



sydney symphony orchestra

Sydney Symphony Limited
AND ITS CONTROLLED ENTITIES

A.B.N. 50 121 561 528

ANNUAL FINANCIAL REPORT

31 December 2015

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Directors Report

The Directors present their report together with the financial report of Sydney Symphony Orchestra Holdings Pty Limited, (the Group) for the year ended 31 December 2015.

Directors

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

Terrey Arcus AM (Chairman)
Rory Jeffes (Managing Director)
Andrew Baxter (appointed 14th August 2015)
John Conde AO (resigned 4th May 2015)
Ewen Crouch AM
Ross Grant
Catherine Hewgill
Jennifer Hoy
Andrew Kaldor AM (resigned 2nd May 2015)
David Livingstone
The Hon Justice A J Meagher
Karen Moses (appointed 10th December 2015)
Goetz Richter

Company Secretary

John Horn

Qualification of Directors

Director	Experience and Qualifications
Terrey Arcus AM	BSc, BE (Hons) Syd; MBA (Dist) Harv. Founder & Consultant to Port Jackson Partners Limited
Rory Jeffes (Managing Director)	MA, Oxon Director Symphony Services Australia Limited
Andrew Baxter	B Bus (Mktg), AMAMI, GAICD Chair, The Song Room Director, The Communications Council Director, Lord Mayor's Charitable Foundation CEO, Publicis Australia and New Zealand
Ewen Crouch AM	BEC (Hons) LLB Syd, FAICD Director, BlueScope Steel Limited Director, Westpac Banking Corporation Chairman, Mission Australia Alternate Director, Working Links (Employment) Limited Member, Commonwealth Remuneration Tribunal Director, Jawun Consultant, Allens (formerly Allens Partner 1988-2013 and Chairman of Partners 2009-2013)
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 Director of National Indigenous Culinary Institute
Catherine Hewgill	B Mus Univ of Southern California Principal Cello Sydney Symphony Orchestra Director Australian Cello Awards
Jennifer Hoy	Dip Law (LPAB); MMus (P); BMus Hons (P) Syd
David Livingstone	BEC (Hons) Macq; MA Cantab Vice Chairman Investment Banking EMEA, Credit Suisse AG
The Hon Justice A J Meagher	BCom LLB, NSW; LLM, London School of Economics Judge of the Supreme Court of NSW, Court of Appeal Governor, University of Notre Dame, Australia Board Member, Kincoppal-Rose Bay School of the Sacred Heart

Karen Moses	BEc, Dip Ed Syd, MAICD Director, Australia Pacific LNG Pty Ltd and Group Companies Director, Boral Limited Director, Origin Energy Subsidiary Companies Director, SAS Trustee Corporation Director, Sydney Dance Company
Dr. Goetz Richter	Kstl, Staatsdiplom (Munich), BA (Hons I), Syd; PhD, Syd Violinist Associate Professor & Chair Strings, Sydney Conservatorium President, Sydney Schubert Society Inc. Artistic Director, Kendall National Violin Competition

Principal Activity

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

Strategy

The Group's vision is to occupy the position of being a pre-eminent orchestra in the Asia-Pacific region within twenty years. This vision was updated during the year in conjunction with the formulation of a new five year strategic plan in 2015.

The strategy will be achieved through a combination of outstanding concert performances domestically and abroad, internationally-recognised education and artist development programmes, and unparalleled accessibility and reach through the SSO's competitive advantage in quality of performance, artistic vibrancy and digital dissemination and content production.

Achievements against key strategic priorities in the 2015 financial year are outlined below:

- **Artistic Leadership**

The Chief Conductor and Artistic Director for seasons through to 2019 is David Robertson who has led the orchestra in numerous important projects in the second year of his tenure with the orchestra.

- **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 and the Sydney Symphony Fellowship programme.

- **International Touring**

The Group plans to continue with its programme of international touring to raise the profile and experience of the orchestra. In October 2015 the Orchestra returned to overseas touring with a series of concerts and cultural events in the People's Republic of China and The Republic of Korea.

- **International Presence**

The Group is continuing to increase its presence in Asia through consolidated touring, education, and outreach activities. In 2015, the group continued to progress on educational and marketing assistance under our Memorandum of Understanding with both the Xinghai Conservatory, Guangzhou and The National Centre for the Performing Arts, Beijing. These relationships continue to set the framework for the orchestra to make a significant contribution to Australian engagement in the Asian Century through culture and people-to-people diplomacy.

- **Orchestral Instruments**

To improve the quality of sound produced by the orchestra, the Group has an Instrument Reserve which will continue to acquire fine instruments. The Group also supports musicians who wish to acquire fine instruments independently.

- **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 online 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.

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 2014 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 Chief Conductor and Artistic Director.
 - 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 31 December 2015, the level of reserves totalled 24% of the Groups' annual costs (2014 - 26%).

Review and Results of Operations

The Group recorded a comprehensive loss for the 2015 year of \$867,757 (2014 profit: \$5,513) after including Maestro Circle donations of \$400,000 (2014: \$394,000). The net operating result for the year was impacted by continued difficult trading conditions in a competitive arts market. In particular, the segment of the Group's work in partnership with contemporary popular artists and commercial promoters failed to deliver returns in 2015 in line with expectations and previous years results. Despite strong gains in philanthropic revenue and cost savings initiated during the year, the fixed nature of a large proportion of the Company's expense base contributed to the Group's financial deficit for the year. This trend was identified during the year and a strategy to address it implemented. The Group expects to return to profitable trading in the 2016 financial year.

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 2015 in Sydney, outer metropolitan and regional NSW performing arts centres. The Company completed an international concert tour to the Peoples Republic of China and The Republic of Korea in the 2015 year. The tour featured highlight performances at key primary cultural centres The National Centre for the Performing Arts in Beijing, and in Korea, The Seoul Arts Centre. There were also several learning and engagement activities with emerging artists in both countries. The tour was highly successful on both an artistic and financial level and was led by David Robertson as Principal Conductor and Artistic Director on his second international tour with the orchestra.

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 2015 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 assessed as exceeding expectations. David Robertson opera in concert performance of Tristan and Isolde and Anne Sophie Mutter plays Dvorak were the highlights of the season.
Education Programme Development	Develop and enhance the Sydney Symphony's world class education programme.	Complete and deliver online kits to NSW school educators. Commence trial of new education programme for music educators.	Completed with online kits again well received by educators. A very successful trial programme for music educators TunED-Up! was developed and delivered in the 2015 year.
Artform Development - Australian Compositions	Feature contemporary Australian composers and promote new commissions.	Achieve 2014 Australian content as per season programme and continue commission work for Australian premieres.	Australian content delivered as per programme. There were also two collaborations performed with the Sydney dance Company And Bell Shakespeare, both highly successful on an artistic and financial level.
Audience Development - Occupancy	Occupancy levels for mainstage core programmes.	84% average paid occupancy target.	82% occupancy levels achieved for 2015
Financial Stability - Reserves	Reserves to total Group expenses.	Meet or exceed 20%.	Actual reserves at 24% of Group expenses.
Financial Stability - Operating result	Net operating result before reserve activities.	Meet or exceed annual targets.	Ticket revenue was below expectations in difficult market conditions.

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.

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' Meetings

The number of meetings of the Board of Directors and of the Board Committees during the financial year are set out in the table as follows:

<i>Meeting Type</i>	Board		Finance Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
Number of Meetings Attended (A)						
Number of Meetings Eligible (B)						
John Conde AO - Note 1	2	2	2	-	1	1
Rory Jeffes – Note 1	6	6	4	-	2	-
Terrey Arcus AM – Note 1	6	6	2	-	2	2
Andrew Baxter	2	2	-	-	-	-
Ewen Crouch AM	6	6	4	4	-	-
Ross Grant	5	6	3	4	-	-
Catherine Hewgill	6	6	-	-	-	-
Jennifer Hoy	5	6	-	-	1	1
Andrew Kaldor AM	1	1	2	2	-	-
The Hon Justice A J Meagher	4	6	-	-	1	1
Karen Moses	-	-	-	-	-	-
Goetz Richter	5	6	-	-	2	2
David Livingstone	6	6	4	4	-	-

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 22.

Indemnification and insurance of Officers

Information on the indemnification and insurance of officers can be found in Note 26.

Indemnification of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor's Independence Declaration

The Auditor's Independence Declaration forms part of the Directors Report, and is set out on page 10.

Signed in accordance with a resolution of the Directors:



Terrey Arcus AM
Chairman

Sydney, dated 4th April 2016

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 2015, 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, five-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 for the 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: Act Ethically and Responsibly

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: Ensure 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 current year, the Board received regular updates on diversity statistics. Further work on the diversity action plan is pending with measurable objectives designed to enhance our commitment to promote diversity in the workplace.

Principle 5: Safeguard Integrity in all Reporting

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: Engage with 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 Workplace Health & Safety (WHS) 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 WHS committee training. Group policies and procedures are reviewed in consultation with staff representatives. Directors are briefed on WHS policies and procedures and review the company WHS 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



Terrey Arcus AM
Chairman

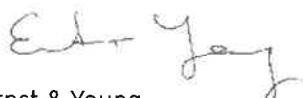
Sydney, dated 4th April 2016

Auditor's independence declaration to the Directors of Sydney Symphony Limited


As lead auditor for the audit of Sydney Symphony Limited for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Sydney Symphony Limited and the entities it controlled during the financial year.



Ernst & Young



Lisa Nijssen-Smith
Partner
4 April 2016

Sydney Symphony Limited
A.B.N. 50 121 561 528
Income Statement for the year ended 31 December 2015

		2015	2014
	Notes	Consolidated	Consolidated
		\$	\$
Revenue			
Funding revenue	4	14,463,939	13,977,122
Ticket sales	5	17,543,542	17,972,297
Sponsorship and general donations	6	4,728,824	4,162,249
Maestro's Circle donations		400,000	394,000
Matthew Krel Fund donation		-	580,000
Other income	7	1,932,068	2,258,086
Total revenue		39,068,373	39,343,754
Expenses			
Employee expenses	8	22,710,309	21,923,037
Artist fees and expenses		5,392,630	5,885,515
Marketing expenses		3,136,218	3,179,810
Production expenses		5,721,078	5,346,968
Depreciation and amortisation	8	358,455	420,007
Other expenses		2,646,494	2,572,072
Total expenses		39,965,184	39,327,409
Net (loss)/profit for the year		(896,811)	16,345
Income tax expense	9	-	-
(Loss)/Profit after income tax		(896,811)	16,345

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 year ended 31 December 2015

		2015	2014
	Notes	Consolidated \$	Consolidated \$
(Loss)/Profit after income tax		(896,811)	16,345
Other comprehensive income			
Cash flow hedges:			
Gain/(Loss) taken to equity	25	29,054	(10,832)
Total comprehensive (loss)/ income		(867,757)	5,513

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

Statement of Financial Position as at 31 December 2015

		2015	2014
	Notes	Consolidated	Consolidated
		\$	\$
Current Assets			
Cash and cash equivalents		5,753,594	1,595,384
Term deposits		7,666,000	6,585,864
Other financial assets	10	96,966	98,567
Trade and other receivables	11	1,459,145	1,683,959
Derivative financial instruments	25	29,054	-
Prepayments		531,687	264,193
Total Current Assets		15,536,446	10,227,967
Non-Current Assets			
Property, plant and equipment	12	2,136,367	2,229,060
Intangible assets	13	112,972	181,339
Other financial assets	10	3,641,225	2,473,820
Term deposits		4,500,000	10,830,000
Total Non-Current Assets		10,390,564	15,714,219
Total Assets		25,927,010	25,942,186
Current Liabilities			
Trade and other payables	14	2,296,401	1,910,300
Prepaid revenue	15	9,173,148	8,602,228
Provisions	16	4,085,492	4,083,123
Deferred incentive		85,714	85,714
Total Current Liabilities		15,640,755	14,681,365
Non-Current Liabilities			
Provisions	16	686,627	688,743
Deferred incentive		59,592	164,285
Total Non-Current Liabilities		746,219	853,028
Total Liabilities		16,386,974	15,534,393
Net Assets		9,540,036	10,407,793
Equity			
Symphony Reserve	17	1,943,743	1,943,743
International Touring Reserve	18	435,578	383,723
Instrument Reserve	19	135,973	130,089
Maestro's Circle Reserve	20	-	-
Cash Flow Hedge Reserve	25	29,054	-
Matthew Krel Fund	21	580,000	580,000
Retained Earnings		6,415,688	7,370,238
Total Equity		9,540,036	10,407,793

The Statement of Financial Position 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 for the year ended 31 December 2015

Consolidated	Notes	Retained Earnings	Symphony Reserves (Note 17)	International Touring Reserve (Note 18)	Cash Flow Hedge Reserve (Note 25)	Instrument Reserve (Note 19)	Maestro's Circle Reserve (Note 20)	Matthew Krel Fellowship Fund (Note 21)	Total Equity
		\$	\$	\$	\$	\$	\$		\$
As at 1 January 2015		7,370,238	1,943,743	383,723	-	130,089	-	580,000	10,407,793
Net (loss) for the year		(896,811)	-	-	-	-	-	-	(896,811)
Other comprehensive income		-	-	-	29,054	-	-	-	29,054
Transfer from/(to) Symphony Reserve	17	-	-	-	-	-	-	-	-
Transfer from/(to) International Touring Reserve	18	(51,855)	-	51,855	-	-	-	-	-
Transfer from/(to) Instrument Reserve	19	(5,884)	-	-	-	5,884	-	-	-
Transfer from/(to) Instrument Reserve	19	-	-	-	-	-	-	-	-
Transfer from/(to) Maestro's Circle Reserve	20	400,000	-	-	-	-	(400,000)	-	-
Transfer from/(to) Maestro's Circle Reserve	20	(400,000)	-	-	-	-	400,000	-	-
Transfer from/(to) Matthew Krel Fund	21	(23,780)	-	-	-	-	-	23,780	-
Transfer from/(to) Matthew Krel Fund	21	23,780	-	-	-	-	-	(23,780)	-
As at 31 December 2015		6,415,688	1,943,743	435,578	29,054	135,973	-	580,000	9,540,036

Consolidated	Notes	Retained Earnings	Symphony Reserves (Note 17)	International Touring Reserve (Note 18)	Cash Flow Hedge Reserve (Note 25)	Instrument Reserve (Note 19)	Maestro's Circle Reserve (Note 20)	Matthew Krel Fellowship Fund (Note 21)	Total Equity
		\$	\$	\$	\$	\$	\$		\$
As at 1 January 2014		7,575,545	1,943,743	748,148	10,832	124,012	-	-	10,402,280
Net profit for the year		16,345	-	-	-	-	-	-	16,345
Other comprehensive loss		-	-	-	(10,832)	-	-	-	(10,832)
Transfer from/(to) Symphony Reserve	17	-	-	-	-	-	-	-	-
Transfer from/(to) International Touring Reserve	18	364,425	-	(364,425)	-	-	-	-	-
Transfer from/(to) Instrument Reserve	19	(6,077)	-	-	-	6,077	-	-	-
Transfer from/(to) Instrument Reserve	19	-	-	-	-	-	-	-	-
Transfer from/(to) Maestro's Circle Reserve	20	394,000	-	-	-	-	(394,000)	-	-
Transfer from/(to) Maestro's Circle Reserve	20	(394,000)	-	-	-	-	394,000	-	-
Transfer from/(to) Matthew Krel Fund	21	(602,867)	-	-	-	-	-	602,867	-
Transfer from/(to) Matthew Krel Fund	21	22,867	-	-	-	-	-	(22,867)	-
As at 31 December 2014		7,370,238	1,943,743	383,723	-	130,089	-	580,000	10,407,793

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

Statement of Cash Flows for the year ended 31 December 2015

	Notes	2015 Consolidated \$	2014 Consolidated \$
Cash flows from operating activities			
Cash receipts from box office and sponsors		21,303,283	21,151,013
Cash receipts from general donations		3,059,146	2,960,877
Cash payments to suppliers and employees		(39,592,562)	(39,255,607)
Grants received from government funding bodies		14,463,939	13,977,122
Interest received		1,037,739	1,043,238
Net cash flows (used in)/from operating activities		271,545	(123,357)
Cash flows from financing activities			
Employee instrument loans granted		-	(73,334)
Proceeds from repayments on employee instrument loans		105,586	121,392
Net Cash flows (used in)/from financing activities		105,586	48,058
Cash flows (used in)/from investing activities			
Payments for property, plant and equipment		(128,076)	(70,315)
Payments for intangible assets		(69,319)	(77,019)
Redemption of financial assets		9,089,200	9,336,811
Investment in financial assets		(5,110,725)	(13,360,000)
Net cash flows (used in)/from investing activities		3,781,079	(4,170,523)
Net increase /(decrease) in cash held		4,158,210	(4,245,822)
Cash and cash equivalents at beginning of financial year		1,595,384	5,841,206
Cash and cash equivalents at end of year		5,753,594	1,595,384

The Statement of Cash Flows 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 2015 was authorised for issue in accordance with a resolution of the Directors on 4th April 2016.

Sydney Symphony Limited (the parent) is a not for profit public company limited by guarantee, incorporated and domiciled in Australia. The address of the registered office is 55 Harrington Street Sydney, NSW 2000. The nature of the operations and principal activity of the Group was the performance of symphonic music.

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 is a not-for-profit 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*.

Financial risk management objectives and policies

The Group's principal financial instruments consist of cash and 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 Note 25 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 maximise hedge effectiveness. The Group enters derivative transactions only with recognised 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 2015.

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 2016 – 2018 with Australia Council for the Arts and Arts NSW. Funding for this period has been confirmed, subject to the company continuing to meet the requirements of the Tripartite Agreement.

At 31 December 2015, the Group was in a net current liability position of \$104,309. This has arisen due to the classification of prepaid revenue of \$9,173,148 as current liabilities, for which no cash outflow is required for settlement. Furthermore, the Group has sufficient non-current term deposits of \$4,500,000 at 31 December 2015 to finance its liabilities as and when they fall due.

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 recognised 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 Statement of Financial Position as prepaid ticket sales under the Current Liabilities heading "Prepaid revenue".

iv. Sponsorship and donations revenue

Sponsorship – Sponsorship cash and in-kind 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

Interest 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 reporting 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 recognised 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 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 Statement of Financial Position. 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 Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Leased plant and equipment

Leases of plant and equipment are classified as operating leases since 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 payable terms are normally 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 long service leave benefits represent 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

r) Financial Assets

Financial assets are initially recognised as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

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 there to be any external or internal triggers of impairment during the financial year ended 31 December 2015.

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 of anticipated costs is periodically reviewed and updated. The related carrying amounts are disclosed in note 16.

Estimate of useful lives

The estimation of assets useful lives 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

	2015	2014
	Consolidated	Consolidated
	\$	\$
Australia Council for the Arts	11,001,286	10,764,469
Australia Council for the Arts – Infrastructure Initiative	250,000	-
Arts NSW	3,212,653	3,212,653
Total funding revenue	<u>14,463,939</u>	<u>13,977,122</u>

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 2016 to 2018 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

	2015	2014
	Consolidated	Consolidated
	\$	\$
Subscriptions	8,601,974	8,624,587
Single night	8,941,568	9,347,710
Total ticket sales	<u>17,543,542</u>	<u>17,972,297</u>

6. SPONSORSHIP AND GENERAL DONATIONS

	2015	2014
	Consolidated	Consolidated
	\$	\$
Sponsorship	2,069,678	2,175,372
General donations	2,659,146	1,986,877
Total sponsorship and general donations	<u>4,728,824</u>	<u>4,162,249</u>

7. OTHER INCOME

	2015	2014
	Consolidated	Consolidated
	\$	\$
Orchestral hire income	508,133	675,020
Interest	919,451	1,043,238
Other income	504,484	539,828
Total other income	<u>1,932,068</u>	<u>2,258,086</u>

8. EXPENSES

	2015	2014
	Consolidated	Consolidated
	\$	\$
Depreciation of fixed assets	220,769	258,280
Amortisation of intangible assets	137,686	161,727
Total depreciation and amortisation	358,455	420,007
Operating lease rental expense	479,950	456,450
Employee expenses:		
Salaries and wages	19,919,217	19,221,156
Superannuation	2,515,544	2,452,371
Other employee expenses	275,548	249,510
Total employee expenses	22,710,309	21,923,037

9. INCOME TAX

	2015	2014
	Consolidated	Consolidated
	\$	\$
Accounting (loss)/profit	(896,811)	16,345
At Group's statutory tax rate (30%)	(269,043)	4,904
Less non taxable items	269,043	(4,904)
Income tax expense	-	-

The holding company's sole 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

	2015	2014
	Consolidated	Consolidated
	\$	\$
Current asset		
Employee instrument loans	96,966	98,567
Non-current asset		
Loans and Receivables - Floating Rate Notes	3,299,578	2,028,189
Employee instrument loans	341,647	445,631
Total other financial assets	3,738,191	2,572,387

11. TRADE AND OTHER RECEIVABLES

	2015	2014
	Consolidated \$	Consolidated \$
Current		
Trade debtors	857,397	978,562
Other receivables	135,266	120,627
Accrued income	466,482	584,770
Total trade and other receivables	1,459,145	1,683,959

12. PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Fixtures and fittings	Musical instruments acquired through the Instrument Reserve	Musical instruments acquired	Computer equipment	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2015						
At 1 January 2015, net of accumulated depreciation	112,861	356,440	1,438,087	288,249	33,423	2,229,060
Additions	28,949	11,618	-	55,308	32,201	128,076
Depreciation charge for the year	(29,954)	(120,108)	-	(43,881)	(26,826)	(220,769)
As at 31 December 2015, net of accumulated depreciation and impairment	111,856	247,950	1,438,087	299,676	38,798	2,136,367
At 31 December 2015						
Cost or fair value	263,146	858,547	1,438,087	775,874	122,264	3,457,918
Less write down – Note 12.1	(18,462)	-	-	(118,189)	(62,600)	(199,251)
Cost or Fair Value	244,684	858,547	1,438,087	657,685	59,664	3,258,667
Accumulated depreciation- -Note 12.1	(151,290)	(610,597)	-	(476,198)	(83,466)	(1,321,551)
Less write down – Note 12.1	18,462	-	-	118,189	62,600	199,251
	(132,828)	(610,597)	-	(358,009)	(20,866)	(1,122,300)
Net carrying amount	111,856	247,950	1,438,087	299,676	38,798	2,136,367
	\$	\$	\$	\$	\$	\$
At 31 December 2014						
Cost or fair value	234,198	846,929	1,438,087	720,566	90,063	3,329,843
Accumulated depreciation	(121,337)	(490,489)	-	(432,317)	(56,640)	(1,100,783)
Net carrying amount	112,861	356,440	1,438,087	288,249	33,423	2,229,060

Note 12.1 - During the year, \$199,251 of fully depreciated assets were written off against the related accumulated depreciation as disclosed against the asset class. (2014 \$735,624)

13. INTANGIBLE ASSETS - SOFTWARE

	Consolidated	Consolidated
	2015	2014
	\$	\$
At 1 January, net of accumulated amortisation	181,339	266,047
Additions	69,319	77,019
Amortisation charge for the year	(137,686)	(161,727)
As at 31 December, net of accumulated amortisation and impairment	<u>112,972</u>	<u>181,339</u>
At 31 December		
Cost or fair value- Note 13.1	219,798	537,621
Accumulated Amortisation – Note 13.1	<u>(106,826)</u>	<u>(356,282)</u>
Cost or fair value carried forward	<u>112,972</u>	<u>181,339</u>

Note 13.1 During the year, \$387,142 of fully amortised assets were written off against the related accumulated amortisation as disclosed against the asset class. (2014 \$Nil)

14. TRADE AND OTHER PAYABLES

	2015	2014
	Consolidated	Consolidated
	\$	\$
Accruals	1,126,698	1,147,918
Trade creditors	1,138,529	724,165
Other payables	31,174	38,217
Total trade and other payables	<u>2,296,401</u>	<u>1,910,300</u>

The fair value of trade and other payables 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

	2015	2014
	Consolidated	Consolidated
	\$	\$
Prepaid ticket sales	9,045,637	8,172,347
Prepaid other	127,511	429,881
Total prepaid revenue	<u>9,173,148</u>	<u>8,602,228</u>

16. PROVISIONS

	2015	2014
	Consolidated	Consolidated
	\$	\$
Current provision for employee benefits	4,085,492	4,083,123
Non-current provision for employee benefits	536,627	538,743
Make good provision	150,000	150,000
Total non-current provisions	686,627	688,743
Total provisions	4,772,119	4,771,866

17. SYMPHONY RESERVE

	2015	2014
	\$	\$
Accumulated reserves at 1 January	1,943,743	1,943,743
Transfer from retained earnings in relation to: Current year bequests	-	-
Accumulated reserves at 31 December	1,943,743	1,943,743

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

18. INTERNATIONAL TOURING RESERVE

	2015	2014
	\$	\$
Accumulated reserves at 1 January	383,723	748,148
Transfer (to)/from retained earnings in relation to: Net surplus/(deficit) from tour activities	51,855	(364,425)
Accumulated reserves at 31 December	435,578	383,723

19. INSTRUMENT RESERVE

	2015	2014
	\$	\$
Accumulated reserves at 1 January	130,089	124,012
Transfer from retained earnings for interest earned	5,884	6,077
Transfer from retained earnings in relation to: Instrument Reserve donation	-	-
Transfer to retained earnings for instruments acquired	-	-
Accumulated reserves at 31 December	135,973	130,089

The assets purchased using the Instrument Reserve are included in the Property Plant and Equipment - Musical Instruments. There were no purchases in 2015 (2014: Nil).

20. MAESTRO'S CIRCLE RESERVE

	2015 \$	2014 \$
Accumulated reserves at 1 January	-	-
Transfer from retained earnings in relation to: Maestro's Circle donations	400,000	394,000
Transfer to retained earnings in relation to: Maestro's Circle expenses	(400,000)	(394,000)
Accumulated reserves at 31 December	-	-

The Maestro's Circle Reserve was created in 2009 to assist with the costs associated with special activities planned by the Principal Conductor and Artistic Advisor, Mr Vladimir Ashkenazy through his tenure to the end of 2013. The Maestro's Circle Reserve was continued in 2015 to fund expenditure associated with gala concert activities, opera's in concert, recordings and new orchestral compositions proposed by the current Chief Conductor and Artistic Director, Mr David Robertson.

21. MATTHEW KREL FUND

	2015 \$	2014 \$
Accumulated balance at 1 January	580,000	-
Transfer from retained earnings in relation to: Matthew Krel Fund donation	-	580,000
Interest earned	23,780	22,867
Transfer to retained earnings in relation to: Matthew Krel Fund	(23,780)	(22,867)
Accumulated balance at 31 December	580,000	580,000

The Matthew Krel Fund was created in 2014 following a donation from the SBS Radio and Television Youth Orchestra to support the Sydney Symphony Orchestra Fellowship Program for young emerging artists. The interest earned on the fund endows a Fellowship position in perpetuity in remembrance of SBS Youth Orchestra founder, Mr Matthew Krel. The fund is matched by a specific non-current term deposit for \$580,000, invested in accordance with the Group's investment policy.

22. 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

	2015 Consolidated \$	2014 Consolidated \$
Total Compensation	650,295	565,238

Payments were made to directors for their services as employees of the Group 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.

23. RELATED PARTIES

a) Directors - Transactions with Directors

Mr Rory Jeffes, a Director of the Group was a Director of Symphony Services Australia Limited during the year. During the year this company provided orchestral services to the Group totalling \$4,478,932 (2014: \$4,113,907)

Transactions between the Group and entities in which Directors have declared an interest, are, unless otherwise stated, 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. During the year, Directors also donated funds to the Group through the various donation initiatives undertaken by the Group.

24. COMMITMENTS AND CONTINGENCIES

a) Operating lease (non cancellable)

	2015	2014
	Consolidated	Consolidated
	\$	\$
Not later than one year	440,242	439,039
Later than one year and not later than five years	402,953	843,195
Later than five years	-	-
	<u>843,195</u>	<u>1,282,234</u>

The Group has operating leases for office space.

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

	2015	2014
	Consolidated	Consolidated
	\$	\$
Not later than one year	2,232,308	1,036,100
Later than one year and not later than five years	2,286,117	3,363,361
	<u>4,518,425</u>	<u>4,399,461</u>

The Group has entered into contracts for performances scheduled to take place during 2016. 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 55 Harrington Street, The Rocks, NSW for the amount of \$225,000 expiring on 31 December 2017 (2014: \$225,000).
- ii. credit collateral on advertising contracts for \$200,000 (2014: \$200,000).

No liability is expected to arise from these guarantees.

25. 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 assets and financial instruments, and the methods used to estimate the fair value are summarised in point (e) below.

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. Loans and receivables are non-derivative financial assets carried at amortised cost which generate fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparty.

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

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. The fair value of the derivative financial instruments is calculated using quoted prices in active markets. There are no forward currency contracts at 31 December 2015.

The fair value of financial assets are calculated by reference to the value that the instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. The fair value of loans and receivables at balance date is \$3,286,385 (2014: \$2,070,000)

Valuation Technique Market Observable Inputs (Level 2)	2015 Consolidated \$	2014 Consolidated \$
Assets/Liabilities		
Loans and receivables	3,299,578	2,028,189
Forward currency contracts – cash flow hedges	29,054	-
	<u>3,328,632</u>	<u>2,028,189</u>

(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. The cash flows are expected to occur between one and twelve months from 1 January 2015 and total A\$29,054 (2014: Nil) with average exchange rates of USD 0.7545 (2014: Nil).

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) During the period, \$29,054 was taken to other comprehensive income. (2014: (\$10,832))

26. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

Insurance and indemnity arrangements established in previous years concerning officers of the Group were renewed and continued during 2015. Sydney Symphony Orchestra Holdings Pty Limited paid the premium of \$23,000 (2014:\$23,000) 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.

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

	2015	2014
	\$	\$
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 2015, set out on pages 11 to 30, are in accordance with the *Corporations Act 2001* and the *Australian Charities and Not For Profits Commission Act 2012*, including:

(i) giving a true and fair view of their financial position as at 31 December 2015 and performance for the year ended on that date;

(ii) complying with Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations), *Corporations Regulations 2001* and the *Australian Charities and Not For Profits Commission Regulations 2013*; 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



Terrey Arcus AM
Chairman

Sydney, dated 4th April 2016



Ewen Crouch AM
Director

Sydney, dated 4th April 2016

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 statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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 and the entities 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, a copy of which is included in the directors' report.

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 Sydney Symphony Limited and the entity it controls at 31 December 2015 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*.



Ernst & Young



Lisa Nijssen-Smith
Partner
Sydney
4 April 2016