b>543,600</b>	94,083
Non-current	<b>42,970</b>	40,014
	<b>586,570</b>	134,097

At the reporting date, with the exception of short-term leases and leases of low-value underlying assets (See Note 25), each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Group sales) are excluded from the initial measurement of the lease liability and asset.

### Note 18: Grant liabilities

Department of Foreign Affairs	<b>75,000</b>	-
Playing Australia	<b>59,456</b>	130,865
	<b>134,456</b>	130,865

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

	Consolidated	
	2020	2019
	\$	\$
<b>Note 19: Unearned revenue</b>		
Performance income in advance	2,911,130	5,245,103
Trust and Foundations in advance	320,703	150,000
Sponsorships in advance	244,727	96,666
Other unearned revenue	32,768	26,389
<b>Total Unearned revenue</b>	<b>3,509,328</b>	<b>5,518,158</b>

### Note 20: Provision for liquidity risk

Provision for liquidity risk	689,972	1,280,040
Provision cost per unit	\$0.14	\$0.26

The provision for liquidity risk represents the estimated future cash flows that Management estimates could result from transactions costs and the liquidity risk relating to units in the Australian Chamber Orchestra Instrument Fund. The fund invests in rare, historical stringed instruments which are infrequently traded and the units themselves are restricted to limited withdrawal opportunities and are not traded in an organised public market but can be transferred privately to other wholesale investors.

### Note 21: Deferred tax liabilities

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. Deferred tax liabilities arising from temporary differences can be summarised as follows:

<b>Investment in rare, historical stringed instruments at 1 January</b>	1,120,926	782,415
Change in fair value of musical instruments recognised in comprehensive income	(252,886)	338,511
<b>Closing Balance as at 31 December</b>	<b>868,040</b>	<b>1,120,926</b>

	2020	2019
	Number of Shares	Number of Shares
<b>Note 22: Share capital</b>		
<b>Authorised:</b>		
Ordinary shares of \$1 each	100	100

Shares in the parent entity may not be transferred or otherwise dealt with except as set out in the parent entity's Constitution.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

	2020 Number of Shares	2019 Number of Shares
<b>Note 22: Share capital</b> (continued)		
Ordinary shares of \$1 each fully paid	19	18

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

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.

	Consolidated 2020 \$	2019 \$
<b>Note 23: Reserves and accumulated surpluses</b>		
<b>Asset revaluations reserve:</b>		
Surplus to external unitholders	(1,235,841)	(2,033,276)
Musical Instruments	2,604,404	3,742,268
	<u>1,368,563</u>	<u>1,708,992</u>
<b>Restricted/Designated reserve:</b>		
Other Restricted/Designated reserve	25,161,331	24,699,990
Reserve incentive funding scheme	-	606,000
	<u>25,161,331</u>	<u>25,305,990</u>
<b>Total Reserves</b>	<u>26,529,894</u>	<u>27,014,982</u>

**Surplus to external unitholders' reserves** represents the external unitholders share of the movement in fair value in rare, historical stringed instruments which is recognised in other comprehensive income rather than surplus or deficit for the year.

**Other Restricted/Designated reserves** consist of:

- **New Premises Project – One-off Capital Payments to NSW Government and Transition costs**  
Reserves have been established to fund the substantial contractual capital payments owing to NSW Government for the new ACO premises at the Walsh Bay Arts Precinct Project at Pier 2/3. Payments will commence on practical completion of the new premises, expected in late 2021 or early 2022.

In addition, the ACO expects to incur substantial additional transitional costs related to the longer term occupancy of Pier 2/3, which will include furniture, fittings and equipment, design and consultancy and relocation costs for example.

Overall the ACO estimates that the transitional impact to be incurred in futures years is likely to be in excess of \$21 million.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

### Note 23: Reserves and accumulated surpluses (continued)

- Other tied donations/restricted projects**

Consists of funds received by donors with a specific purpose and to support activities over a number of years. It includes funds which were transferred from the retired Capital Challenge Reserve in 2019 to support ACO future projects.

As at 31 December 2020, the \$500,000 Instrument Fund Redemption reserves balance held at 31 December 2019 has been reversed, as the final ACO Instrument Fund withdrawal opportunity which occurs every three years, occurred in July 2020. Future withdrawal periods will depend on unitholders voting to extend the operation of the Fund on its tenth anniversary in July 2021. If unitholders vote to extend the operation of the Fund, then this restricted reserve would be reinstated.

**Reserve Incentive Funding Scheme** consists of:

The funds received under the Reserve Incentive Funding Scheme, together with the parent entity's contribution, were held in escrow and subject to the terms and conditions of the Reserves Incentive Funding Scheme agreement.

In 2020, Create NSW and the Australia Council for the Arts approved the early release of this reserve to support the business during the COVID-19 pandemic.

### Reconciliation of opening and closing balances

	Consolidated	
	2020	2019
Note	\$	\$
<b>Accumulated surpluses</b>	<b>6,243,463</b>	2,681,694
<b>Reconciliation of movements during the year:</b>		
<b>Opening balance</b>	<b>2,681,694</b>	11,836,338
Adjustment due to adoption of AASB 16	-	(18,785)
Prior period adjustment – AASB 9 & AASB 16	-	521,743
Surplus for the year	<b>3,417,110</b>	2,946,056
Transferred from/(to) Designated/Restricted reserves	<b>144,659</b>	(12,603,658)
<b>Closing balance accumulated surpluses</b>	<b>6,243,463</b>	2,681,694

### Note 24: Fair value measurement

#### 24.1 Fair value measurement of financial assets

Financial securities	9	<b>14,574,159</b>	22,177,466
<b>Net fair value of financial assets</b>		<b>14,574,159</b>	22,177,466

The fair value of financial securities is their market price at the reporting date. All financial securities have a daily unit value in the market in which they are sold, and it is that daily unit value applicable at 31 December of each year, which is used to derive fair value measurement.

Reserves are invested in line with the parent entity's Investment Policy Statement.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

		Consolidated	
		2020	2019
		\$	\$
<b>24.2 Fair value measurement of non-financial assets</b>			
Rare, historical stringed instruments	12	<b>8,580,022</b>	9,422,976
Plant and equipment – Musical instruments	10	<b>3,150,114</b>	3,439,023
<b>Net fair value of non-financial assets</b>		<b>11,730,136</b>	12,861,999

The fair value of rare, historical musical instruments is estimated based on valuations provided by reputable and independent valuers.

All rare historical musical instruments; The *Stradivarius 1728/29 violin*, the *Guarneri 1714 violin*, the *1616 Brothers Amati Cello* and the *1590 Brothers Amati Violin* were formally revalued on 27 May 2020 (2019: 30 June 2019) with an effective AUD/USD exchange rate as at 31 December 2020. Refer to Note 12 for further details.

Musical Instruments were formally revalued in the year ended 31 December 2019 by reputable independent valuers in USD, GBP and AUD. The directors are of the opinion in 2020 that the carrying value of the musical instruments reflects the most recent formal valuation in 2019 in foreign currency and exchange rate conversions as at 31 December 2020. Any revaluation movement in 2020 is due solely to exchange rate movements. Refer to Note 10 for further details.

### Note 25: Commitments for expenditure

#### Operating leases – Premises and Office Equipment

Premises	-	474,189
Office Equipment	<b>33,039</b>	63,697
	<b>33,039</b>	537,886
Total future minimum lease payments under non-cancellable operating leases payable:		
Within one year	<b>30,528</b>	521,009
Later than one and not later than five years	<b>2,511</b>	16,877
	<b>33,039</b>	537,886

Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprise of monthly rental agreements for office equipment expiring between November 2021 and August 2022.

There are no contingent rents payable, renewal or purchase options nor escalation clauses.

### Note 26: Credit standby arrangements

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

Total amount of credit unused at 31 December	<b>150,000</b>	150,000
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# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

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### Note 27: Related party transactions

#### Controlled entities

The Australian Chamber Orchestra Instrument Fund Pty Ltd was a controlled entity at 31 December 2020. The entity was incorporated on 10 December 2010. The Australian Chamber Orchestra Instrument Fund Pty Ltd is the Trustee for the Australian Chamber Orchestra Instrument Fund. The entity is a controlled entity as 50% of the directors are directors of Australian Chamber Orchestra Pty Ltd, and the chairperson is a director of the Australian Chamber Orchestra Pty Ltd with a casting vote if required.

The Trustee of the Australian Chamber Orchestra Instrument Fund, requires that the majority of its directors must be directors of Australian Chamber Orchestra Pty Ltd and if there is an even number of directors, 50% of the directors must be directors of Australian Chamber Orchestra Pty Ltd, and one of the directors who is a director of the Australian Chamber Orchestra Pty Ltd must also be the chairperson of the directors, with the casting vote if required.

As at 31 December 2020, the Trustee entity held cash of \$14 (2019: \$15), in trust for applicants for units in the Australian Chamber Orchestra Instrument Fund.

The Australian Chamber Orchestra Instrument Fund was a controlled entity at 31 December 2020. The entity was formed on 14 July 2011. As at 31 December 2020, the entity held cash of \$40,754 (2019: \$556). As at 31 December 2020, the entity had issued 4,879,989 units (2019: 4,845,507 units) and the Australian Chamber Orchestra Pty Ltd holds 263,094 of these units (2019: 0 units).

The Instrument Fund Board undertook an informal valuation of the current units and agreed at the 4 July 2019 Board meeting to increase the current unit price from \$1.40 to \$1.45 effective 30 June 2019. This value of \$1.45 per unit, continues to be an appropriate unit value as at 30 June 2020 and was confirmed at the formal valuation of current units at 27 May 2020 by the Fund Board.

Named of controlled entity	Reporting Date	Ownership Interest	Ownership Interest
		31 Dec 2020	31 Dec 2019
Australian Chamber Orchestra Instrument Fund Pty Ltd	30 June	0%	0%
Australian Chamber Orchestra Instrument Fund	30 June	5.4%	0%

#### Transactions with related parties

The parent entity and The Australian Chamber Orchestra Instrument Fund Pty Ltd have signed a "Fund Administration Agreement" whereby the parent entity agrees to provide fund administration, instrument management and general asset management duties on behalf of the Australian Chamber Orchestra Instrument Fund Pty Ltd at no cost.

The parent entity has incurred administrative costs of \$129,085 (2019: \$134,296) on behalf of Australian Chamber Orchestra Instrument Fund Pty Ltd during the year ended 31 December 2020. These costs are not subject to reimbursement by the Australian Chamber Orchestra Instrument Fund Pty Ltd.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

### Note 27: Related party transactions (continued)

#### Transactions with related parties (continued)

Directors and parties related to the directors of the parent entity held units in the Australian Chamber Orchestra Instrument Fund as follows:

2020 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value \$1.45/unit	Interest Held	Distributions Paid
Trustees for the Languedoc Superannuation Fund	213,632	-	-	213,632	309,766	4.4%	-
JG Taberner	107,830	-	-	107,830	156,354	2.2%	-
J Steiner	15,000	-	-	15,000	21,750	0.3%	-
WD Best	100,000	-	-	100,000	145,000	2.0%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	290,000	4.1%	-
<b>Total</b>	<b>636,462</b>	<b>-</b>	<b>-</b>	<b>636,462</b>	<b>982,870</b>	<b>13.0%</b>	<b>-</b>

2019 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value \$1.45/unit	Interest Held	Distributions Paid
Trustees for the Languedoc Superannuation Fund	96,428	117,204	-	213,632	309,766	4.4%	-
JG Taberner	-	107,830	-	107,830	156,354	2.2%	-
J Steiner	-	15,000	-	15,000	21,750	0.3%	-
WD Best	100,000	-	-	100,000	145,000	2.1%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	290,000	4.1%	-
<b>Total</b>	<b>396,428</b>	<b>240,034</b>	<b>-</b>	<b>636,462</b>	<b>982,870</b>	<b>13.1%</b>	<b>-</b>

	<b>Consolidated</b>	
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>

### Note 28: Parent entity information

Information related to the Australian Chamber Orchestra

Current assets	<b>20,833,605</b>	34,062,304
Non-current assets	<b>19,308,049</b>	3,872,166
<b>Total assets</b>	<b>40,141,654</b>	<b>37,934,470</b>
Current liabilities	<b>6,718,220</b>	7,479,706
Non-current liabilities	<b>636,843</b>	744,854
<b>Total liabilities</b>	<b>7,355,063</b>	<b>8,224,560</b>
<b>Net assets</b>	<b>32,786,591</b>	<b>29,709,910</b>

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

### Note 28: Parent entity information (continued)

	Consolidated	
	2020	2019
	\$	\$
Share capital	13	12
Reserves	26,085,518	26,500,085
Accumulated funds	6,701,060	3,209,813
<b>Total equity</b>	<b>32,786,591</b>	<b>29,709,910</b>
<b>Surplus for the year</b>	<b>3,371,590</b>	<b>3,194,648</b>
<b>Other comprehensive income attributable to the parent entity</b>	<b>(294,909)</b>	<b>697,528</b>
<b>Total comprehensive income for the year</b>	<b>3,076,681</b>	<b>3,892,176</b>

### Note 29: Contingent liabilities

There are no contingent liabilities that have been incurred by the Group in relation to 2020 or 2019.

### Note 30: Post-reporting date events

On 4 January 2021, the Federal Government funding from the JobKeeper Payment scheme has concluded due to the strong advance subscription sales for our 2021 Live Performance season, with the general public keen to return back to live performances, following the optimistic sentiment around the vaccination roll-out and low community transmissions across the country.

While public confidence is high, there is an equally high risk around sudden snap state border closures and uncertain theatre capacities, which can instantaneously change the landscape and ability for the ACO to deliver any of its live performances. As this continues, the ACO continues to monitor and adjust operations to reduce any operational / cash flow pressures on the Group.

Pier 2/3 project continues to evolve as we progress towards the practical completion date at our new home in the Walsh Bay Arts Precinct next year. The current practical completion date is anticipated to be the end of 2021 or early 2022. From the date of practical completion substantial contractual capital payments owing to NSW Government for these new premises will commence (Refer to Note 23).

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

### Note 31: Charitable fundraising

The parent entity holds an authority to fundraise under the Charitable Fundraising Act, 1991 (NSW) and conducts fundraising appeals throughout the year.

	<b>Consolidated</b>	
	<b>2020</b>	2019
	<b>\$</b>	<b>\$</b>
<b>Details of aggregate gross fundraising income and expenditure:</b>		
Gross proceeds from fundraising appeals	<b>7,505,046</b>	5,900,217
Less: Costs of fundraising	<b>(112,371)</b>	(569,096)
<b>Net surplus from fundraising appeals</b>	<b>7,392,675</b>	5,331,121
Application of funds to fund operations - Opex	<b>(6,398,746)</b>	(4,270,810)
Application of funds to fund operations - Capex	<b>(253,529)</b>	-
<b>Balance to accumulated funds</b>	<b>740,400</b>	1,060,311
<b>Balance to accumulated funds:</b>		
<b>Balance at the beginning of year</b>	<b>7,926,633</b>	6,866,322
Surplus for the current year	<b>740,400</b>	1,060,311
<b>Balance at the end of year</b>	<b>8,667,033</b>	7,926,633

#### Application of funds:

Of the net surplus from fundraising appeals (net of direct costs in 2020) operating expenditures of \$6,398,746 (2019: \$4,270,810) and capital expenditure of \$253,529 (2019: \$nil) in 2020 was applied to the Company's total expenses, including fixed asset additions, in line with the ACO's charitable purpose.

The balance of accumulated funds at the end of the 2020 financial year of \$8,667,033 (2019: \$7,926,633) is being held in total assets in the Consolidated Statement of Financial Position, for expenditure in future years.

#### Agents:

The Company did not conduct any fundraising appeals in which traders were engaged in 2020 or 2019.

# AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2020

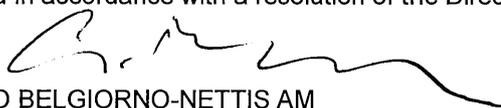
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**Directors' Declaration** – per section 60.15 of the Australian Charities and Not-for-profits Commission Regulation 2013

In the opinion of the Directors of the Australian Chamber Orchestra Pty Limited:

- (a) The consolidated financial statements and notes of Australian Chamber Orchestra Pty Limited are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
  - i - Giving a true and fair view of its financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
  - ii - Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Australian Charities and Not-for-profits Commission Act 2012; and
- (b) There are reasonable grounds to believe that the Australian Chamber Orchestra Pty Limited is able to pay its debts, as and when they become due and payable (Refer to Notes 3.18 and 30).

Signed in accordance with a resolution of the Directors



GUIDO BELGIORNO-NETTIS AM

Director

29 April 2021

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

- (a) the accounts for the year ended 31 December 2020, give a true and fair view of all income and expenditure of Australian Chamber Orchestra Pty Limited with respect to fundraising appeals; and
- (b) the statement of financial position as at 31 December 2020 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 Pty Limited are appropriate and effective in accounting for all income received and applied from any of its fundraising appeals.



GUIDO BELGIORNO-NETTIS AM

Director

29 April 2021



# Independent Audit Report

To the members of the Australian Chamber  
Orchestra Pty Limited

## Report on the Consolidated Financial Statements

### Opinion

I have audited the accompanying consolidated financial statements of the Australian Chamber Orchestra Pty Limited (the company) and its controlled entities (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of surplus or deficit and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In my opinion, the accompanying financial report of the consolidated group gives a true and fair view of the Group's consolidated position as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with:

- (a) Australian Accounting Standards and
- (a) Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

### Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated group's financial report for the year ended 31 December 2020, but does not include the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion.

Steven J Miller & Co  
Chartered Accountants  
18-20 Victoria Street  
PO Box 477 Erskineville NSW 2043  
Tel (+61 2) 9560 3777  
service@stevenjmiller.com.au  
www.stevenjmiller.com.au  
ABN 23 690 541 177



# Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

## **Other Information** continued

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

## **Directors' Responsibility for the Financial Report**

The Directors are responsible for the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012, Australian Charities and Not-for-profits Regulations 2013, 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.

In preparing the financial report, Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the company or its consolidated entities or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the consolidated group's financial reporting process.

## **Auditor's Responsibility for Audit of the Financial Report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- (a) Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

# Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

## **Auditor's Responsibility for Audit of the Financial Report** continued

- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

## **Report on Other Legal and Regulatory Requirements**

### **Additional Scope Pursuant to the Charitable Fundraising Act 1991**

In addition, my audit report has been prepared for the members of the company in accordance with Section 24(2) of the *Charitable Fundraising Act 1991*.

Accordingly, I have performed additional work beyond that which is performed in my capacity as auditor. These additional procedures included obtaining an understanding of the internal control structure for fund raising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising Act 1991 and Regulations. It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal period end financial adjustments for such matters as accrual, prepayments, provisioning and valuation necessary for year end financial statement preparation. The performance of my audit included a review of internal controls for the purpose of determining the appropriate audit procedures to enable an opinion to be expressed on the financial statements. The review is not a comprehensive review of all those systems or of the system taken as a whole and is not designed to uncover all weaknesses in those systems. The audit opinion expressed in this report pursuant to the Charitable Fundraising Act 1991 and Regulations has been formed on the above basis.

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

# Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

## Opinion pursuant to the Charitable Fundraising Act 1991

In my opinion:

- (a) The financial report of the company gives a true and fair view of the financial result of fundraising appeal activities for the year ended 31 December 2020;
- (b) The financial report has been properly drawn up, and the associated records have been properly kept for the year ended 31 December 2020, in accordance with the Charitable Fundraising Act 1991 and its Regulations;



**STEVEN J MILLER & CO**

Chartered Accountant



**S J MILLER**

Registered Company Auditor

No 4286

Sydney

Dated 29 / 4 / 21