

# **Victorian Opera Company Ltd**

## **Financial Statements**

**For the Year Ended 31 December 2016**

# Victorian Opera Company Limited

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For the Year Ended 31 December 2016

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# Victorian Opera Company Limited

## Directors' Report

31 December 2016

The directors present their report on Victorian Opera Company Limited for the financial year ended 31 December 2016.

### 1. General information

#### Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Jane Hemstrich

Qualifications

BSc (Hons), CPA, FCA, FAICD

Experience

Jane is a Non-Executive Director of Lend Lease Corporation Ltd, Tabcorp Holdings Ltd and Telstra Corporation Limited. She is a Member of the Council of The National Library of Australia, Vice President of The Walter and Eliza Hall Institute of Medical Research and a member of the Global Council of Herbert Smith Freehills. Jane was a Non-Executive Director of the Commonwealth Bank of Australia Ltd and Santos Ltd.

From 2004 to February 2007 Jane was Managing Director, Asia Pacific at Accenture and was a member of Accenture's Executive Leadership Team. She was responsible for operations in 12 countries, involving over 30,000 personnel.

Other Victorian Opera committees

Jane has been Chair of the Board of Directors from 22 February 2013.

Ross Freeman

Qualifications

BComm, LLB (Melb)

Experience

Ross is a partner in international law firm Minter Ellison, and has more than 25 years' experience as a commercial litigator and regulatory lawyer. Ross is a member of Minter Ellison's national board, chairs its Audit Committee and is the head of the firm's Dispute Resolution practice.

Other Victorian Opera committees

He was a member of Victorian Opera's Marketing and Development Committee and a member of the Audit, Risk and Compliance Committee, until his resignation as a director.

Resigned

26 May 2016

Francis Ebury, Earl of Wilton

Qualifications

PhD (Melb)

Experience

Francis worked at J.P. Morgan & Co. Inc. for 25 years in the Melbourne and Hong Kong offices. He held positions in Investment Management and Human Resources. The last position he held was Head of Human Resources, Asia South.

Other Victorian Opera committees

He is Chair of the HR Committee and a member of the Strategic Issues Committee and Artistic Committee.

## Victorian Opera Company Limited

### Directors' Report

31 December 2016

#### Information on directors

Greig Gailey

Qualifications

Experience

BEcon (UQ)

Greig is the Chairman of Caltex Australia Limited, on the Advisory Board of CSL Australia Ltd and Chairman of the Horizon Roads Group (the operator of Eastlink). Greig has been Chairman of the Minerals Council of Australia and the International Zinc Association, and was President of the Business Council of Australia from 2007 to 2009.

After a long career with the British Petroleum Company he became CEO of Fletcher Challenge Energy from 1998 until March 2001. He subsequently joined Pasminco as CEO in August 2001 until 2007 and saw the company through its major transformation and re emergence as Zinifex.

Other Victorian Opera committees

He is Deputy Chair of the Board of Directors and Chair of the Strategic Issues Committee.

Catherine Walter AM

Qualifications

Experience

LLB (Hons) , LLM, MBA (Melb), FAICD

Catherine is a solicitor and a director of a range of listed, government and not for profit companies including Australian Foundation Investment Company, Walter and Eliza Hall Institute of Medical Research and the Reserve Bank's Payment Systems Board. Catherine is also a trustee of the Helen Macpherson Smith Trust. Catherine practised commercial law in city law firms for 20 years, was Managing Partner of a major Melbourne law firm and a Commissioner of the City of Melbourne.

Catherine was awarded a Centenary Medal in January 2001 for service to Australian society in business leadership and became a Member of the Order of Australia on Australia Day 2003 for services to business.

Other Victorian Opera committees

She was the Chair of the Marketing and Development Committee and a member of the Audit, Risk and Compliance Committee, until her resignation as a director.

Resigned

26 May 2016

Anne Gilby

Qualifications

Experience

BA (ANU), Reifeprüfung (Detmold), Grad.DipEd. (Monash)

Anne has held positions as Principal Oboist of the Bremerhaven Orchestra, the Elizabethan Melbourne Orchestra and the Australian Chamber Orchestra, and as Lecturer in Oboe at the Western Australian Academy of Performing Arts in Perth, Head of Woodwind at the Victorian College of the Arts in Melbourne, and Lecturer in Ensemble Studies at Monash University's School of Music Conservatorium.

Anne has appeared as soloist with such ensembles as the Australian Chamber Orchestra, the West Australian Symphony Orchestra, the Melbourne Musicians and the Blackwood River Chamber Festival. She chaired the Artistic Committee of the Australian Youth Orchestra Ltd and served on the Music Board of the Australia Council.

Other Victorian Opera committees

She is Chair of the Artistic Committee and a member of the HR Committee.

## Victorian Opera Company Limited

### Directors' Report

31 December 2016

#### Information on directors

Penny Stragalinos

Qualifications

BComm (Melb), Exec MBA, FCA, RCA

Experience

Penny is a partner in international professional services firm KPMG. She has more than 20 years' experience in providing audit and advisory services, predominantly in the industrial markets and energy & natural resources sectors. Penny is the Chief Operating Officer for the audit practice of KPMG Australia. She is also a director of Chartered Accountants Australia and New Zealand and a member of the Audit Committee for CEDA (the Committee for Economic Development of Australia).

Other Victorian Opera committees

She is Chair of the Audit, Risk and Compliance Committee.

Siobhan Lenihan

Qualifications

BA (Sydney), MLS (UTS)

Experience

Siobhan is Adviser to the Deputy Vice Chancellor Education at Deakin University. Before working in higher education, she had a long career in music administration with the Tasmanian and Sydney Symphony Orchestras and Musica Viva Australia, among others. She is a member of the Australian Youth Orchestra's Artistic Advisory Committee and the Australian Chamber Orchestra's Peer Review Panel and a Director of the Australia Latin America Foundation.

Other Victorian Opera committees

She is a member of the Artistic Committee, the HR Committee and the Audit, Risk and Compliance Committee.

Roger Box

Qualifications

BBus Economics and Marketing

Experience

Roger joined Google as Agency Lead in January 2016 where he oversees some of Melbourne's leading media agencies and businesses. He was previously on the Board of Directors as an Executive at Clemenger BBDO Melbourne heading up the digital marketing division across the agency. From 2007-2013 Roger spent 6 years in New York as Vice President, Group Director at Digitas leading American Express. Roger is currently a non-executive Director of Velcro Industries.

Other Victorian Opera committees

He is a member of the Marketing and Development Committee.

Vivienne Corcoran

Qualifications

Ba, Grad Dip Mktg, CPM, FAICD

Experience

Vivienne is Chair of Statewide Autistic Services and on the Branch Executive Committee of Scouts Victoria. She has previously been Chair of the Frankston Arts Centre and the Emerging Writers' Festival.

Vivienne is Managing Director of Marketing Logic, a strategic consultancy providing high level advice to organisations such as Telstra, ANZ, Little Athletics Australia and a range of professional services, health and membership based organisations. She is a published author.

Other Victoria Opera committees

She is a member of the Marketing and Development Committee and the Audit, Risk and Compliance Committee.

Appointed

10 June 2016

# Victorian Opera Company Limited

## Directors' Report

31 December 2016

### Information on directors

Directors have been in office during the financial year unless otherwise stated. Committee membership information is for the financial year ended 31 December 2016.

### Company secretary

Darren O'Beirne was the company secretary until 10 June 2016. John Orr was appointed as Company Secretary from 10 June 2016.

### Review of operations

The Company has recorded a deficit from operations of \$646,669 compared to a surplus of \$7,139 recorded last year.

Overall revenue increased slightly, being up by \$15,264. However, the various components of this income varied in different ways. Box Office sales were the highest ever recorded. However, this increase in Box Office was partly offset by the company having to make a contribution to Co-production fees of \$85,958 compared to the \$75,543 received as revenue in 2015. Sponsorship, philanthropic and donation revenue increased by \$80,205 with corporate sponsorship increasing by \$98,326. Government grants decreased by \$222,387 with the Anzac Centenary funding being specific to 2015 and the funding for the Master of Music (Opera Performance) program being discontinued in 2016. Other sources of government income anticipated in the planning of the 2016 season did not eventuate.

Expenses were \$669,402 higher than last year, reflecting the extra artistic and production costs of compiling the 2016 season.

### Principal activities

Victorian Opera delivers professional arts and cultural programs and services that achieve high artistic, cultural, governance and sector standards, engage audiences, generate income and partnerships and deliver benefits to the Victorian community.

No significant changes in the nature of the Company's activity occurred during the financial year.

### Members' guarantee

Victorian Opera Company Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 100, subject to the provisions of the company's constitution.

At 31 December 2016 the collective liability of members was \$ 200 (2015: \$ 200).

### Payments and other benefits

No payments or benefits of a pecuniary value were received by any officers of the Company during the financial year.

## 2. Other items

### Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

**Victorian Opera Company Limited**

**Directors' Report**

**31 December 2016**

**2. Other items**

**Future developments and results**

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

**Environmental issues**

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

**Meetings of directors and committees**

During the financial year, the following meetings of directors and committee meetings were held. Attendances by each director during the year were as follows:

	Board		Artistic		ARCC		M&D		HR	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Jane Hemstritch	6	6	-	-	1	1*	-	-	-	-
Greig Gailey	6	3	-	-	-	-	-	-	-	-
Francis Ebury	6	6	3	3*	1	1*	2	2*	3	3
Siobhan Lenihan	6	4	3	3	1	1	-	-	3	3
Ross Freeman	3	2	-	-	1	-	-	-	-	-
Anne Gilby	6	6	3	3	-	-	-	-	3	3
Roger Box	6	5	-	-	-	-	2	2	-	-
Catherine Walter AM	3	3	-	-	1	1	-	-	-	-
Penny Stragalinos	6	6	-	-	2	2	-	-	-	-
Vivienne Corcoran	2	2	-	-	1	-	2	2	-	-

\* Attended as Voluntary or Ex Officio Member

Key:

ARCC - Audit, Risk and Compliance Committee

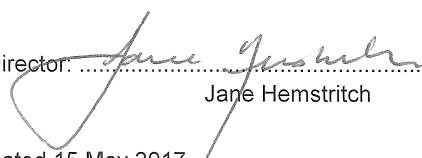
M&D - Marketing and Development Committee

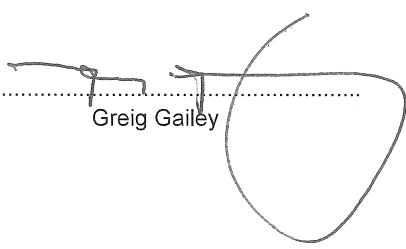
HR - Human Resources Committee

**Auditor's independence declaration**

The lead auditor's independence declaration in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, for the year ended 31 December 2016 has been received and can be found on page 6 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:  .....  
Jane Hemstritch

Director:  .....  
Greig Gailey

Dated 15 May 2017

Victorian Opera Company Limited

## Auditor's Independence Declaration under the Australian Charities and Not-for-profits Commission Act 2012 To the Directors of Victorian Opera Company Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2016, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Andrew Fisher, Partner (auditor registration number 306364) on behalf of  
Banks Group Assurance Pty Ltd, Chartered Accountants  
Authorised audit company registration number 294178 (ACN 115749598)

15 May 2017

Melbourne, Australia



Victorian Opera Company Limited

**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December 2016**

	2016	2015
Note	\$	\$
<b>Revenue from Operations</b>		
Government funding revenue	3,897,200	4,119,587
Box office and performance income	1,393,004	1,273,893
Sponsorship, philanthropic and donation income	937,229	857,024
Other income	146,204	107,869
<b>Total revenue from operations</b>	<b>6,373,637</b>	<b>6,358,373</b>
<b>Expenses</b>		
Personnel expenses	(4,062,272)	(3,785,620)
Marketing and development expenses	(469,412)	(489,649)
Production expenses	(1,971,635)	(1,573,942)
Administrative expenses	(541,995)	(526,701)
<b>Total expenses</b>	<b>(7,045,314)</b>	<b>(6,375,912)</b>
<b>Net (Deficit) from Operations</b>	<b>(671,677)</b>	<b>(17,539)</b>
Melva Thompson Bequest Fund interest	25,008	24,678
<b>(DEFICIT)/ SURPLUS FOR THE YEAR</b>	<b>(646,669)</b>	<b>7,139</b>

The accompanying notes form part of these financial statements.

Victorian Opera Company Limited

**Statement of Financial Position**

**31 December 2016**

	2016	2015
Note	\$	\$
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	5 <b>2,810,445</b>	2,788,727
Trade and other receivables	6 <b>154,768</b>	211,267
Other non-financial assets	7 <b>320,629</b>	298,983
<b>TOTAL CURRENT ASSETS</b>	<b>3,285,842</b>	3,298,977
NON-CURRENT ASSETS		
Property, plant and equipment	8 <b>56,596</b>	58,198
<b>TOTAL NON-CURRENT ASSETS</b>	<b>56,596</b>	58,198
<b>TOTAL ASSETS</b>	<b>3,342,438</b>	3,357,175
<b>LIABILITIES</b>		
CURRENT LIABILITIES		
Trade and other payables	9 <b>136,540</b>	120,620
Employee benefits	10 <b>112,323</b>	74,894
Other liabilities	11 <b>638,526</b>	80,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>887,389</b>	275,514
NON-CURRENT LIABILITIES		
Employee benefits	10 <b>49,889</b>	29,832
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>49,889</b>	29,832
<b>TOTAL LIABILITIES</b>	<b>937,278</b>	305,346
<b>NET ASSETS</b>	<b>2,405,160</b>	3,051,829
<b>EQUITY</b>		
Reserves	<b>2,613,571</b>	2,588,563
Retained (deficit)/ surplus	<b>(208,411)</b>	463,266
<b>TOTAL EQUITY</b>	<b>2,405,160</b>	3,051,829

The accompanying notes form part of these financial statements.

Victorian Opera Company Limited

**Statement of Changes in Equity**  
For the Year Ended 31 December 2016

2016

	Retained (Deficit)/ Surplus	Bequest Reserve	General Reserves	Special Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2016</b>	<b>463,266</b>	<b>888,563</b>	<b>1,300,000</b>	<b>400,000</b>	<b>3,051,829</b>
Net deficit from operations	(671,677)	-	-	-	(671,677)
Melva Thompson Bequest Fund Revenue	25,008	-	-	-	25,008
Transfer to Bequest Reserve	(25,008)	25,008	-	-	-
<b>Balance at 31 December 2016</b>	<b>(208,411)</b>	<b>913,571</b>	<b>1,300,000</b>	<b>400,000</b>	<b>2,405,160</b>

2015

	Retained (Deficit)/ Surplus	Bequest Reserve	General Reserves	Special Reserve	Total
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2015</b>	<b>480,805</b>	<b>863,885</b>	<b>1,300,000</b>	<b>400,000</b>	<b>3,044,690</b>
Net deficit from operations	(17,539)	-	-	-	(17,539)
Melva Thompson Bequest Fund Revenue	24,678	-	-	-	24,678
Transfer to bequest reserve	(24,678)	24,678	-	-	-
<b>Balance at 31 December 2015</b>	<b>463,266</b>	<b>888,563</b>	<b>1,300,000</b>	<b>400,000</b>	<b>3,051,829</b>

Reserves have been established in line with funding recommendations that arts organisations should build general and special reserves to a minimum of 20% of annual costs.

The Bequest Reserve has been established to support the company in specific future projects.

The Special Reserve has been established to assist the company to manage artistic and financial risk.

Victorian Opera Company Limited

Statement of Cash Flows

For the Year Ended 31 December 2016

	2016	2015
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	7,146,955	6,516,174
Payments to suppliers and employees	(7,150,549)	(6,673,698)
Melva Thompson Bequest Fund revenue	25,008	24,678
Interest received	22,627	63,749
Net cash provided by/(used in) operating activities	17 <u>44,041</u>	<u>(69,097)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(22,323)</u>	<u>(30,777)</u>
Net cash used by investing activities	<u>(22,323)</u>	<u>(30,777)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase/(decrease) in cash and cash equivalents held	21,718	(99,874)
Cash and cash equivalents at beginning of year	<u>2,788,727</u>	<u>2,888,601</u>
Cash and cash equivalents at end of financial year	5 <u><u>2,810,445</u></u>	<u><u>2,788,727</u></u>

The accompanying notes form part of these financial statements.

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

The financial statements are for Victorian Opera Company Limited as a not-for-profit individual entity.

The functional and presentation currency of Victorian Opera Company Limited is Australian dollars.

#### 1 Summary of Significant Accounting Policies

##### (a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Act 2012.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### (b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

##### (c) Income Tax

No provision for income tax has been raised as the Company is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

##### (d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for that period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (e). Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, have been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

#### Subscriptions and box office income

Subscription and box office income from performance ticket sales are recognised when they are received.

#### Performance fees

Performance fees are recognised as revenue when the income is received.

#### Sponsorships and Government Grants

Sponsorships and Government grants are recognised in the period to which the sponsorships and grants relate or to the period for which they are paid. Government grants are normally paid for the specific calendar years. Sponsorships which relate to specific performances are brought to account in the year the performances are given.

#### Donations

Donations are recognised as revenue when they are received, unless they relate specifically to an event, in which case the donations are recognised in the same period as the event takes place.

#### Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

#### (f). Goods and Services Tax (GST)

Revenue, 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 Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

#### (g). Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost model as specified below.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### (g). Property, Plant and Equipment

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

#### Depreciation

The depreciable amount of all property, plant and equipment is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10% - 33%
Furniture, Fixtures and Fittings	33%
Office Equipment	20% - 33%
Improvements	20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

#### (h). Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

*Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- (d) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The classification of financial instruments depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and at the end of each reporting period for held-to-maturity assets.

#### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting year.

#### (iii) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

#### *Impairment of financial assets*

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.



## Notes to the Financial Statements For the Year Ended 31 December 2016

### 1 Summary of Significant Accounting Policies

#### Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance account, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

#### (i). Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and term deposits.

#### (j). Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

#### (k). New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided against early adoption of these Standards. The following table summarises those future requirements, and their impact on the Company:

<b>Pronouncement</b>	IFRS16 New Lease Standard
Effective Date	1 January 2019
Expected Impact on the Financial Statements	Assets and liabilities will be recognised for all leases with a term greater than 12 months.
<b>Pronouncement</b>	AASB9 Financial Instruments
Effective Date	1 January 2018
Expected Impact on the Financial Statements	There will be significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

### 3 Revenue and Other Income

	2016	2015
	\$	\$
<b>Government funding revenue</b>		
- Creative Victoria annual grant	3,731,600	3,731,600
- Regional touring funding	80,000	88,587
- Strategic Partnerships Program	52,800	54,400
- Creative Partnerships Australia	-	45,000
- Creative Victoria special grant	32,000	-
- Commonwealth funding via Ministry of the Arts	-	45,000
- Department of Premier and Cabinet	-	40,000
- Local Government grant	800	5,000
- The University of Melbourne	-	110,000
<b>Total government funding revenue</b>	<b>3,897,200</b>	<b>4,119,587</b>
<b>Box office and performance income</b>		
- Box office sales	1,377,377	1,110,516
- Producer fees	(85,958)	75,543
- Performance and workshop fees	101,585	87,834
<b>Total box office and performance income</b>	<b>1,393,004</b>	<b>1,273,893</b>
<b>Sponsorship, philanthropic and donation revenue</b>		
- Corporate sponsorship	199,526	101,200
- Philanthropic	342,000	362,660
- Other fundraising income	16,241	15,543
- Donations	379,462	377,621
<b>- Total sponsorship, philanthropic and donation revenue</b>	<b>937,229</b>	<b>857,024</b>
<b>Other income</b>		
- Interest received	47,636	63,749
- Other income	98,568	34,541
- Venue hire	-	2,215
- Sale of assets	-	7,364
<b>- Total other income</b>	<b>146,204</b>	<b>107,869</b>
<b>Total Revenue from Ordinary Activities</b>	<b>6,373,637</b>	<b>6,358,373</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**4 Personnel Expenses**

	2016	2015
	\$	\$
Administration and marketing	1,108,737	1,150,458
Art and production salaries	2,595,425	2,283,318
Employee on-costs	358,110	351,844
<b>Total personnel expenses</b>	<b>4,062,272</b>	<b>3,785,620</b>

**5 Cash and cash equivalents**

	2016	2015
	\$	\$
Cash on hand	960	960
Cash at bank	1,048,157	577,695
Cash at bank and in hand	1,049,117	578,655
Short-term bank deposits	1,761,328	2,210,072
<b>Total cash and cash equivalents</b>	<b>2,810,445</b>	<b>2,788,727</b>

**6 Trade and other receivables**

	2016	2015
	\$	\$
CURRENT		
Trade receivables	76,752	102,020
Deposits	57,096	58,064
GST receivable	20,920	51,183
<b>Total current trade and other receivables</b>	<b>154,768</b>	<b>211,267</b>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

**7 Other non-financial assets**

	2016	2015
	\$	\$
CURRENT		
Deferred production costs	214,073	268,918
Prepayments	35,183	30,065
Accrued income	39,306	-
Wages paid in advance	32,067	-
<b>Total other non-financial assets</b>	<b>320,629</b>	<b>298,983</b>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**8 Property, plant and equipment**

	2016	2015
	\$	\$
PLANT AND EQUIPMENT		
Production equipment		
At cost	118,356	116,495
Accumulated depreciation	(115,995)	(112,771)
Total production equipment	<u>2,361</u>	<u>3,724</u>
Furniture, fixtures and fittings		
At cost	47,277	47,277
Accumulated depreciation	(46,735)	(46,194)
Total furniture, fixtures and fittings	<u>542</u>	<u>1,083</u>
Office equipment		
At cost	96,002	214,031
Accumulated depreciation	(78,730)	(207,561)
Total office equipment	<u>17,272</u>	<u>6,470</u>
Improvements		
At cost	93,700	93,700
Accumulated depreciation	(57,279)	(46,779)
Total improvements	<u>36,421</u>	<u>46,921</u>
<b>Total property, plant and equipment</b>	<u><u>56,596</u></u>	<u><u>58,198</u></u>

**(a). Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Production Equipment	Furniture, Fixtures and Fittings	Office Equipment	Improvements	Total
	\$	\$	\$	\$	\$
<b>Year ended 31 December 2016</b>					
Balance at the beginning of year	3,724	1,083	6,470	46,921	58,198
Additions	1,860	-	20,464	-	22,324
Depreciation expense	(3,223)	(541)	(9,662)	(10,500)	(23,926)
<b>Balance at the end of the year</b>	<u>2,361</u>	<u>542</u>	<u>17,272</u>	<u>36,421</u>	<u>56,596</u>

**Notes to the Financial Statements**  
**For the Year Ended 31 December 2016**

**9 Trade and other payables**

	2016	2015
	\$	\$
CURRENT		
Trade payables	53,425	1,090
Other payables	83,115	119,530
<b>Total trade and other payables</b>	<b>136,540</b>	<b>120,620</b>

**10 Employee Benefits**

	2016	2015
	\$	\$
Current liabilities		
Annual leave	112,323	74,894
Non-current liabilities		
Long service leave	49,889	29,832

**11 Other liabilities**

	2016	2015
	\$	\$
CURRENT		
Income in Advance	348,526	-
Grants in Advance	290,000	80,000
<b>Total other liabilities</b>	<b>638,526</b>	<b>80,000</b>

**12 Leasing Commitments**

**Operating leases**

	2016	2015
	\$	\$
Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are payable as follows:		
- not later than one year	5,330	148,056
- between one year and five years	6,970	12,300
	<b>12,300</b>	<b>160,356</b>

Operating leases relate to the Company's office rental and photocopier leases. At 31 December 2016, a new premises lease was being negotiated for 5 years. Therefore, the 2016 commitments do not include rental commitments. The monthly rental amount is \$14,114 and was prepaid for January 2017.

## Notes to the Financial Statements

For the Year Ended 31 December 2016

### 13 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments. This note discloses the Company's objectives, policies and processes for managing and measuring these risks.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets.

The most significant financial risks to which the Company is exposed to are described below:

#### Specific risks

- Market risk - currency risk and cash flow interest rate risk
- Credit risk
- Liquidity risk

#### Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables

#### Objectives, policies and processes

Risk management is carried out by the Company's Audit, Risk and Compliance Committee under the delegated power from the Board of Directors. The Finance Manager has primary responsibility for the development of relevant policies and procedures to mitigate the risk exposure of the Company, these policies and procedures are then approved by the Audit, Risk and Compliance Committee and tabled at the board meeting following their approval.

Reports are presented at each Board meeting regarding the implementation of these policies and any risk exposure which the Audit, Risk and Compliance Committee believes the Board should be aware of.

#### Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### 14 Members' Guarantee

Victorian Opera Company Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$100, subject to the provisions of the company's constitution.

### 15 Key Management Personnel Disclosures

The total remuneration paid to key management personnel of the Company is \$ 372,742 (2015: \$ 348,858).

## Notes to the Financial Statements

### For the Year Ended 31 December 2016

#### 16 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2016 (31 December 2015:None).

#### 17 Cash Flow Information

##### Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
(Deficit)/ surplus for the year	<b>(646,669)</b>	7,139
Non-cash flows in profit:		
- depreciation	<b>23,926</b>	39,698
Changes in assets and liabilities:		
- decrease in trade and other receivables	<b>26,236</b>	1,959,774
- decrease in other non-financial assets	<b>8,617</b>	1,177
- increase/ (decrease) in trade and other payables	<b>15,920</b>	(145,117)
- increase in employee benefits	<b>57,484</b>	17,415
- increase/ (decrease) in other liabilities	<b>558,527</b>	(1,949,183)
Cashflow from operations	<b>44,041</b>	(69,097)

#### 18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 15 May 2017 by the Board of Directors.

Subsequent to the end of year the Federal Arts Minister has announced that Victorian Opera is to be elevated to Major Performing Arts status. Official confirmation of this has not yet been received.

## Victorian Opera Company Limited

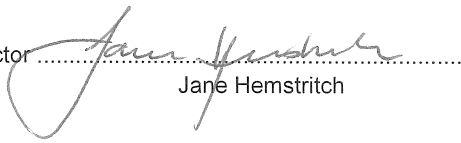
### Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 7 to 21, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance for the year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

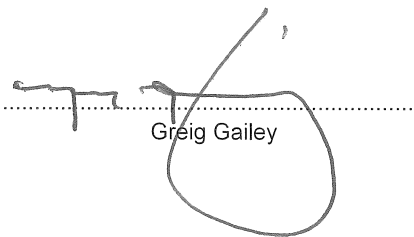
This declaration is made in accordance with a resolution of the Board of Directors.

Director .....



Jane Hemstrich

Director .....



Greig Gailey

Dated 15 May 2017



Victorian Opera Company Limited

## Independent Audit Report to the members of Victorian Opera Company Limited

### Report on the Financial Report

We have audited the accompanying financial report of Victorian Opera Company Limited, which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

#### *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 *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.

#### *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 judgement, 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 control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. 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 Accounting Professional and Ethical Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012*. We confirm that the independence declaration required by the *Australian Charities and Not-for-profits Commission Act 2012*, which has been given to the directors of Victorian Opera Company Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Victorian Opera Company Limited

## Independent Audit Report to the members of Victorian Opera Company Limited

### Opinion

In our opinion the financial report of Victorian Opera Company Limited is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.



Banks Group Assurance Pty Ltd, Chartered Accountants  
Authorised audit company number 294178 (ACN 115 749 598)



Andrew Fisher, Partner  
Registration number 306364

Melbourne, Australia

15 May 2017