



sydney symphony orchestra

Sydney Symphony Limited

ABN 50 121 561 528

ANNUAL FINANCIAL REPORT

31 December 2018

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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 31 December 2018.

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)
 Emma Dunch
 Geoff Ainsworth AM (appointed 1 January 2019)
 Andrew Baxter
 Kees Boersma (appointed 7 March 2018)
 Ewen Crouch AM
 Catherine Hewgill
 Jennifer Hoy (resigned 5 March 2018)
 David Livingstone
 The Hon Justice A J Meagher
 Karen Moses
 Dr John Vallance

Qualification of Directors

Director	Experience and Qualifications
Terrey Arcus AM	BSc, BE (Hons) Syd; MBA (Dist) Harv. Founder & Consultant to Port Jackson Partners Limited
Emma Dunch (CEO)	B A (Communications) B Music Performance (Opera) Managing Director, Sydney Symphony Orchestra Director, Symphony Services Australia Limited
Geoff Ainsworth AM	BA (Hons) UNSW, MA Macq, Dip. Fin. Mgt. UNE Past Trustee AGNSW, Past Director Bundanon Trust
Andrew Baxter	B Bus (Mktg), FAMI CPM, FAICD Chair, Lord Mayor's Charitable Foundation Chair, Deakin Business School Chair, Tjapukai Director, Australian Pork Senior Advisor, KPMG Senior Advisor, BGH Capital Adjunct Professor, University of Sydney
Kees Boersma	Dip.of Arts (Music) Victorian College of the Arts Principal Double Bass, Sydney Symphony Orchestra Lecturer in Double Bass, Sydney Conservatorium of Music
Ewen Crouch AM	BEc (Hons) LLB Syd, FAICD Chair, Corporate Travel Management Limited Director, BlueScope Steel Limited Director, Westpac Banking Corporation Member, Commonwealth Remuneration Tribunal Director, Jawun Consultant, Allens
Catherine Hewgill	B Mus Univ of Southern California Principal Cello Sydney Symphony Orchestra

David Livingstone	BEd (Hons) Macq; MA Cantab Chief Executive Officer, Europe, Middle East and Africa, Citigroup, Inc.
The Hon Justice A J Meagher	BCom LLB, NSW; LL.M, London School of Economics Judge of the Supreme Court of NSW, Court of Appeal Board Member, Kincoppal-Rose Bay School of the Sacred Heart
Karen Moses	BEd, Dip Ed Syd, FAICD Director, Orica Limited Director, Boral Limited Director, Charter Hall Group Director, Sydney Dance Company Fellow, Sydney University Senate
Dr. John Vallance	BA (Hons) Syd; MA, PhD Cambridge, FAHA Honorary Professor at the University of New South Wales NSW State Librarian & Chief Executive, State Library of NSW Deputy Chair, Gonski Institute for Education, University of New South Wales

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 create a future where music inspires, delights, challenges and unites ever larger and more diverse communities. Through high quality, accessible and affordable performances and music education, the Group seeks to both celebrate and increase the impact and value of orchestral music for Australian audiences.

This vision was updated during the 2018 year in conjunction with the formulation of a new five-year strategic plan. This plan 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 Group's competitive advantage in quality of performance, artistic vibrancy and digital dissemination and content production.

Achievements against key strategic priorities in the 2018 financial year are outlined below:

- **Artistic Leadership**

The Chief Conductor and Artistic Director until December 2019 is David Robertson, who led the orchestra in important artistic projects throughout 2018. In addition, the Group's titled artistic ranks were expanded in anticipation of Robertson's transition to other conducting roles globally: in July 2018 the Group named Vladimir Ashkenazy as Conductor Laureate, Donald Runnicles as Principal Guest Conductor, and Simone Young as Guest Conductor, each leading innovative multi-year artistic cycles running 2019-2021. In conjunction, the Group introduced a new initiative of multi-year subscription packages, allowing audience members to enrol in each conductor's artistic cycle across multiple seasons.

- **International Cultural Diplomacy**

The Group executed two high-profile international tours during 2018: to the Nanjing Arts Festival in the People's Republic of China and to 12 cities in seven countries across Europe under the baton of Chief Conductor and Artistic Director David Robertson. Both tours included substantial diplomatic engagement in partnership with Australian Government entities and the orchestra performed 14 concerts to sold-out houses and strong critical acclaim. In a separate, new initiative, the Group livestreamed four concert performances internationally, reaching viewers in 72 countries.

- **Serving the Citizens of New South Wales**

In 2018, the Group celebrated its 80th Anniversary of regional NSW touring, returning to its 1938 debut location, the Wollongong Town Hall. A new vision to reach citizens in every electorate in NSW led to a partnership with the State Library of NSW system to livestream Sydney Symphony performances direct to public libraries across the State, free of charge, amplifying the Group's goal to reach ever larger and more diverse communities.

- **Fostering Emerging Artists**

The Group continued to support emerging artists through its internationally recognised Sydney Symphony Fellowship programme, which employs talented young orchestral musicians, selected through competitive national auditions, and prepares them for lives as professional working musicians, including participation in mainstage performances, chamber music presentations, education concerts, and community engagement programmes. In 2018, there were 13 Sydney Symphony Orchestra Fellows.

- **Supporting Composers**

The Group continued to commission composers and support them with Australian and world premiere performances. In 2018, the Group's Australian Composer-in-Residence, Brett Dean, conducted the Australian premiere performances of his oratorio, *The Last Days of Socrates*, and granted the Sydney Symphony the world premiere performances of his Cello Concerto. In total, the Group performed seven major premieres across its 2018 season.

- **Education**

The Group expanded its education programmes with the addition of a Young Ambassadors initiative, *Playerlink!* youth musician camps in regional and outer metropolitan locations, a national livestream reaching 650,000 Australian students in school classrooms in every state for *Music: Count Us In! Day* and inaugural participation in *Make Music Day International* with a global livestream of Verdi's Requiem from the Sydney Opera House Concert Hall. In addition, the Group finalised plans to present twice as many Family Concerts in 2019, at newly subsidised ticket prices, in support of its vision to offer high quality, accessible and affordable performances and music education.

- **Orchestral Instruments**

To improve the quality of sound produced by the orchestra, the Group maintains an Instrument Reserve to acquire fine instruments and supports musicians who wish to acquire fine instruments independently. In 2018, the Group supported four musicians with instrument loan assistance to acquire instruments.

- **Sydney Opera House Trust Renewal Project**

Throughout 2018, the Group engaged in comprehensive, ongoing discussions with the NSW State Government regarding the negative financial impacts upon the Group of the Sydney Opera House Trust's Renewal Project, scheduled to begin in 2020. The Group is the primary Resident Company of the Sydney Opera House and will be dislocated from its main performance venue, the Sydney Opera House Concert Hall, for two fiscal years ('the Renewal period') while acoustic and other improvements are made under the Sydney Opera House Trust's plan. The Group supports the Trust's ambition to upgrade the Concert Hall to current international standards, including its acoustics.

The Group tested the financial implications of a number of alternative strategies for the Renewal period, culminating in a decision to relocate to the Sydney Town Hall and metropolitan venues for the duration, combined with increased regional touring.

During late 2018, the Group's operational and financial plans for the Renewal period were vetted by the NSW Treasury through a Renewal Project Working Group (RPWG) process established by the NSW Minister for the Arts.

Throughout the RPWG process the Group worked to identify and then adopted a number of mitigating strategies to ensure that it was 'fit for purpose' during the Renewal period, including reducing its administrative staff headcount by 10%. The final RPWG Report affirmed the Group's alternative venue plans and recommended a number of options to provide additional funding to the Group via the 2019/2020 State budget. On 28 February 2019, the Group received written confirmation from the NSW Arts Minister that a New Policy Proposal for additional funding had been submitted for Cabinet review. At the time of writing, we await confirmation of this additional funding.

Directors' Assessment of Going Concern

Following completion of the Renewal Project Working Group assessment and delivery of its Report and Recommendations, and subsequent to notifications from the NSW Government, the Group's Directors undertook a thorough assessment of going concern:

- This review considered the operating budgets, projected balance sheet position and detailed cash flow for the Group for the period 2019-2021. The combination of these considerations indicates that the Group can reasonably expect to be able to meet its obligations as and when they fall due for at least the period through to April 2020 and on this basis the Directors attest the Group to be a going concern.
- Further, the cash flow projections provide reasonable assurance that the Group will be able to trade successfully through the entirety of the 2020 season and, as such, is in a position to enter into commitments with third parties in preparation for presentation of the same.
- With an eye to the full Renewal Project period through to the end of 2021, the Directors note the commitment of the NSW Minister for the Arts that the NSW Government will provide financial support during the period of the Renewal Project to ensure the Group can trade solvently and enter into appropriate agreements binding on the Group. This commitment was conditional on the Group participating faithfully and diligently in the RPWG process, which the Group has done.

Process for Self-Assessment of Artistic Quality

There is an approved process for self-assessment of artistic quality and the Directors confirm that:

- a) the nature and the outcomes of this process have been discussed during the 2018 financial year;
- b) these outcomes have informed the future planning of the Group; and
- c) the self-assessment process draws on a variety of verifiable internal and external sources, including:
 - The Orchestra's Artistic Committee;
 - Joint meetings of the Board of Directors and Orchestra Artistic Committee;
 - Weekly written assessments of visiting conductors by the full orchestra;
 - 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; and
 - 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 Create NSW, uses reasonable endeavours to maintain and improve its overall financial viability, having regard to both reserves and annual results. At 31 December 2018, the level of reserves totalled 16% of the Group's annual costs (2017: 24%).

Review and Results of Operations

The Group presented the Sydney Symphony and the Sydney Symphony Fellows in 221 performances to a total audience of more than 285,000 adults and school children during the year ended 31 December 2018 in Sydney, outer metropolitan and regional NSW locations. An additional 250,000 viewers in 72 countries were reached via global livestreams on the internet, and an estimated 30,250 attended 14 international tour performances in China and across Europe.

The Group recorded an operating deficit of 6% of total expenses for the 2018 year of \$2,897,665 (2017: surplus of \$184,083) after including bequests of \$921,713 (2017: \$451,410).

Operations lost \$703,000 driven by a lower than anticipated net contribution from performances that was offset by reduced establishment expenses and steady contributed income from government and private donors. Artistic programming choices failed to deliver as hoped: subscription revenues held level with the prior year but single ticket audiences declined. Classical gala concerts yielded in proportion to the previous year but the Group scheduled fewer of them due to artist non-availability. The profit contribution from popular programming fell short of the prior year.

However, the overall significant net loss for the year was largely driven by extraordinary items:

- **2018 European Tour (\$1,091k):** In 2016, the 2018 European Tour of 12 performances in seven countries was slated for the final three weeks of 2018 when the Sydney Opera House Concert Hall was originally scheduled to be closed for Renewal Project renovations. The Sydney Opera House Trust's Renewal Project timeline subsequently changed but there was no opportunity to regain the Concert Hall weeks that had already been reallocated to other renters. The European Tour generated revenues of \$1,365,000 in concert appearance fees and fundraising but was executed as scheduled at an overall net loss.
- **Administrative Staff Redundancies (\$452k):** During the Renewal Project Working Group review process, the Group reduced its administrative headcount by 10%, generating one-off redundancy and leave payments.
- **International Convention Centre Sydney (\$393k):** During 2018, the Group piloted its first mainstream concert presentations at the ICC Sydney, in order to test the venue's feasibility as a home for the two years of the Sydney Opera House Renewal Project. The commercial venue's expenses were significantly higher than would be sustainable were the venue to be used as the Group's primary performance venue during the Renewal Project period. As a result, the venue was excluded from consideration.
- **Sydney Opera House Renewal Project Advance Expenses (\$271k):** The Group incurred significant expenses for the necessary advance planning relating to the financial and operational impacts of the Sydney Opera House Trust's Renewal Project. In 2018, these expenses included the cost of one senior staff position dedicated to Renewal Project advance planning, and external consultancy fees for venue contractual negotiations and insolvency assessments and reports.

Key Performance Indicators

The Group's strategic 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 key 2018 KPI targets and achievements is outlined below:

KPI	Definition	Target	Results
ARTFORM 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. The 2018 European Tour, the premiere of Composer-in-Residence Brett Dean's oratorio, <i>The Last Days of Socrates</i> , and violinist Anne-Sophie Mutter's return appearances were the highlights of the 2018 season.
ARTFORM Development	Feature contemporary Australian composers and new classical music series.	Achieve 2018 Australian content as per programme.	Australian content delivered as per programme, including Australian premieres of commissioned works.
ACCESS Education Programme Development	Develop and enhance the Sydney Symphony's world class education programme.	Complete and deliver online kits to NSW school educators. Continue education programmes for music educators.	Baseline KPIs were achieved and many additional new education initiatives were launched, including digital distribution and livestreaming of concert and schools' performances.
ACCESS Occupancy	Occupancy levels for mainstage core programmes.	82% average paid occupancy target.	76% paid occupancy levels achieved for 2018.
FINANCIAL AND GOVERNANCE Reserves	Reserves to total Group expenses.	Meet or exceed 20%.	Actual reserves at 16% of Group expenses.
FINANCIAL AND GOVERNANCE Operating Margin	Net operating result before reserve activities.	Meet or exceed annual targets.	6% operating loss was largely driven by extraordinary items.

State of affairs

Unless 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, inter alia, on maintaining its current level of funding, especially government funding, during 2019 and securing additional funding during the Sydney Opera House Trust's Renewal Project period beginning in 2020, the nature and impact of which has been outlined earlier in this report (pages 4-5).

Dividends

The Group does not pay dividends.

Events subsequent to balance sheet 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		Audit & Risk		Nomination & Remuneration	
	A	B	A	B	A	B
Number of Meetings Attended (A)						
Number of Meetings Eligible (B)						
Terrey Arcus AM – Note 1	5	5	4	-	2	2
Emma Dunch – Note 1	5	5	4	-	2	-
Geoff Ainsworth AM	-	-	-	-	-	-
Andrew Baxter	5	5	4	4	-	-
Kees Boersma	5	5	-	-	-	-
Ewen Crouch AM	5	5	4	4	-	-
Catherine Hewgill	5	5	-	-	-	-
Jennifer Hoy	-	-	-	-	1	1
David Livingstone	4	5	-	-	2	2
The Hon Justice A J Meagher	5	5	1	1	2	2
Karen Moses	5	5	3	4	-	-
Dr John Vallance	4	5	-	-	2	2

Note 1- The Chairman of the Board, the Chief Executive Officer and the Director of Finance attend meetings of the Audit and Risk Committee by invitation. All other Directors who are not committee members, as well as the external auditors, may attend the meetings of the 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

Insurance and indemnity arrangements established in previous years concerning officers of the Group were renewed and continued during 2018. Sydney Symphony Orchestra Holdings Pty Limited paid the premium of \$32,350 (2017: \$23,000) on a contract insuring each of the Directors of the Group 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.

Indemnification of Auditors

To the extent permitted by law, the Group 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 12.

Signed in accordance with a resolution of the Directors:

A handwritten signature in black ink, appearing to read 'Terrey Arcus', with a large, stylized initial 'T'.

Terrey Arcus AM
Chairman

Sydney
2 April 2019

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 2018, 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 the Group's 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, marketing and digital technology, law, performance of orchestral music and music education. This experience is set out in their biographies.

The Board is supported by a 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. The group has a policy dealing with harassment of any kind, including sexual harassment and bullying, that is clearly communicated and provides guidelines for CEOs and staff around dealing with misconduct.

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 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; and
- Monitoring and reviewing the financial management and position of the Group.

The 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 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 a number of stakeholders, including its audience, Federal, State and Local Government, its many corporate and individual supporters and its musicians and staff. The Board reviews the annual compliance and reporting calendar to ensure stakeholder obligations are met.

Principle 7: Recognise and Manage Risk

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

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 Group WHS plan annually. Appropriate site visits are also made by the Directors.

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 remuneration arrangements for senior management.

Signed on behalf of the Board of Directors

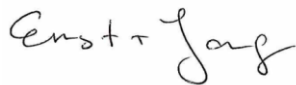


Terrey Arcus AM
Chairman

Sydney
2 April 2019

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

In relation to our audit of the financial report of Sydney Symphony Limited for the financial year ended 31 December 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.



Ernst & Young



Lisa Nijssen-Smith
Partner
2 April 2019

Sydney Symphony Limited
 ABN 50 121 561 528
Income Statement for the year ended 31 December 2018

	Notes	2018 Consolidated \$	2017 Consolidated \$
Revenue			
Funding revenue	4	14,946,546	14,728,600
Ticket sales	5	21,222,338	21,552,238
Sponsorship and donations	6	5,317,609	5,309,334
Other income	7	2,685,733	2,214,503
Total revenue		44,172,226	43,804,675
Expenses			
Employee expenses	8	25,532,697	24,613,455
Artist fees and expenses		6,384,949	5,945,465
Marketing expenses		3,299,848	4,001,752
Production expenses		8,780,916	6,118,783
Depreciation and amortisation	8	211,981	289,396
Other expenses		2,859,500	2,651,741
Total expenses		47,069,891	43,620,592
Net (loss)/profit for the year		(2,897,665)	184,083
Income tax expense	9	-	-
(Loss)/Profit after income tax		(2,897,665)	184,083

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

Sydney Symphony Limited
 ABN 50 121 561 528
Statement of Comprehensive Income
for the year ended 31 December 2018

	Notes	2018 Consolidated \$	2017 Consolidated \$
(Loss)/Profit after income tax		(2,897,665)	184,083
Other comprehensive income			
Cash flow hedges:			
(Loss)/Gain taken to equity	25	(4,925)	4,720
Total comprehensive Income		(2,902,590)	188,803

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

Sydney Symphony Limited
ABN 50 121 561 528

Statement of Financial Position as at 31 December 2018

	Notes	2018 Consolidated \$	2017 Consolidated \$
Current Assets			
Cash and cash equivalents		4,023,911	4,479,562
Term deposits		9,206,540	3,885,898
Other financial assets	10	83,402	70,906
Trade and other receivables	11	716,377	1,156,220
Derivative financial instruments	25	-	4,925
Prepayments		684,325	517,228
Total Current Assets		14,714,555	10,114,739
Non-Current Assets			
Property, plant and equipment	12	2,005,455	1,986,952
Intangible assets	13	146,217	145,352
Other financial assets	10	3,586,513	3,528,557
Term deposits		2,292,292	10,458,578
Prepayments		497,246	-
Total Non-Current Assets		8,527,723	16,119,439
Total Assets		23,242,278	26,234,178
Current Liabilities			
Trade and other payables	14	2,359,485	2,127,155
Prepaid revenue	15	8,612,726	8,822,859
Provisions	16	4,020,336	4,153,422
Total Current Liabilities		14,992,547	15,103,436
Non-Current Liabilities			
Provisions	16	666,347	644,768
Total Non-Current Liabilities		666,347	644,768
Total Liabilities		15,658,894	15,748,204
Net Assets		7,583,384	10,485,974
Equity			
Symphony Reserve	17	3,808,685	3,545,153
International Touring Reserve	18	-	-
Instrument Reserve	19	149,696	145,467
Maestro's Circle Reserve	20	-	-
Cash Flow Hedge Reserve	25	-	4,925
Matthew Krel Fund	21	580,000	580,000
Retained Earnings		3,045,003	6,210,429
Total Equity		7,583,384	10,485,974

The Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Sydney Symphony Limited
ABN 50 121 561 528
Statement of Changes in Equity for the year ended 31 December 2018

	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 2018		6,210,429	3,545,153	-	4,925	145,467	-	580,000	10,485,974
Net loss for the year		(2,897,665)	-	-	-	-	-	-	(2,897,665)
Other comprehensive loss		-	-	-	(4,925)	-	-	-	(4,925)
Transfer from/(to) Symphony Reserve	17	(921,713)	921,713	-	-	-	-	-	-
Transfer from/(to) Symphony Reserve	17	658,181	(658,181)	-	-	-	-	-	-
Transfer from/(to) International Touring Reserve	18	-	-	-	-	-	-	-	-
Transfer from/(to) Instrument Reserve	19	(4,229)	-	-	-	4,229	-	-	-
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	(16,651)	-	-	-	-	-	16,651	-
Transfer from/(to) Matthew Krel Fund	21	16,651	-	-	-	-	-	(16,651)	-
As at 31 December 2018		3,045,003	3,808,685	-	-	149,696	-	580,000	7,583,384

	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 2017		6,090,630	3,093,743	391,437	205	141,156	-	580,000	10,297,171
Net profit for the year		184,083	-	-	-	-	-	-	184,083
Other comprehensive loss		-	-	-	4,720	-	-	-	4,720
Transfer from/(to) Symphony Reserve	17	(451,410)	451,410	-	-	-	-	-	-
Transfer from/(to) International Touring Reserve	18	391,437	-	(391,437)	-	-	-	-	-
Transfer from/(to) Instrument Reserve	19	(4,311)	-	-	-	4,311	-	-	-
Transfer from/(to) Maestro's Circle Reserve	20	482,500	-	-	-	-	(482,500)	-	-
Transfer from/(to) Maestro's Circle Reserve	20	(482,500)	-	-	-	-	482,500	-	-
Transfer from/(to) Matthew Krel Fund	21	(17,980)	-	-	-	-	-	17,980	-
Transfer from/(to) Matthew Krel Fund	21	17,980	-	-	-	-	-	(17,980)	-
As at 31 December 2017		6,210,429	3,545,153	-	4,925	145,467	-	580,000	10,485,974

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

Sydney Symphony Limited

ABN 50 121 561 528

Statement of Cash Flows for the year ended 31 December 2018

	2018	2017
	Consolidated	Consolidated
	\$	\$
Cash flows used in operating activities		
Cash receipts from box office and sponsors	25,479,738	24,239,780
Cash receipts from general donations	4,007,306	3,578,129
Cash payments to suppliers and employees	(49,377,619)	(45,472,129)
Grants received from government funding bodies	16,441,201	16,201,460
Goods and Services Tax (net)	(180,608)	(180,742)
Net cash flows used in operating activities	(3,629,982)	(1,633,502)
Cash flows from financing activities		
Interest received	637,220	767,930
Employee instrument loans granted	(156,950)	0
Proceeds from repayments on employee instrument loans	78,181	74,217
Net Cash flows from financing activities	558,451	842,147
Cash flows from investing activities		
Payments for property, plant and equipment	(152,674)	(133,779)
Proceeds Sale of Fixed Asset	5,000	0
Payments for intangible assets	(82,089)	(38,492)
Redemption of financial assets	6,952,530	11,656,540
Investment in financial assets	(4,106,887)	(10,611,276)
Net cash flows from investing activities	2,615,880	872,993
Net (decrease)/ increase in cash held	(455,651)	81,638
Cash and cash equivalents at beginning of financial year	4,479,562	4,397,924
Cash and cash equivalents at end of year	4,023,911	4,479,562

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 2018 was authorised for issue in accordance with a resolution of the Directors on 2 April 2019.

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 *Australian Charities and Not-for-Profits Commissions Act 2012*, 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 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 *Australian Charities and Not-for-Profits Commissions Act 2012*.

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 2018.

The financial statements of its subsidiary are prepared for the same reporting period as the parent Group, using consistent accounting policies. In preparing the consolidated financial statements, all intergroup 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 current for the period 2016–2018 and renewed for the period 2019–2021 with the Australia Council for the Arts and Create NSW, subject to the Group continuing to meet the requirements of the Tripartite Agreement.

The Group was in a net current liability position of \$277,992 (2017 - \$4,988,697) as at 31 December 2018. This has arisen due to the classification of prepaid revenue of \$8,612,726 (2017 - \$8,822,859) as current liabilities, for which no cash outflow is required for settlement. Furthermore, the Group has sufficient non-current term deposits of \$2,292,292 at 31 December 2018 to finance its liabilities as and when they fall due (2017 - \$10,458,578).

The Group's Directors have undertaken a thorough assessment of going concern; this review considered the operating budgets, projected balance sheet position and detailed cash flow for the Group for the period 2019–2021. The combination of these considerations indicates that the Group will be able to meet its obligations as and when they fall due for at least 12 months from the date of the financial statements.

Accordingly, 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. Funding revenue

Funding revenue is received from the Australia Council for the Arts (as represented by The Major Performing Arts Board) and Create NSW. Funding is received based on payment schedules contained in a funding agreement between the funding bodies and the parent 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.

ii. 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".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

iii. Sponsorship and donations

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 recognised as revenue when the Group obtains control of the contribution and its amount can be reliably measured. For non-reciprocal donations, this is generally when the cash is received.

iv. Orchestral hire income

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

v. Interest income

Interest income 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 reporting 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of twelve 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.

g) 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. Trade receivables are reviewed and assessed for lifetime expected credit losses based on a combination of historical observed default rates, prevailing and anticipated economic conditions and known circumstances at the individual debtor level. An allowance for provision for impairment of trade receivables is used when there is an expectation that the full contractual trade receivable will not be recovered. The amount of the impairment loss is recognised in the Income Statement within Other Expenses.

h) 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, furniture and fittings, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

i) Intangible assets

Software licences and website external development costs have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Intangible assets 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.

j) Impairment

The carrying values of non-financial assets 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 non-financial assets and intangible assets is the greater of fair value less costs to sell and value in use. Impairment losses are recognised in the Income Statement.

k) 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.

l) 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.

m) 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.

n) 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 Group expects to pay, including related on-costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity that match as closely as possible the estimated future cash outflows.

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. These loans are held in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. As such, they are recognised initially at fair value and subsequently measured at amortised cost. Where the credit risk associated with these loans is deemed to remain significantly unchanged, they are reviewed and assessed for expected credit losses over a 12 month period based on a combination of historical observed default rates, prevailing and anticipated economic conditions and known circumstances at the individual debtor level. An allowance for provision for impairment is used when there is an expectation that the full contractual loan will not be recovered. The amount of the impairment loss is recognised in the Income Statement within Other Expenses.

o) Changes in accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year except for the policies statements below.

New and amended standards and interpretations

The Group applied AASB 9 Financial Instruments

AASB 9 Financial Instruments:

The Group has adopted AASB 9 from 1 January 2018 and has been applied retrospectively. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ("OCI").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an expected credit loss ("ECL") model to recognise an allowance.

Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

The adoption of this standard did not impact materially the financial position or performance of the Group in either the current or prior period.

p) **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 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.

q) **Financial Assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI or fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's business model for managing financial assets refers to how it managed its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

r) **Standards issued but not yet effective**

The following Australian Accounting Standards and AASB Interpretations were recently issued or amended, but were not yet effective and were not adopted for the annual reporting period ended 31 December 2018:

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for recognising revenue. AASB 15 becomes mandatory on 1 January 2019. The standard introduces a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Where required, credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period. The Group is assessing the potential impact of applying this new standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 1058 Income of Not-for-Profit Entities simplifies the income recognition requirements that apply to not-for-profit entities, in conjunction with AASB 15 Revenue from Contracts with Customers. AASB 1058 becomes mandatory on 1 January 2019. The Group is assessing the potential impact of applying this new standard.

AASB 16 Leases removes the current operating and finance lease distinction and requires entities to recognise all material leases on the Statement of Financial Position. AASB 16 becomes mandatory on 1 January 2019.

s) **Current versus non-current classification**

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purposes of trading,
- It is due to be settled within twelve months of the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Groups classifies all other liabilities as non-current.

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 2018.

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.

4. FUNDING REVENUE

	2018	2017
	Consolidated	Consolidated
	\$	\$
Australia Council for the Arts	11,492,463	11,333,790
Arts NSW – Regional Touring Programme	101,840	101,840
Arts NSW	3,352,243	3,292,970
Total funding revenue	<u>14,946,546</u>	<u>14,728,600</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 Create NSW. As a result, the Group has an economic dependency on these entities. The Funding Agreement with the Australia Council for the Arts and Create NSW was current for the period 2016 to 2018 and renewed for the period 2019 to 2021.

5. TICKET SALES

	2018	2017
	Consolidated	Consolidated
	\$	\$
Subscriptions	8,038,478	8,704,218
Single night	13,183,860	12,848,020
Total ticket sales	<u>21,222,338</u>	<u>21,552,238</u>

6. SPONSORSHIP AND DONATIONS

	2018	2017
	Consolidated	Consolidated
	\$	\$
Sponsorship	1,410,303	1,731,205
General donations	3,807,306	3,328,129
Trusts & Foundation donations	100,000	250,000
Total sponsorship and donations	<u>5,317,609</u>	<u>5,309,334</u>

7. OTHER INCOME

	2018	2017
	Consolidated	Consolidated
	\$	\$
Orchestral hire income	1,555,118	898,048
Interest income	602,579	706,844
Other income	528,036	609,611
Total other income	<u>2,685,733</u>	<u>2,214,503</u>

8. EXPENSES

	2018	2017
	Consolidated	Consolidated
	\$	\$
Depreciation of fixed assets	130,757	225,933
Amortisation of intangible assets	81,224	63,463
	<hr/>	<hr/>
Total depreciation and amortisation	211,981	289,396
	<hr/>	<hr/>
Operating lease rental expense	667,308	596,686
	<hr/>	<hr/>
Employee expenses:		
Salaries and wages	22,883,830	21,662,530
Superannuation	2,425,224	2,698,003
Other employee expenses	223,643	252,922
	<hr/>	<hr/>
Total employee expenses	25,532,697	24,613,455
	<hr/>	<hr/>

9. INCOME TAX

The Group'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

	2018	2017
	Consolidated	Consolidated
	\$	\$
Current assets		
Employee instrument loans	83,402	70,906
	<hr/>	<hr/>
Non-current assets		
Floating rate notes	3,322,711	3,331,025
Employee instrument loans	263,802	197,532
	<hr/>	<hr/>
Total non-current other financial assets	3,586,513	3,528,557
	<hr/>	<hr/>

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	Consolidated	Consolidated
	\$	\$
Trade debtors	50,156	520,911
Other receivables	430,214	364,660
Accrued income	236,007	270,649
Total trade and other receivables	<u>716,377</u>	<u>1,156,220</u>

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 2018						
At 1 January 2018, net of accumulated depreciation	97,087	114,580	1,438,087	295,791	41,407	1,986,952
Additions	41,248	9,933	-	6,724	94,768	152,674
Disposals	-	-	-	(3,414)	-	(3,414)
Depreciation charge for the year	(28,480)	(30,516)	-	(34,504)	(37,257)	(130,757)
As at 31 December 2018, net of accumulated depreciation and impairment	109,855	93,997	1,438,087	264,597	98,918	2,005,455
At 31 December 2018						
Cost or fair value	266,935	173,362	1,438,087	545,722	176,421	2,600,527
Less write down – Note 12.1	(84,679)	-	-	-	(32,201)	(116,880)
Cost or Fair Value	182,256	173,362	1,438,087	545,722	144,220	2,483,647
Accumulated depreciation-Note 12.1	(157,080)	(79,365)	-	(281,125)	(77,503)	(595,073)
Less write down – Note 12.1	84,679	-	-	-	32,201	116,880
	(72,401)	(79,365)	-	(281,125)	(45,302)	(478,193)
Net carrying amount	109,855	93,997	1,438,087	264,597	98,918	2,005,455
	\$	\$	\$	\$	\$	\$
At 31 December 2017						
Cost or fair value	225,687	163,429	1,438,087	542,649	81,653	2,451,505
Accumulated depreciation	(128,600)	(48,849)	-	(246,858)	(40,246)	(464,553)
Net carrying amount	97,087	114,580	1,438,087	295,791	41,407	1,986,952

Note 12.1 - During the year, \$116,880 of fully depreciated assets were written off against the related accumulated depreciation as disclosed against the asset class. (2017: \$988,798).

13. INTANGIBLE ASSETS - SOFTWARE

	2018	2017
	Consolidated	Consolidated
	\$	\$
At 1 January, net of accumulated amortisation	145,352	170,323
Additions	82,089	38,492
Amortisation charge for the year	(81,224)	(63,463)
As at 31 December, net of accumulated amortisation and impairment	<u>146,217</u>	<u>145,352</u>
At 31 December		
Cost or fair value- Note 13.1	288,100	206,013
Accumulated Amortisation – Note 13.1	<u>(141,883)</u>	<u>(60,661)</u>
Cost or fair value carried forward	<u>146,217</u>	<u>145,352</u>

Note 13.1 - During the year, \$nil of fully amortised assets were written off against the related accumulated amortisation as disclosed against the asset class. (2017: \$19,768).

14. TRADE AND OTHER PAYABLES

	2018	2017
	Consolidated	Consolidated
	\$	\$
Accruals	1,405,551	1,078,772
Trade creditors	891,345	1,011,404
Other payables	62,589	36,979
Total trade and other payables	<u>2,359,485</u>	<u>2,127,155</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

	2018	2017
	Consolidated	Consolidated
	\$	\$
Prepaid ticket sales	8,185,693	8,573,159
Prepaid other	427,033	249,700
Total prepaid revenue	<u>8,612,726</u>	<u>8,822,859</u>

16. PROVISIONS

	2018	2017
	Consolidated	Consolidated
	\$	\$
Current provision for employee benefits	4,020,336	4,153,422
Non-current provisions		
Employee benefits	485,628	462,284
Make good provision	180,719	182,484
Total non-current provisions	666,347	644,768

17. SYMPHONY RESERVE

	2018	2017
	\$	\$
Accumulated reserves at 1 January	3,545,153	3,093,743
Transfer from retained earnings in relation to:		
Current year bequests	921,713	451,410
Transfer to retained earnings in relation to:		
Disbursement of bequests	(658,181)	-
	3,808,685	3,545,153

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 and to hold restricted use bequests. Transfers to retained earnings are made on disbursement of restricted use bequests

18. INTERNATIONAL TOURING RESERVE

	2018	2017
	\$	\$
Accumulated reserves at 1 January	-	391,437
Transfer to retained earnings in relation to:		
Net deficit from tour activities	-	(391,437)
Accumulated reserves at 31 December	-	-

The International Touring Reserve was established under protocols agreed by the Board to raise and accumulate capital to support the aims of the Group in relation to international touring.

19. INSTRUMENT RESERVE

	2018	2017
	\$	\$
Accumulated reserves at 1 January	145,467	141,156
Transfer from retained earnings for interest earned	4,229	4,311
Accumulated reserves at 31 December	149,696	145,467

The assets purchased using the Instrument Reserve are included in *Property Plant and Equipment - Musical Instruments*. There were no purchases in 2018 (2017: Nil).

20. MAESTRO'S CIRCLE RESERVE

	2018 \$	2017 \$
Accumulated reserves at 1 January	-	-
Transfer from retained earnings in relation to: Maestro's Circle donations	400,000	482,500
Transfer to retained earnings in relation to: Maestro's Circle expenses	(400,000)	(482,500)
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 2018 to fund expenditure associated with gala concert activities, opera in concert, recordings and new orchestral compositions proposed by the current Chief Conductor and Artistic Director, Mr David Robertson.

21. MATTHEW KREL FUND

	2018 \$	2017 \$
Accumulated balance at 1 January	580,000	580,000
Interest earned	16,651	17,980
Transfer to retained earnings in relation to: Matthew Krel Fund	(16,651)	(17,980)
Accumulated balance at 31 December	580,000	580,000

The Matthew Krel Fund was created in 2015 following a donation from the SBS Radio and Television Youth Orchestra to support the Sydney Symphony Orchestra Fellowship Programme 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 Group 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

	2018 Consolidated \$	2017 Consolidated \$
Total Compensation	840,074	750,855

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

Ms Emma Dunch, a Director of the Group, was a Director of Symphony Services Australia Limited during the year. During the year, this entity provided orchestral services to the Group totalling \$3,790,717 (2017: \$2,069,892) and also paid the Group a licence fee for use of serviced premises amounting to \$167,361 (2017: \$160,559).

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)

	2018 Consolidated \$	2017 Consolidated \$
Not later than one year	571,658	549,671
Later than one year and not later than five years	545,555	1,117,213
	1,117,213	1,666,884

The Group has operating leases for office space.

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

	2018 Consolidated \$	2017 Consolidated \$
Not later than one year	1,508,090	1,545,363
Later than one year and not later than five years	1,038,000	1,212,090
	2,546,090	2,757,453

The Group has entered into contracts for performances scheduled to take place during 2019-2021. 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 \$302,000. (2017: \$225,000).
- ii. credit collateral on advertising contracts for \$200,000 (2017: \$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

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument. The Group's maximum exposure to credit risk at the reporting 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. The carrying value of financial assets 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.

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 \$3,391,483 (2017: \$3,421,545).

Valuation Technique Market Observable Inputs (Level 2)	2018 Consolidated \$	2017 Consolidated \$
Assets/Liabilities		
Floating rate notes (note 10)	3,322,711	3,331,025
Forward currency contracts – cash flow hedges	-	4,925
	3,322,711	3,335,950

(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 enters into forward currency contracts to purchase US dollars when appropriate. As at the reporting date there are no forward currency contracts (2017: cash flows were expected to occur between one and twelve months from 1 January 2018 and totalled \$4,925 with average exchange rates of USD 0.7897).

Sydney Symphony Limited
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Notes to the Financial Statements

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, a loss of \$4,925 was taken to other comprehensive income. (2017: profit of \$4,720).

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

	2018	2017
	\$	\$
Current assets	-	-
Non-current assets	7,583,714	8,578,559
Total assets	7,583,714	8,578,559
Current liabilities		
Total liabilities	330	330
Net assets	7,583,384	8,578,229
Equity		
Retained earnings	7,583,384	8,578,229
Total equity	7,583,384	8,578,229
Profit or loss of Parent Entity	(994,845)	-
Total comprehensive income of parent Group	(994,845)	-

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 2018, set out on pages 13 to 35, are in accordance with 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 2018 and performance for the year ended on that date;
 - ii. complying with Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) 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, 2 April 2019



Ewen Crouch AM
Director

Sydney, 2 April 2019

Independent Auditor's Report to the Members of Sydney Symphony Limited

Opinion

We have audited the financial report of Sydney Symphony Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors 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 *Australian Charities and Not-for-Profits Commission Act 2012* and for such

internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

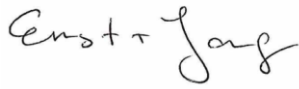
Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Lisa Nijssen-Smith
Partner
Sydney
2 April 2019