



Sydney Symphony Limited
AND ITS CONTROLLED ENTITIES

A.B.N. 50 121 561 528

ANNUAL FINANCIAL REPORT

31 December 2010

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The directors present their report together with the financial report of Sydney Symphony Limited (the Group) for the year ended to 31 December 2010.

Directors

The directors in office, at any time during or since the financial period until the date of this report, are:

John Conde AO (Chairman)	
Rory Jeffes (Managing Director)	
Terrey Arcus AM	Appointed 12 August 2010
Ewen Crouch	
Ross Grant	Appointed 9 November 2010
Jennifer Hoy	
Stephen Johns	Resigned 30 September 2010
Andrew Kaldor	
Irene Lee	Appointed 17 November 2010
David Livingstone	Appointed 23 November 2010
Goetz Richter	
David Smithers AM	
Gabrielle Trainor	

Company Secretary

John Horn

Qualification of Directors

Director	Experience and Qualifications
John Conde AO (Chairman)	BSc, BE (Hons), Syd; MBA (Dist), Harv. Chairman of Energy Australia Chairman of BUPA Australia Health Pty Limited Chairman of Whitehaven Coal Limited President of The Commonwealth Remuneration Tribunal Chairman Homebush Motor Racing Authority Advisory Board Chairman of Events NSW Director of DEXUS Property Group Chairman of the Australian Olympic Committee (NSW) Fundraising Committee Member of Bond University's Board of Trustee Members
Rory Jeffes (Managing Director)	MA, Oxon Director Symphony Services Australia Limited
Terrey Arcus AM	BSc, BE (Hons), Syd; MBA (Dist), Harv. Director of Port Jackson Partners Limited
Ewen Crouch	BEd (Hons) LLB, Syd, FAICD. Partner and Chairman of Allens Arthur Robinson Director and Chairman of Mission Australia Group Director of Working Links (Employment) Limited Chairman of Westpac Staff Superannuation Plan Pty Ltd
Ross Grant	BSc (Hons), MCom (Hons), MBA Chairman of Grant Samuel Group Director of The Centre for Independent Studies Director of Australian Wildlife Conservancy Director of Australian Mitochondrial Disease Foundation Director of Waratahs Rugby

Jennifer Hoy	MMus (P), AIM; BMus Hons. (P) Syd Violinist - Sydney Symphony Orchestra
Andrew Kaldor	BEd (Hons) Syd; MBA, Wharton Chairman of Pelikan Artline Pty Limited Chairman of Supertex Industries
Irene Lee	BA, Smith College, USA Barrister at Law, Inns of Court, School of Law, Gray's Inn, UK Director of The Myer Family Company Pty Ltd Director of QBE Insurance Group Director of ING Bank (Australia) Ltd Non-Executive Chairman, Keybridge Capital Ltd Director of Cathay Pacific Airways Ltd Alternate Director of Hysan Development Company Ltd Member, Advisory Council, J.P. Morgan
David Livingstone	BEd (Hons) Macq; MA Cantab Managing Director and CEO of Credit Suisse Australia
Dr. Goetz Richter	KstI, Staatsdiplom (Munich), BA (Hons I), Syd; PhD, Syd Violinist Associate Professor, Sydney Conservatorium President, Sydney Schubert Society Inc. Artistic Director, Kendall National Violin Competition President, Live Music Sydney
David Smithers AM	FCA Director of Rabobank Australia Limited Group Director of Sydney IVF Limited Director of Country Education Foundation Pty Limited Director of International Energy Services Group Limited Director of James N Kirby Foundation Limited
Gabrielle Trainor	LLB Melb, FAICD. Barrister and Solicitor Partner of John Connolly & Partners Pty Ltd Director of Sydney Harbour Foreshore Authority Director Victorian Urban Development Authority Director Barangaroo Delivery Authority Chair Church Resources Director, Cape York Partnerships

Principal Activities

The principal activity of the Group was the performance of symphonic music. There were no significant changes in the nature of the activities of the Group during the year.

Strategy

The Sydney Symphony vision is “to ignite and deepen people’s love of live symphonic music in Sydney and beyond”. Agreed values of Intensity, Artistry and Unity were adopted by the company with the stated objective being to “move the heart and soul through consistently great performances”.

Our strategy is to achieve maximum leverage from the key factors that set the Sydney Symphony apart from peer organisations. These factors are:

- a quality of ensemble unrivalled in Australia

- iconic artistic leadership
- the ability to attract the finest soloists and conductors in the world
- the capacity to align financial stakeholders with premium brand assets and outstanding artistic experiences

Strategic Projects

The group has several strategic projects to enable us to deliver our strategy and improve our long term sustainability. These projects support our vision “to ignite and deepen people’s love of live symphonic music in Sydney and beyond”.

- **Artistic Leadership**
Our Principal Conductor and Artistic Advisor between 2009 and 2012 is Vladimir Ashkenazy. Vladimir Ashkenazy has led the orchestra in numerous important projects in 2010, most notably the first stage of the Mahler Odyssey: 2010–2011.
- **Emerging Artists**
The Sydney Symphony continues to support emerging artists through the promotion of young talented performers through vehicles such as the Sydney Symphony Assistant Conductor programme, Young and Emerging artist mainstage performances, Sydney Symphony Fellowship program, Sydney Sinfonia training orchestra and the Sydney Symphony Sinfonietta program for young composers.
- **International Touring**
The Sydney Symphony has the stated desire to continue with its programme of international touring to raise the profile and experience of the orchestra. In August 2010 the Orchestra performed to excellent reviews and full houses in a variety of culturally significant festivals in Europe, including the London BBC Proms, with Vladimir Ashkenazy conducting.
- **Orchestral Instruments**
To improve the quality of sound produced by the orchestra, the Sydney Symphony has an Instrument Fund which continues to acquire fine instruments. The company also supports musicians who wish to acquire fine instruments independently.
- **Acoustic Improvement Sydney Opera House**
The Sydney Symphony as resident orchestra, is in consultation on a regular basis with the Sydney Opera House to improve the acoustics in the main concert hall.
- **Education**
The Sydney Symphony has an award winning education program and has plans to continue with on line delivery and content innovations to increase the reach and impact of this program throughout Sydney and regional NSW.
- **Regional Touring**
The Sydney Symphony tours annually to regional NSW to promote live symphonic music to the rural communities of NSW through a series of classical and education concerts.

In addition to the above projects the company will continue with its strategic endeavours in respect ongoing financial viability.

Process for Self Assessment of Artistic Quality

There is an approved process in place for self-assessment of artistic quality and the Board confirms that;

- a) the nature and the outcomes of this process have been discussed during the 2010 financial year
- b) these outcomes have informed the future planning of the company; and

- c) the self assessment process in place draws on a variety of verifiable internal and external sources primarily as follows:
- The Orchestra's Artistic Committee
 - Listening panel sessions with musicians and administration.
 - Peer Review panel comprised of expert academics, critics and classical music industry professionals.
 - Assessment by Principal Conductor and Artistic Advisor
 - Assessment by visiting conductors and soloists.
 - Assessment by ABC recording producers.
 - Review through national and international press coverage.
 - Audience Feedback, through surveys and other communication channels.

Reserves Policy

The group maintains a number of reserves as outlined in the financial statements and related notes to the financial statements. The Sydney Symphony, by virtue of the Tripartite Agreement between the group, the Australia Council and Arts NSW, is mandated to use reasonable endeavours to maintain and improve its overall financial viability, having regard to both reserves and annual results. The group plans to maintain reserves at the minimum level of 20% of the group's annual costs. At 31st December 2010 the level of reserves totalled 23.4% of the groups' annual costs (2009 - 25.3%).

Key Performance Indicators

The Sydney Symphony's business plan outlines the objectives and strategy for the group and dictates the key performance indicators (KPIs) that the group monitors, targets and measures.

A summary of the 2010 KPI targets and achievements is outlined below;

KPI	Definition	Target	Results
Orchestra Artistic Performance	Analysis and compilation of the results of the Artistic Self Assessment Process	Critical Rating greater than the 80 th percentile during the year.	Achieved with overall performances in Australia and European Tour assessed as exceeding expectations
Education Program Development	Develop and maintain world class education plans for young and emerging artists.	Position the Fellowship Program as the leading national artist development scheme.	Achieved with nine young performers completing the intensive Fellowship Program 2010.
Artform Development - Australian Compositions	Feature contemporary Australian composers and promote new commissions.	Achieve 2010 Australian content as per season program and continue commission work for Australian premieres.	Australian content delivered as per program during mainstage core and educational concerts. Three commissions have been donor funded and are underway with leading Australian composers.
Audience Development - Occupancy	Occupancy levels for mainstage core programs on available for sale venue capacity.	76% average occupancy target.	80% occupancy levels achieved for 2010.
Financial Stability - Reserves	Reserves to total group expenses	Meet or exceed 20%	Exceeded - actual reserves at 23.4% of group expenses.
Financial Stability - Operating result	Net operating result before reserve activities	Meet or exceed annual budget	Exceeded.

These KPI's fulfil three key roles:

- To give senior management a means to evaluate the company's overall performance from an operational, artistic and sustainable development perspective;
- To provide management and their teams with clarity and focus on areas that are critical for the successful achievement of the company's goals; and
- To give guidance to the Board when assessing the performance of the company.

Review and Results of Operations

The Group presented the Sydney Symphony, the Sydney Sinfonia and the Sydney Symphony Fellows in performances to a total audience of more than 300,000 people during the year ended 31 December 2010 in Sydney, outer metropolitan and regional NSW performing arts centres, including a drought relief concert held in Tamworth. In August 2010 the Group continued its international touring programme with a highly successful tour to Europe playing to sold out venues and achieving critical acclaim for its performances. The tour was conducted under the baton of our Principal Conductor and Artistic Advisor, Mr Vladimir Ashkenazy.

The group incurred a net loss for the year of \$236,769 (2009:\$1,090,477) after including Maestro Circle donations of \$280,000 (2009:\$428,500).

The group's 2010 season recovered well from the impact of the global financial crisis in 2009, supported by a strong box office result and a continued emphasis on cost control. Ticket revenue was at record levels and interest earnings on term deposit investments also improved, due to higher prevailing interest rates and enhanced cashflow from operations. The operating profit however, when combined with the ongoing cost of divestment and the cost of the European tour, resulted in a net loss for the 2010 financial year.

Costs of Divestment from the ABC

The net cost of divestment of \$473,907 was a significant burden for the company and was comprised principally of the continued additional cost of moving from the Commonwealth to State workers compensation schemes and increased superannuation costs. The Group will continue to incur these additional costs in operating expenses on an ongoing basis as compensation is unlikely to be received from Government funding bodies, despite continued representations made on behalf of the group by management and Directors.

State of affairs

Other than as mentioned elsewhere, in the opinion of the directors there were no other significant changes in the underlying state of affairs of the Group that occurred during the year.

Likely developments

The Group has scheduled performances of symphonic and other orchestral music, which it will continue to present during the next financial year. The Group's continuing viability is dependent on maintaining its current level of funding, especially government funding. The group has the intention to continue with international touring in 2011, subject to formal Board review of the likely financial requirements and impact of the tour.

Dividends

No dividends have been paid by the Group.

Events subsequent to balance date

No events have occurred subsequent to balance date and up to the date of this report that materially affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Environmental regulations and performance

The Group is not subject to any particular or significant environmental regulation.

Directors' Interests

The company is limited by guarantee and accordingly does not issue shares.

Directors' Meetings

The numbers of meetings of the Board of Directors and of Board Committees during the financial period were:

Number of Meetings Eligible (A)

Number of Meetings Attended (B)

John Conde AO - Note 1

Rory Jeffes – Note 1

Terrey Arcus AM

Ewen Crouch

Jennifer Hoy

Stephen Johns

Andrew Kaldor

Goetz Richter

David Smithers AM

Gabrielle Trainor

Board		Finance Audit & Risk		Nomination & Remuneration	
A	B	A	B	A	B
5	5	-	1	2	2
5	5	-	4	2	2
1	1	-	-	-	-
5	5	4	4	-	-
5	5	-	-	-	-
4	2	3	3	2	2
5	4	4	4	-	-
5	4	-	-	2	2
5	3	4	4	-	-
5	4	-	-	2	1

Note 1- Both the Chairman of the Board and the Managing Director attend meetings of the Finance Audit and Risk Committee by invitation.

Directors' Remuneration

Directors are not paid any fees for their services as directors of the company.

Details of directors' remuneration are disclosed in Note 23.

Indemnification and insurance of Officers

Information on the indemnification and insurance of officers can be found in Note 29.

Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 10.

Signed in accordance with a resolution of the directors:



John Conde AO
Chairman

Sydney, dated 28th March 2011

Corporate Governance Statement

This statement outlines the Sydney Symphony's corporate governance practices and addresses the Essential Governance Practice Principles published and monitored by the Australia Council for the Arts. These principles are based on the recommendations published by the ASX Corporate Governance Council. As at 31 December 2010 the Sydney Symphony has achieved substantial compliance with the recommendations as outlined below;

Principle 1: Lay Solid Foundations for Management and Oversight

The Sydney Symphony's Governance Framework incorporates Board and Board Committee Charters and a Code of Conduct. There is also a formal statement of delegated authority to management and an induction procedure for new directors.

A Board agenda is set at the start of the year and includes meetings for the Board to determine the Sydney Symphony's strategy, three-year business plans, and the program for the following season, the budget for the following year and the Sydney Symphony's annual risk review.

Principle 2: Structure the Board to Add Value

The Board includes Directors with a range of skills including finance and accounting, business (both public companies and small business) and commercial experience, public affairs, law, performance of orchestral music and music education. This experience is set out in their biographies.

The Board is supported by a Finance, Audit and Risk Committee (refer Principle 5) and a Nomination and Remuneration Committee, each of which has an individual charter setting out its responsibilities and operating principles.

The Nomination and Remuneration Committee has a number of responsibilities including reviewing, evaluating and making recommendations to the Board with regard to the election and re-election of Members, Directors and Sydney Symphony Councillors, and executive remuneration.

The Nominating and Remuneration Committee also advises the Board on the process of Board performance review, reviews the performance of the Chief Conductor, Managing Director and senior management and establishes policies for recruitment, retention and succession planning for senior management.

Principle 3: Promote Ethical and Responsible Decision Making

The Sydney Symphony's Governance Framework includes a Code of Conduct, Delegations of Authority, Board and Committee charters, Risk Management policies as well as clearly defined roles and responsibilities for key appointments.

Principle 4: Promote Diversity

The Sydney Symphony will establish a policy concerning diversity. This policy will be implemented in the reporting year commencing 1 January 2011, in line with ASX Corporate Governance Council guidelines and will incorporate Australia Council essential governance practice recommendations for arts organisations.

Principle 5 Safeguard Integrity in Financial Reporting (both internal and external)

The Finance, Audit and Risk Committee meets at least quarterly and its functions include:

- Reviewing and reporting to the Board on quarterly and annual financial statements
- Making recommendations regarding the appointment, evaluation and removal of the Sydney Symphony's external auditor and reviewing and reporting to the Board on the adequacy, scope and quality of the annual statutory audit and on the integrity and reliability of the financial statements
- Reviewing the effectiveness of the Sydney Symphony's internal control environment, including the effectiveness of internal control procedures
- Monitoring and reviewing the reliability of financial reporting

- Monitoring and reviewing the compliance of the Sydney Symphony with applicable laws and regulations
- Monitoring the scope of the internal audit process and approving the engagement of internal auditors
- Monitoring and reviewing the financial management and position of the group.

The Finance, Audit and Risk Committee meet with the external auditors at least once per year.

The Committee requires the Managing Director and Director of Finance to attest in writing that the Sydney Symphony's financial reports present a true and fair view of the Sydney Symphony's financial condition and operational results and are in accordance with relevant accounting standards.

This statement is requested at the time of the consideration and approval of the Statutory Accounts. It is reviewed by the Finance, Audit and Risk Committee prior to its consideration by the Board.

The Committee comprises up to four Directors and, by invitation, the Chairman of the Board, the Managing Director and the Director of Finance and includes members with appropriate audit finance and risk management skills.

Principle 6: Recognise the Legitimate Interests of Stakeholders

The Sydney Symphony has numerous stakeholders and a calendar is maintained in order to monitor requirements and reporting obligations. The calendar is approved by the Board, which oversees compliance with stakeholder reporting and associated obligations.

The Sydney Symphony has a set of Occupational Health & Safety (OHS) manuals, which provide legislative and procedural guidance to ensure that the Sydney Symphony's responsibilities continue to be met. There is a comprehensive, regular training program, including first aid and OHS committee training. Company policies and procedures are reviewed in consultation with staff representatives. Company Directors are briefed on OHS policies and procedures and review the company OHS plan annually.

Principle 7: Recognise and Manage Risk

Quarterly updates of the Sydney Symphony's risk register are undertaken by management and presented to the Finance, Audit and Risk Committee. Management undertakes annual workshops to identify further risks and develop a Risk Management Plan. The output of the workshops is reviewed by this committee and the Board.

Principle 8: Remunerate Fairly and Responsibly

The Nominating and Remuneration Committee meets at least annually to review the Sydney Symphony's remuneration strategies and policies. The Committee sets the parameters within which senior management negotiates musician and administration Staff Agreements. The Committee approves all senior management remuneration arrangements.

Signed on behalf of the Board



John Conde AO
Chairman

Sydney, dated 28th March 2011



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Auditor's Independence Declaration to the Directors of Sydney Symphony Orchestra Holdings Pty Limited

In relation to our audit of the financial report of Sydney Symphony Orchestra Holdings Pty Limited for the financial year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Lisa Nijssen-Smith'.

Lisa Nijssen-Smith
Partner
29 March 2010

Sydney Symphony Limited
A.B.N. 50 121 561 528

Income Statement for the period ended 31 December 2010

		2010	2009
	Notes	Consolidated	Consolidated
		\$	\$
Revenue			
Funding revenue	4	13,028,911	12,831,444
Ticket sales	5	15,318,598	13,391,727
Sponsorship and donations	6	4,106,168	4,355,555
Other income	7	2,696,118	1,797,319
Total revenue		35,149,795	32,376,045
Expenses			
Employee expenses	8	18,937,168	18,494,890
Artist fees and expenses		5,676,202	5,051,787
Marketing expenses		3,472,153	3,221,593
Production expenses		4,701,046	4,152,481
Depreciation and amortisation	8	323,160	359,622
Other expenses		2,276,835	2,186,149
Total expenses		35,386, 564	33,466,522
Net loss for the year		(236,769)	(1,090,477)
Income tax expense	9	-	-
Loss after Income tax		(236,769)	(1,090,477)

The Income Statement should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
 A.B.N. 50 121 561 528
Statement of Comprehensive Income
 for the period ended 31 December 2010

		2010	2009
	Notes	Consolidated	Consolidated
		\$	\$
Loss after Income tax		(236,769)	(1,090,477)
Other comprehensive income			
Cash Flow Hedges:			
Gain/(loss) taken to equity	28	32,356	(105,552)
Total Comprehensive Income		(204,413)	(1,196,029)

The Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
A.B.N. 50 121 561 528
Balance Sheet as at 31 December 2010

	Notes	2010 Consolidated \$	2009 Consolidated \$
Current Assets			
Cash and cash equivalents	18	7,540,181	11,616,875
Term deposits		2,500,000	3,750,000
Other financial assets	10	115,109	123,098
Trade and other receivables	11	2,273,354	1,295,650
Prepayments		215,764	438,907
Total Current Assets		12,644,408	17,224,530
Non-Current Assets			
Property, plant and equipment	12	2,143,596	1,117,350
Intangible assets	13	128,304	177,205
Other financial assets	10	402,654	383,885
Term deposits		7,585,000	1,250,000
Total Non-Current Assets		10,259,554	2,928,440
Total Assets		22,903,962	20,152,970
Current Liabilities			
Trade and other payables	14	2,625,213	1,898,080
Prepaid revenue	15	7,001,859	5,502,888
Provisions	16	3,704,047	3,445,841
Deferred revenue		85,714	-
Derivative financial Instruments	28	38,751	78,496
Total Current Liabilities		13,455,584	10,925,305
Non-Current Liabilities			
Provisions	16	633,579	722,985
Derivative financial instruments	28	34,445	27,056
Deferred revenue		507,143	-
Total Non-Current Liabilities		1,175,167	750,041
Total Liabilities		14,630,751	11,675,346
Net Assets		8,273,211	8,477,624
Equity			
Symphony Reserve	19	1,892,042	1,739,177
International Touring Reserve	20	896,658	1,270,237
Instrument Reserve	21	131,286	460,502
Maestro's Circle Reserve	22	455,488	558,500
Cash Flow Hedge Reserve	28	(73,196)	(105,552)
Retained Earnings		4,970,933	4,554,760
Total Equity		8,273,211	8,477,624

The Balance Sheet should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited

A.B.N. 50 121 561 528

Statement of Changes in Equity as at 31 December 2010

Consolidated

	Notes	Retained Earnings \$	Symphony Reserves (Note 19) \$	International Touring Reserve (Note 20) \$	Cash Flow Hedge Reserve (Note 28) \$	Instrument Reserve (Note 21) \$	Maestro's Circle Reserve (Note 22) \$	Total Equity \$
As at 1 January 2010		4,554,760	1,739,177	1,270,237	(105,552)	460,502	558,500	8,477,624
Net (loss)/profit for the year		(236,769)						(236,769)
Other comprehensive income					32,356			32,356
Transfer from/(to) Symphony Reserve	19	(152,865)	152,865					-
Transfer from/(to) International Touring Reserve	20	373,579		(373,579)				-
Transfer from/(to) Instrument Reserve	21	338,880				(338,880)		-
Transfer from/(to) Instrument Reserve	21	(9,664)				9,664		-
Transfer from/(to) Maestro's Circle Reserve	22	(280,000)					280,000	-
Transfer from/(to) Maestro's Circle Reserve	22	383,012					(383,012)	-
As at 31 December 2010		4,970,933	1,892,042	896,658	(73,196)	131,286	455,488	8,273,211

	Notes	Retained Earnings \$	Symphony Reserves (Note 19) \$	International Touring Reserve (Note 20) \$	Cash Flow Hedge Reserve (Note 28) \$	Instrument Reserve (Note 21) \$	Maestro's Circle Reserve (Note 22) \$	Total Equity \$
As at 1 January 2009		5,513,635	1,689,177	1,540,868		614,973	315,000	9,673,653
Net (loss)/profit for the year		(1,090,477)						(1,090,477)
Other comprehensive income					(105,552)			(105,552)
Transfer from/(to) Symphony Reserve	19	(50,000)	50,000					-
Transfer from/(to) International Touring Reserve	20	270,631		(270,631)				-
Transfer from/(to) Instrument Reserve	21	(22,952)				22,952		-
Transfer from/(to) Instrument Reserve	21	177,423				(177,423)		-
Transfer from/(to) Maestro's Circle Reserve	22	(428,500)					428,500	-
Transfer from/(to) Maestro's Circle Reserve	22	185,000					(185,000)	-
As at 31 December 2009		4,554,760	1,739,177	1,270,237	(105,552)	460,502	558,500	8,477,624

The Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
A.B.N. 50 121 561 528

Cash Flow Statement for the period ended 31 December 2010

		2010	2009
	Notes	Consolidated \$	Consolidated \$
Cash flows from operating activities			
Cash receipts from box office and sponsors		20,495,823	18,106,592
Cash receipts from bequests		152,865	50,000
Cash receipts general donations		1,273,235	1,448,437
Cash payments to suppliers and employees		(34,171,627)	(32,702,561)
Grants received from government funding bodies		13,028,911	12,831,444
Interest received		1,120,614	866,512
Net cash provided by/(used in) operating activities			
	18(b)	1,899,821	600,424
Cashflows from financing activities			
Employee instrument loans granted		(88,470)	(175,113)
Proceeds from repayments on employee instrument loans		77,690	87,289
Net Cash flows used in financing activities		(10,780)	(87,824)
Cash flows from investing activities			
Payments for property, plant and equipment		(857,552)	(323,467)
Payments for intangible assets		(23,183)	(198,141)
Investment in Term deposits		(5,085,000)	(5,000,000)
Net cash flows used in investing activities		(5,965,735)	(5,521,608)
Net decrease in cash held		(4,076,694)	(5,009,008)
Cash and cash equivalents at beginning of financial year		11,616,875	16,625,883
Cash and cash equivalents at end of year	18(a)	7,540,181	11,616,875

The Cash Flow Statement should be read in conjunction with the notes to the financial statements.

1. CORPORATE INFORMATION

The financial report of Sydney Symphony Limited and its controlled entities for the year ended 31 December 2010 was recognized for issue in accordance with a resolution of the directors on 28th March 2011.

Sydney Symphony Limited (the parent) is a public company limited by guarantee, incorporated and domiciled in Australia. The address of the registered office is 35 Harrington Street Sydney, NSW 2000. The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. The consolidated financial report has also been prepared on a historical cost basis except for derivative financial instruments which have been measured at fair value. The consolidated financial report is prepared in Australian dollars.

Statement of compliance

The consolidated financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standard ('AIFRS'). Some AIFRS and other Australian Accounting Standards contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements. The following Australian Accounting Standards include not-for-profit specific requirements which have been applied in preparing this financial report:

AASB 116: Property, Plant and Equipment

AASB 136: Impairment of Assets

AASB 1004: Contributions

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2010. When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and short-term deposits, receivables and payables. The disclosures are included under the relevant notes to the financial statements. The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The disclosures are included under the relevant notes to the financial statements.

The Group enters into derivative transactions, principally forward currency contracts to manage the currency risk arising from the groups operations. The Board reviews and agrees policies for managing foreign currency risk which arises from transactional currency exposures due to sales or purchases by an operating entity in currencies other than the functional currency. It is the Groups policy not to enter into forward foreign currency contracts until a firm commitment is in place and to negotiate the terms of the hedge derivatives to exactly match the terms of the hedged item to maximize hedge effectiveness. The group trades derivative products only with recognized creditworthy third parties with an equivalent S&P credit rating of AA or higher.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sydney Symphony Limited and its subsidiary as at 31 December 2010.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) Going concern

The ability of the Group to maintain its operations is dependent inter alia on the continuing support of various Governments by way of grants. The Tripartite Agreement was renewed for the period 2007 – 2011 with Australia Council for the Arts and Arts NSW. Funding for 2012 has been confirmed, subject to the company continuing to meet the requirements of the Tripartite Agreement. Therefore the financial statements have been prepared under the going concern principle.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed are net of goods and services tax (GST). Revenue is recognized for the major business activities as follows:

i. Contribution income

Contribution income represents the fair value of assets received in excess of the cost of the assets where there is a non reciprocal transfer and is recognised as income once the asset is controlled by the Company.

ii. Funding revenue

Funding revenue is received from the Australia Council for the Arts (as represented by The Major Performing Arts Board) and Arts NSW. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and the Company and is recognised in the calendar year for which it is intended under the terms of the agreement due to the conditional nature of the funding. Any funding not spent on the planned activities agreed between the parties at the start of each calendar year is required to be repaid.

iii. Ticket sales

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

iv. Sponsorship and donations revenue

Sponsorship – Sponsorship commitments are brought to account as income in the year in which sponsorship benefits are bestowed.

Donations – All donations are brought to account as received.

v. Orchestral hire revenue

Revenue from orchestral hire is recognised as these services are performed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**vi. Interest income**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

d) Foreign currency translation

Both the functional and presentation currencies of the Group are Australian dollars (A\$). Transactions in foreign currencies are recorded initially in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

e) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

The company's subsidiary Sydney Symphony Orchestra Holdings Pty Limited is exempt from income tax, by virtue of being a cultural organisation established for the encouragement of music and a charitable institution and accordingly no income tax or deferred income tax is provided.

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

f) Acquisitions of assets

Acquired assets are accounted for at cost. Cost is measured as the fair value of assets given or liabilities incurred or assumed at the date of exchange plus cost directly attributable to the acquisition.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

h) Trade and other receivables

Trade receivables, which generally have 60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an

allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

uncollectible are written off when identified. An allowance for provision for impairment of trade receivables is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment loss is recognised in the income statement within other expenses.

i) Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Items of plant and equipment, leasehold improvements, computer equipment and musical instruments are depreciated using the straight-line method over their estimated useful lives. Where musical instruments are deemed to appreciate in value no depreciation is applied. Each class of asset in the current period was depreciated over the following useful lives as set out in the following table;

Asset class	Useful Life
Computer equipment	3 years
Furniture and fittings	Between 6 and 8 years
Plant and equipment	8 years
Musical instruments	Between 5 and 15 years

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period the asset is derecognised.

j) Intangible assets

Software licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Licences are tested for impairment where an indicator of impairment exists. Amortisation is calculated using the straight line method to allocate the cost over the estimated useful life of 3 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**k) Impairment**

The carrying values of plant and equipment are reviewed for indicators of impairment at each reporting date, with a recoverable amount being estimated when events or changes in circumstances indicate the carrying value may not be recoverable. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the income statement.

l) Leased plant and equipment

Leases of plant and equipment are classified as operating leases as the lessors retain substantially all of the risks and benefits of ownership. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

m) Trade and other payables

Trade payables and other payables are carried at amortised cost. Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group. Trade accounts payable are normally settled within 30 days.

n) Provisions

A provision is recognised when there is a legal, equitable, constructive obligation as a result of a past event and it is probable that a future sacrifice of economic benefits will be required, to settle the obligation, the timing or amount of which is uncertain. Provisions are determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Make good provision

The Group provides for costs of restoration or removal in relation to fixed assets when there is legal and constructive obligation. These costs include obligations relating to the dismantling, removal, remediation, restoration and other expenditure associated with fixed assets or site fit-outs.

o) Employee benefits*Wages, salaries and annual leave*

Liabilities for employee benefits for wages, salaries and annual leave expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date. These are calculated at undiscounted amounts based on compensation rates that the consolidated entity expects to pay, including related on-costs.

Long service benefits

The provision for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made, resulting from employees' services provided up to the reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Commonwealth government bonds at balance date which most closely match the terms of maturity of the related liabilities.

Superannuation

The Group contributes to employees' superannuation funds. Contributions are recognised

as an expense as they are made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee loans

Some employees are lent monies which are used in turn to purchase musical instruments. These loans are secured by the instruments themselves and is interest bearing. Amounts outstanding are recouped over time through contributions withheld from musicians' salaries. These are recorded within other financial assets.

p) Changes in accounting policies

All accounting policies have been applied on a consistent basis with those of the previous period.

q) Derivative Financial Instruments and Hedging

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign currency rates on forecasted transactions. The effective portion of the gain or loss on the financial instrument is recognised directly in equity and transferred out of equity when the forecast transaction occurs.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. The following critical accounting policies have been identified for which significant judgements, estimates and assumptions are made.

Impairment of non-financial assets

The Group assesses impairment of its non-financial assets at each reporting date by evaluating conditions specific to the Group and to the specific asset. If an impairment trigger exists the recoverable amount of the asset is determined. Management do not consider that the triggers for impairment existed in this financial period.

Make good provision

A provision has been made for the present value of anticipated costs associated with the future restoration of the leased office premises. The estimate is periodically reviewed and updated. The related carrying amounts are disclosed in note 16.

Estimate of useful lives

The estimation of useful lives of assets is based on historical experience. The condition of assets are assessed periodically and considered in relation to the remaining useful life of the asset and adjustments made to useful lives as appropriate.

4. FUNDING REVENUE

	2010	2009
	Consolidated	Consolidated
	\$	\$
Australia Council for the Arts		
Annual Grant	9,925,356	9,721,215
Additional Grant	-	55,000
Arts NSW		
Base Funding	3,100,045	3,032,840
School Travel & Educational Support Project	3,510	16,740
Adjustment to Year 2 of Triennial Funding	-	5,649
Total funding revenue	13,028,911	12,831,444

A significant portion of the Group's annual revenue consists of funding from federal and state governments, through the Australia Council for the Arts and Arts NSW. As a result, the Group has an economic dependency on these entities. The Funding Agreement with the Australia Council for the Arts and Arts NSW was renewed for the period 2010 to 2011 whereby amounts will be provided to Sydney Symphony Limited. As required, these amounts were transferred to the subsidiary, Sydney Symphony Orchestra Holdings Pty Limited to fund its operations and activities in accordance with the Funding Agreement with the Australia Council for the Arts and Arts NSW. In 2009 additional grants were received from the Australia Council to fund emerging artist's education and the development of a digital new media strategy for the group.

5. TICKET SALES

	2010	2009
	Consolidated	Consolidated
	\$	\$
Subscriptions	6,440,821	5,691,221
Single night	5,485,315	4,449,763
Commercial events	3,392,462	3,250,743
Total ticket sales	15,318,598	13,391,727

6. SPONSORSHIP AND DONATIONS REVENUE

	2010	2009
	Consolidated	Consolidated
	\$	\$
Sponsorship	2,680,068	2,857,118
General donations	1,146,100	1,069,937
Maestro's Circle donations	280,000	428,500
Total sponsorship and donations	4,106,168	4,355,555

7. OTHER INCOME

	2010	2009
	Consolidated	Consolidated
	\$	\$
Orchestral hire income	1,222,879	672,776
Interest	1,120,614	866,512
Other income	352,625	258,031
Total other revenue	<u>2,696,118</u>	<u>1,797,319</u>

8. EXPENSES

	2010	2009
	Consolidated	Consolidated
	\$	\$
Depreciation:		
Plant and equipment	20,622	16,557
Furniture and fittings	100,064	161,373
Musical instruments	46,862	50,006
Computers	83,528	96,860
	<u>251,076</u>	<u>324,796</u>
Amortisation of intangible assets	72,084	34,826
Total Depreciation and amortisation	<u>323,160</u>	<u>359,622</u>
Operating lease rental expense	<u>358,679</u>	<u>325,571</u>
Employee expenses:		
Salaries and wages	15,128,160	14,886,956
Superannuation	2,269,576	2,228,469
Other employee expenses	1,539,432	1,379,465
Total employee expenses	<u>18,937,168</u>	<u>18,494,890</u>

9. INCOME TAX

	2010	2009
	Consolidated	Consolidated
	\$	\$
Accounting Loss	<u>(236,769)</u>	<u>(1,090,477)</u>
At group's statutory tax rate (30%)	(71,031)	(327,143)
Less non taxable items	<u>71,031</u>	<u>327,143</u>
Income tax expense	<u>-</u>	<u>-</u>

The company's subsidiary Sydney Symphony Orchestra Holdings Pty Limited is exempt from income tax, capital gains tax and payroll tax by virtue of being a cultural organisation established for the encouragement of music and a charitable institution.

10. OTHER FINANCIAL ASSETS

	2010	2009
	Consolidated	Consolidated
	\$	\$
Current Asset		
Employee instrument loans	115,109	123,098
Non Current Asset		
Employee instrument loans	402,654	383,885
Total other financial assets	517,763	506,983

11. TRADE AND OTHER RECEIVABLES

a) Trade and other receivables

	2010	2009
	Consolidated	Consolidated
	\$	
Current		
Trade debtors	1,281,085	1,015,218
Other receivables	482,512	162,674
Accrued income	509,757	117,758
Total trade and other receivables	2,273,354	1,295,650

(b) Past due but not impaired

The debtors over 60 days are past due but not impaired, as there is no objective evidence at reporting date that the Group will not be able to collect all amounts due.

	2010	2009
	Consolidated	Consolidated
	\$	\$
Trade Debtors ageing		
0 to 60 days	1,059,102	803,232
61 to 90 days	110,200	1,986
Over 90 days	111,783	210,000
Total trade debtors	1,281,085	1,015,218

As of 31st December 2010, trade debtors of \$221,938 were past due but not impaired. The other classes within trade and other receivables do not contain impaired assets and are not past due.

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Notes to the Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT – Consolidated

	Plant and equipment	Fixtures and fittings	Musical instruments acquired through the Instrument Reserve	Musical instruments acquired	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2010						
At 1 January 2010, net of accumulated depreciation and impairment	89,537	90,503	448,894	359,708	128,708	1,117,350
Additions	98,993	814,834	338,880	-	24,615	1,277,326
Disposals at cost	-	(833,730)	-	-	-	(833,730)
Disposal accumulated depreciation	-	833,730	-	-	-	833,730
Depreciation charge for the year	(20,622)	(100,064)	-	(46,862)	(83,528)	(251,076)
As at 31 December 2010, net of accumulated depreciation and impairment	167,908	805,273	787,774	312,846	69,795	2,143,596
At 1 January 2010						
Cost or fair value	252,916	833,730	448,894	947,909	800,832	3,284,281
Accumulated depreciation	(163,379)	(743,227)	-	(588,201)	(672,124)	(2,166,931)
Net carrying amount	89,537	90,503	448,894	359,708	128,708	1,117,350
At 31 December 2010						
Cost or fair value	351,909	814,834	787,774	947,909	825,447	3,727,873
Accumulated depreciation	(184,001)	(9,561)	-	(635,063)	(755,652)	(1,584,277)
Net carrying amount	167,908	805,273	787,774	312,846	69,795	2,143,596
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2009						
At 1 January 2009, net of accumulated depreciation and impairment	69,665	251,876	271,471	379,212	147,219	1,119,443
Additions	36,429	-	177,423	30,502	79,113	323,467
Disposals at cost	-	-	-	-	(2,408)	(2,408)
Disposal accumulated depreciation	-	-	-	-	1,644	1,644
Depreciation charge for the year	(16,557)	(161,373)	-	(50,006)	(96,860)	(324,796)
As at 31 December 2009, net of accumulated depreciation and impairment	89,537	90,503	448,894	359,708	128,708	1,117,350
At 1 January 2009						
Cost or fair value	216,487	833,730	271,471	917,407	724,127	2,963,222
Accumulated depreciation	(146,822)	(581,854)	-	(538,195)	(576,908)	(1,843,779)
Net carrying amount	69,665	251,876	271,471	379,212	147,219	1,119,443
At 31 December 2009						
Cost or fair value	252,916	833,730	448,894	947,909	800,832	3,284,281
Accumulated depreciation	(163,379)	(743,227)	-	(588,201)	(672,124)	(2,166,931)
Net carrying amount	89,537	90,503	448,894	359,708	128,708	1,117,350

13. INTANGIBLE ASSETS - Consolidated

	Consolidated 2010 \$	Consolidated 2009 \$
At 1 January net of accumulated amortisation and impairment	177,205	13,890
Additions	23,183	198,141
Disposals	-	-
Amortisation charge for the year	(72,084)	(34,826)
As at 31 December, net of accumulated amortisation and impairment	<u>128,304</u>	<u>177,205</u>
At 31 December		
Cost or fair value	382,985	359,802
Accumulated amortisation	(254,681)	(182,597)
Net carrying amount	<u>128,304</u>	<u>177,205</u>

14. TRADE AND OTHER PAYABLES

	2010 Consolidated \$	2009 Consolidated \$
Accruals	1,324,277	1,164,992
Trade creditors	1,251,673	691,326
Other payables	49,263	41,762
Total trade and other payables	<u>2,625,213</u>	<u>1,898,080</u>
Total trade and other payables ageing		
0 to 60 days	2,625,213	1,898,080
61 to 90 days	-	-
Over 90 days	-	-
Total trade and other payables	<u>2,625,213</u>	<u>1,898,080</u>

The fair value of financial liabilities is equivalent to the carrying amount at balance date as disclosed in the balance sheet and related notes. This is because either the carrying amounts approximate to the fair value or because of their short term to maturity.

15. PREPAID REVENUE

	2010 Consolidated \$	2009 Consolidated \$
Prepaid ticket sales	6,872,796	5,502,888
Prepaid other	129,063	-
Total prepaid revenue	<u>7,001,859</u>	<u>5,502,888</u>

16. PROVISIONS

	2010	2009
	Consolidated	Consolidated
	\$	\$
Current provision for employee benefits	3,704,047	3,445,841
Non-current provision for employee benefits	484,711	572,967
Make good provision	148,868	150,018
Total Non Current Provisions	633,579	722,985
Total provisions	4,337,626	4,168,826

17. GUARANTEE

Each Member undertakes to contribute to the property of the Company if the Company is wound up while he, she or it is a Member or within 1 year after he, she or it ceases to be a Member, for payment of the Company's debts and liabilities contracted before he, she or it ceases to be a Member and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributories among themselves, such amount as may be required, but not exceeding \$20.

18. STATEMENT OF CASH FLOWS

a) Reconciliation of cash

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank and short-term deposits at call within 3 months. Cash and cash equivalents as at the end of the financial period as shown in the cash flow statement are as follows:

	2010	2009
	Consolidated	Consolidated
	\$	\$
Cash and cash equivalents	7,540,181	11,616,875

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

	2010	2009
	Consolidated	Consolidated
	\$	\$
Net loss	(236,769)	(1,090,477)
Add non-cash depreciation	251,077	324,796
Add non-cash loss on disposal	-	764
Add non-cash amortisation	72,083	34,826
Net cash provided by operating activities before change in assets and liabilities	86,391	(730,091)
Changes in assets and liabilities		
Decrease/(increase) in receivables	(977,704)	(416,463)
Decrease/(increase) in other assets	396,230	(142,731)
Increase/(decrease) in payables	727,133	276,619
Increase/(decrease) in prepaid revenue	1,498,971	1,343,393
Increase/(decrease) in provisions	168,800	269,697
Changes in assets and liabilities	1,813,430	1,330,515
Net cash provided by operating activities	1,899,821	600,424

19. SYMPHONY RESERVE - Consolidated

	Note	2010 \$	2009 \$
Accumulated funds at 1 January		1,739,177	1,689,177
Transfer from retained earnings in relation to: Current year bequests		152,865	50,000
Accumulated funds at 31 December		1,892,042	1,739,177

The Symphony Reserve was established under protocols agreed by the Board to raise and accumulate capital to support the aims of the company and its long-term financial security.

20. INTERNATIONAL TOURING RESERVE – Consolidated

		2010 \$	2009 \$
Accumulated funds at 1 January		1,270,237	1,540,868
Transfer to retained earnings in relation to: Net deficit from touring		(373,579)	(270,631)
Accumulated funds at 31 December		896,658	1,270,237

21. INSTRUMENT RESERVE - Consolidated

		2010 \$	2009 \$
Accumulated funds at 1 January		460,502	614,973
Transfer from Retained Earnings for interest earned		9,664	22,952
Transfer from Symphony Reserve in relation to: Instrument Reserve donation		-	-
Transfer to Retained Earnings for instruments acquired		(338,880)	(177,423)
Accumulated funds at 31 December		131,286	460,502

The assets purchased in 2010 using Instrument Reserve funds are included in the Property Plant and Equipment - Musical Instruments and total \$338,880 (2009 \$177,423) see note 12.

22. MAESTRO'S CIRCLE RESERVE - Consolidated

	2010 \$	2009 \$
Accumulated funds at 1 January	558,500	315,000
Transfer from Retained Earnings in relation to: Maestro's Circle donations	280,000	428,500
Transfer to Retained Earnings in relation to: Maestro's Circle expenses	(383,012)	(185,000)
Accumulated funds at 31 December	455,488	558,500

The Maestro's Circle Reserve was created in 2009 to assist with the costs associated with special activities planned by the incoming Principal Conductor and Artistic Advisor, Mr Vladimir Ashkenazy. The Maestro's Circle expenses relate to costs associated with the Mahler Odyssey recording series during the year and costs associated with the European tour in October 2010.

23. DIRECTORS AND EXECUTIVE DISCLOSURES

a) Details of key management personnel

The names of each person holding the position of director or executive director of the Company during the financial period are listed on page 2 in the Directors' Report.

Unless otherwise stated in the Directors' Report, the directors have been in office for the financial period.

b) Compensation of key management personnel

	2010 Consolidated \$	2009 Consolidated \$
Short term	346,120	478,011
Other employment benefits	59,499	47,246
	405,619	525,257

Payments were made to directors for their services as employees of the company and not for their services as directors of the Group for which no fee is paid. Non-executive directors are not paid any fees for their services as directors of the group.

24. RELATED PARTIES

a) Directors

Transactions with Directors

Mr. Ewen Crouch, a director of the company is also a partner with Allens Arthur Robinson. During the course of the period, this firm provided professional services to the Group on a pro bono basis.

Mr Stephen Johns a director of the company until 30 September 2010 was also a director of Brambles Limited. During the course of the year, *Recall* part of the Brambles Group provided information management services to the Group under normal terms and conditions for consideration of \$5,970.

Transactions between the parent company and entities in which directors have declared an interest, are transacted under normal terms and conditions. There were no contracts involving directors' interests subsisting at period end excepting sponsorship agreements under normal terms and conditions of business. Sponsorship from director-related entities is on terms and conditions no more favourable than those offered to other sponsors.

b) Subsidiary

The consolidated financial statements as at 31 December 2010 include the parent Company's one subsidiary in which it had 100% interest, Sydney Symphony Orchestra Holdings Pty Limited which is incorporated in Australia and has the same balance date as that of the parent entity. The carrying value of the investment is \$8,578,559 (at 31 December 2009: \$8,578,559).

c) Ultimate parent

Sydney Symphony Limited is the ultimate parent entity.

25. AUDITORS' REMUNERATION

	2010	2009
	Consolidated	Consolidated
	\$	\$
Amounts received or due and receivable by Ernst & Young :		
- an audit of the financial report of the entity	28,000	27,000
- other assurance services in relation to the entity	15,000	14,000
Amounts received or due and receivable	43,000	41,000

No amounts are paid to the auditor by the parent entity. All amounts are paid by its subsidiary, Sydney Symphony Orchestra Holdings Pty Limited.

26. COMMITMENTS AND CONTINGENCIES

a) Operating Lease (non cancellable)

	2010	2009
	Consolidated	Consolidated
	\$	\$
Not later than one year	439,039	348,873
Later than one year and not later than five years	1,757,358	28,807
Later than five years	843,195	-
	<u>3,039,592</u>	<u>377,680</u>

The Group has operating leases for office accommodation.

b) Artist fees contracted for but not provided for and not payable

	2010	2009
	Consolidated	Consolidated
	\$	\$
Not later than one year	1,306,879	1,157,579
Later than one year and not later than five years	1,011,326	2,196,333
Later than five years	-	-
	<u>2,318,205</u>	<u>3,353,912</u>

The Group has entered into contracts for performances scheduled to take place during 2011 and subsequent years. These amounts include the expenditure required to satisfy the contracts with the artists.

27. FINANCIAL INSTRUMENTS - Consolidated

a) Interest rate risk exposures - Consolidated

The following table summarises the interest rate risk for the Group, together with effective interest rates as at balance date. The parent company does not hold any cash or financial assets or liabilities so only the consolidated position is shown.

31 December 2010	Weighted Average Effective Interest Rate	Non interest bearing	Floating Interest Rate	Fixed rate; Less than 1 year	Fixed rate; 1 to 2 years	Fixed rate; 2 - 3 years	Total
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash	3.46%	332,952	1,577,006				1,909,958
Term Deposits	6.30%		1,630,223	6,500,000	2,500,000	5,085,000	15,715,223
Employee instrument loans	4.00%		517,763				517,763
Trade and other receivables		2,723,254					2,723,254
Financial Liabilities							
Trade and other payables		(2,625,213)					(2,625,213)
Net		430,993	3,724,992	6,500,000	2,500,000	5,085,000	18,240,985

31 December 2009	Weighted Average Effective Interest Rate	Non interest bearing	Floating Interest Rate	Fixed rate; Less than 1 year	Fixed rate; 1 to 2 years	Fixed rate; 2 - 3 years	Total
		\$	\$	\$	\$	\$	\$
Financial Assets							
Cash	2.89%	139,202	3,365,997				3,505,199
Short term deposits	5.53%		2,174,306	9,687,370	1,250,000		13,111,676
Employee instrument loans	3.16%		506,983				506,983
Trade and other receivables		1,295,650					1,295,650
Financial Liabilities							
Trade and other payables		(1,898,080)					(1,898,080)
Net		(463,228)	6,047,286	9,687,370	1,250,000	-	16,521,428

b) Fair value

The group has used Level 2 methods in estimating the fair value of its financial instruments.

For financial instruments not quoted in active markets the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

The fair value of financial instruments is derived using valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation. The fair value of financial instruments and the methods used to estimate the fair value are summarised in Note 28.

c) Credit risk exposure

The Group's maximum exposure to credit risk at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the balance sheet and related notes.

d) Liquidity Statement

Short term deposits consist of a number of term deposits held with different maturity dates less than one year. These funds are available at call should they be required, subject to minor early withdrawal penalties.

e) Sensitivity Analysis

A Sensitivity Analysis of the effect of interest rate and foreign currency movements on assets and liabilities was not undertaken as the prospective impacts were not considered material at balance date.

28. DERIVATIVE FINANCIAL INSTRUMENTS

Valuation Technique Market Observable Inputs (Level 2)	2010 Consolidated \$	2009 Consolidated \$
Current Liabilities		
Forward currency contracts –cash flow hedges	(38,751)	(78,496)
Non Current Liabilities		
Forward currency contracts –cash flow hedges	(34,445)	(27,056)
	(73,196)	(105,552)

(a) Instruments Used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in foreign currency rates.

(i) Forward currency contracts – cash flow hedges

The Group purchases the services of artists under contracts denominated in foreign currencies. In order to protect against exchange rate movements and to provide certainty against future cash flows the group has entered into forward currency contracts to purchase US dollars, Swiss francs and UK pounds. The cash flows are expected to occur between 1 to 18 months from 1 January 2011 and total AUD 73,196 (2009 105,552) with average exchange rates of USD 0.9087, CHF 0.8852, GBP 0.5428 (2009 USD 0.8929, CHF 0.8218, GBP 0.4806)

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast purchases and any gain or loss on the contracts attributable to

the hedged risk is taken directly to equity. When the service is delivered the amount recognised in equity is adjusted to artist's fees and expenses in the Income Statement.

28. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Movement in forward currency contract cash flow hedge reserve

	2010 Consolidated \$	2009 Consolidated \$
Opening Balance	(105,552)	-
Charged to other comprehensive income	32,356	(105,552)
Closing Balance	(73,196)	(105,552)

The fair value of the derivative financial instruments is calculated using quoted prices in active markets.

29. INDEMNIFICATION AND INSURANCE OF OFFICERS

Insurance and indemnity arrangements established in previous years concerning officers of the consolidated entity were renewed and continued during 2010. Sydney Symphony Orchestra Holdings Pty Limited paid the premium on a contract insuring each of the Directors of the consolidated entity, named earlier in this report, and each of the full-time executive officers of the consolidated entity, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

30. INFORMATION RELATING TO SYDNEY SYMPHONY LIMITED ("the parent entity")

	2010 \$	2009 \$
Current Assets	-	-
Non-Current Assets	8,578,559	8,578,559
Total Assets	8,578,559	8,578,559
Current Liabilities		
Total Liabilities	330	330
Net Assets	8,578,229	8,578,229
Equity		
Retained Earnings	8,578,229	8,578,229
Total Equity	8,578,229	8,578,229
Profit or loss of Parent entity	-	-
Total comprehensive income of parent company	-	-

DIRECTORS' DECLARATION

In the opinion of the directors of Sydney Symphony Limited and its controlled entities:

(a) the consolidated financial statements and notes, set out on pages 11 to 34, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Group and of the Company as at 31 December 2010 and of their performance, for the year ended on that date; and

(ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and


(b) there are reasonable grounds to believe that Sydney Symphony Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



John Conde AO
Chairman

Sydney, dated 28th March 2011



David Smithers AM
Director

Sydney, dated 28th March 2011

Independent auditor's report to the members of Sydney Symphony Orchestra Holdings Pty Limited

We have audited the accompanying financial report of Sydney Symphony Orchestra Holdings Pty Limited, which comprises the balance sheet as at 31 December 2009, and the income statement, the statement of comprehensive income, the statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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


Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the financial report.

Auditor's Opinion

In our opinion the financial report of Sydney Symphony Orchestra Holdings Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the financial position of Sydney Symphony Orchestra Holdings Pty Limited at 31 December 2009 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

A handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'Lisa Nijssen-Smith'.

Lisa Nijssen-Smith
Partner
29 March 2010