

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 2016

DIRECTORS' REPORT

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 2016 and the Independent Audit Report thereon.

Directors' details

The names and particulars of the directors in office during the year and to the date of this report are:

Mr G Belgiorno-Nettis AM (BE Civil UNSW; MBA AGSM; FIEAust)**Chairman****Non-Executive Director since 6 May 1996**

Guido is Managing Director of the private company, Transfield Holdings Pty Ltd, which changed its business model in 2001 from Engineering and Construction to private equity. Before 2001 Guido held a number of key positions within the Transfield Group, including Managing Director, CEO Transfield Engineering and Construction, and Project Development Director. In 2015 he started his own Family Office – Angophora Capital Pty Ltd - focusing on early stage companies needing capital, strategic and organisational support. Currently he is Managing Director Angophora Capital and Non-Executive Director, Tempo Australia. Past board memberships include – President of the Art Gallery NSW Trust, 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, Non-Executive Director Transurban Limited, and Chairman Biennale of Sydney. Guido was named 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 - and won the 2011 Farr 40 World Championship.

Ms E Lewin**Deputy Chair****Non-Executive Director since 12 June 2009**

Elizabeth Lewin (nee Cacciottolo) 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 Colonial First State Investments Limited, Colonial Mutual Superannuation Pty Ltd and Avanteos Investments Limited, and is Chair of their respective Board Investment Committees. Prior executive roles included Chief Executive Officer of UBS Wealth Management Australia (2005 - 2009), Head of UBS Wealth Management UK (1999 - 2004) and Head of European derivative business in UBS Investment Bank UK (1992 - 1998). Elizabeth is a Non-Executive Director of Kaldor Public Art Projects, a Trustee and Treasurer of St Vincent's Clinic Foundation, Councillor and Treasurer of Cranbrook School, a member of the Advisory Council at UNSW Medicine, a member of the Advisory Finance Committee for the Sisters of Charity, 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 LifeHealthcare, an ASX listed specialist distributor of high-end medical devices, and Liverpool Partners Private Equity Fund. 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 OnMarketBookbuilds. 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.

Directors' Report (Continued)

Mr M J Borghetti AO

Non-Executive Director since 5 December 2012

John Borghetti commenced as the Chief Executive Officer and Managing Director of the Virgin Australia Group of Airlines in May 2010. Under his leadership the Group has undergone a strategic repositioning. He has over 40 years' experience in aviation, including a long career at Qantas where he was appointed Executive General Manager Qantas in November 2003, responsible for Qantas Domestic, International and QantasLink. He is also a Director of Coca-Cola Amatil and has previously served as a Director of Energy Australia, Piper Aircraft (USA), The Australian Ballet and CARE Australia.

Mr J Grill AO

Non-Executive Director retired 22 June 2016

John Grill is the current Chairman and was the former Chief Executive of international resources and energy company WorleyParsons. Under his leadership, WorleyParsons has become a global enterprise providing specialist design and project services in the civil, structural, environmental, geotechnical and coastal marine fields. He began his distinguished career with Esso Australia and in 1971 established Wholohan, Grill and Partners as a specialised engineering practice in the oil and gas industry. His firm acquired the US company Worley Engineering (Australia) in 1987. Following group restructuring, in 2002 Worley Group Limited listed on the Australian Stock Exchange. In 2004, Worley Group Limited acquired Parsons E&C Corporation, a US-based global project services company, and changed its name to WorleyParsons Limited. John Grill has personal expertise in every aspect of project delivery for projects in the resources and energy industries. He has been directly involved with most of the major clients of WorleyParsons and remains closely involved at board level with the group's joint ventures. His influence on Australian society was acknowledged in the 2014 round of Australia Day Honours with the receipt of an Officer in the Order of Australia award. He was awarded an honorary doctorate by the University of Sydney in 2010 in recognition of his contribution to the engineering profession. He is Chairman of the Minister's Advisory Committee for the Industry Growth Centres program, Chairman of the Advisory Board of the Centre for Project Leadership at Sydney University and is on the board of Neuroscience Research Australia.

Mr A Lee

Non-Executive Director appointed 1 March 2016

Anthony 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 fund raising 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 a MBA from the Chinese University of Hong Kong.

Mr J T Ostrobruski

Non-Executive Director appointed 17 August 2016

James Ostrobruski is Chief Executive of Kooyong Group, a boutique Melbourne based property finance & advisory business. James has held leadership roles at Grimsey Wealth (2015–2016), Investec Bank (Australia) Limited (2010–2015) and Credit Union Australia Limited (2009–2010), focused on property acquisition & divestment, debt products and treasury management. James is Chairman of Dancehouse Incorporated & the Ostrobruski Family Fund. He is currently a Director of the Bundanon Trust, the Jewish Museum of Australia, the Australian Chamber Orchestra & The National Theatre Melbourne. James was previously a Governor of the Arts Centre Melbourne Foundation & 2015/16 Chairman of The Nexus Global Youth Summit.

Directors' Report (Continued)

Ms H Ridout AO

Non-Executive Director since 5 December 2012

Heather Ridout is a company director with a long history as a leading figure in the public policy debate in Australia. She is Chair of AustralianSuper - the largest industry fund in Australia; a Director of Sims Metal Management - the world's largest publicly listed recycling company; a Director of ASX Ltd, a director of Image Networks Holdings Pty Ltd, and a Director of Notes Printing Australia. Her other appointments include member of Asialink; the Advance Australia Advisory Board, L.E.K. Consulting Advisory Board and RAND Advisory Board. Heather is a former member of the Reserve Bank of Australia Board, also a longstanding member of the American-Australian Leadership Dialogue, a high level forum including very senior representatives from the US and Australia drawn from politics, public service, business and journalism. Heather was a delegate to the B20, the key business advisory body to the international economic forum which includes business leaders from all G20 economies, co-Chair of the Australian-Canada Economic Leadership Dialogue. Up until 30 April 2012, Heather was Chief Executive of the Australian Industry Group - a major, national employer organisation representing a cross section of industry including manufacturing, construction, defence, ICT and labour hire. Her previous appointments include: member of the Henry Tax Review panel, board member of Infrastructure Australia and The Climate Change Authority; Australian Workforce and Productivity Agency; member of the National Workplace Relations Consultative Committee; member of the Australian Press Council National Advisory Panel and member of the Prime Minister's Taskforce on Manufacturing. In 2014 Heather was made an Officer (AO) in the general division of the Order of Australia (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 C Schwartz AM

Non-Executive Director since 30 November 2015

Carol Schwartz has extensive experience in business, property, the arts, and community organisations and has been a director on a large number of public company and government boards. Carol is currently the Chairman of Creative Partnerships Australia, Our Community and Founding Chair of the Women's Leadership Institute Australia. Some of Carol's other directorships include, Reserve Bank of Australia, Stockland, Qualitas Property Partners, Member Advance Global Advisory Council, Founding Director, Scale Angel Network and a BoardLinks champion. In 2016 Carol was inducted into the Australian Property Hall of Fame and was made an Honorary Life Member of the Property Council of Australia. Carol was awarded a Member of the Order of Australia in the Australia Day Honors list in 2006 for her achievements in business and commerce and her contribution to community and the arts; Carol also received the Centenary Medal in 2001, was awarded a Monash University Fellowship in 2010, was inducted into the 2011 Victorian Women's Honour Roll and in 2012 Carol was recognised as one of Australia's most influential women in the Australian Financial Review and Westpac's Inaugural 100 Women of Influence Awards. Together with her husband and four children, Carol established the Trawalla Foundation. The Trawalla Foundation invests in social enterprises and opportunities that focus on arts, ideas, innovation and scholarship.

Ms J Steiner

Non-Executive Director since 30 November 2015

Julie Steiner is a Managing Director Australia of Odgers Berndtson where she leads the Industry Practices: Education, Health, Government, Financial Services and Arts and Culture. The functional Practice areas cover COO, CFO, Marketing and HR senior roles. Julie works with Boards to appoint Chairs and Non-Executive Directors. Her assignments include Vice-Chancellors and C suite appointments. She was a founding Director of Braithwaite Steiner Pretty (BSP). Prior to establishing BSP Julie worked in the public and private sectors as General Manager Enterprises for the Australian Broadcasting Corporation and CEO of IMAX Australia. Her early career was in publishing with Macmillan and Penguin Books. She has been a broadcaster with the ABC and has sat on a number of Boards. Julie is a graduate of the Australian Institute of Company Directors and is on the Board of the Australian Chamber Orchestra and the Nominations Committee of the Australian National University. Julie has an honours degree in English Literature and Politics from the University of Melbourne.

Directors' Report (Continued)

Mr A C Stevens

Non-Executive Director since 1 March 2011

Andrew Stevens is a Non-Executive Director and was formerly the Managing Director of IBM Australia and New Zealand. Andrew is the Chairman of Advanced Manufacturing Growth Centre Limited and a Director of MYOB Group Limited and Thorn Group. He is also a Director of the Committee for the Economic Development of Australia (CEDA) and the Greater Western Sydney GIANTS. He is a member of the Business Advisory Executive at UNSW Business at the University of New South Wales, a member of the Defence Force's Gender Equality Advisory Board and is a member of the Sex Discrimination Commissioner's Male Champions of Change group. Andrew is a fellow chartered accountant and graduated from the University of New South Wales with a Bachelor of Commerce majoring in Accounting, Finance and Systems, and a Master of Commerce majoring in Marketing. He is also a Director of 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. He is also a Director of the Australian Chamber Orchestra Instrument Fund Pty Ltd and of ACOUK and ACOUS. Previous Non-Executive Director of the ACO between 29 August 2001 and 28 October 2008.

Dr N Walton

Non-Executive Director since 8 October 2015

Dr Nina Walton is an economist, lawyer, and Non-Executive Director. Currently Nina is a Director at the Advanced Manufacturing Growth Centre. Until recently, Dr Walton lived in Los Angeles where she was a Professor of Law and Economics at the University of Southern California Law School in Los Angeles. She also served as co-Director of USC's Center for Law, Economics and Organization. Her areas of expertise include incentives and institutions, corporate governance, game theory, law and economics, and regulation. Before entering into academia, Dr Walton practiced law in Australia and was based for several years in San Francisco, CA, where she worked in international business development for a Fortune 500 company. In addition, Dr Walton has served as a City-appointed Board Commissioner for the Industrial Development Authority in Los Angeles and was a member of the California Committee of Human Rights Watch. In addition to receiving her Ph.D. in Economics from University of California, Los Angeles (UCLA), Dr Walton has a Masters in Public Policy from UCLA as well as a Arts/Law degree from the University of NSW.

Directors' Report (Continued)

Mr P W Yates AM

Non-Executive Director since 15 April 2005

Peter is Deputy Chairman of The Myer Family Investments Ltd and a Director of AIA Australia Limited. He is Chairman of the Royal Institution of Australia, the Australian Science Media Centre, the Faculty of Business and Economics at Melbourne University, the Royal Children’s Hospital Foundation, the Shared Value Project and the NHMRC Centre for Personalised Immunology at ANU and Deputy Chairman of Asialink. Peter is a Director of the Royal Children’s Hospital, the Centre of Excellence for Quantum Computation and Communication Technology at UNSW, the Australian Chamber Orchestra and the Australian Research Council. From 2004-2007 Peter was Managing Director of Oceania Capital Partners and held the position of Chief Executive Officer of Publishing and Broadcasting Limited from 2001-2004. Until 2001 he worked in the Investment Banking industry including 15 years with Macquarie Bank. He holds a Doctorate of the University from Murdoch University, a Masters degree from Stanford University Graduate School of Business and a Commerce degree from Melbourne. He speaks Japanese, having studied at Keio University in Tokyo. Peter has been a Director of Publishing and Broadcasting, Crown Ltd, Foxtel Ltd, The Nine Network, Ninemsn, Ticketek, Veda Ltd, Oceania Capital Partners Ltd, the National Portrait Gallery, The Melbourne International Arts Festival, Centre for Independent Studies, MOKO.mobi and the Australia-Japan Foundation. In the June 2011 Queen’s Birthday Honours, Peter was awarded a Member of the Order of Australia for service to education, to the financial services industry and to a range of arts, science and charitable organisations.

Mr S D Yeo

Non-Executive Director since 4 December 2014

Simon Yeo is an Executive Director of Euroz Limited (EZL) and Euroz Securities Limited (wholly owned subsidiary of EZL) 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 ACO 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.

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 2016 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	6	6
Mr W D Best	6	6	6	5
Mr M J Borghetti AO	6	4		
Mr J Grill AO (Retired 22 June 2016)	3	2		
Mr A Lee (Appointed 1 March 2016)	6	6		
Mr J T Ostroburski (Appointed 17 August 2016)	3	2		
Ms H Ridout AO	6	3		
Ms C Schwartz AM	6	5		
Ms J Steiner	6	4		
Mr A C Stevens	6	5		
Mr J G Taberner	6	6		
Dr N Walton	6	6	6	6
Mr P W Yates AM	6	6		
Mr S D Yeo	6	5		

Directors' Report (Continued)**Principal activities**

The principal activity of the 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.

Operating result

The result for the year attributable to the parent entity is a total comprehensive income of \$1,314,112 [2015: \$132,224] and a total comprehensive income of \$892 [2015: income \$373,656] attributable to external unitholders. This comprises of a surplus from operating activities of \$1,036,057 [2015: Deficit \$(201,513)] attributable to the parent entity.

Dividends and distributions

The parent entity's Constitution prohibits the declaration or payment of dividends. The managed investment fund did not pay or declare any distributions during the year.

Review of operations

The Australian Chamber Orchestra (ACO) fulfilled its national remit in 2016 through the presentation of 92 concerts across New South Wales, Queensland, Victoria, Western Australia, South Australia and the ACT, including 11 concerts presented in addition to our national subscription season. The ACO's regional touring and mentoring ensemble, ACO Collective gave 14 concerts across regional New South Wales and Western Australia.

The ACO's 2016 national subscription season opened with a tour by ACO Collective, directed by their newly appointed Artistic Director, the Finnish violinist Pekka Kuusisto. Other artistic highlights of the ACO's 2016 season included the exploration of Beethoven's late string quartets throughout the year, as well as the return of much loved guest soloists, Italian cellist Giovanni Sollima, Australian guitarist Slava Grigoryan and Australia's Synergy Percussion. The Orchestra also welcomed new guest international artist artists, soprano Julia Lezhneva and Elisabeth Leonskaja.

Internationally, the ACO toured The Reef film and concert program in the United States in February, performing in Los Angeles, Blacksburg (Virginia) and New York. The Orchestra also undertook a critically acclaimed international festivals tour in July and August to the Edinburgh Festival in Scotland, Yehudi Menuhin Festival in Switzerland, Tivoli Festival in Denmark and Tanglewood Festival in Massachusetts, and presented a highly successful season of Weimar Cabaret with Barry Humphries and Meow Meow in London.

In 2016, the ACO's National Education Program delivered 237 music education events and reached over 5,000 young people between the ages of 5 and 17 from NSW, QLD, SA, VIC and WA.

ACO VIRTUAL, the ACO's interactive and immersive digital installation, was exhibited in five regional centres and at the National Museum of Australia in Canberra and reached audiences of over 35,500 over the course of the year.

In 2016, Peter Weiss AO generously donated an exceptionally fine and extremely rare cello to the ACO. Made by Giuseppe Guarneri 'filius Andreæ' in 1729, the cello is the biggest single gift in the history of the ACO and is recognised in the financial statements as a musical instrument donation of \$1,759,161.

In 2016, the ACO Instrument Fund secured over \$200,000 of new investments in a period where no new instrument was added to the portfolio, with units now held by some 31 investors. Taking into account all the factors associated with undertaking an Informal Valuation, the unit price remains at \$1.40 with a formal valuation to take place in the quarter ending June 2017.

Directors' Report (Continued)

Strategic plan update

2016 was the first year of the ACO's 5 year strategic plan. The ACO's strategic objectives over 2016 – 2020 are:

- **Excellence:** Create and present programs that are artistically excellent, innovative, vibrant, and imbued with our distinctive character.
- **Access:** Share our music with the nation and the world.
- **Engagement:** Enable more Australians to appreciate music and participate in music.
- **Audience:** Nurture and expand our audience base.
- **Organisation:** Be as innovative organisationally as we are artistically, to strengthen our already sound processes, finances and governance.

To achieve these goals, in 2016 the ACO undertook the following activities:

Excellence:

- Presented unconventional collaborations with artists beyond classical music, including a performance with New Order as part of Vivid Live Festival in Sydney, toured The Reef to Los Angeles and New York and Weimar Cabaret to London, Edinburgh and Boston;
- Reinvigorated existing chamber orchestra repertoire through the commissioning and world premiere of works from Australian composers Timothy Constable, Elena Kats-Chernin and Gordon Kerry;
- Invested in the artistic development of our second ensemble, ACO Collective, through the highly successful first year of its inaugural Artistic Director – the internationally acclaimed Pekka Kuusisto;
- Continued to provide the musicians of the ACO with access to the greatest stringed instruments through securing investments in the ACO Instrument Fund and continued relationships with generous instrument donors;
- Nurtured the next generation of world class string players through an elite Emerging Artists' Program with over seven weeks of training activity across the year;
- Delivered 297 hours of music education activities for school students across Australia – including in regional Australia; and
- Maintained existing corporate partnership and philanthropy programs and developed a new support program aligned to specific creative projects, the ACO Reconciliation Giving Circle.

Access:

- Complemented our national subscription season by performing 15 concerts in Switzerland, England, Scotland, Denmark and the USA;
- Developed new collaborations with Gondwana Choirs, Worawa College in Healesville, VIC and Djarragun College in Gordonvale, QLD to connect the ACO and its music with Indigenous Australian artists; and
- Expanded our funding programs to support international touring through the charitable entities of ACO US and ACO UK.

Engagement:

- Offered an education program of the highest artistic quality that is relevant to both students and teachers, as assessed by the ACO's Education Peer Review Panel and independent researchers from the University of Western Sydney and University of Melbourne;
- Continued to work with the NSW Government in the planning and development of a fully accessible ACO Music Centre as a hub for artistic exploration, music education, and community engagement;
- Maintained our position as Australia's truly national orchestra through coverage of metropolitan and regional Australia in NSW, QLD, SA, WA, VIC and ACT – with the plan to cover all states and territories over a three-year period; and
- Leveraged our government relations to address funding gaps in our touring and education activities by securing project funding from the Federal Government's Catalyst – Australian Arts and Culture Fund for our Weimar Cabaret international tour and from the Australia Council for the Arts' Playing Australia program and Arts NSW's Performing Arts Touring program for our ACO Collective regional touring, regional education and community engagement activities.

Directors' Report (Continued)

Audience:

- Used audience segmentation research and analysis to inform our programming and development of live and digital audience initiatives;
- Continued to implement a digital innovation program to defy geography by presenting ACO Virtual in 7 centres across regional and metropolitan Australia to over 35,000 people and implementing a digital recordings program in collaboration with The Thomas Foundation and ABC Classics; and
- Collaborated with Vivid Sydney and New Order to present the ACO and its ensembles to new audiences in the Vivid Live Festival.

Organisation:

- Ensured that our business processes operate in the most effective and efficient way and utilise the Information and Communication Technology (ICT) resources available by undertaking an IT review, including a review of our Customer Relationship Management database system;
- Used our musicians' time most efficiently to reconcile national and international reach with the artistic wellbeing of the ensemble through our operational planning processes;
- Attracted and maintained a Board of Directors, musicians and administration of the highest quality;
- Ensured that our development programs continued to evolve to reflect the changing needs of the organisation and the environment; and
- Ensured the ACO is financially stable and has sufficient financial reserves to sustain it in a challenging financial environment through our financial management processes.

Auditor's independence

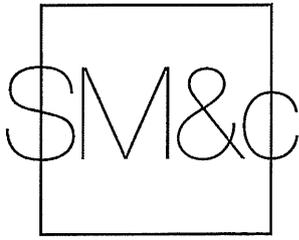
The auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 10.

Signed in accordance with a resolution of the directors.



GUIDO BELGIORNO-NETTIS AM
Director

27 April 2017



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 for the year ended 31 December 2016, 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.

STEVEN J MILLER & CO
Chartered Accountants

S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated 28/4/17

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Liability limited
by a Scheme,
approved under
the Professional
Standards
Legislation

CONSOLIDATED STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Note	Consolidated	
		2016	2015
		\$	\$
Revenue	4		
Performance revenue	4(a)	7,348,798	7,855,490
Sponsorship and donation revenue	4(b)	8,693,662	6,736,510
Government funding revenue	4(c)	2,565,203	2,422,278
Other revenue	4(d)	1,009,066	790,738
		<u>19,616,729</u>	<u>17,805,016</u>
Expenses	5		
Performance expenses		9,437,194	9,496,080
Marketing expenses		840,026	962,441
Development expenses		637,727	547,769
Overhead expenses		7,761,194	6,901,744
Total expenses		<u>18,676,141</u>	<u>17,908,034</u>
Surplus / (Deficit) before income tax		<u>940,588</u>	<u>(103,018)</u>
Income tax expense	6	(20,461)	(298,585)
Surplus / (Deficit) for the year		<u>920,127</u>	<u>(401,603)</u>
Deficit attributable to external unitholders	15	115,930	200,090
Surplus / (Deficit) attributable to the parent entity		<u>1,036,057</u>	<u>(201,513)</u>
Other Comprehensive Income			
Unrealised loss on available-for-sale financial assets		(175,883)	(43,526)
Revaluation of musical instruments		377,026	-
Movement in fair value of investments in rare, historical stringed instruments		193,734	1,001,683
Surplus on disposal reclassified to surplus		-	(50,674)
Other comprehensive income for the year, net of income tax		<u>394,877</u>	<u>907,483</u>
Other comprehensive income attributable to external unitholders	15	(116,822)	(573,746)
Other comprehensive income attributable to the parent entity		<u>278,055</u>	<u>333,737</u>
Total comprehensive income for the year attributable to the parent entity		<u>1,314,112</u>	<u>132,224</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Note	Consolidated 2016 \$	2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	6,656,782	12,379,712
Trade and other receivables	8	426,503	966,491
Inventories	9	7,157	9,945
Prepayments		636,287	491,982
		<u>7,726,729</u>	<u>13,848,130</u>
Non-current Assets			
Available-for-sale financial assets	10	12,863,242	6,321,020
Property, plant & equipment	11	3,145,015	1,290,053
Investments in rare, historical stringed instruments	12	5,857,797	5,664,063
Inventories	9	14,384	19,989
Intangible assets	13	5,242	107,925
Total Non-current Assets		<u>21,885,680</u>	<u>13,403,050</u>
Total Assets		<u>29,612,409</u>	<u>27,251,180</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	14	1,041,580	944,362
Liability to external unitholders	15	2,967,759	2,733,052
Employee benefits	16	715,087	564,557
Grant liabilities	17	300,435	141,962
Unearned revenue	18	5,558,765	5,368,801
Total Current Liabilities		<u>10,583,626</u>	<u>9,752,734</u>
Non-current Liabilities			
Provision for liquidity risk	19	612,122	443,204
Deferred tax liabilities	20	685,005	664,544
Employee benefits	16	593,654	533,504
Total Non-current Liabilities		<u>1,890,781</u>	<u>1,641,252</u>
Total Liabilities		<u>12,474,407</u>	<u>11,393,986</u>
NET ASSETS		<u>17,138,002</u>	<u>15,857,194</u>
EQUITY			
Share capital	21	19	18
Reserves	22	13,522,743	12,953,664
Accumulated surpluses	22	3,615,240	2,903,512
Total Equity		<u>17,138,002</u>	<u>15,857,194</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2016

	Note	Share Capital \$	Capital Challenge \$	Reserve Incentive Funding \$	Asset Revaluations Reserve \$	Special Reserves \$	Accumulated Funds \$	Total Equity \$
Balance at 1 January 2015		17	3,133,470	606,000	524,273	8,250,000	3,260,947	15,774,707
Prior period		-	-	-	-	-	(49,738)	(49,738)
Share issued		1	-	-	-	-	-	1
Deficit for the year		-	-	-	-	-	(201,513)	(201,513)
Other comprehensive income		-	-	-	333,737	-	-	333,737
		18	3,133,470	606,000	858,010	8,250,000	3,009,696	15,857,194
Transfers to/(from) reserves		-	214,756	-	(108,572)	-	(106,184)	-
Balance at 31 December 2015		18	3,348,226	606,000	749,438	8,250,000	2,903,512	15,857,194
Balance at 1 January 2016		18	3,348,226	606,000	749,438	8,250,000	2,903,512	15,857,194
Prior period		-	-	-	-	-	(33,305)	(33,305)
Restated opening balance		18	3,348,226	606,000	749,438	8,250,000	2,870,207	15,823,889
Changes in equity								
Share issued		1	-	-	-	-	-	1
Surplus for the year		-	374,222	-	-	-	661,835	1,036,057
Other comprehensive income		-	(154,303)	-	432,358	-	-	278,055
Transfer to/(from) reserves		-	(105,000)	-	21,802	-	83,198	-
	21 /							
Balance at 31 December 2016	22	19	3,463,145	606,000	1,203,598	8,250,000	3,615,240	17,138,002

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

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Note	Consolidated	
		2016	2015
		\$	\$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		8,525,175	8,043,422
Receipts from sponsors and donors		6,800,654	7,177,667
Instrument Fund applications		199,998	639,996
Interest/dividends received		649,463	719,585
Cash flows from government			
Receipts of government grants		2,996,044	2,737,585
Net GST received		222,035	165,442
Total cash received		19,393,369	19,483,697
Payments			
Payments to employees		(7,799,343)	(7,265,212)
Payments to suppliers		(10,455,260)	(10,082,805)
Total cash used		(18,254,603)	(17,348,017)
Net cash provided by operating activities		1,138,766	2,135,680
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sales of financial assets		3,072,509	1,994,712
Total cash received		3,072,509	1,994,712
Payments			
Payments for property, plant, equipment and intangible assets		(143,591)	(691,570)
Purchases of available for sale financial assets		(9,790,614)	(467,879)
Total cash used		(9,934,205)	(1,159,449)
Net cash (used in) /provided by investing activities		(6,861,696)	835,263
Net change in cash and cash equivalents		(5,722,930)	2,970,943
Cash and cash equivalents, beginning of year		12,379,712	9,408,769
Cash and cash equivalents, end of year	7	6,656,782	12,379,712

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

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 2016.

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 2016 were approved and authorised for issuance by the Board of Directors on 27 April 2017.

Note 2: Changes in accounting policies

2.1 Changes in accounting policy

In the current reporting period, the parent entity changed the accounting policy for changes in fair value of investment in rare, historical stringed instruments owned by the Australia Chamber Orchestra Instrument Fund, to take revaluation movements through other comprehensive income rather than surplus/deficit for the year on consolidation. Changes in fair value of musical instruments held by the Instrument Fund (IF) arise from two situations:

- Instruments are valued in US dollars and are revalued formally, the last revaluation was 2 May 2014, before each withdrawal window; and
- A change in exchange rate occurs continuously, and the IF must revalue for exchange rate variances annually.

Comparatives for year ended 31 December 2015 have been restated to reflect this change in accounting policy, overall total comprehensive income for the year is unchanged as a result of the restatement.

From 1 January 2016, only the parent entity changed the accounting policy for:

- Depreciation of musical instruments. Musical instruments held by the parent entity are considered to have an extremely long useful life and depreciation is immaterial and accordingly not recognised for these assets. This decision not to recognise depreciation for these assets will be reviewed annually and is included in note 3.11.
- Capitalisation threshold for property, plant and equipment and intangible assets. The threshold was increased from \$500 to \$2,000 and is included in note 3.11.
- Employee benefits oncost provision to include leave whilst on leave and is included in note 3.15.

2.2 New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 January 2016. Information on the more significant standard(s) is presented below.

AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent AASB 2015-4 amends AASB 128 Investments in Associates and Joint Ventures to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 Consolidated Financial Statements for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

AASB 2015-4 is applicable to annual reporting periods beginning on or after 1 July 2015.

The adoption of this amendment has not had a material impact on the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

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 26 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.

3.3 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.

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.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016
(continued)

Note 3: Summary of accounting policies continued

3.3 Significant management judgements in applying accounting policies continued

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 sufficient 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.

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 utility of certain software and IT equipment.

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.

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.

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.

3.4 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.

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 tax (GST).

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. Amounts disclosed are net of GST.

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

(a) Performance revenue

Revenue from ticket sales is recognised in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income at the time of concert performances. Revenue in respect of productions not yet performed is included in the Consolidated Statement of Financial Position as unearned revenue under Current Liabilities.

(b) Sponsorship revenue

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Note 3: Summary of accounting policies continued

3.4 Revenue continued

(c) Donations and bequests

Donations are brought to account as received. Bequests are recognised when the legacy is received. Revenue from donations or 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.

(d) Government funding revenue

A number of the Group's programs are supported by grants received from the federal, state and local governments. If there are conditions attached to a grant which must be satisfied before the Group is eligible to receive the contribution, recognition of the grant as revenue is deferred until those conditions are satisfied.

Revenue from a non-reciprocal grant that is not subject to conditions is recognised when the Group obtains control of the funds, economic benefits are probable and the amount can be measured reliably.

Where a grant is received on the condition that specified services are delivered, to the grantor, this is considered a reciprocal transaction. Revenue is recognised as services are performed and at year end until the service is delivered.

Where a grant may be required to be repaid if certain conditions are not satisfied, a liability is recognised at year end to the extent that conditions remain unsatisfied.

(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.

3.5 Income Tax

The parent entity is exempt from income tax under Div 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/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

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 has been reduced from 30% to 28.5% for income year commencing on 1 July 2015 for small businesses and this applies to the Australian Chamber Orchestra Instrument Fund (deemed as small business as less than \$2 million aggregated turnover) for year ended 31 December 2016 (2015: 30%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Note 3: Summary of accounting policies continued

3.6 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.

3.7 Receivables

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

An allowance for doubtful debts is made when there is objective evidence that the Group may not be able to collect the debt. Bad debts are written off when identified.

3.8 Inventories

Inventories comprise goods for resale and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. Costs are assigned to individual items of stock on the basis of weighted average costs.

3.9 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.

3.10 Available-for-sale financial assets

Available-for-sale assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as either financial assets at fair value through surplus or deficit, loans and receivables or held-to-maturity investments. When an available-for-sale financial asset is recognised initially, it is measured at its cost which represents its fair value.

After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised in other comprehensive income and reported as a separate component of equity until the asset is derecognised or until the asset is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in surplus or deficit.

The fair value of assets that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For assets with no active market, fair value is determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Note 3: Summary of accounting policies continued

3.11 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.

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

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 retained earnings.

Refer to Note 11 for particulars of the revaluation to fair value, movements during the year and depreciation and amortisation methods and rates 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.

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

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 \$2,000 (2015: \$500) and above, individually or forming a group of parts or components costing more than \$2,000 (2015: \$500) are capitalised.

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 and are included in surplus or deficit in the year the asset is derecognised and any amount included in surplus or deficit within other income or other expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Note 3: Summary of accounting policies continued

3.12 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 and revalues them every two years. 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 external professional valuers that have sufficient 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.

3.13 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 represents probable future economic benefits controlled by the company that can be reliably measured. Costs in relation to feasibility studies during the planning phase of a 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 3.11.

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

3.14 Leases

Operating leases

Where the Group is a lessee, payments on operating lease agreements are recognised as an expense on a straight lines basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Note 3: Summary of accounting policies continued

3.15 Employee benefits continued

Post-employment benefits plans

The Group provides post-employment benefits through a number of independent defined contribution 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 that relevant employee services are received.

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 Tax 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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 4: Revenue		
Note 4(a) - Performance revenue		
Subscriptions	4,064,440	4,194,407
Single ticket sales	2,623,049	2,975,674
Concert fees - Domestic	136,335	106,138
Concert fees - International	433,514	502,921
Other performance revenue	91,460	76,350
	<u>7,348,798</u>	<u>7,855,490</u>
Note 4(b) - Sponsorship and donation revenue		
Sponsorships	1,858,285	1,801,045
Donations - Cash	4,229,343	3,899,944
Donations - Musical Instrument	1,759,161	-
Fundraising	846,873	1,035,521
	<u>8,693,662</u>	<u>6,736,510</u>
Note 4(c) - Government funding revenue		
Australia Council for the Arts - Major Performing Arts Fund	1,893,697	1,863,875
Australia Council for the Arts - Project Funding	20,000	171,000
Arts NSW - Core Funding	198,470	193,629
Arts NSW - Project Funding	111,074	34,043
Federal Ministry of Arts Funding	220,000	-
Other government grants	121,962	159,731
	<u>2,565,203</u>	<u>2,422,278</u>
Note 4(d) - Other revenue		
Interest and dividends received	590,269	630,521
Other revenue	418,797	160,217
	<u>1,009,066</u>	<u>790,738</u>
Note 5: Expenses		
The surplus / (deficit) for the year includes the following specific items:		
Amount of inventories recognised as an expense	132,745	12,502
Depreciation expense	222,353	377,471
Amortisation expense	89,282	175,133
Impairment recognised in surplus:		
Property, plant and equipment and intangible assets	196,372	415,371
Deficit on disposal of plant and equipment	1,706	-
Deficit on disposal of available-for-sale investments	29,517	14,177
Foreign exchange losses	34,331	19,275
Provision for liquidity risk expense	168,918	44,366
	<u>168,918</u>	<u>44,366</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 6: Income tax expense		
The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 28.5% for year ended 31 December 2016 (2015: 30%) and the reported tax expense in surplus or deficit are as follows:		
Surplus / (deficit) before tax	940,588	(103,018)
Domestic tax rate	28.5%	30%
Expected tax expense	268,068	(30,905)
Adjustment for tax-exempt income:		
Relating to not for profit status of parent entity	(262,237)	316,180
Restatement prior year deferred tax calculation due to change in income tax rate to 28.5% for year end 31 Dec 2016 (2015: 30%)	(33,227)	-
Prior year overprovision for income tax	(285)	-
Relating to provision for liquidity risk	48,142	13,310
Tax expense	20,461	298,585
Tax expense comprises:		
Current tax income	-	(2,250)
Deferred tax expense	(3,969)	330
Origination of temporary differences	24,580	300,505
Tax expense	20,611	298,585
Note 7: Cash and cash equivalents		
Cash at bank and on hand	350,474	235,248
Short term deposits	6,306,308	12,144,464
	6,656,782	12,379,712
Note 8: Trade and other receivables		
Trade receivables	104,728	398,799
Interest receivable	58,583	117,777
GST receivable	175,614	171,161
Other receivables	87,578	278,754
	426,503	966,491
Note 9: Inventories		
CDs, DVDs and books on hand at net realisable value	21,541	29,934
	21,541	29,934
Current	7,157	9,945
Non-current	14,384	19,989
	21,541	29,934

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 10: Available-for-sale financial assets		
Financial assets	<u>12,863,242</u>	<u>6,321,020</u>
Available-for-sale financial assets are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale and are held at market value.		
Reconciliation of opening and closing balances of investments		
Opening balance	6,321,020	7,891,379
Additions	9,790,614	467,879
Disposals	(3,072,509)	(1,994,712)
Revaluation decrements	(175,883)	(43,526)
Closing balance	<u>12,863,242</u>	<u>6,321,020</u>
Note 11: Property, plant & equipment		
Details of the Group's property, plant and equipment and their carrying amounts are as follows:		
At cost:		
Leasehold improvements		
Leasehold improvements - at cost	435,928	422,225
Accumulated amortisation	(337,852)	(306,166)
	<u>98,076</u>	<u>116,059</u>
Plant & equipment		
Plant and equipment - at cost	2,410,415	2,313,074
Accumulated depreciation	(2,267,604)	(1,907,053)
	<u>142,811</u>	<u>406,021</u>
At fair value:		
Musical instruments		
Musical instruments - at fair value	2,904,128	995,012
Accumulated depreciation	-	(227,039)
	<u>2,904,128</u>	<u>767,973</u>
Total property, plant and equipment	<u>3,145,015</u>	<u>1,290,053</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Note 11: Property, plant & equipment (continued)

Reconciliation of the opening and closing balances

	Leasehold Improve- ments (at cost) \$	Plant & Equipment (at cost) \$	Musical Inst- ruments (at fair value) \$	TOTAL \$
Carrying amount at 1 January 2016	116,059	406,021	767,973	1,290,053
Additions	13,703	106,019	1,759,962	1,879,684
Disposals	-	(1,706)	-	(1,706)
Impairment	-	(145,170)	(833)	(146,003)
Revaluation	-	-	377,026	377,026
Depreciation / amortisation	(31,686)	(222,353)	-	(254,039)
Carrying amount at 31 December 2016	98,076	142,811	2,904,128	3,145,015

Depreciation & Amortisation

The straight line method of amortisation is used to amortise leasehold improvements over the remaining period of the lease which is 4 years. The straight line method of depreciation is used to depreciate plant and equipment over 3 to 7 years. Musical Instruments are held at fair value and not depreciated.

Revaluations

Musical instruments were revalued in 2016 by independent valuers, previously they were revalued at 31 December 2011. The pianos were revalued at 18 October 2016 by Theme & Variations Piano Services. The Giuseppe Guarneri 'filius Andreae' cello was valued by the Australian Tax Office on 28 June 2016. The Harpsichord was valued by Bill Bright on 11 October 2016 and the Double Bass by Cincinnati Bass Cellar for 31 December 2016. Other stringed instruments and bows were valued by Peter Biddulph on 13 October 2016. The directors reviewed the carrying value of the instruments and a revaluation of \$377,026 was deemed appropriate as at 31 December 2016.

Consolidated

2016	2015
\$	\$

Note 12: Investments in rare, historical stringed instruments

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

Opening balance	5,664,063	4,662,380
Change in the fair value through other comprehensive income	193,734	1,001,683
	5,857,797	5,664,063

Rare, historical stringed instruments are valued periodically by registered valuers and were valued on 2 May 2014 by Peter Biddulph Limited. At 31 December 2016, the directors reviewed the fair value of these instruments and determined the fair value to be appropriate.

The fair value of the instruments shown as at 31 December 2016 reflects the most recent formal valuation and the AUD/USD exchange rate as at 30 June 2016. The directors of the parent are of the opinion that the June 2016 values remain appropriate for 31 December 2016, notwithstanding any subsequent change in the exchange rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 13: Intangible assets		
Software		
Software - at cost	423,884	422,076
Accumulated amortisation	(418,642)	(410,711)
	<u>5,242</u>	<u>11,365</u>
Website		
Website - at cost	772,059	772,059
Accumulated amortisation	(772,059)	(675,499)
	<u>-</u>	<u>96,560</u>
Total intangible assets	<u><u>5,242</u></u>	<u><u>107,925</u></u>

Reconciliation of the opening and closing balances

	Software	Website	TOTAL
	\$	\$	\$
Carrying amount at 1 January 2016	11,365	96,560	107,925
Additions	5,281	-	5,281
Impairment	-	(50,369)	(50,369)
Amortisation expense	(11,404)	(46,191)	(57,595)
Carrying amount at 31 December 2016	<u><u>5,242</u></u>	<u><u>-</u></u>	<u><u>5,242</u></u>

The straight line method of amortisation is used to amortise Software over 3 to 5 years. An impairment review of the Website was undertaken during the year ended 31 December 2016. Amortisation and impairment is included in the overhead expenses line in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income.

	Consolidated	
	2016	2015
	\$	\$
Note 14: Trade and other payables		
Trade creditors	367,605	587,707
Accrued expenses	237,622	159,983
Other payables	436,353	196,672
	<u><u>1,041,580</u></u>	<u><u>944,362</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

	Consolidated	
	2016	2015
	\$	\$
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 as follows:		
Opening balance	2,733,052	1,641,632
Applications	199,998	639,996
Adjustment for brought forward profits attributable to current unitholders	33,817	77,768
Current year total comprehensive income attributable to external unitholders	892	373,656
Closing balance	<u>2,967,759</u>	<u>2,733,052</u>
Current year total comprehensive income attributable to external unitholders:		
Deficit	(115,930)	(200,090)
Other comprehensive income	116,822	573,746
	<u>892</u>	<u>373,656</u>

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 Trustee will provide periodic withdrawal opportunities under which a limited number of units will be purchased by the Australian Chamber Orchestra Pty Limited on a pro-rata basis from investors who wish to participate in the relevant withdrawal opportunity. The Trustee intends to provide these withdrawal opportunities every three years. The first withdrawal window opportunity for redemption since the creation of the Fund arose in 2014 at which time 50,000 units were redeemed. The next opportunity will be on 1 July 2017.

Additionally, 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 2016.

	Consolidated	
	2016	2015
	\$	\$
Note 16: Employee benefits		
Reconciliation of employee benefits:		
Opening balance	1,098,061	1,080,934
Provided during the year	210,680	17,127
Closing balance	<u>1,308,741</u>	<u>1,098,061</u>
Analysis of employee benefits:		
Current	715,087	564,557
Non-current	593,654	533,504
	<u>1,308,741</u>	<u>1,098,061</u>

Note 17: Grant liabilities

Australia Council for the Arts – Project Funding	-	20,000
Arts NSW – Project Funding	82,798	-
Playing Australia	217,637	121,962
	<u>300,435</u>	<u>141,962</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 18: Unearned revenue		
Subscription series revenue in advance	4,100,841	4,017,055
Ticket income in advance	726,324	564,312
Sponsorships in advance	713,662	768,369
Other unearned revenue	17,938	19,065
	<u>5,558,765</u>	<u>5,368,801</u>

Note 19: Provision for liquidity risk

Provision for liquidity risk	612,122	443,204
Provision cost per unit	\$ 0.18	\$ 0.14

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.

	Consolidated	
	2016	2015
	\$	\$
Note 20: Deferred tax liabilities		
Deferred tax liabilities arising from temporary differences can be summarised as		
Investment in rare, historical stringed instruments		
at 1 January 2016	664,544	366,769
Change in fair value recognised in other comprehensive income at 31 December	24,580	300,505
Future income tax benefits attributable to tax losses	(3,511)	-
Other deferred tax assets	(608)	(2,730)
Closing Balance at 31 December 2016	<u>685,005</u>	<u>664,544</u>

For the year ended December 2016, the deferred tax benefit has been reclassified from prepayments to deferred tax liability, 2015 comparatives have been adjusted accordingly.

	Number of Shares	Number of Shares
Note 21: Share capital		
Authorised:		
Ordinary shares of \$1 each	<u>100</u>	<u>100</u>

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

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

Issued:		
Ordinary shares of \$1 each fully paid	<u>19</u>	<u>18</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 22: Reserves and accumulated surpluses		
Reserves		
Asset revaluation:		
Investments	96,225	96,004
Surplus to external unitholders	(690,567)	(573,746)
Musical instruments	1,797,940	1,227,180
Special purpose	8,250,000	8,250,000
Reserve Incentive Funding Scheme	606,000	606,000
Capital Challenge	3,463,145	3,348,226
	<u>13,522,743</u>	<u>12,953,664</u>

Surplus to external unitholders consist of:

This is another component of equity. It 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.

Special purpose reserves consist of:

- Instrument Fund Redemption reserve

The Australian Chamber Orchestra Instrument Fund will provide investors with withdrawal opportunities from the Fund every three years, limited to \$500,000 at each withdrawal window. It is intended that those withdrawals will be funded by the parent entity which shall buy those units from those investors seeking to participate in the withdrawal opportunity. The next withdrawal opportunity will be 1 July 2017.

- Other reserves

Funds have been transferred to reserves to fund the company's relocation to new premises, education and to support emerging artists programs, create new exceptional music collaborations, commission new works and develop the ACO's unique programming to the international stage and to seed fund the purchase of instruments for the Instrument Fund.

Reserve Incentive Funding Scheme consists of:

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

Capital Challenge consist of:

The ACO Capital Challenge is a secure fund which will permanently strengthen the ACO.

During the year the Capital Challenge earned net income of \$374,222 and had unrealised loss of \$154,303.

During the year the company transferred \$105,000 from the Capital Challenge Reserve to commission new work.

	Consolidated	
	2016	2015
	\$	\$
Accumulated surpluses	<u>3,615,240</u>	<u>2,903,512</u>
Reconciliation of movement during the year		
Opening balance	2,903,512	3,260,947
Prior period	(33,305)	(49,738)
Surplus / (Deficit) for the year	661,835	(201,513)
Transferred to / (from) reserves	83,198	(106,184)
Closing balance	<u>3,615,240</u>	<u>2,903,512</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 23: Fair value measurement		
23.1 Fair value measurement of financial assets		
Listed securities	6,703,835	4,660,931
Investment funds	<u>6,134,407</u>	<u>1,660,089</u>
Net fair value	<u>12,838,242</u>	<u>6,321,020</u>

The fair value of listed securities is their market price at the reporting date. The fair value of investment funds is provided by the fund manager.

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

23.2 Fair value measurement of non-financial assets

Property, plant & equipment

Rare, historical stringed instruments	5,857,797	5,664,063
Property, plant and equipment - Musical instruments	<u>2,904,128</u>	<u>767,973</u>
	<u>8,761,925</u>	<u>6,432,036</u>

The rare, historical musical instruments were revalued on 2 May 2014. The musical instruments were revalued for the year ended 31 December 2016, refer to Note 11 for further detail. (Previously revalued on 31 December 2011).

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

Note 24: Commitments for expenditure

	Consolidated	
	2016	2015
	\$	\$
Operating leases		
Total future minimum lease payments under non-cancellable operating leases payable:		
Within one year	181,312	214,867
Later than one and not later than five years	<u>488,021</u>	<u>597,058</u>
	<u>669,333</u>	<u>811,925</u>

Commitments are GST inclusive where relevant.

Operating leases included are effectively non-cancellable and comprises of monthly rental agreements for office equipment expiring between July 2016 and July 2021. Office premises lease expiring November 2019 subject to annual CPI reviews.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

	Consolidated	
	2016	2015
	\$	\$
Note 25: 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	<u>150,000</u>	<u>150,000</u>

Note 26: Related party transactions

Controlled entities

The Australian Chamber Orchestra Instrument Fund Pty Ltd was a controlled entity at 31 December 2016. 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 the majority of the directors of the entity are directors of Australian Chamber Orchestra Pty Ltd.

As at 31 December 2016, the entity held cash of \$9 (2015: \$8), 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 2016. The entity was formed on 14 July 2011. As at 31 December 2016, the entity held cash of \$96,936 (2015: \$2,180).

As at 31 December 2016, the entity had issued 3,326,632 units (2015: 3,250,711) and the Australian Chamber Orchestra Pty Ltd held 1,321,826 units (2015: 1,388,761). On 11 February 2015, the Fund revalued the unit price to \$1.40 (2015: \$1.20). The Board agreed at 4 May 2016 that the current unit price of \$1.40 remained appropriate for the year end 30 June 2016.

Name of controlled entity	Reporting Date	Ownership Interest
	Australian Chamber Orchestra Instrument Fund Pty Ltd	30 June
Australian Chamber Orchestra Instrument Fund	30 June	40%

Transactions with related parties

The parent entity transferred the Stradivarius violin to the Australian Chamber Orchestra Instrument Fund for \$1,790,000 in 2011, in exchange for units in the Australian Chamber Orchestra Instrument Fund. The consideration of \$1,790,000 was the cost originally paid by the parent entity for the violin.

On 12 March 2014 the Fund purchased a rare Guarneri 1714 violin for \$1,649,817. The Guarneri 1714 violin was purchased from the Australian Chamber Orchestra Pty Ltd in exchange for 1,260,711 units valued at \$1.15 in the Fund and cash of \$199,999.

The parent entity and the Australian Chamber Orchestra Instrument Fund have signed an "Instrument Hire" agreement whereby for a nominal fee (which includes insurance, marketing and administration expenses), the parent entity can utilise the instruments owned by the Australian Chamber Orchestra Instrument Fund.

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 \$123,490 (2015: \$128,020) on behalf of Australian Chamber Orchestra Instrument Fund Pty Ltd during the year ended 31 December 2016.

These costs are not subject to reimbursement by the Australian Chamber Orchestra Instrument Fund Pty Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2016

(continued)

Related Party Transactions continued

Note 26: Related party transactions (continued)

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

2016 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value	Interest Held	Distributions Paid
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	280,000	6.01%	-
Alochan Pty Ltd							
ATF Sharetrust	100,000	-	-	100,000	140,000	3.01%	-
WD Best	100,000	-	-	100,000	140,000	3.01%	-
Total	400,000	-	-	400,000	560,000	12.03%	-

2015 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value	Interest Held	Distributions Paid
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	280,000	6.15%	-
Alochan Pty Ltd							
ATF Sharetrust	100,000	-	-	100,000	140,000	3.08%	-
WD Best	100,000	-	-	100,000	140,000	3.08%	-
James Superannuation Fund	50,000	-	(50,000)*	-	-	-	-
Total	450,000	-	(50,000)	400,000	560,000	12.31%	-

* Angus James ceased to be a director on 30 November 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2016
(continued)

	Parent Entity	
	2016	2015
	\$	\$
Note 27: Parent entity information		
Information relating to Australian Chamber Orchestra Pty Ltd		
Current assets	22,157,287	21,943,799
Non-current assets	3,150,257	1,397,979
Total assets	25,307,544	23,341,778
Current liabilities	7,440,243	6,848,153
Non-current liabilities	593,654	533,504
Total liabilities	8,033,897	7,381,657
Net assets	17,273,647	15,960,121
Share capital	14	13
Reserves	13,498,336	13,178,544
Accumulated funds	3,775,297	2,781,564
Total equity	17,273,647	15,960,121
Surplus for the year	1,149,216	7,399
Total comprehensive income for the year	1,313,525	170,887

Note 28: Contingent liabilities

There are no contingent liabilities that have been incurred by the Group in relation to 2016 or 2015.

Note 29: Post-reporting date events

There were no adjusting or significant non-adjusting events that have occurred subsequent to the reporting date and the date of authorisation.

Note 30: Charitable fundraising

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

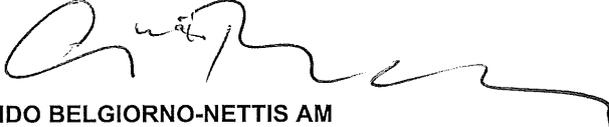
All funds raised from fundraising activities, net of direct costs, were applied to the company's normal operations. The company did not conduct any appeals in which traders were engaged.

Directors' Declaration – 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 2016 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.

Signed in accordance with a resolution of the Directors



GUIDO BELGIORNO-NETTIS AM
Director

Dated this 27th day of April

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

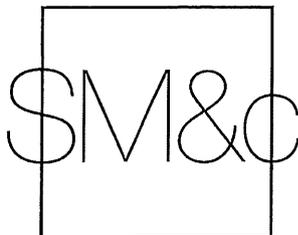
I, Guido Belgiorno-Nettis AM, Chairman of Australian Chamber Orchestra Pty Limited, declare that in my opinion:

- (a) the accounts for the year ended 31 December 2016, 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 2016 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
Chairman

27 April 2017



Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

Report on the financial report

Opinion

I have audited the financial report of the Australian Chamber Orchestra Pty Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 financial report of the Australian Chamber Orchestra Pty Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) Giving a true and fair view of the registered entity's consolidated position as at 31 December 2016 and of its financial performance and cash flows for the year ended; and
- (b) Complying with Australian Accounting Standards and Division 60 of 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 registered entity's annual report for the year ended 31 December 2016, 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.

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service@stevenjmillier.com.au
www.stevenjmillier.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 of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, 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 registered entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the registered entity'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 the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered 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 our opinion. My conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 my audit.



STEVEN J MILLER & CO

Chartered Accountant



S J MILLER

Registered Company Auditor

No 4286

Sydney

Dated

28, 4, 17