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 2018

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 2018 and the Independent Audit Report thereon.

Directors' details

The names and particulars of the directors in office during the year and to 31 December 2018 are:

Mr G Belgiorno-Nettis AM (BE Civil UNSW; MBA AGSM; FIEAust)
Chairman
Non-Executive Director since 6 May 1996
Guido Belgiorno-Nettis is Managing Director of his family office Angophora Capital. Established in 2015, Angophora Capital focuses on Private Equity opportunities - early stage companies needing capital, strategic and organisational support. He is also Non-Executive Director Tempo Australia, and Non-Executive Director Balmoral Pastoral. He is Managing Director of the passive investment company, Transfield Holdings Pty Ltd. Transfield Holdings changed its business model in 2003 from a multi-disciplined Engineering and Construction company to private equity. From 1999 - 2003 Guido was Managing Director of the Transfield Group. His previous key roles were CEO - Transfield Engineering and Construction and Director - Project Development. Past Board roles include: 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) and Head of UBS Wealth Management UK (1999 - 2004). 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 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 Liverpool Partners Private Equity Fund, a Director of Ellerston Asia and Ellerston Global Investment Companies and Literacy Planet Limited. He is also Chairman of Inala, a Rudolf Steiner organisation supporting individuals with disabilities and the Australian Chamber Orchestra Instrument Fund Pty Limited. Bill is an advisor to 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 retired 14 December 2018
John Borghetti commenced as the Chief Executive Officer and Managing Director of the Virgin Australia Group of Airlines in May 2010. He has over 40 years' experience in aviation, including a long career at Qantas. 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.

Ms J Crawford
Non-Executive Director appointed 27 April 2017
Judy Crawford has been a philanthropist for more than 30 years, supporting a range of causes and charities. She has a long and enthusiastic history of championing change. Judy's involvement in charitable organisations has ranged from her work with ground-breaking cancer treatment centre, Chris O'Brien Lifehouse, to being a founding Board Member of the Children's Hospital Foundation, and a committee member of Social Ventures Australia. Judy served as President of the Point Piper Liberal Party branch. During her ten or so years in this role, she was a key organiser of fundraising for the Liberal Party of Australia, as well as the Australian Republican movement. Judy has a keen interest in the Arts and until recently was a member of the Board of Directors of the Sydney Dance Company. She is a long-term supporter of the Sydney Symphony Orchestra, the Australian Chamber Orchestra, and a founder of the Joye Art Foundation.

Mr J Kench
Non-Executive Director appointed 27 April 2017
John Kench is a Consultant adviser at Johnson, Winter & Slattery, lawyers. He was a founding senior partner of JWS Sydney (2004) and national chairman of partners (2012-2016). John was a senior partner of Blake Dawson Waldron (now Ashurst) from 1983-2004. John has been the lead legal adviser to the Australian Chamber Orchestra since 2013. Recognised by peers and in legal directories as one of Australia's leading competition law practitioners and strategic problem solvers. John has extensive commercial and corporate law experience, including in the music, film and broadcasting industries. Previous relevant directorships include Scientific-Atlanta, Bertelsman Doubleday and Fine Music FM.

Mr A Lee
Non-Executive Director since 1 March 2016
Anthony Lee moved to Australia from Hong Kong in 1987 and is a private investor based in Sydney. He is a board member of Beyond International Limited (ASX listed) and Hysan Development Company Limited and Television Broadcasts Limited (both companies listed on the Hong Kong Stock Exchange). Anthony is also a former trustee of Princeton University and a member of the Vice Chancellor's Campaign Board of The University of Sydney. Anthony has been a volunteer serving his alma mater, Princeton University, since 1984 with experience in multiple fundraising campaigns. Anthony and his wife are music lovers and support a wide range of activities in Australia including establishing the first ever Jazz Scholarship at the Sydney Conservatorium of Music. Anthony received a BA in Mathematics from Princeton University and an MBA from the Chinese University of Hong Kong.

Mr M Myer AO
Non-Executive Director appointed 24 October 2017
Martyn Myer has 25 plus years of experience in executive and non-executive board and chair roles in private and public companies, not-for-profit organisations and philanthropic foundations. Martyn currently is Chairman of Cosgate Ltd, President of Myer Foundation, Deputy Chancellor of the University of Melbourne and sits on the boards of the Melbourne Theatre Company and Australian Chamber Orchestra. In October 2016, Martyn stepped down as Chairman of Myer Family Investment Pty Ltd, the collective Myer family investment group. In June 2008, Martyn was appointed an Officer in the Order of Australia for service to business and the community, particularly through contributions to medical research and the establishment of the Florey Neuroscience Institute and through executive and philanthropic roles with a range of organisations. Martyn has a Bachelor of Engineering degree from

DIRECTORS' REPORT (CONTINUED)

Swinburne University (1980), a Master of Engineering Science from Monash University (1989) and a Master of Science in Management from the Sloan School of Management, Massachusetts Institute of Technology in Boston, USA (1990).

Mr J T Ostroburski
Non-Executive Director since 17 August 2016
James Ostroburski is Chief Executive of Kooyong Group, a family of companies that provides property finance and advisory to individuals and businesses, manages private wealth and supports Australian social and cultural endeavours through philanthropy. The group's centrepiece is Kooyong Wealth, a boutique lending business that sourced an initial capital pool of over $35 million before launching in December 2016. Prior to Kooyong, James held leadership roles at Grimsey Wealth (2015–2016), Investec Bank (Aust) Ltd (2010–2015) and Credit Union Australia (2009–2010), focusing on property advisory, debt funding and wealth management. James is a Director of the Australian Chamber Orchestra, Jewish Museum of Australia, the Institute of Creative Health and Cannvalate Pty Ltd (Trading as EC Pharma). He co-chaired the fifth annual Nexus Global Youth Summit – a launchpad for leaders in social change and innovation – at the United Nations in New York City. James was formerly a Director of the Bundanoon Trust, Chairman of Dancehouse Incorporated and Governor of the Arts Centre Melbourne Foundation.

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. Heather is Chair of AustralianSuper - the largest industry fund in Australia; a Director of ASX Ltd and a Director of Sims Metal Management - the world's largest publicly listed recycling company. Her other appointments include member of the Boards of Asialink; Advance Australia Advisory Board; L.E.K. Consulting Advisory Board; RAND Australia Advisory Board and is a member of ASIC's – External Advisory Panel. 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, defence, ICT and labour hire. Her previous appointments include: member of the Reserve Bank Board; member of the Henry Tax Review panel; board member of Infrastructure Australia; board member of Note Printing Australia; member of the Business Roundtable on Climate Change; member of the National Workplace Relations Consultative Committee; member of the Prime Minister's Taskforce on Manufacturing; co-Chair of the Australian-Canada Economic Leadership Dialogue and a delegate to the B20 which is the key business advisory body to the G20. 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 retired 14 December 2018
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 Chair of 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 and Member Advance Global Advisory Council. 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 Honours 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

DIRECTORS' REPORT (CONTINUED)

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 the Chair of Odgers Berndtson Australia and Head of the Board, CEO, Education and Cultural sector practices. Prior to executive search, Julie worked in the public and private sectors as General Manager ABC Enterprises and CEO of the Pay Television divisions for the Australia Broadcasting Corporation and also a CEO of IMAX Australia. Her early career was in international publishing with Macmillan Publishers Ltd and Penguin Books Australia. She has been broadcaster with the ABC and has sat on a number of Boards. Julie is a graduate of the Australian Institute of Company Directors, is the Chair of the Odgers Berndtson Global Education Practices and is on the Board of the Australian Chamber Orchestra Pty Ltd and the Australian Chamber Orchestra Instrument Fund Pty Ltd. Julie has an honours degree in English Literature and Politics from the University of Melbourne.

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

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 Organisation. 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 Master of Public Policy from UCLA as well as an Arts/Law degree from the University of NSW.

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 Australian Chamber Orchestra first launched the project in 2012 and also for *The Reef* redux undertaken in 2015 for the 2016 The Reef tour of the USA. He was previously a Director of Tura New Music.

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 2018 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	5		
Ms E Lewin (Deputy Chair)	6	6	4	4
Mr W D Best	6	6	4	2
Mr M J Borghetti AO ^	6	4		
Ms J Crawford	6	6		
Mr J Kench	6	5	4	3
Mr A Lee	6	4		
Mr M Myer AO	6	5		
Mr J T Ostroburski	6	3		
Ms H Ridout AO	6	5		
Ms C Schwartz AM ^	6	1		
Ms J Steiner	6	5		
Mr J G Taberner	6	5		
Dr N Walton	6	5	4	4
Mr S D Yeo	6	3		

^ Retired 14 December 2018

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 $3,975,129 [2017: $4,638,912]. This comprises of an overall surplus of $3,950,256 [2017: $4,063,880] attributable to the parent entity. The parent entity results are after including net surplus contribution of $3,231,873 [2017: $3,435,986] for the Australian Chamber Orchestra's New Premises Project at Pier 2/3 in Walsh Bay Arts Precinct and after recognising unrealised loss on financial securities of $617,670 [2017: nil. Any impact in 2017 was taken through other comprehensive income].

DIRECTORS' REPORT (CONTINUED)

Extract of Consolidated Statement of Surplus and Other Comprehensive Income

	2018	2017
	$	$
General Operations (Including realised investment income)	**1,336,053**	627,894
Unrealised loss on financial securities ^	**(617,670)**	-
New Premises Project – Donations	**3,899,009**	3,815,000
New Premises Project – Expenditure	**(667,136)**	(379,014)
New Premises Project – Net Contribution Surplus / (Deficit)	**3,231,873**	3,435,986
Surplus attributable to the parent entity	**3,950,256**	4,063,880
Other comprehensive income attributable to parent entity ^	**24,873**	575,032
Total comprehensive income for the year attributable to the parent entity	**3,975,129**	4,638,912

^ Effective 1 January 2018 under AASB 9 *Financial Instruments*, any unrealised gain/(loss) on financial securities are taken through the surplus attributable to the parent entity, while in 2017 any unrealised gain/(loss) on financial securities were taken through other comprehensive income attributable to the parent entity. See Note 2 to the consolidated financial statements, on changes in accounting policies for further details on the AASB 9 impacts. Unrealised gain/(loss) on financial securities arise as the ACO invests certain reserves for the long-term in diversified portfolios with equity exposures and the market fluctuates overtime; however, any gain/(loss) are only realised when the financial security is actually sold.

Review of operations:
The Australian Chamber Orchestra (ACO) fulfilled its national remit in 2018 through the presentation of 79 public concerts across every state and territory, including 10 public concerts in addition to the Orchestra's national subscription season. The ACO's regional touring and emerging artists' ensemble, ACO Collective, gave 6 public concerts across regional Western Australia (WA), 1 public concert in Perth, 2 public concerts in Sydney and 1 public concert in Melbourne.

Artistic highlights in 2018 included the Australian premiere of Bernard Labadie's arrangement of Bach's iconic Goldberg Variations and a program celebrating strong female operatic heroines with the Australian soprano, Nicole Car and ACO's Principal Violin, Satu Vänskä. The year ended triumphantly with a tour of Beethoven's Symphony No.5 and Beethoven's Violin Concerto - featuring ACO Artistic Director Richard Tognetti as soloist. Both works were performed on gut strings with period woodwinds, brass and percussion - as it would have been heard in Beethoven's day. The ACO's regional touring and mentoring ensemble, ACO Collective, also gave acclaimed performances throughout regional and metropolitan WA under its Artistic Director, Pekka Kuusisto.

2018 was also a year of commissions for the ACO, with the Orchestra giving the world premiere of commissions from high profile American composers, Missy Mazzoli and Sam Adams as well as commissions from the much-loved Australian composer, Elena Kats-Chernin and emerging Australian composer, Cyrus Meurant.

The ACO ventured abroad on two international tours in 2018. In May the ACO gave two performances to full houses in Tokyo as part of DFAT's *Australia Now* initiative. 2018 was the inaugural year of the ACO's Barbican Centre London Residency and saw the Orchestra give three hugely successful, sold out concerts which included a live performance of the ACO's and Stranger Than Fiction's film, *Mountain*; a program featuring Mozart's three last symphonies and the Nicole Car *Heroines* program. The residency also included an educational collaboration with musicians of The Guildhall School of Music & Drama in London.

2018 saw the ACO release two new albums in partnership with ABC Classics across a range of platforms, including digital (standard and high-definition formats) and CD:

1. ACO Collective / Collective Wisdon (for the Hush Foundation) - August 2018
2. Nicole Car Heroines - October 2018

In 2018 the ACO's Learning & Engagement Program delivered 115 music education events and reached over 2,900 students nationally from NSW, VIC, WA, QLD, TAS, SA and NT.

The ACO Instrument Fund received 12 new investments in 2018, to the value of approximately $1.8 million. This included the second major investment by superannuation fund Media Super of $1 million, after an initial $1 million in November 2017. The Instrument Fund also acquired its fourth instrument, a rare 1590 Brothers Amati Violin in December 2018.

The Instrument Fund Board undertook an Informal Valuation and resolved at its 5 June 2018 meeting that the current unit price of $1.40 (2017: $1.40) should remain unchanged as it remains an appropriate value for each unit.

New Premises Strategic Project:
The ACO has a long-held desire to have its own home and is in the final planning stages of securing new premises as part of the revitalised Walsh Bay Arts Precinct Project at Pier 2/3.

The ACO estimates that the cost of all fit out, fittings, government payments, design and consultancy and relocation costs to deliver its home on Pier 2/3, will be in excess of $20 million.

To support its aspirations for a home for the ACO, in 2018 the ACO continued the "quiet" phase of a capital campaign for this visionary project. The capital campaign is anticipated to launch publicly in 2020. The ACO has been delighted with the generous early support received: $3,899,009 in cash donations were received during 2018 [Life-to-date as at 31 December 2018, $8,064,009 ($4,165,000 as at 31 December 2017)].

Strategic plan update:
2018 was the third year of the ACO's five-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 2018 the ACO undertook the following activities:

Excellence:
- Presented unconventional collaborations with artists beyond classical music, including Jim Moginie and Brian Ritchie (ACO Underground at the Perth Festival) and Joseph and James Tawadros (Vivaldi's Four Seasons program in Japan). The ACO also collaborated with Chunky Move dancer, Tara Jade Samaya to create a short film responding to Beethoven's Symphony No.5 which was used to promote our Beethoven tour in November 2018;

DIRECTORS' REPORT (CONTINUED)

- Reinvigorated existing chamber orchestra repertoire through the commissioning and world premiere of two works from Australian composers, Elena Kats-Chernin and Cyrus Meurant and two works from international composers, Sam Adams and Missy Mazzoli. In addition; ACO Collective premiered and recorded 12 new works by young Australian composers for the Hush Foundation album, *Collective Wisdom*;
- Invested in the artistic development of our second ensemble, ACO Collective, through the highly successful third year of its inaugural Artistic Director – the internationally acclaimed Pekka Kuusisto;
- Continued to provide the musicians of the ACO with access to high quality period instruments by growing the ACO Instrument Fund and its investor base; as well as through long-term instrument loans with generous benefactors;
- Nurtured the next generation of world class string players through an elite Emerging Artists' Program with over 6 weeks of training activity across the year. Former ACO Emerging Artist Liz Woolnough was appointed to a trial for the position of Ripieno Viola with the ACO; and
- Maintained existing corporate partnerships and philanthropy programs and developed a new support program aligned to support the ACO's re-imaging of our Bill Henson collaboration, *Luminous*. The ACO's charitable entities in the UK and US were also successful in raising awareness and financial support for the Orchestra in these markets. The ACO's also commenced a strategic market development plan for Japan.

Access:
- Complemented our national subscription season by performing in Darwin and Hobart, at the Emanuel Synagogue in Sydney and in the Perth Festival;
- Gave 2 performances in Tokyo and 3 performances at The Barbican Centre in London;
- Gave 9 performances in regional WA with ACO Collective, including 3 schools concerts.
- Delivered over 9,000 contact hours of music education activities for school students across Australia – including in regional Australia;
- Continued collaborations with Gondwana Choirs and Worawa College in Healesville VIC and commenced a collaboration with the Melbourne Indigenous Transition School to connect the ACO with Indigenous Australians; and
- Continued to expand our funding programs to support international touring through the charitable entities of ACO UK and ACO US.

Engagement:
- Offered a Learning & Engagement program of the highest artistic quality that is relevant to both students and teachers, as assessed by feedback obtained from participant surveys and interviews;
- 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 every state and territory; and
- Further secured our government relationship to address funding gaps in our touring and education activities by securing project funding from the Australia Council for the Arts' Playing Australia program for our ACO Collective regional touring, regional education and community engagement activities; as well as funding the Department of Foreign Affairs and Trade, including the Australia-Japan Foundation, to support our Japan touring.

Audience:
- Implemented Experion's Mosaic segmentation tool to better understand the demographics, behaviours and lifestyles of our audience, and used these insights to tailor our marketing campaigns;
- Used data from our Ticketing and Customer Relationship Management system 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 5 centres across regional and metropolitan Australia to over 17,000 people and continuing a digital recordings program in collaboration with The Thomas Foundation and ABC Classics;

DIRECTORS' REPORT (CONTINUED)

- Collaborated with The Perth Festival to present the ACO to new audiences in Perth and with Stranger than Fiction Films and international film distributors to present the ACO's *Mountain* film to new audiences throughout UK, Europe, Asia and North America; and
- Created digital content (video, podcasts, blog posts, imagery, program essays) tailored to new audiences that encouraged learning and discovery and positioned the ACO as accessible, contemporary and relevant. Through this digital content, grew our online social community by 52% (Instagram), 17% (Facebook) and 29% (Youtube).

Organisation:
- Ensured that our business processes operate in the most effective and efficient way, with business improvement projects commenced including investment in a new finance system, and business intelligence tool and the development of a new website;
- 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 2018 has been received and can be found on page 11.

Signed in accordance with a resolution of the directors.

E. Lewin

ELIZABETH LEWIN
Director

29 April 2019

Auditor's Independence Declaration

To the Directors of the Australian Chamber Orchestra Pty Limited:

In accordance with the requirements of section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012, as lead auditor for the audit of the Australian Chamber Orchestra Pty Limited and its controlled entities for the year ended 31 December 2018, 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

STEVEN J MILLER & CO
Chartered Accountants

S J MILLER
Registered Company
Auditor No 4286

Sydney

Dated 9 / 4 / 19

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AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Note	Consolidated 2018 $	2017 $
Revenue	4		
Performance revenue	4(a)	**7,519,001**	7,756,164
Sponsorship and donation revenue	4(b)	**10,675,071**	10,358,334
Government funding revenue	4(c)	**2,521,157**	2,408,848
Other Revenue	4(d)	**1,271,668**	1,094,621
Total Revenue		**21,986,897**	21,617,967
Expenses	5		
Performance expenses		**8,223,074**	8,987,773
Marketing expenses		**812,855**	786,426
Development expenses		**736,271**	884,220
Overhead expenses		**7,756,043**	6,890,389
Unrealised loss on financial securities		**617,670**	-
Total expenses		**18,145,913**	17,548,808
Surplus before income tax		**3,840,984**	4,069,159
Income tax (expense)/benefit	6	**(138,536)**	41,127
Surplus for the year		**3,702,448**	4,110,286
Deficit /(Surplus) attributable to external unitholders	15	**247,808**	(46,406)
Surplus/(Deficit) attributable to the parent entity		**3,950,256**	4,063,880
Other Comprehensive Income			
Unrealised gain/(loss) on available for sale financial assets	10	**-**	589,858
Movement in fair value of investments in rare, historical stringed instruments gain/(loss)	12	**285,902**	(61,519)
Other comprehensive income for the year, net of income tax		**285,902**	528,339
Other comprehensive (income)/loss attributable to external unitholders	15	**(261,029)**	46,693
Other comprehensive income attributable to the parent entity		**24,873**	575,032
Total comprehensive income for the year attributable to the parent entity		**3,975,129**	4,638,912

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

AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2018

	Note	Consolidated 2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**8,653,194**	11,426,577
Other financial assets (current)	7(a)	**6,750,000**	-
Trade and other receivables	8	**1,095,491**	717,885
Inventories	9	**4,896**	5,796
Prepayments		**651,694**	543,193
Total Current Assets		**17,155,275**	12,693,451
Non-current Assets			
Financial securities	10	**13,232,399**	13,460,612
Other financial assets	7(a)	**1,500,000**	-
Property, plant and equipment	11	**3,060,436**	3,108,831
Investments in rare, historical stringed instruments	12	**8,294,604**	7,020,281
Inventories	9	**1,792**	11,651
Intangible assets	13	**315,206**	2,225
Total Non-current Assets		**26,404,437**	23,603,600
Total Assets		**43,559,712**	36,297,051
LIABILITIES			
Current Liabilities			
Trade and other payables	14	**2,252,593**	1,256,076
Liability to external unitholders	15	**6,696,655**	4,735,539
Other provisions	16	**704,253**	659,635
Grant liabilities	17	**156,307**	393,684
Unearned revenue	18	**6,174,393**	5,669,699
Total Current Liabilities		**15,984,201**	12,714,633
Non-current Liabilities			
Provision for liquidity risk	19	**732,455**	576,618
Deferred tax liabilities	20	**782,415**	643,879
Other provisions	16	**653,124**	758,410
Total Non-current Liabilities		**2,167,994**	1,978,907
Total Liabilities		**18,152,195**	14,693,540
NET ASSETS		**25,407,517**	21,603,511
EQUITY			
Share capital	21	**19**	21
Reserves	22	**13,571,160**	14,145,130
Accumulated surpluses	22	**11,836,338**	7,458,360
TOTAL EQUITY		**25,407,517**	21,603,511

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

AUSTRALIAN CHAMBER ORCHESTRA PTY LIMITED

and its controlled entities

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Note	Share Capital	Capital Challenge	Reserve Incentive Funding	Asset Revaluation Reserve	Special Reserves	Accum. Funds	Total Equity
		$	$	$	$	$	$	$
Balance at 1 January 2017		19	3,463,145	606,000	1,203,598	8,250,000	3,615,240	**17,138,002**
Prior period adjustment		-	-	-	-	-	(173,405)	**(173,405)**
Adjusted balance at 1 January 2017		**19**	**3,463,145**	**606,000**	**1,203,598**	**8,250,000**	**3,441,835**	**16,964,597**
Changes in Equity								
Shares issued/(forfeited)		2	-	-	-	-	-	**2**
Surplus for the year		-	172,355	-	-	-	3,891,525	**4,063,880**
Other comprehensive income		-	10,697	-	564,335	-	-	**575,032**
Transfer (from)/to reserves		-	(125,000)	-	-	-	125,000	**-**
Balance at 31 December 2017		**21**	**3,521,197**	**606,000**	**1,767,933**	**8,250,000**	**7,458,360**	**21,603,511**
Balance at 1 January 2018 – AASB 139		21	3,521,197	606,000	1,767,933	8,250,000	7,458,360	**21,603,511**
Adjustment on adoption of AASB 9		-	-		(675,386)	-	675,386	**-**
Adjusted balance at 1 January 2018 – AASB 9		21	3,521,197	606,000	1,092,547	8,250,000	8,133,746	**21,603,511**
Prior period adjustment			-	-	-	-	(171,121)	**(171,121)**
Adjusted balance at 1 January 2018		**21**	**3,521,197**	**606,000**	**1,092,547**	**8,250,000**	**7,962,625**	**21,432,390**
Changes in Equity								
Shares (forfeited)/issued		(2)	-	-	-	-	-	**(2)**
Surplus for the year		-	106,543	-	-	-	3,843,713	**3,950,256**
Other comprehensive income		-	-	-	24,873	-	-	**24,873**
Transfer from/(to) reserves		-	(30,000)	-	-	-	30,000	**-**
Balance at 31 December 2018	21/22	**19**	**3,597,740**	**606,000**	**1,117,420**	**8,250,000**	**11,836,338**	**25,407,517**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018

	Note	Consolidated 2018 $	2017 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		**7,837,026**	7,821,946
Receipts from sponsors and donors		**9,834,243**	9,927,755
Instrument Fund applications		**1,849,997**	1,594,664
Interest/dividends received		**960,397**	827,926
Cash flows from government			
Receipts from government grants		**2,521,157**	2,502,097
Net GST received		**205,589**	239,767
Total cash received		**23,208,409**	22,914,155
Payments			
Payments to employees		**(7,906,422)**	(7,371,041)
Payments to suppliers		**(7,990,882)**	(9,416,370)
Total cash used		**(15,897,304)**	(16,787,411)
Net cash provided by operating activities		**7,311,105**	6,126,744
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sales of financial assets	10	**2,406,918**	5,011,653
Disposals of available-for-sale investments		**13,733**	102,408
Total cash received		**2,420,651**	5,114,061
Payments			
Payments for rare, historical instruments	12	**(988,421)**	(1,373,986)
Payments for property, plant, equipment and intangible assets	11/13	**(470,343)**	(52,860)
Purchases of available for sale financial instruments	10	**(2,796,375)**	(5,044,164)
Purchases of other financial assets		**(8,250,000)**	-
Total cash used		**(12,505,139)**	(6,471,010)
Net cash (used in) / provided by investing activities		**(10,084,488)**	(1,356,949)
Net change in cash and cash equivalents		**(2,773,383)**	4,769,795
Cash and cash equivalents, beginning of year		**11,426,577**	6,656,782
Cash and cash equivalents, end of year	7	**8,653,194**	11,426,577

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2018

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

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 2018.

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 2018 were approved and authorised for issuance by the Board of Directors on 29 April 2019.

Note 2: Changes in accounting policies

2.1 New Standards adopted as at 1 January 2018

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement*. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairments of financial assets. The adoption of this amendment has not had a material impact on the Company results overall, however has resulted in a material reclassification from Other Comprehensive Income, to Surplus attributable to the parent entity.

When adopting AASB 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of AASB 9 in relation to classification, measurement and impairment are recognised in opening retained earnings as at 1 January 2018.

The adoption of AASB 9 has impacted the following areas:

Classification and measure of the Group's financial assets

Financial securities– Available for sale financial assets under AASB 139 included financial securities of $13,460,612 as at 31 December 2017. These were reclassified to fair value through profit or loss (FVPL) under AASB 9. $675,387 was transferred from the available for sale financial assets reserve (part of the Asset Revaluation Reserve) to Accumulated Funds on 1 January 2018.

Reconciliations of financial instruments on adoption of AASB 9

On the date of initial application, 1 January 2018 the financial instrument of the Group were reclassified as follows:

		Measurement Category		Carrying Amount		
	Notes	Original AASB 139 category	New AASB 9 category	Closing balance 31 December 2017 (AASB 139) $	Adoption of AASB 9 $	Opening balance 1 January (AASB 9) $
Financial assets						
Current						
Trade and other receivables	8	Amortised cost	Amortised cost	717,885	-	717,885
Cash and cash equivalents	7	Amortised cost	Amortised cost	11,426,577	-	11,426,577
Non-current						
Financial securities	10	Available for sale	FVPL	13,460,612	-	13,460,612
Total financial assets				**25,605,074**	**-**	**25,605,074**
Financial liabilities						
Current						
Trade and other payable	14	Amortised cost	Amortised cost	1,256,076	-	1,256,076
Total financial liabilities				**1,256,076**	**-**	**1,256,076**

Reconciliations of statement of financial position balance from AASB 139 to AASB 9 at 1 January 2018:

	AASB 139 carrying amount $	Re-classification $	Re-measurement $	AASB 9 carrying amount $
Fair value through profit of loss (FVPL)				
Closing balance 31 December 2017 – AASB 139	-			-
From available for sale (AFS) – financial securities	-	13,460,612		13,460,612
Opening balance 1 January 2018 – AASB 9	**-**	**13,460,612**	**-**	**13,460,612**

Reconciliations of equity for the impact of AASB 9 at 1 January 2018:

	Capital challenge reserve $	Asset revaluation reserve $	Accumulated Funds $
Closing balance 31 December 2017 – AASB 139	**3,521,197**	**1,767,933**	**7,458,360**
Reclassify financial securities from AFS to FVPL	-	(675,386)	675,386
Opening balance 1 January 2018 – AASB 9	**3,521,197**	**1,092,547**	**8,133,746**

2.2 Other standard adopted by the Group which do not have a material impact on the financial statements

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions*

- Interpretation 22 *Foreign Currency Transaction and Advance Consideration*

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 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).

3.3 Revenue (continued)

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

(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.

3.4 Operating Expenses

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

3.5 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 3.6.

The following useful lives are applied:

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

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

3.6 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 musical 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 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.

Depreciation and amortisation (continued)

Musical Instruments held by the parent entity are considered to have an extremely long useful life and the directors are of the opinion that depreciation should not be recognised for these assets. The decision not to recognise depreciation for these assets will be reviewed annually. Similar to last year, in 2018 the directors are of the opinion that depreciation should not be recognised on these assets as the depreciation is immaterial.

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

The following useful lives are applied:

- musical instruments: 100-450 years
- leasehold improvements: life of lease
- plant and equipment: 3-10 years

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date and an impairment loss recognised whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of the assets fair value less costs to sell and value in use. Impairment losses are recognised in the consolidated statement of surplus or deficit and other comprehensive income.

Capitalisation threshold

Property, plant and equipment and intangible assets costing $5,000 (2017: $5,000) and above, individually or forming a group of parts or components costing more than $5,000 (2017: $5,000) 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 of the assets 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.

3.7 Investment in rare, historical stringed instruments

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

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

3.7 Investment in rare, historical stringed instruments (continued)

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

Any gain or loss resulting from a change in the fair value of rare, historical musical instruments is immediately recognised in other comprehensive income as a change in fair value of rare, historical stringed instruments.

Refer to Note 12 for particulars of the fair value adjustments.

3.8 Leases

Operating leases

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

3.9 Financial Instruments

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

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

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

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

Classification and subsequent measurement of financial assets (continued)

Classifications are determined by both:

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

All income and expense relating to financial assts that are recognised in profit or loss are presented within finance costs, finance income of other financial items, except for impairment of trade receivable which his presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

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

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

After initial derecognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivable fall into this category of financial instruments as well as long term deposits that were previously classified as held to maturity under AASB 139.

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

Financial assets that are held within a different business model other than 'hold to collect;' or hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

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

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities, that were previously classified as 'available for sale' under AASB 139.

In 2017, available for sale financial assets under ASB 139 included unlisted equity investments held by the parent entity (Australian Chamber Orchestra Pty Ltd) in the form of Instrument Fund units in the controlled entity (Australian Chamber Orchestra Instrument Fund), this holding is eliminated to nil in the consolidated Group accounts. In 2018, unlisted equity securities in the form of Instrument units are held by the parent entity, however this holding is eliminated to nil in the consolidated Group accounts presented here.

Impairment of Financial assets

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

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

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

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2')

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

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

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

Trade and other receivables

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

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group has made no allowance for impairment in 2018 (2017: nil) based on prior historical experience.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, The Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

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

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

Classification and measurement of financial liabilities (continued)

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

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

Accounting policies applicable to comparative period (31 December 2017)

Recognition, initial measurement and derecognition

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

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

Classification and subsequent measurement of financial assets

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

- Loans and receivables
- Held-to-maturity (HTM) investments
- Available-for-sale (AFS) financial assets

All financial assets except for those at fair value through profit or loss (FVPL) are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of

Loans and receivables (continued)

discounting is immaterial. The Company's trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Held to Maturity (HTM) investments

Held to maturity (HTM) investment are not-derivative financial assets with fixed of determinable payments and fixed maturity other than loans and receivables investments are classified as HTM if the Group has the intention and ability to hold them until maturity. The Group in 2017 had nil HTM investments.

Held to maturity investment are measured subsequent at amortise cost using the effective interest method. Any changes to the carrying amount of the investment including impairment losses, are recognised in profit of loss.

Available-for-sale (AFS) 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.

All available for sale (AFS) financial assets are measured at fair value. 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.

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables.

Financial liabilities are initially measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss (FVPL), they are carried subsequently at fair value with gains or losses recognised in surplus or deficit.

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

3.10 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.

3.11 Income Tax

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

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

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The company tax rate has been increased to 30% for income year commencing on 1 July 2017 for small businesses which applies to the Australian Chamber Orchestra Instrument Fund for year ended 31 December 2018 (2017: 27.5%). On 23 August 2018, Federal Parliament passed the *Treasury Laws Amendment (Enterprise Tax Plan Base Rate Entities) Bill 2018*, retrospectively applying the legislation from 1 July 2017. In summary, this Bill amends the Income Tax Rates Act 1986 to provide that a corporate tax entity will not qualify for the lower 27.5% corporate tax rate if more than 80% of its assessable income is of a passive nature. If this is the case, then a 30% corporate tax rate would apply. For the Fund it is considered that more than 80% of its assessable income is of a passive nature.

3.12 Cash and cash equivalents

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

3.13 Musical performances

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

3.14 Provisions, contingent liabilities and contingent assets

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

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

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

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. In 2017, employee benefits oncost provision included leave whilst on leave, this requirement has been removed in 2018. 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.

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.

3.19 Significant management judgements in applying accounting policies

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

(a) 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.

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

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

3.19 Significant management judgements in applying accounting policies (continued)

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

(d) 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.

(e) 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.

(f) 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.

	Consolidated	
	2018	2017
	$	$
Note 4: Revenue		
Note 4(a) – Performance revenue		
Subscription sales	**4,275,720**	4,103,147
Single ticket sales	**2,800,105**	3,031,681
Concert fees – Domestic	**158,142**	85,268
Concert fees – International	**241,438**	344,663
Other performance revenue	**43,596**	191,405
Total Performance revenue	**7,519,001**	7,756,164
Note 4(b) – Sponsorship and donation revenue		
Sponsorships – Cash	**1,239,291**	1,448,388
Sponsorships – Contra	**840,828**	348,636
Donations – General	**3,650,998**	3,919,995
Donations – New Premises Project	**3,899,009**	3,815,000
Bequests	**-**	75,064
Fundraising	**781,349**	751,251
Sponsor Events	**159,420**	-
Membership Fees	**104,176**	-
Total Sponsorship and donation revenue	**10,675,071**	10,358,334
Note 4(c) – Government revenue funding		
Australia Council for the Arts - Core Funding	**1,947,092**	1,920,209
Australia Council for the Arts - Project Funding	**50,000**	-
Create NSW – Core Funding	**202,042**	198,470
Create NSW – Project Funding	**-**	82,798
Other government grants	**322,023**	207,371
Total Government revenue funding	**2,521,157**	2,408,848
Note 4(d) – Other revenue		
Interest, dividends and distributions	**1,085,789**	802,811
Foreign exchange (losses)/gains	**(8,719)**	38,793
Profit realised on sale of financial securities	**13,733**	102,408
Other revenue	**180,865**	150,609
Total Other revenue	**1,271,668**	1,094,621

	Note	Consolidated 2018 $	2017 $
Note 5: Expenses			
The surplus for the year includes the following specific items:			
Amount of inventories recognised as an expense		**14,922**	15,176
Depreciation expense	11	**109,307**	125,277
Amortisation expense	11/13	**96,450**	76,837
Impairment recognised in surplus:			
Deficit realised on sale of financial securities		**19,726**	96,050
Unrealised loss on financial securities	10	**617,670**	-
Provision for liquidity risk expense/(benefit)		**142,616**	(35,504)

Note 6: Income tax expense

The Australian Chamber Orchestra Instrument Fund Pty Ltd is subject to tax. The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of 30% for year ended 31 December 2018 (2017: 27.5%) and the reported tax expense in surplus or deficit are as follows:

	2018	2017
Surplus / (deficit) before tax	**3,840,984**	4,069,159
Domestic tax rate	**30.0%**	27.5%
Expected tax expense	**1,152,295**	1,119,019
Adjustment for tax-exempt income:		
Relating to not for profit status of parent entity	**(1,110,734)**	(1,130,329)
Restatement prior year deferred tax calculations due to changes in income tax rate to 30% for the year ended 31 December 2018 (2017: 27.5%)	**58,534**	(24,036)
Relating to provision for liquidity risk	**38,441**	(5,781)
Tax expense / (benefit)	**138,536**	(41,127)
Tax expense/(benefit) comprises:		
Current tax income	**-**	-
Deferred tax expense /(benefit)	**138,536**	(41,127)
Origination of temporary differences	**-**	-
Tax expense / (benefit)	**138,536**	(41,127)

	Consolidated 2018 $	2017 $
Note 7: Cash and cash equivalents		
Cash at bank and on hand	**239,418**	339,155
Short term deposits	**8,413,776**	11,087,422
Total cash and cash equivalents	**8,653,194**	11,426,577

Note 7(a): Financial assets and liabilities

(i) Categories of financial assets and liabilities

Note 3.9 provides a description of each category of financial asset and financial liabilities and the related accounting policies. The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Notes	Amortised cost 2018 $	Assets at fair value through profit and loss (FVPL) 2018 $	Equity fair value through other comprehensive income (FVOCI) 2018 $	Total 2018 $
Financial assets					
Current					
Cash and cash equivalents	7	8,653,194	-	-	8,653,194
Term deposit	7(a)	6,750,000	-	-	6,750,000
Trade and other receivables	8	1,095,491	-	-	1,095,491
		16,498,685	**-**	**-**	**16,498,685**
Non-current					
Term deposit	7(a)	1,500,000	-	-	1,500,000
Financial securities	10	-	13,232,399	-	13,232,399
		1,500,000	**13,232,399**	**-**	**14,732,399**
Total financial assets		**17,998,685**	**13,232,399**	**-**	**31,231,084**
Financial liabilities					
Current					
Trade and other payables	14	2,252,593	-	-	2,252,593
Total financial liabilities		**2,252,593**	**-**	**-**	**2,252,593**

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

The financial instrument classifications in the prior period are in accordance with AASB 139 as follows:

	Notes	Amortised cost 2017 $	Available for sale (FV) 2017 $	HTM (amortised cost) 2017 $	Total 2017 $
Financial assets					
Current					
Cash and cash equivalents	7	11,426,577	-	-	11,426,577
Trade and other receivables	8	717,885	-	-	717,885
		12,144,462	**-**	**-**	**12,144,462**
Non-current					
Financial securities	10	-	13,460,612	-	13,460,612
		-	**13,460,612**	**-**	**13,460,612**
Total financial assets		**12,144,462**	**13,460,612**	**-**	**25,605,074**
Financial liabilities					
Current					
Trade and other payables	14	1,256,076			1,256,076
Total financial liabilities		**1,256,076**	**-**	**-**	**1,256,076**

(ii) Financial assets at amortised costs

Financial assets at amortised cost include current and non-current term deposits with fixed interest rates between 2.15% to 2.79%. They mature in 2019 and 2020.

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

Financial assets at FVPL include financial securities of $13,232,399 (2017: $13,460,612).

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

The Group has nil assets classified as FVOCI, however the parent holds Instrument Fund units and chose to make the irrevocable election on transition to classify unlisted equity securities as Equity FVOCI in 2018, these investments are eliminated on consolidation.

	Consolidated 2018 $	2017 $
Note 8: Trade and other receivables		
Trade receivables	**73,015**	100,817
Interest receivables	**158,859**	33,468
GST receivables	**264,426**	160,858
Other receivables	**599,194**	422,742
Total trade and other receivables	**1,095,491**	717,885

Note 9: Inventories

CDs, DVDs and books on hand at net realisable value	**6,688**	17,447
	6,688	17,447
Current	**1,792**	5,796
Non-current	**4,896**	11,651
	6,688	17,447

Note 10: Financial securities

Reconciliation of opening and closing balances of investments		
Opening balance financial securities	**13,460,612**	12,863,242
Additions	**2,796,375**	5,044,164
Disposals	**(2,406,918)**	(5,036,653)
Revaluation decrement through profit and loss (FVPL)	**(617,670)**	-
Revaluation increment through other comprehensive income (OCI)	**-**	589,859
Financial securities	**13,232,399**	13,460,612

Unrealised gain/(loss) on financial securities arise as the ACO invests certain reserves for the long-term in diversified portfolios with equity exposures and the market fluctuates overtime. The revaluation increment and revaluation decrement noted above represent unrealised gain/(loss) on financial securities as at the 31 December.

Note 11: Property, plant & equipment

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

Leasehold improvements		
Leasehold improvements – at cost	**597,126**	545,981
Accumulated amortisation	**(506,175)**	(411,672)
	90,951	134,309

Note 11: Property, plant & equipment (continued)

		Consolidated 2018 $	2017 $
Plant & equipment			
Plant & equipment – at cost		**2,264,151**	2,463,275
Accumulated depreciation		**(2,198,794)**	(2,392,881)
		65,357	70,394
Musical instruments – at fair value		**2,904,128**	2,904,128
Accumulated deprecation	3.6	**-**	-
		2,904,128	2,904,128
Total property, plant and equipment		**3,060,436**	3,108,831

Reconciliation of opening and closing balances

	Leasehold Improvements (at cost) $	Plant & Equipment (at cost) $	Musical Instruments (at fair value) $	Total $
Carrying amount at 1 January 2018	**134,309**	**70,394**	**2,904,128**	**3,108,831**
Additions	51,145	104,270	-	**155,415**
Impairment	-	-	-	**-**
Depreciation / amortisation	(94,503)	(109,307)	-	**(203,810)**
Carrying amount at 31 December 2018	**90,951**	**65,357**	**2,904,128**	**3,060,436**

Depreciation & Amortisation

The straight-line method of amortisation is used to amortise leasehold improvements over the remaining period of the lease. The straight-line method of depreciation is used to depreciate plant and equipment over its useful life. Musical Instruments are held at fair value and not depreciated on the basis that the depreciation for the current year is immaterial. Refer to Note 3.6 for further detail on the accounting policy on depreciation and amortisation for property, plant and equipment.

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 are of the opinion the carrying value of the instruments do not differ significantly from their fair value at 31 December 2018.

Note 12: Investments in rare, historical stringed instruments

		Consolidated 2018 $	2017 $
Details of the Group's investment in rare, historical stringed instruments and their fair value are as follows:			
Opening balance		**7,020,281**	5,857,797
Acquisitions – 1616 Amati Cello	12(a)	**-**	1,373,986
Acquisitions – 1714 Guarneri Violin	12(b)	**-**	(149,983)
Acquisitions – 1590 Amati Violin	12(c)	**988,421**	-
Net (loss) / gain in fair value through other comprehensive income	12(d)	**285,902**	(61,519)
		8,294,604	7,020,281

Rare, historical stringed instruments are valued periodically by registered valuers and the *Stradivarius 1728/29 violin* and the *Guarneri 1714 violin* were valued in March 2017 (2017: March 2017) by Peter Biddulph Ltd. (London); J&A Beare Ltd. (London) and Tarisio Fine Instruments and Bows (London and New York). These valuations were provided in US dollars. The directors of the Instrument Fund made the assessment of the fair value of both instruments on the basis of the information from the three reputable valuers with the guidance of the Australian Chamber Orchestra Pty Ltd. The valuation date was 31 March 2017. On 3 May 2017 the Fund agreed to purchase the *1616 Brothers Amati Cello* from the Australian Chamber Orchestra (ACO), which included a valuation in US dollars. On 17 December 2018 the Fund agreed to purchase the *1590 Brothers Amati Violin* from the ACO, which included a valuation in US dollars. At 31 December 2018, 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 2018 reflects the most recent formal valuation and the AUD/USD exchange rate as at 30 June 2018. The directors of the parent are of the opinion that the 30 June 2018 value remains appropriate for 31 December 2018, notwithstanding any subsequent change in the exchange rate.

12(a) Acquisitions – 1616 Amati Cello

On 3 May 2017 the Instrument Fund agreed to purchase a rare *1616 Brothers Amati Cello* for $1,373,986 excluding GST or $1,511,384 including GST. The *1616 Brothers Amati Cello* was purchased from the Australian Chamber Orchestra Pty Ltd.

12(b) Acquisitions – 1714 Guarneri Violin

In February 2017 the Instrument Fund registered for GST and backdated registration to 1 January 2014. This change enabled the Fund to complete an activity statement for the 12 March 2014 purchase of *Guarneri 1714 Violin* for the GST to be refunded. The GST refunded was $149,983 and is shown as a decrease in acquisition cost. This adjustment originated in 2014 and was adjusted in 2017.

12(c) Acquisition – 1590 Amati Violin

On 17 December 2018 the Instrument Fund purchased a *1590 Brothers Amati Violin* for $988,421 excluding GST or $1,087,263 including GST. The *1590 Brothers Amati* Violin was purchased from the Australian Chamber Orchestra Pty Ltd.

Note 12: Investments in rare, historical stringed instruments (continued)

12(d) Net (loss)/gain in the fair value through other comprehensive income
The 2018 gain from fair value adjustment is solely due to movements in exchange rates. The adjustment in 2017 consists of two components, a gain from fair value adjustment for the *Guarneri 1714 Violin* of $149,983 (see Note 12(b)), and a loss from fair value adjustment relating to the 2017 financial year of $211,502.

	Consolidated	
	2018	2017
	$	$
Note 13: Intangible assets		
At cost:		
Software		
Software – at cost	**421,589**	423,884
Accumulated amortisation	**(421,311)**	(421,659)
	278	2,225
Website		
Website – at cost	**772,059**	772,059
Accumulated amortisation	**(772,059)**	(772,059)
	-	-
Work-in-progress		
WIP – at cost	**314,928**	-
Accumulated amortisation	**-**	-
	314,928	-
Total intangible assets	**315,206**	2,225

The value of work in progress (WIP) represents uncompleted capital works as at 31 December 2018. WIP does not attract amortisation until such time the capital works are completed and put into use, the associated WIP balance will be recognised as an intangible asset and subsequently amortised at that point in time.

Reconciliation of opening and closing balances of balances

	Software (at cost)	**Website (at cost)**	**WIP (at cost)**	**Total**
	$	**$**	**$**	**$**
Carrying amount at 1 January 2018	**2,225**	**-**	**-**	**2,225**
Additions	-	-	314,928	**314,928**
Impairment	-	-	-	**-**
Depreciation / amortisation	(1,947)	-	-	**(1,947)**
Carrying amount at 31 December 2018	**278**	**-**	**314,928**	**315,206**

The straight-line method is used to amortise Software. An impairment review of the Website was undertaken during the year ended 31 December 2018. Amortisation and impairment are included in the

Note 13: Intangible assets (continued)

overhead expenses line in the Consolidated Statement of Surplus or Deficit and Other Comprehensive Income.

	Consolidated	
	2018	2017
	$	$
Note 14: Trade and other payables		
Trade creditors	**998,343**	474,508
Accrued expenses	**795,251**	496,976
Other payables	**458,999**	284,592
Total trade and other payables	**2,252,593**	1,256,076

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:

	2018	2017
Opening balance	**4,735,539**	2,967,759
Applications	**801,574**	1,594,664
New units issued	**988,421**	-
Adjustment for brought forward profits attributable to current unitholders	**171,121**	173,403
Prior year total comprehensive (loss)/income attributable to external unitholders	**(13,221)**	-
Current year total comprehensive income/(loss) attributable to external unitholders	**13,221**	(287)
Closing balance	**6,696,655**	4,735,539

	2018	2017
Current year total comprehensive income attributable to external unitholders:		
(Deficit)/income	**(247,808)**	46,406
Other comprehensive income/(deficit)	**261,029**	(46,693)
	13,221	(287)

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.

Capital and liquidity risk management (continued)

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 Ltd 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 second withdrawal window was from 1 to 21 July 2017 and no redemptions were received. The next opportunity will be from 1 to 21 July 2020.

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 2018.

	Consolidated	
	2018	2017
	$	$
Note 16: Other provisions		
Reconciliation of other provisions:		
Opening balance	**1,418,045**	1,308,741
(Utilised)/Provided during the year	**(60,668)**	109,304
Closing balance	**1,357,377**	1,418,045
Analysis of employee benefits		
Current:		
Provision for employee benefits	**592,219**	659,635
Make good provision	**112,034**	-
	704,253	659,635
Non-current:		
Provision for employee benefits	**653,124**	648,357
Make good provision	**-**	110,053
	653,124	758,410
Note 17: Grant liabilities		
Australia Council for the Arts – Project Funding	**-**	50,000
Other federal government grants	**-**	170,000
Playing Australia	**156,307**	173,684
	156,307	393,684

	Consolidated	
	2018	2017
	$	$

Note 18: Unearned revenue

Subscription series revenue in advance	**4,272,711**	4,292,132
Ticket income in advance	**1,055,682**	727,910
Sponsorships in advance	**813,887**	623,458
Other unearned revenue	**32,113**	26,199
	6,174,393	5,669,699

Note 19: Provision for liquidity risk

Provision for liquidity risk	**732,455**	576,618
Provision cost per unit	**$0.15**	$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.

Note 20: Deferred tax liabilities

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

Investment in rare, historical stringed instruments at 1 January 2018	**643,879**	685,005
Adjustment for tax rate change from 27.5% to 30% (2017: 28.5% to 27.5%)	**58,534**	(24,036)
Change in fair value of musical instruments recognised in comprehensive income	**85,771**	(16,918)
Deferred tax timing differences	**(5,769)**	(172)
Closing Balance at 31 December 2018	**782,415**	643,879

	2018 Number of Shares	2017 Number of Shares
Note 21: Share capital		
Authorised:		
Ordinary shares of $1 each	**100**	100

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

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	**19**	21

Note 22: Reserves and accumulated surpluses

	Consolidated	
	2018 $	2017 $
Reserves		
Asset revaluation:		
Investments	**-**	675,387
Surplus to external unitholders	**(904,903)**	(643,875)
Musical Instruments	**2,022,323**	1,736,421
Special purpose	**8,250,000**	8,250,000
Reserve Incentive Funding Scheme	**606,000**	606,000
Capital Challenge	**3,597,740**	3,521,197
	13,571,160	14,145,130

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

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 2020.

Note 22: Reserves and accumulated surpluses (continued)

- **Other reserves**

Funds have been transferred to reserves to fund the Company's relocation to its new premises, education and support of its emerging artists programs, create new exceptional music collaborations, commission new works, 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 reserves 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 $133,724 (2017: net income of $172,355) and had unrealised loss of $27,181 (2017: unrealised gain of $10,697).

During the year the company transferred $30,000 (2017: $125,000) from the Capital Challenge Reserve to Accumulated Funds towards new works.

		Consolidated	
		2018	2017
	Note	**$**	$
Accumulated surpluses		**11,836,338**	7,458,360
Reconciliation of movements during the year			
Opening balance		**7,458,360**	3,615,240
Adjustment due to adoption of AASB 9		**675,386**	-
Prior period adjustment		**(171,121)**	(173,405)
Surplus for the year		**3,843,713**	3,891,525
Transferred to reserves		**30,000**	125,000
Closing balance		**11,836,338**	7,458,360

Note 23: Fair value measurement

	Note	Consolidated 2018 $	2017 $
23.1 Fair value measurement of financial assets			
Financial securities	10	**13,232,399**	13,460,612
Net fair value		**13,232,399**	13,460,612

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

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

	Note	2018 $	2017 $
23.2 Fair value measurement of non-financial assets			
Rare, historical stringed instruments	12	**8,294,604**	7,020,281
Property, plant and equipment – Musical instruments	11	**2,904,128**	2,904,128
Net fair value		**11,198,732**	9,924,409

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

The *Stradivarius 1728/29 violin* and the *Guarneri 1714 violin* were formally revalued on 31 March 2017 (2017: 31 March 2017). The *1616 Brothers Amati Cello* on 3 May 2017 and the *1590 Brothers Amati Violin* on 17 December 2018; the dates the instruments were purchased. Refer to Note 12 for further details.

Musical Instruments were formally revalued in the year ended 31 December 2016. Refer to Note 11 for further details.

Note 24: Commitments for expenditure

	2018 $	2017 $
Operating leases		
Total future minimum lease payments under non-cancellable operating leases payable:		
Within one year	**233,659**	195,813
Later than one and not later than five years	**226,190**	344,006
	459,849	539,819

Commitments are GST inclusive where relevant.

Note 24: Commitments for expenditure (continued)

Operating leases included are effectively non-cancellable and comprise of monthly rental agreements for office equipment expiring between September 2020 and August 2022. The office premises lease expires in November 2019 and is subject to annual CPI reviews.

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

Note 25: Credit standby arrangements

	Consolidated	
	2018	2017
	$	$
The parent entity has an unsecured bank overdraft facility in the amount of $150,000.		
Total amount of credit unused at 31 December 2018	**150,000**	150,000

Note 26: Related party transactions

Controlled entities
The Australian Chamber Orchestra Instrument Fund Pty Ltd was a controlled entity at 31 December 2018. 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.

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

As at 31 December 2018, the entity held cash of $60,014 (2017: $12), 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 2018. The entity was formed on 14 July 2011. As at 31 December 2018, the entity held cash of $555 (2017: $6,704).

As at 31 December 2018, the entity had issued 4,845,507 units (2017: 4,139,492) and the Australian Chamber Orchestra Pty Ltd held 423,087 units (2017: 995,640).

The Instrument Fund Board undertook a Formal Valuation of the current units and agreed at the 10 April 2017 Board meeting the current unit price of $1.40 should remain unchanged. The Board decided to undertake an Informal Valuation on 24 May 2017 in advance of the July 2017 withdrawal period and resolved the unit price would remain $1.40 for the July 2017 withdrawal window. The Instrument Fund Board then agreed at its meeting of 5 June 2018, that the current unit price of $1.40 remains an appropriate value for each unit as at 30 June 2018.

Controlled entities (continued)

Named of controlled entity	Reporting Date	Ownership Interest 31 Dec 2018
Australian Chamber Orchestra Instrument Fund Pty Ltd	**30 June**	0%
Australian Chamber Orchestra Instrument Fund	**30 June**	8.7%

Transactions with related parties

The parent entity transferred the *Stradivarius 1728/29 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.

On 3 May 2017 the Fund agreed to purchase a rare *1616 Brothers Amati Cello* for $1,373,986 excluding GST or $1,511,384 including GST. The *1616 Brothers Amati Cello* was purchased from the Australian Chamber Orchestra Pty Ltd (ACO) in exchange for 812,860 units valued at $1.40 in the Fund, cash of $86,000, promissory note one of $137,398 to the ACO to be paid once the ATO refund of the GST on *1616 Brothers Amati Cello* received (later repaid to the ACO on 8 August 2017) and promissory note two of $149,983 to the ACO to be paid once the ATO refund GST on the *1714 Guarneri Violin* was received (later repaid to the ACO on 6 July 2017).

On the 17 December 2018 the Fund purchased a rare *1590 Brothers Amati Violin* for $988,421 excluding GST or $1,087,263 including GST. The *1590 Brothers Amati Violin* was purchased from the Australian Chamber Orchestra Pty Ltd for cash of $988,421 and promissory note of $98,842 to the ACO to be paid once the ATO refund of the GST on *1590 Brothers Amati Violin* was received (subsequently repaid to the ACO on 6 March 2019).

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 $135,034 (2017: $132,443) on behalf of Australian Chamber Orchestra Instrument Fund Pty Ltd during the year ended 31 December 2018.
These costs are not subject to reimbursement by the Australian Chamber Orchestra Instrument Fund Pty Ltd.

Transactions with related parties (continued)

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

2018 Unitholder	**Units Opening Number**	**Units Acquired Number**	**Units Disposed Number**	**Units Closing Number**	**Fair Value**	**Interest Held**	**Distributions Paid**
Trustees for the Languedoc Superannuation Fund	-	96,428	-	96,428	134,999	2.0%	-
WD Best	100,000	-	-	100,000	140,000	2.0%	-
Wyargine Holdings Pty Ltd	200,000			200,000	280,000	4.1%	-
Total	**300,000**	**96,428**	**-**	**396,428**	**554,999**	**8.1%**	**-**

2017 Unitholder	Units Opening Number	Units Acquired Number	Units Disposed Number	Units Closing Number	Fair Value	Interest Held	Distributions Paid
Alochan Pty Ltd ATF Sharetrust *	100,000	-	(100,000)	-	-	-	-
WD Best	100,000	-	-	100,000	140,000	2.4%	-
Wyargine Holdings Pty Ltd	200,000	-	-	200,000	280,000	4.8%	-
Total	400,000	-	(100,000)	300,000	420,000	7.2%	-

* Note: On 27 April 2017 Andrew Stevens ceased to be Director of ACO.

Note 27: Parent entity information

	Consolidated	
	2018	2017
	$	$
Information related to the Australian Chamber Orchestra Pty Ltd		
Current assets	**32,580,357**	27,392,027
Non-current assets	**3,060,714**	3,111,056
Total assets	**35,641,071**	30,503,083
Current liabilities	**9,061,947**	7,807,022
Non-current liabilities	**653,124**	758,410
Total liabilities	**9,715,071**	8,565,432
Net assets	**25,926,000**	7,807,022
Share capital	**13**	15
Reserves	**13,225,498**	14,053,363
Accumulated funds	**12,700,489**	7,884,273
Total equity	**25,926,000**	21,937,651
Surplus for the year	**3,988,350**	4,156,346
Total comprehensive income for the year	**3,988,350**	4,664,003

Note 28: Contingent liabilities

There are no contingent liabilities that have been incurred by the Group in relation to 2018 or 2017.

Note 29: Post-reporting date events

As a result of internal systems and processes changes planned to take place after balance date, the company is likely to incur costs of up to $170,000 during the 2019 financial year.

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.

	Consolidated	
	2018	2017
	$	$
Details of aggregate gross fundraising income and expenditure:		
Gross proceeds from fundraising appeals	**8,331,356**	8,561,310
Less: Cost of fundraising	**(748,833)**	(987,235)
Net Surplus from fundraising appeals	**7,582,523**	7,574,075
Application of funds to parent entity total expenses	**(4,120,650)**	(4,169,626)
Balance to accumulated funds	**3,461,873**	3,404,449
Balance to accumulated funds:		
Balance at beginning of year	**3,404,449**	-
Surplus for the current year	**3,461,873**	3,404,449
Balance end of year	**6,866,322**	3,404,449

Application of funds:
Of the net surplus from fundraising appeals, net of direct costs in 2018 of $4,120,650 (2017: $4,169,626) was applied to the Company's total expenses, in line with the ACO charitable purpose. The balance of accumulated funds at the end of year in 2018 of $6,866,322 (2017: $3,404,449) is being held in current assets in the Statement of Financial Position, for expenditure in future years.

Agents:
The Company did not conduct any fundraising 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 2018 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

E. Lewin

ELIZABETH LEWIN

Director
29 April 2019

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

(a) the accounts for the year ended 31 December 2018, 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 2018 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.

E. Lewin

ELIZABETH LEWIN

Director
29 April 2019

Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

Report on the Consolidated Financial Statements

Opinion

I have audited the accompanying consolidated financial statements of the Australian Chamber Orchestra Pty Limited (the company) and its controlled entities (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of surplus or deficit and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In my opinion, the accompanying financial report of the consolidated group gives a true and fair view of the Group's consolidated position as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with:

(a) Australian Accounting Standards and

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

Basis for Opinion

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

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

Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated group's financial report for the year ended 31 December 2018, 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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Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

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

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

Directors' Responsibility for the Financial Report
The Directors are responsible for the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and-Not-for-profits Commission Act 2012, Australian Charities and Not-for-profits Regulations 2013, and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

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

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

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

Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

Auditor's Responsibility for Audit of the Financial Report continued

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainly exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

Additional Scope Pursuant to the Charitable Fundraising Act 1991

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

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

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

Independent Audit Report

To the members of the Australian Chamber Orchestra Pty Limited

Opinion pursuant to the Charitable Fundraising Act 1991

In my opinion:

(a) The financial report of the company gives a true and fair view of the financial result of fundraising appeal activities for the year ended 31 December 2018;
(b) The financial report has been properly drawn up, and the associated records have been properly kept for the year ended 31 December 2018, in accordance with the Charitable Fundraising Act 1991 and its Regulations;

Steven J Miller & Co

STEVEN J MILLER & CO
Chartered Accountant

S J MILLER
Registered Company Auditor
No 4286

Sydney
Dated 29 / 4 / 19