



Sydney Symphony Limited
AND ITS CONTROLLED ENTITIES

A.B.N. 50 121 561 528

ANNUAL FINANCIAL REPORT

31 December 2011

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Directors Report

The Directors present their report together with the financial report of Sydney Symphony Limited, the Parent Entity and its controlled entity Sydney Symphony Orchestra Holdings Pty Limited (the Group) for the year ended to 31 December 2011.

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
Ewen Crouch
Ross Grant
Jennifer Hoy
Andrew Kaldor
Irene Lee
David Livingstone
Goetz Richter
David Smithers AM
Gabrielle Trainor

Resigned 2nd May 2011

Company Secretary

John Horn

Qualification of Directors

Director	Experience and Qualifications
John Conde AO (Chairman)	BSc, BE (Hons), Syd; MBA (Dist), Harv. Chairman of Ausgrid Chairman of BUPA Australia Pty Limited Chairman of Whitehaven Coal Limited President of The Commonwealth Remuneration Tribunal Chairman Destination New South Wales and associated entities Director of DEXUS Property Group Chairman of the Australian Olympic Committee (NSW) Fundraising Committee
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	BEC (Hons) LLB, Syd, FAICD. Partner and Chairman of Allens Arthur Robinson Director and Chairman of Mission Australia Group Director of Working Links (Employment) Limited
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	BEC (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 QBE Insurance Group Non-Executive Chairman, Keybridge Capital Ltd Director of Cathay Pacific Airways Ltd Chairman of Hysan Development Company Ltd Member, Advisory Council, J.P. Morgan Director of Noble Group Limited
David Livingstone	BEc (Hons) Macq; MA Cantab Managing Director and CEO, Credit Suisse Australia
Dr. Goetz Richter	Kstl, 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 Genea Limited (formally 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 Group's 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".

The strategy is to achieve maximum leverage from the key factors that set the Group 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 supporters with premium brand assets and outstanding artistic experiences

Achievements against key strategic priorities in the 2011 financial year are outlined below;

• Artistic Leadership

The Principal Conductor and Artistic Advisor between 2009 and 2013 is Vladimir Ashkenazy. Vladimir Ashkenazy has led the orchestra in numerous important projects in 2011, most notably the conclusion of the Mahler Odyssey: 2010–2011.

- **Emerging Artists**

The Group 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 programme, Sydney Sinfonia training orchestra and the Sydney Symphony Sinfonietta programme for young composers.

- **International Touring**

The Group has the stated desire to continue with its programme of international touring to raise the profile and experience of the orchestra. In November 2011, the Orchestra performed to excellent reviews and full houses in Japan and Korea, including a celebratory concert to mark the 50th anniversary of diplomatic relations between Australia and the Republic of South Korea, with Vladimir Ashkenazy conducting.

- **Orchestral Instruments**

To improve the quality of sound produced by the orchestra, the Group has an Instrument Reserve which continues to acquire fine instruments. The Group also supports musicians who wish to acquire fine instruments independently. The Instrument Reserve was significantly boosted by an anonymous donation of \$500,000 during the financial year.

- **Acoustic Improvement Sydney Opera House**

The Group is the resident orchestra at the Sydney Opera House and is in regular consultation with the Sydney Opera House to improve the acoustics in the main concert hall.

- **Education**

The Group has an award winning education programme and plans to continue with on line delivery and content innovations to increase the reach and impact of this programme throughout Sydney and regional NSW.

- **Regional Touring**

The Group 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 priorities, the Group continues with its strategic endeavours in respect of ongoing financial viability having significantly improved the financial result of the company in 2011.

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 2011 financial year;
- b) these outcomes have informed the future planning of the group; and
- c) the self assessment process in place draws on a variety of verifiable internal and external sources primarily:
 - 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 Group, by virtue of the Tripartite Agreement between the controlled entity, 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 2011, the level of reserves totalled 27% of the Groups' annual costs (2010 - 23%).

Key Performance Indicators

The Group'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 2011 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 Japan and Korea Tour locations assessed as exceeding expectations.
Education Programme Development	Develop and enhance the Sydney Symphony's world class education programme.	Complete and deliver on line kits to NSW school educators and enhance whiteboard kits.	Completed with online kits well received by educators.
Artform Development - Australian Compositions	Feature contemporary Australian composers and promote new commissions.	Achieve 2011 Australian content as per season programme and continue commission work for Australian premieres.	Australian content delivered as per programme. Three commissions have been completed in 2011 and a further three donor funded commissions are underway with leading Australian composers.
Audience Development - Occupancy	Occupancy levels for mainstage core programs.	74% average occupancy target.	86.5% occupancy levels achieved for 2011.
-Online Development and New Media	Online web content and services.	Enhance content and improve services.	Web content enhanced and mobile app. launched with a world first live streaming of orchestral concerts to mobile devices.
Financial Stability - Reserves	Reserves to total group expenses.	Meet or exceed 20%.	Exceeded - actual reserves at 27% of group expenses.
Financial Stability - Operating result	Net operating result before reserve activities.	Meet or exceed annual budget.	Exceeded.

Review and Results of Operations

The Group achieved a net operating result for the year of \$1,022,396 (2010: net loss (\$236,769)) after including Maestro Circle donations of \$256,000 (2010: \$280,000). After the inclusion of an anonymous instrument reserve donation of \$500,000 (2010: nil), the net profit for the year was \$1,522,396. The Group's 2011 season was well received by audiences, with strong box office results supported by 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 in the first half of the year and enhanced cashflow from operations. The operating result also benefited from a series of exclusive gala concerts with leading international soloists, Lang Lang and Evengy Kissin.

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 2011

in Sydney, outer metropolitan and regional NSW performing arts centres, including a charity benefit concert held in Wollongong. In November 2011, the Group continued its international touring programme with a successful tour to Japan and Korea playing to sold out venues and achieving critical acclaim for its performances. Principal Conductor and Artistic Advisor, Mr Vladimir Ashkenazy, was conductor on tour featuring performances by guest soloist, Evengy Kissin.

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 2012, 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

Ross Grant

Jennifer Hoy

Andrew Kaldor

Irene Lee

Goetz Richter

David Livingstone

David Smithers AM

Gabrielle Trainor

Board		Finance Audit & Risk		Nomination & Remuneration	
A	B	A	B	A	B
6	6	-	2	1	1
6	6	-	4	1	1
6	6	-	-	1	1
6	3	4	3	-	-
6	5	-	-	-	-
6	6	-	-	-	-
6	5	4	4	-	-
6	5	-	-	-	-
6	5	-	-	1	1
6	6	4	3	-	-
6	4	4	4	-	-
2	2	-	-	1	-

Note 1- Both the Chairman of the Board and the Managing Director and the Director of Finance attend meetings of the Finance Audit and Risk Committee by invitation. All other directors who are not committee members and the external auditors may attend the meetings of the Finance Audit and Risk Committee at their discretion.

Directors' Remuneration

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

Details of directors' remuneration are disclosed in Note 21.

Indemnification and insurance of Officers

Information on the indemnification and insurance of officers can be found in Note 25.

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'J.C. Conde'.

John Conde AO
Chairman

Sydney, dated 2nd April 2012

Corporate Governance Statement

This statement outlines the Group'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 2011, the Group has achieved substantial compliance with the recommendations as outlined below;

Principle 1: Lay Solid Foundations for Management and Oversight

The Group'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 group strategy, three-year business plans, and the programme for the following season, the budget for the following year and the Group'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 private 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 Nomination 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 Group'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 group aims to be an organisation that fosters an organisational culture that embraces diversity. "Diversity" includes, but is not limited to, gender, age, ethnicity, disability and cultural background. During the course of the year, a diversity action plan will be finalised with measurable objectives designed to provide a roadmap to further develop and articulate our commitment to having a diverse workplace. Progress against this plan will be incorporated in the Annual Report for the year ending 31 December 2012.

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 Group'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 Group'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 Group with applicable laws and regulations
- Monitoring the scope of any key control reviews and approving the engagement of qualified consultants to complete specified reviews
- Monitoring and reviewing the financial management and position of the Group.

The Finance, Audit and Risk Committee meets 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 Group's financial reports present a true and fair view of the Group'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 consists of 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 Group 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 Group has a set of Occupational Health & Safety (OHS) manuals, which provide legislative and procedural guidance to ensure that the Group's responsibilities continue to be met. There is a comprehensive, regular training programme, including first aid and OHS committee training. Group policies and procedures are reviewed in consultation with staff representatives. Directors are briefed on OHS policies and procedures and review the company OHS plan annually. Appropriate site visits are also made by the directors.

Principle 7: Recognise and Manage Risk

Quarterly updates of the Group'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 Nomination and Remuneration Committee meets at least annually to review the Group'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 of Directors

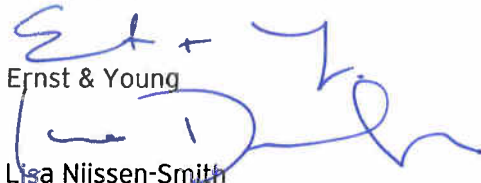


John Conde AO
Chairman

Sydney, dated 2nd April 2012

Auditor's Independence Declaration to the Directors of Sydney Symphony Limited and its controlled entities

In relation to our audit of the financial report of Sydney Symphony Limited and its controlled entities for the financial year ended 31 December 2011, 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 blue ink, appearing to read 'Lisa Nijssen-Smith', written over the printed name.

Ernst & Young

Lisa Nijssen-Smith

Partner

2 April 2012

Sydney Symphony Limited

A.B.N. 50 121 561 528

Income Statement for the period ended 31 December 2011

		2011	2010
	Notes	Consolidated	Consolidated
		\$	\$
Revenue			
Funding revenue	4	13,259,864	13,028,911
Ticket sales	5	16,507,920	15,318,598
Sponsorship and general donations	6	3,738,258	3,826,168
Maestro's Circle donations		256,000	280,000
Instrument Reserve donations		500,000	-
Other income	7	3,537,520	2,696,118
Total revenue		37,799,562	35,149,795
Expenses			
Employee expenses	8	20,125,282	18,937,168
Artist fees and expenses		4,771,272	5,676,202
Marketing expenses		3,509,400	3,472,153
Production expenses		5,184,916	4,701,046
Depreciation and amortisation	8	338,010	323,160
Other expenses		2,348,286	2,276,835
Total expenses		36,277,166	35,386,564
Net profit/(loss) for the year		1,522,396	(236,769)
Income tax expense	9	-	-
Profit/loss after income tax		1,522,396	(236,769)

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 2011

		2011	2010
	Notes	Consolidated	Consolidated
		\$	\$
Profit/(loss) after income tax		1,522,396	(236,769)
Other comprehensive income			
Cash flow hedges:			
Gain/(loss) taken to equity	24	13,342	32,356
Income tax on items of other comprehensive income		-	-
Total comprehensive income		1,535,738	(204,413)

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 2011

	Notes	2011 Consolidated \$	2010 Consolidated \$
Current Assets			
Cash and cash equivalents		4,051,660	3,540,181
Term deposits		9,608,627	6,500,000
Other financial assets	10	93,190	115,109
Trade and other receivables	11	1,562,426	2,273,354
Prepayments		153,209	215,764
Total Current Assets		15,469,112	12,644,408
Non-Current Assets			
Property, plant and equipment	12	2,108,358	2,143,596
Intangible assets	13	57,669	128,304
Other financial assets	10	361,415	402,654
Term deposits		7,585,000	7,585,000
Total Non-Current Assets		10,112,442	10,259,554
Total Assets		25,581,554	22,903,962
Current Liabilities			
Trade and other payables	14	2,747,520	2,625,213
Prepaid revenue	15	7,822,709	7,001,859
Provisions	16	3,958,976	3,704,047
Deferred revenue		85,714	85,714
Derivative financial Instruments	24	48,441	38,751
Total Current Liabilities		14,663,360	13,455,584
Non-Current Liabilities			
Provisions	16	676,403	633,579
Derivative financial instruments	24	11,413	34,445
Deferred revenue		421,429	507,143
Total Non-Current Liabilities		1,109,245	1,175,167
Total Liabilities		15,772,605	14,630,751
Net Assets		9,808,949	8,273,211
Equity			
Symphony Reserve	17	1,943,743	1,892,042
International Touring Reserve	18	958,911	896,658
Instrument Reserve	19	666,270	131,286
Maestro's Circle Reserve	20	457,032	455,488
Cash Flow Hedge Reserve	24	(59,854)	(73,196)
Retained Earnings		5,842,847	4,970,933
Total Equity		9,808,949	8,273,211

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 2011

Consolidated

	Notes	Retained Earnings \$	Symphony Reserves (Note 17) \$	International Touring Reserve (Note 18) \$	Cash Flow Hedge Reserve (Note 24) \$	Instrument Reserve (Note 19) \$	Maestro's Circle Reserve (Note 20) \$	Total Equity \$
As at 1 January 2011		4,970,933	1,892,042	896,658	(73,196)	131,286	455,488	8,273,211
Net (loss)/profit for the year		1,522,396						1,522,396
Other comprehensive income					13,342			13,342
Transfer from/(to) Symphony Reserve	17	(51,701)	51,701					-
Transfer from/(to) International Touring Reserve	18	(62,253)		62,253				-
Transfer from/(to) Instrument Reserve	19	(500,000)				500,000		-
Transfer from/(to) Instrument Reserve	19	(34,984)				34,984		-
Transfer from/(to) Maestro's Circle Reserve	20	(256,000)					256,000	-
Transfer from/(to) Maestro's Circle Reserve	20	254,456					(254,456)	-
As at 31 December 2011		5,842,847	1,943,743	958,911	(59,854)	666,270	457,032	9,808,949

	Notes	Retained Earnings \$	Symphony Reserves (Note 17) \$	International Touring Reserve (Note 18) \$	Cash Flow Hedge Reserve (Note 24) \$	Instrument Reserve (Note 19) \$	Maestro's Circle Reserve (Note 20) \$	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	17	(152,865)	152,865					-
Transfer from/(to) International Touring Reserve	18	373,579		(373,579)				-
Transfer from/(to) Instrument Reserve	19	338,880				(338,880)		-
Transfer from/(to) Instrument Reserve	19	(9,664)				9,664		-
Transfer from/(to) Maestro's Circle Reserve	20	(280,000)					280,000	-
Transfer from/(to) Maestro's Circle Reserve	20	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

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 2011

	Notes	2011 Consolidated \$	2010 Consolidated \$
Cash flows from operating activities			
Cash receipts from box office and sponsors		21,729,838	20,495,823
Cash receipts from bequests		51,701	152,865
Cash receipts general donations		1,977,803	1,273,235
Cash payments to suppliers and employees		(34,606,040)	(34,171,627)
Grants received from government funding bodies		13,259,864	13,028,911
Interest received		1,357,919	1,120,614
Net cash provided by/(used in) operating activities		3,771,085	1,899,821
Cash flows from financing activities			
Employee instrument loans granted		(45,491)	(88,470)
Proceeds from repayments on employee instrument loans		108,649	77,690
Net Cash flows used in financing activities		63,158	(10,780)
Cash flows from investing activities			
Payments for property, plant and equipment		(209,287)	(857,552)
Payments for intangible assets		(4,850)	(23,183)
Investment in Term deposits		(3,108,627)	(9,085,000)
Net cash flows used in investing activities		(3,322,764)	(9,965,735)
Net decrease in cash held		511,479	(8,076,694)
Cash and cash equivalents at beginning of financial year		3,540,181	11,616,875
Cash and cash equivalents at end of year		4,051,660	3,540,181

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

1. CORPORATE INFORMATION

The financial report of the Group for the year ended 31 December 2011 was recognised for issue in accordance with a resolution of the directors on 2 April 2012.

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 – Reduced Disclosure Requirements, 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 Group has early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning 1 January 2011. The Group is a not for profit private sector entity. Therefore, the Group has elected to present Tier 2 General Purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001.

The adoption of AASB 1053 and AASB 2010-2 allows the Group to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

Financial risk management objectives and policies

The Group's principal financial instruments consist of cash and short-term deposits, receivables and payables. 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 Group's operations. The Board reviews and agrees policies for managing foreign currency risk which arises from transactional currency exposures due to sales or purchases by the controlled entity in currencies other than the functional currency. It is the Group's 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 credit worthy 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 consist of the financial statements of Sydney Symphony Limited and its subsidiary as at 31 December 2011.

The financial statements of its subsidiary 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 2012 – 2014 with Australia Council for the Arts and Arts NSW. Funding for this three year period 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 Group's controlled entity 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 translated 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 Group's operating 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. 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 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 gross in the statement of cash flows. 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, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and 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 continually. 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 the Income Statement 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 or 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 or 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. The group has no ongoing liability for superannuation benefits ultimately payable to employees.

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 are 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 is assessed periodically and considered in relation to the remaining useful life of the asset. Adjustments are made to useful lives as appropriate.

Sydney Symphony Limited
A.B.N. 50 121 561 528
Notes to the Financial Statements

4. FUNDING REVENUE

	2011	2010
	Consolidated	Consolidated
	\$	\$
Australia Council for the Arts		
Annual Grant	10,101,230	9,925,356
Arts NSW		
Base Funding	3,158,634	3,100,045
School Travel & Educational Support Project	-	3,510
Total funding revenue	13,259,864	13,028,911

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 2012 to 2014 whereby amounts will be provided to Sydney Symphony Limited. As required, amounts received by the Group during the financial year 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.

5. TICKET SALES

	2011	2010
	Consolidated	Consolidated
	\$	\$
Subscriptions	7,312,683	6,440,821
Single night	6,152,765	5,485,315
Commercial events	3,042,472	3,392,462
Total ticket sales	16,507,920	15,318,598

6. SPONSORSHIP AND GENERAL DONATIONS

	2011	2010
	Consolidated	Consolidated
	\$	\$
Sponsorship	2,464,754	2,680,068
General donations	1,273,504	1,146,100
Total sponsorship and general donations	3,738,258	3,826,168

7. OTHER INCOME

	2011	2010
	Consolidated	Consolidated
	\$	\$
Orchestral hire income	1,656,869	1,222,879
Interest	1,357,919	1,120,614
Other income	522,732	352,625
Total other income	3,537,520	2,696,118

8. EXPENSES

	2011	2010
	Consolidated	Consolidated
	\$	\$
Depreciation of fixed assets	262,525	251,076
Amortisation of intangible assets	75,485	72,084
Total depreciation and amortisation	338,010	323,160
Operating lease rental expense	380,869	358,679
Employee expenses:		
Salaries and wages	15,820,016	15,128,160
Superannuation	2,391,761	2,269,576
Other employee expenses	1,913,505	1,539,432
Total employee expenses	20,125,282	18,937,168

9. INCOME TAX

	2011	2010
	Consolidated	Consolidated
	\$	\$
Accounting profit (loss)	1,522,396	(236,769)
At Group's statutory tax rate (30%)	456,719	(71,031)
Less non taxable items	(456,719)	71,031
Income tax expense	-	-

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

	2011	2010
	Consolidated	Consolidated
	\$	\$
Current asset		
Employee instrument loans	93,190	115,109
Non-current asset		
Employee instrument loans	361,415	402,654
Total other financial assets	454,605	517,763

11. TRADE AND OTHER RECEIVABLES

	2011	2010
	Consolidated \$	Consolidated \$
Current		
Trade debtors	904,325	1,281,085
Other receivables	106,100	482,512
Accrued income	552,001	509,757
Total trade and other receivables	1,562,426	2,273,354

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 2011						
At 1 January 2011, net of accumulated depreciation and impairment	167,908	805,273	787,774	312,846	69,795	2,143,596
Additions	44,876	20,698	-	-	161,713	227,287
Depreciation charge for the year	(30,433)	(116,478)	-	(45,090)	(70,524)	(262,525)
As at 31 December 2011, net of accumulated depreciation and impairment	182,351	709,493	787,774	267,756	160,984	2,108,358
At 31 December 2011						
Cost or fair value	396,785	835,532	787,774	947,909	987,160	3,955,160
Accumulated depreciation	(214,434)	(126,039)	-	(680,153)	(826,176)	(1,846,802)
Net carrying amount	182,351	709,493	787,774	267,756	160,984	2,108,358
	\$	\$	\$	\$	\$	\$
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

13. INTANGIBLE ASSETS - Consolidated

	Consolidated 2011 \$	Consolidated 2010 \$
At 1 January, net of accumulated amortisation and impairment	128,304	177,205
Additions	4,850	23,183
Amortisation charge for the year	(75,485)	(72,084)
As at 31 December, net of accumulated amortisation and impairment	<u>57,669</u>	<u>128,304</u>
At 31 December		
Cost or fair value	387,835	382,985
Accumulated amortisation	(330,166)	(254,681)
Net carrying amount	<u>57,669</u>	<u>128,304</u>

14. TRADE AND OTHER PAYABLES

	2011 Consolidated \$	2010 Consolidated \$
Accruals	1,765,070	1,324,277
Trade creditors	937,098	1,251,673
Other payables	45,352	49,263
Total trade and other payables	<u>2,747,520</u>	<u>2,625,213</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 their fair value or because of their short term to maturity.

15. PREPAID REVENUE

	2011 Consolidated \$	2010 Consolidated \$
Prepaid ticket sales	7,689,853	6,872,796
Prepaid other	132,856	129,063
Total prepaid revenue	<u>7,822,709</u>	<u>7,001,859</u>

16. PROVISIONS

	2011	2010
	Consolidated	Consolidated
	\$	\$
Current provision for employee benefits	3,958,976	3,704,047
Non-current provision for employee benefits	527,535	484,711
Make good provision	148,868	148,868
Total Non-current provisions	676,403	633,579
Total provisions	4,635,379	4,337,626

17. SYMPHONY RESERVE

	2011	2010
	\$	\$
Accumulated funds at 1 January	1,892,042	1,739,177
Transfer from retained earnings in relation to: Current year bequests	51,701	152,865
Accumulated funds at 31 December	1,943,743	1,892,042

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.

18. INTERNATIONAL TOURING RESERVE

	2011	2010
	\$	\$
Accumulated funds at 1 January	896,658	1,270,237
Transfer to/(from) retained earnings in relation to: Net surplus/(deficit) from touring	62,253	(373,579)
Accumulated funds at 31 December	958,911	896,658

19. INSTRUMENT RESERVE

	2011	2010
	\$	\$
Accumulated funds at 1 January	131,286	460,502
Transfer from retained earnings for interest earned	34,984	9,664
Transfer from retained earnings in relation to: Instrument Reserve donation	500,000	-
Transfer to retained earnings for instruments acquired	-	(338,880)
Accumulated funds at 31 December	666,270	131,286

The assets purchased using the Instrument Reserve are included in the Property Plant and Equipment - Musical Instruments. There were no purchases in 2011 (2010 \$338,880).

20. MAESTRO'S CIRCLE RESERVE

	2011 \$	2010 \$
Accumulated funds at 1 January	455,488	558,500
Transfer from retained earnings in relation to: Maestro's Circle donations	256,000	280,000
Transfer to retained earnings in relation to: Maestro's Circle expenses	(254,456)	(383,012)
Accumulated funds at 31 December	<u>457,032</u>	<u>455,488</u>

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 the net costs associated with the Mahler Odyssey recording series, other recordings and new music compositions.

21. 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

	2011 Consolidated \$	2010 Consolidated \$
Total Compensation	<u>447,492</u>	<u>405,619</u>

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.

22. RELATED PARTIES

a) Directors

Transactions with Directors

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

Transactions between the Group 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.

23. COMMITMENTS AND CONTINGENCIES

a) Operating lease (non cancellable)

	2011	2010
	Consolidated	Consolidated
	\$	\$
Not later than one year	440,242	439,039
Later than one year and not later than five years	1,757,358	1,757,358
Later than five years	402,953	843,195
	<u>2,600,553</u>	<u>3,039,592</u>

The Group has operating leases for office accommodation.

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

	2011	2010
	Consolidated	Consolidated
	\$	\$
Not later than one year	1,011,258	1,306,879
Later than one year and not later than five years	242,032	1,011,326
	<u>1,253,290</u>	<u>2,318,205</u>

The Group has entered into contracts for performances scheduled to take place during 2012 and subsequent years. These amounts include the expenditure required to satisfy the contracts with the artists.

c) Guarantees

The Group has issued bank guarantees in support of;

- i. the operating lease over premises at 35 Harrington Street, The Rocks, NSW for the amount of \$225,000 expiring on 31 December 2017 (2010: \$225,000).
- ii. credit collateral on advertising contracts for \$200,000, (2010: \$200,000).

No liability is expected to arise from these guarantees.

24. FINANCIAL INSTRUMENTS

a) Fair value

The Group has used the Level 2 method in estimating the fair value of its financial instruments.

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 point (e) below.

24. FINANCIAL INSTRUMENTS (continued)

b) 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.

c) 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.

d) 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.

e) Derivative financial instruments

Valuation Technique Market Observable Inputs (Level 2)	2011 Consolidated \$	2010 Consolidated \$
Current Liabilities		
Forward currency contracts –cash flow hedges	(48,441)	(38,751)
Non-current liabilities		
Forward currency contracts –cash flow hedges	(11,413)	(34,445)
	(59,854)	(73,196)

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 Swiss francs. The cash flows are expected to occur between one and 18 months from 1 January 2011 and total A\$ 59,854 (2010 A\$ 73,196) with average exchange rates of CHF 0.8590, (2010 USD 0.9087, CHF 0.8552, GBP 0.5428)

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.

(ii) Movement in forward currency contract cash flow hedge reserve

	2011 Consolidated \$	2010 Consolidated \$
Opening balance	(73,196)	(105,552)
Taken to other comprehensive income	13,342	32,356
Closing balance	(59,854)	(73,196)

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

25. INDEMNIFICATION AND INSURANCE OF OFFICERS

Insurance and indemnity arrangements established in previous years concerning officers of the Group were renewed and continued during 2011. Sydney Symphony Orchestra Holdings Pty Limited paid the premium on a contract insuring each of the Directors of the Group, 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.

26. INFORMATION RELATING TO SYDNEY SYMPHONY LIMITED ("the Parent Entity")

	2011	2010
	\$	\$
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 accordance with a resolution of the directors of Sydney Symphony Limited, we state that:

(a) the consolidated financial statements and notes of Sydney Symphony Limited and its controlled entity for the financial year ended 31 December 2011, set out on pages 11 to 30, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of their financial position as at 31 December 2011 and performance

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

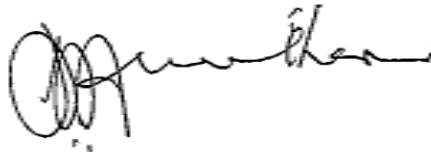
(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors



John Conde AO
Chairman

Sydney, dated 2nd April 2012



David Smithers AM
Director

Sydney, dated 2nd April 2012

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

Report on the financial report

We have audited the accompanying financial report of Sydney Symphony Limited, which comprises the consolidated balance sheet as at 31 December 2011 the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company Sydney Symphony Limited and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Opinion

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

- (a) giving a true and fair view of the financial position of the consolidated entity at 31 December 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to be 'EY' followed by a checkmark-like flourish.

Ernst & Young

A handwritten signature in blue ink, appearing to be 'Lisa Nijssen-Smith'.

Lisa Nijssen-Smith
Partner
Sydney
2 April 2012